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Inaugural Editor's Introduction: What Have We Learned From 'The Lost Year'?

Deborah A. Carroll – University of Central Florida

The discovery of COVID-19 in the Life Care Center assisted living facility in Kirkland, Washington in the early part of 2020 marked the beginning of the virus' outbreak in the United States. And, more than a year later, the Coronavirus global pandemic continues to affect our lives, our economy, and our institutions in monumental ways. So, as the vaccine rollout has given us some long awaited hope that we will see a return to normalcy at some point this year, it is important for us to reflect on some of the important lessons learned during this lost year of being housebound and living virtually.

Institutions Matter

This past year has reminded us, perhaps more than any other year in recent memory, that institutions matter. From a highly contested presidential election, to vaccine development and distribution, to our impending economic recovery, public administrators played a crucial role in preserving and protecting the institutions that comprise the very fabric of our society and will continue to do so going forward, for the implications of strong leadership and good governance are essential for upholding our democratic ideals. In this regard, new JPNA editorial board member Tina Nabatchi and her coauthors have noted the threat to our democratic foundations and sense of "publicness" of public administration as a result of rising distrust, political polarization, and populism (Ventriss et al., 2019). And, the authors correctly suggest that those of us in the field of public administration need to use our voices to strengthen the ties between democracy, public administration, and public values through our teaching, research, and community–engaged scholarship (Ventriss, 2019).

The COVID-19 global health pandemic showed us the importance of leadership and our governing institutions, including coordination among them, to effectively respond to a public health crisis or perhaps any future crisis we might face. Unfortunately, vertical and horizontal collaboration among governing jurisdictions in the United States in the early days of the pandemic were largely drawn along political party lines. New JPNA associate editor Davia Downey and her coauthor suggest this was a reflection of the limitations of American-style federalism; however, the creation and implementation of permanent intergovernmental forums would provide for better organizational capacity for collaboration that is needed for an effective, holistic response to crises such as a global pandemic (Downey & Myers, 2020). At the state level, returning JPNA editorial board member Naim Kapucu and his coauthors examined and highlighted the differences in crisis leadership response to COVID-19 of the governors in the four most populated U.S. states (Sadiq et al., 2020). The authors remind us that, when facing a high level of uncertainty, decisive guidance, effective crisis communication, and collaborations with relevant stakeholders to help build coalitions and mobilize resources

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quickly are paramount to effective crisis response that protects frontline workers, instills public trust, and enhances confidence in the ability of leaders to keep us safe (Sadiq et al., 2020).

However, coalition–building and collaborative arrangements for service delivery are not only relevant for government institutions. We have also seen greater collaborative partnerships implemented in the nonprofit sector as a reflection of entrepreneurship and visionary leadership. Returning JPNA editorial board member Hans Peter Schmitz and his coauthors examined the differences in leadership approaches of executive directors of U.S.–based international nongovernmental organizations (INGOs) in terms of how they navigate between the internal politics of their organization and the external operating environment (Boyer et al., 2019). The authors discovered that consensus–driven and visionary leadership styles are dominant, regardless of the extent to which they may be involved in collaborative partnerships; however, such leaders are more likely to emphasize motivational leadership and relationship management, as opposed to executive directors not involved in collaboration who were more likely to emphasize task–oriented leadership aspects like decisiveness, cost–effectiveness, marketing, and outreach (Boyer et al., 2019). Effective leadership is crucial in the nonprofit sector, as returning JPNA editorial board member Fredrik O. Andersson (2019) has found that nonprofit entrepreneurs often face financial, information, and regulatory problems when forming new organizations, which can inhibit successful formation (Andersson, 2019).

Looking forward to our return to normalcy and impending economic recovery, we can speculate to some extent about how some of the longstanding institutional features of government finance might help or hinder our efforts. The topic of preemption has been at the forefront of state and local government policy, financial management, and intergovernmental relations, particularly as it relates to local ordinances and other restrictions recommended by the Centers for Disease Control (CDC) to combat the spread of COVID-19. In some ways, the constraints faced by local governments during the pandemic are reminiscent of tax and expenditure limitations (TELs) often imposed upon local governments by the states. New JPNA editorial board member Christine Martell and her coauthor have examined the impact of TELs on local governments and found that TELs imposed upon a local government's general fund have resulted in rather sizable increases in tax and nontax revenues; however, states in which procedural limits are imposed by voter approval or legislative supermajorities tend to have lower tax revenues, because of restrictions in their abilities to enact new or higher taxes (Kioko & Martell, 2012). For purposes of economic recovery, the authors also found that states with general fund TELs have higher levels of state aid flowing to local governments, while states with procedural TELs tend to have lower levels of state aid (Kioko & Martell, 2012). This is especially important in light of the fact that local governments remain heavily dependent upon property taxation. And, new JPNA associate editor Olha Krupa (2017) has found that costs related to property value assessment are highly elastic and correlated with assessor workloads and wage levels, but not assessment quality, which could prove as valuable information during times like these in which fragmented local governments might consider vertical consolidation.

This spring 2021 issue of JPNA includes two new articles on institutional structure and how it relates to public service delivery and public sector leadership. First, Park and Shi (2021) offer an examination related to the proliferation of special district governments over the past several decades. Using data collected from the U.S. Census Bureau, the authors found that special districts have largely replaced the role of general–purpose governments in terms of their expenditure trends, but tend to be more heavily reliant on user fees, which varies by service function and geography (Park & Shi, 2021). Second, Lee (2021) provides a detailed historical account of the role of Harold D. Smith, who was budget director under Franklin D. Roosevelt (1939–1945), cofounder of the American Society for Public Administration (ASPA), and made important strides in contributing to the professionalization of public budgeting and nonprofit management during his time at the Michigan Municipal League (1928–1937). Perhaps most importantly, this article draws an important connection between leading a nonprofit during the Great Depression and lessons for doing so today during the severe economic contraction caused by COVID-19 (Lee, 2021). Coincidentally, Dr. Lee was my professor for my first class as an MPA student, so it is my honor to publish his work in this first issue of JPNA with my role as editor-in-chief.

Resiliency

From our institutions and democratic principles, to ourselves as individuals, this past year taught us that we are indeed resilient, but resiliency is not something to be taken for granted. As we watched the swearing in of a new presidential administration in January, a young woman named Amanda Gorman taught us a powerful lesson about how we are "a nation that isn't broken but simply unfinished…but that doesn't mean we are striving to form a union that is perfect…We are striving to forge a union with purpose" (Gorman, 2021).

Perhaps the biggest challenge here is highlighted by returning JPNA editorial board member Aaron M. Deslatte, who examined the biased reasoning of citizens in response to government activity. Deslatte (2020) found that local government sustainability efforts directed at broader and more complex societal problems like social equity goals may receive more intrinsic cognitive resistance to accurately communicating resiliency performance, because of citizens' preconceived notions about the merits of such efforts. On the other hand, new JPNA editorial board member Wie Yusuf and her coauthors tested a participatory approach to resiliency that utilizes stakeholders and found that structured, public involvement through collaborative sessions utilizing dialogic processes can help improve the quality of information produced, as well as better inform planning efforts that use local government resources to build social–ecological resilience (Yusuf et al., 2019). And, returning JPNA editorial board member Itay Greenspan and his coauthor offer some guidance here as they have found that mentoring, translation, and bridge–building help to create a shared perception that socially active individuals hold greater mutual trust compared to socially inactive individuals, regardless of whether such individuals are native–born or immigrants when it comes to volunteer settings (Sportmann & Greenspan, 2019).

Along these lines, returning JPNA editorial board member Nathanial Wright and his coauthor remind us that community-based nongovernmental organizations have emerged as leaders in local economic development, as they have increased their capacity for undertaking community sustainability projects (Wright & Reames, 2020). Through a survey of 134 community action agencies, the authors found that community engagement, human resource capacity, government collaboration, government funding, and revenue diversification help to determine the effectiveness of community sustainability performance (Wright & Reames, 2020). On the other hand, the authors caution that too much reliance on government funding might negatively impact the ability of community based nonprofits to achieve their community sustainability goals, as well as limit their important societal and democratic roles (Wright & Reames, 2020).

As we move forward toward economic recovery from the COVID-19 pandemic, new JPNA editorial board member Ileana Steccolini and her coauthors also offer some valuable advice by recognizing that governments will need to place a stronger emphasis on the anticipatory role of budgeting, greater involvement of citizens, and more attention to the risks of corruption to help reduce public organizations' exposures to fiscal shocks and help ensure governmental resilience (Anessi-Pessina, 2020). Further, returning JPNA editorial board member Khaldoun AbouAssi and his coauthors examined both local governmental and nongovernmental organizational perceptions of resource scarcity, and found they are associated with the propensity to collaborate across sectors with respect to local governments' decisions to collaborate, but not for the NGOs in their study (AbouAssi et al., 2020).

In this spring 2021 issue of JPNA, we have four articles that help speak to the need for continual efforts to maintain and ensure sustainability during challenging times like we have seen the past year, as well as more broadly going forward. Propheter and Mata (2021) offer evidence to suggest that Colorado's early warning survey system, which was administered to local government officials shortly after the governor imposed their stay-at-home order, was used to inform state government officials of necessary fiscal response policies by identifying local fiscal impacts stemming from the COVID-19 pandemic, in an effort to improve decision making when it comes to the state's economic recovery.

Moreover, in this issue, Trull (2021) reminds us that nonprofit boards are instrumental in organizational sustainability, and offers a review of Valerie Jones' book, *Nonprofit Hero: Five Easy Steps to Successful Board Fundraising*, which focuses on the crucial role of nonprofit boards in raising necessary funds for carrying out their missions. This topic is especially timely as we have seen nonprofit organizations struggle to leverage resources during the pandemic. And, while Akingbola and Phaetthayanan (2021) note that employee–volunteer interchangeability provides important human and social capital to further drive the competitive advantage of social enterprise organizations, the authors warn this paradox can also hinder organizational strategies and growth. Further, nonprofits that operate as multisite organizations experience some conflicts between their headquarters and affiliate offices are inherently different from nonprofits operating at a single site, so Myer (2021) provides useful strategies for managing these conflicts to help ensure organizational sustainability.

Social Justice

"We've learned that quiet isn't always peace...And the norms and notions of what just is...Isn't always just–ice" (Amanda Gorman, 2021). This year, many of us witnessed an eye opening account of race relations in this country, as it played out on our televisions daily. Although, for many of us, this was not a lesson, but rather a reminder of our repeated failings "to compose a country committed to all cultures, colors, characters and conditions of man" (Amanda Gorman, 2021). To that end, right now must be the time to overcome our propensity to marginalize our fellow people, "because we know our inaction and inertia will be the inheritance of the next generation" (Amanda Gorman, 2021). And, it begins with our institutions, our field of public administration, and with each of us as individuals.

Returning JPNA editorial board member Norma Riccucci and her coauthors remind us that the U.S. Supreme Court's 2013 decision in Shelby County v. Holder struck down key provisions of the Voting Rights Act of 1965, thereby making it easier for states to change election laws that perpetuate voter suppression and the disenfranchisement of persons of color (Portillo et al., 2021). More specifically, the authors contend that although public administrators are obligated to function on a nonpartisan basis, there is great need to focus on issues of equity and access to the ballot box, because public administrators are often responsible for policy implementation, serve as stewards of governance, and must help to ensure our democratic ideals are met in the most effective, efficient, and equitable ways possible (Portillo et al., 2021). Moreover, new JPNA editorial board member Rajade Berry-James and her coauthors offer another important reminder that the 2020 Census will determine the demographic profiles of local communities, how seats are allocated in the House of Representatives, the way in which congressional districts are drawn, and the fiscal devolution supporting necessary government programs across the country (Berry-James et al., 2020). These institutions matter a great deal for our much needed pursuit of greater equity, inclusion, and social justice.

Along these lines, returning JPNA editorial board member Brandi Blessett (2020) challenges normative public administration practices aimed at urban renewal to re-prioritize equity and inclusion above the current focus on effectiveness, efficiency, and economy. Blessett (2020) explains that using a race conscious lens to develop and implement urban renewal policies is necessary to make it more accessible to our diverse citizenry and more responsive to the complexities of our current environment. In doing so, we may perhaps take advice from new JPNA Book Review associate editor Nicole R. Elias and her coauthor, who urge the use of pop culture in both public administration scholarship and pedagogy to shape perceptions about public administration by providing important framing of messages both about the field and for the field, particularly during this time of repetitious messaging about COVID-19, police brutality, immigrant detention, and family separation (McCandless & Elias, 2020).

Speaking of law enforcement, new JPNA Social Equity section associate editor Helen H. Yu (2020) noted that much of the academic research on women in federal law enforcement treat women as a homogeneous group in terms of race and ethnicity, although their workplace experiences and perspectives very much differ between white women and women of color, particularly related to promotions, the inclusivity of their work culture, and experiences with sex discrimination (Yu, 2020).

In the nonprofit sector, new JPNA New Voices section associate editor Jaclyn S. Piatak and her coauthor examine the inclusiveness of American museums with public–serving missions and found that Black and Latinx individuals are more likely to participate in art museums for cultural heritage reasons compared to White patrons, which highlights the need to make museums more inclusive, as they are an important part of our cultural landscape (Olivares & Piatak, 2021).

In this spring 2021 issue of JPNA, we have three articles that speak to this broader issue of social justice. Beaty (2021) examines the hollowing of the state when it comes to prisoner reentry programs, which are part of a growing trend of using nongovernmental networks of both for-profit and nonprofit organizations to deliver social services to vulnerable groups of individuals, and for which the line between the two sectors is blurring, as the nonprofit sector becomes more competitive with the private sector for government contracts.

In our Current Issues in Practice section, Jackson & Fashant (2021) highlight the affordable housing crisis in Minneapolis, Minnesota that led to the notorious Tent City encampment for many of the city's homeless population. From the perspective of an Indigenous woman working in the city's social services sector, the article seeks to dispel some of the myths and stereotypes surrounding Native Americans living in the community and offers practical solutions for overcoming barriers to providing safe and secure housing for these marginalized community members (Jackson & Fashant, 2021).

In addition, this spring 2021 issue of JPNA launches our new Social Equity section as part of our commitment to enhancing diversity and inclusion within academic publishing that addresses any number of inequities in the public and nonprofit sectors, as well as topics commonly discounted in government and nonprofit affairs scholarship. For our first article, Rauhaus and Johnson (2021) use the lens of punctuated equilibrium to discuss the inequities created by the prolonged COVID-19 pandemic combined with the lack of paid sick leave in the United States, as compared to other nations that have enacted emergency paid sick leave in efforts to help flatten their curves of infections. By presenting a discussion of best practices globally, the research contributes to our understanding of policymaking in a federal system during times of crisis and how such policies, or lack thereof, can disproportionately disadvantage and further marginalize certain groups of individuals.

Finally, while I cannot speak for others' individualized efforts to promote social justice, I can speak to some of my own. In taking over as editor-in-chief of JPNA, I first noticed that, among the 10 returning editorial board members in 2021, there would be only two female academics, of which only one is a full professor. And, I knew I had to change that. However, I was rather surprised to discover that my search for greater parity in terms of gender, as well as for greater racial and ethnic diversity of the editorial team, was both difficult to accomplish and invited criticism by some who felt my efforts were inadequate. That is both frustrating and absolutely correct. There is certainly much more work to be done. However, I do believe that adding 10 tenured female scholars representing a variety of races, ethnicities, countries of origin, and scholarship to the editorial team at once is an important baby step. And, a million baby steps still amount to forward progress. So, in that regard, I used this inaugural editor's introduction to the issue to cite the research of every member of the JPNA editorial team, because citations also matter. So, I offer this up as one more baby step to further the cause.

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Research Article

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District Reliance by Service Function: A Study of Public Financing of American Special Districts

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Over the past several decades, special districts have proliferated and become the most rapidly growing type of local governments in the U.S. This study provides an exploratory investigation of special district finance reliance from two aspects, including expenditure reliance of general–purpose governments on special districts' service delivery and financing mode of special districts. Using financial data collected from the Bureau of Census, this study provides detailed descriptive analyses on temporal trends and geographical patterns of expenditure reliance and revenue financing mode for four service functions. From the perspective of expenditure reliance, this study shows that special districts have replaced the role of general–purpose governments. In terms of revenue modes, special districts tend to rely on user fees, equating payers and beneficiaries of services. Moreover, this study shows that on which revenue sources the districts rely the most vary by service function and geography.

Keywords: Special Districts, Service Function, Expenditure Reliance, Financing Modes

In the United States, local governments play an important role within the federal system by providing public services and goods to their constituents. As of 2012, the Census of Governments shows that 3,031 counties, 19,522 municipalities, 16,364 towns and townships, 37,203 special districts, and 12,884 independent school districts constitute the 89,004 local governments in the U.S. General–purpose governments, such as counties, municipalities, and townships, are considered the primary local service providers. Special districts are autonomous entities created through states' enabling legislation that have independent fiscal authority and separate budgets to finance public service provision and public goods production (Billings & Carroll, 2012). They provide more than 30 unique types of services, including housing and community development, fire, water, sanitation, and sewerage (Foster, 1997; McCabe, 2000). Since the 1960s, the number of special districts in the United States has continuously increased, while the number of general–purpose governments has remained constant (Bollens, 1986; Burns, 1994; Foster, 1997; Honadle, 2012; Nelson, 1990; Shi, 2018).

Given that special districts have proliferated in the local public sector, the importance of special districts and their roles in intergovernmental management should be well understood by practitioners and scholars in the field of public affairs and urban studies. There are several strands of studies about special districts. Some scholars focus on the adoption and creation of special districts and investigate the determinants of their growth (Berry, 2008; Bowler &

Park, H., & Shi, Y. (2021). District reliance by service function: A study of public financing of American special districts. *Journal of Public and Nonprofit Affairs, 7*(1), 10-28. https://doi.org/10.20899/jpna.7.1.10-28

Burns, 1994; Carr, 2006; Donovan, 2004; Faulk & Killian, 2016; Feiock & Carr, 2001; Foster, 1997; Goodman, 2015; Lewis, 2000; MacManus, 1981; McCabe, 2000; Shi, 2017, 2018). Other scholars explore how specialized governance affects local fiscal outcomes (Farmer, 2018; Hendrick, et al., 2011; Jimenez, 2015; Nelson, 1987; Zax, 1989). These analytical efforts incorporate special districts as a part of the local governance landscape and highlight the fiscal consequences and urban impacts of having numerous special districts in the local public sector. Nevertheless, most researchers study special districts as a whole and focus on identifying the impetus for creating special districts over time, but they pay little attention to an enhanced understanding of their unique service types, which we refer to as "service function" in this study.

This article offers an exploratory study of special district finance reliance categorized by service functions. The idea of district finance reliance has two dimensions in this study. The first dimension is expenditure reliance, which is used to explore how general–purpose governments rely on expenditures of special districts for public service provisions of different service types. The other is financing mode, which is used to study major revenue sources of special districts of different service functions and to understand their financing structures. Using this two–dimensional perspective, we provide information on temporal trends and graphic analyses for four types of service functions of special districts, including (a) hospital, (b) housing and community development, (c) natural resources, and (d) sea and inland port facility. Data are collected from the Bureau of Census from 1972 to 2012 (at five–year intervals) and aggregated at the county level to explore how expenditure reliance and financing modes vary over time and across the nation.

With descriptive findings, this study contributes to the literature of special district and local government management in several ways. First, we find that the operation of special districts varies by service types at the county level. By focusing on four types of service functions, we find a few patterns of spending reliance and funding sources. The finding implies that special district creation not only might be a response to specialized service demands, but also may be contingent upon several factors. For example, there are likely to be environmental circumstances that represent specific demands for a particular service type, different revenue sources for specialized services and service characteristics, and absence of or weak patterns of statewide institutions that are important for the incorporation of special districts.

Secondly, we investigate fiscal features of special districts categorized by their service functions. Special districts are defined by the U.S. Census Bureau (2013) as "independent, special–purpose governmental units that exist as separate entities with substantial administrative and fiscal independence from general–purpose governments" (p. ix). To understand the reasons for the proliferation of special districts, the fiscal roles of special districts should not be overlooked. Fiscal independence of special districts means that they can determine their own budget, own level of taxation, user fees and charges, and issue debt without reviews from other governmental entities (Goodman, 2018). Most existing studies on special district finance have addressed whether they can be used as a fiscal strategy by general–purpose governments to circumvent fiscal constraints imposed by state governments. Some literature has investigated financial resource management and the fiscal health of special districts (Bauroth, 2007; Berry, 2009; Foster, 1997; Mehay, 1984; Shi, 2018; Trussel & Patrick, 2013). Notably, a few previous studies have categorized special districts based on service functions when they explored the revenue structures or expenditure patterns of special districts. By recognizing that special districts provide various types of special service functions and that they are important for general–purpose governments to finance a variety of specialized and single service functions, this study addresses special district finance based on types of service functions. This study thus can fill in the gap in this line of the literature on special districts.

This article is organized as follows. The next section provides a brief review of theories and empirical findings of special district finance. The subsequent section describes the methodology, variables, and data sources for the study. The fourth section presents the findings of four specific service functions of special districts. The final section concludes with a discussion of the findings, research implications, limitations, and directions for future research.

Theoretical and Empirical Review of Relevant Special District Literature

Much of the theoretical understanding of special district creation and adoption in the United States begins with the Tiebout model. The model best describes interjurisdictional competition in the local public sector and recognizes that local governments compete for residents by offering the optimal service or tax packages in a fragmented governance setting (Tiebout, 1956). Influenced by the Tiebout model, there are two main strains of theoretical and empirical developments in which special districts are involved.

On the one hand, Oates (1972, 1977), in his "fiscal decentralization theorem," supports the highly decentralized provision of public goods and services in the local public sector. In the context of fiscal decentralization, local governments (including special districts) should be responsible for public service provision and production because they are closer to residents and are assumed to better match local service demands. From this public choice perspective, local governments tend to be more efficient, and government sizes become smaller because of Tiebout–style competition and fiscal decentralization.

With the influence of devolution at the federal level and the forces of reinvention to meet local demands for services among local governments, the rise of special districts is the most salient feature of local government structure. The demands for governmental entities that are specialized in providing one or a few services over time has increased (Mitchell, 1992). A few states (e.g., Florida) limit the creation of special districts as an alternative service delivery mechanism, while others (e.g., Virginia) do not use special districts nearly as much as others (e.g., Illinois and Texas). Regardless, the increased presence of special districts across the nation can be considered part of a shift in the institutional means of delivering public services in the past several decades (Burns, 1994; Miranda & Lerner, 1995).

Whether the creation of numerous special districts will improve allocative efficiency is a critical issue within the public choice literature (Mullin, 2008; Ostrom, et al., 1961; Tullock, 1969). Many scholars have examined how the presence of numerous special districts affects state or local fiscal outcomes in the U.S. (Berry, 2008; Boyne, 1992; Hendrick et al., 2011; Jimenez & Hendrick, 2010; Shi & Hendrick, 2020). Most studies find that an increase in special districts leads to a larger government size in terms of debt, own–source revenues, and expenditure levels (Berry, 2008; Campbell, 2004; Dolan, 1990; Eberts & Gronberg, 1988; Goodman, 2015; Hendrick et al., 2011; Jimenez & Hendrick, 2010; Zax, 1989).

One explanation offered by Berry (2008) presumes that the tax base is a common–pool resource, where numerous special districts exploit a common tax base shared with general–purpose governments. Without a centralized authority managing the overall tax effort, multiple special districts and local governments vie for tax revenues, and no single entity considers the impact of their own tax effort on the other entities, resulting in an over–spending issue within the same fiscal pool. Along with Berry (2008), scholars also argue that Tiebout–style competition does not exist among special districts, because homeowners are unlikely to move to a different location in search of a particular type of public service (Hendrick et al., 2011; Jimenez, 2016). Among these studies, the number of special districts is considered an institutional tool that may affect fiscal outcomes measured either by expenditures or debt levels.

On the other hand, Burns (1994) builds upon the Tiebout model to create a political economy explanation for the formation of new local governments, especially for special districts. In Burns's model, interest groups seek to create local governments to get access to power to meet their objectives. Citizens want additional special districts to satisfy their service demands when general–purpose governments are unable to provide them (Shi, 2017). Real estate developers want to provide infrastructure investment to increase property values and access to the powers of new governments, which can be achieved through the formation of special districts (Burns, 1994). When general–purpose governments are constrained by state regulations and fiscal policies, special districts are created to act as a fiscal tool for providing services and increasing fiscal flexibility (Bowler & Donovan, 2004; Burns, 1994; Shi, 2017).

Burns's (1994) theoretical framework on special districts has directed scholars to examine how the local autonomy of general–purpose governments influence the creation and growth of special districts (Carr, 2006; Feiock & Carr, 2001; Foster, 1997; McCabe, 1997). Among these empirical studies, most scholars investigate the link between fiscal rules and special district formation using regression analysis. One example of fiscal rules is tax and expenditure limitations (TELs), which were imposed by state governments to restrict excessive local government expansion and reliance on budget deficits. The theoretical model implies that municipalities or counties create special districts to circumvent the TELs and shift some fiscal and service burdens (Bowler & Donovan, 2004; Goodman & Leland, 2019). Empirical studies provide mixed results. While some studies find that the stringency of TELs leads to the growth of special districts (Bowler & Donovan, 2004; Carr, 2006; MacManus, 1981; McCabe, 2000; Nelson, 1990), other studies fail to find evidence to support such a relationship (Berry, 2009;; Goodman, 2018; Heikkila & Ely, 2003; Lewis, 2000; Shi, 2018).

Although prior empirical studies have no conclusive findings, they still highlight certain relationships between fiscal limits and the formation of special districts. A few studies examined local government autonomy and its influence on the spending levels of special districts (Goodman, 2018; Mehay, 1984; Shi, 2018). Mehay (1984) argued that the spending levels of special districts in California depend on the level of political autonomy. Goodman (2018) tested whether local fiscal autonomy influences the spending level of special districts across the U.S. using conventional regression methods. His findings show that fiscal institutions, such as tax and expenditure limitations, limits on debt issuance, and functional autonomy for both municipalities and counties have little or no effect on the spending share. In contrast, Shi (2018) used a negative binominal model and found that states with more restrictive TELs imposed on local general–purpose governments lead special districts to have greater total expenditures and higher current operational expenditures. Also, governments with home rule authority are likely to rely less on the fiscal capacities of special districts (Shi, 2018). These studies provided some interesting findings of special district expenditure levels, but they did not explore these financial features based on their service functions.

A limited number of studies have investigated special district finance across certain service function types (Foster, 1997; Mehay, 1984; Mullin, 2005). Mehay's (1984) study demonstrated that both fire protection and parks and recreation special districts tend to spend less when board members are elected directly through local ballots than when the members are appointed by the general–purpose government leadership. Mullin (2005) found that water special districts in California levy higher user fees, as measured in constant, 2000 dollars for a single–family residence, than cities and counties in areas where the service is extended. Mullin (2005) examined user fees as revenue sources for special districts and found that these fees do not reflect how important this revenue source is to the different types of districts in relation to other revenue sources. Foster (1997) examined spending levels of special districts for 15 service functions based on the service classification from the Bureau of Census. Foster (1997) found several patterns of expenditure reliance (e.g., spending of special districts over total local governments for a service function) by service function, which measures the relative spending size of special districts. Foster (1997) found that service functions with high district reliance include transit, port, and airport services, whereas services with low reliance include highway, parking, and sanitation. However, as she focused on spending at the MSA level in 1987, her analysis does not provide detailed patterns of district spending over years at the lower levels of government.

Methodology

Data Source

Because state and local governments rarely collect data on special districts over a long time period, only the U.S. Bureau of Census provides the most accessible and necessary data to conduct the analysis. Every five years, the Bureau of Census conducts a comprehensive government unit survey to collect information on the location and types of local governments and offices. More importantly, this survey covers all local government types including special districts across the nation and includes the number of active governments by type, by state and county, and by numerical data for each type of special district. Thus, data from this source were collected for the time period from 1972 to 2012 at five–year intervals to classify service function codes and to collect financial data of special districts.

Approaches to Identify Special District Service Types

After identifying the primary data source for the various special districts, we use two approaches to categorize the individual service types for each special district. The Bureau of the Census gives each special district a unique function code. These codes are a set of nominal indicators of service functions which includes 34 single functions and 4 mixed functions (function code descriptions appear in U.S. Census Bureau, 2006, p. 31). We start with this function code–based approach. Table 1 provides a summary of service types provided by special districts and their corresponding functions. As illustrated in Table 1, a district with a function code of 40 represents hospital services, and the function code of 50 represents housing and community development services in the special district data provided by the Census.

We also employ an expenditure–based approach to complement the function code–based approach. This is used to identify a special district's service function by its expenditure values (U.S. Census Bureau, 2006). In this approach, expenditure items for special districts with numerical values above zero indicate the services associated with public spending, whereas activities with zero (or unfiled) spending mean no services were provided. When we used this expenditure–based approach, we find that each nonzero expenditure matches with activity codes that represent the types of services a government agency provides (U.S. Census Bureau, 2006).

A combination of these approaches can increase the accuracy of the study and ensure its reliability. The expenditure–based approach identifies financing and business–related services from the function code–based approach. The service types that are only available with certain function codes (e.g., industrial development, mortgage credit) do not provide actual service as they exist for taxing purposes. On the other hand, the function code–based approach may exclude some indirect cost items, such as staffing, legislative, and legal services from the expenditure–based approach, which are not service functions but administrative activities. Applying both approaches reveals that there are 22 single service functions providing actual services to citizens (see Table 1).

We select four service functions for which general–purpose governments rely upon special districts the most to investigate the financial aspects of these districts based on expenditure

Table 1. An Overview of Service Functions Provided by Special Districts, 1972–2012

Function Code	Service Function	Expenditure Reliance (%)	Primary Revenue Source
01	Air transportation	14.77	User fees
03	Miscellaneous commercial activities	12.06	User fees
04	Corrections	0.13	Intergovernmental Revenue (IGR)
24	Local fire protection	11.94	Property tax
32	Health	5.08	Property tax
40	Hospitals	28.39	User fees
44	Regular highways	0.93	Property tax
45	Toll highways	21.98	User fees
50	Housing and community development	55.43	IGR
52	Libraries	14.98	Property tax
59	Natural resources	34.22	Property tax
60	Parking facilities	2.35	User fees
61	Parks and recreation	4.55	Property tax
62	Police protection	> 0.01	IGR
77	Public welfare institutions	8.94	User fees
79	Other public welfare	0.76	User fees
80	Sewerage	8.35	User fees
81	Solid waste management	3.38	User fees
87	Sea and inland port facilities	42.34	User fees
91	Water supply utility	14.21	User fees
92	Electric power utility	8.40	User fees
93	Gas supply utility	7.40	User fees
94	Public mass transit utility	6.78	IGR

reliance (Table 1). These functions include hospital (HOSP), housing and community development (HOUS), natural resources (RES), and sea and inland port facilities (PORT).

Unit of Analysis—County

We use the county as the unit of analysis to investigate financial reliance that highlights the relationship among different local government types. A review of special district studies indicates that scholars have chosen state (Berry, 2008; Bowler & Donovan, 2004; Carr, 2006; McCabe, 2000; Shi, 2018), metropolitan statistical area (Foster, 1997), or county (Goodman, 2018) as the unit of analysis. Since this study focuses on specific services, using states means that some units have only a few special districts of a particular service function, and may cause these units to be overrepresented in the empirical findings. Using metropolitan areas as units, though they are composed of multiple counties, fails to include less populated municipalities. Most special districts serve either the subcounty level or the county level (Carr, 2006). The county–level analysis can help us capture special districts across multiple municipalities within a county, as well as account for boundary changes over time. This study includes 3,109 counties for each of nine yearly observations taken at five–year intervals from 1972 to 2012.

Variables

We developed several variables for each service function to measure the general concept of finance reliance. The first variable is expenditure reliance, which refers to the degree to which general–purpose governments rely on the spending from special districts for a given service function, or the extent to which special districts contribute to the delivery of local public services. It is measured as the share of special district spending over the countywide total expenditure for each service function (Foster, 1997).

The second set of variables reflects financing modes, and is used to explore special districts' revenue structure. We measure financing mode as the proportion of each type of individual revenue source over the total revenue of all special districts, which is a measure to understand relative size of each revenue source rather than an absolute dollar measure. Each revenue source from all special districts in a county with a given service function is aggregated at the county level and then divided by the total revenues of the districts. Local revenue sources reflect local governments' choices in service provision. Although the local property tax has been the most important revenue source for a long time, most state and local governments impose institutional and fiscal restrictions (e.g., tax and expenditure limitations), thus districts' reliance on the property tax may indicate that special districts provide services that affect the local economy and welfare (Berry, 2008). Also, increased reliance on user fees among state and local governments may suggest more privatization of public services by shifting the cost of those services to the actual beneficiaries (Mullin, 2005).

We find that primary revenue sources for special districts include the property tax; intergovernmental revenue as a sum of transfers from federal, state, and other local governments; user fees; and all others, such as local sales tax and income tax (Bartle, et al., 2011). Nevertheless, few previous studies have investigated revenue sources for each special district service type. Each major revenue source indicates different aspects of the local specialized services. Reliance on user fees indicates that a service function from special districts operates like enterprise districts that provide specific benefits to their customers. Intergovernmental revenue indicates that several general–purpose governments subsidize public goods and services that might have been provided by the state and federal governments for the broader area. Lastly, reliance on the property tax may represent the services' spillover effects that are potentially capitalized into local properties.

Two additional variables are included in the analyses to investigate the growth and decline of special districts along with the expenditure reliance on special districts and the revenue structure composed of the four financing modes. These two variables—the number of special districts (accounting for counts of distinctive special districts' Federal Information Processing System (FIPS) codes at the county level) and the Hirschman-Herfindahl Index (HHI)—are used to demonstrate the extent of revenue source diversification (Carroll, 2009). The HHI is calculated as:

$$HHI = \frac{1 - \sum_{i=1}^{4} R_i^2}{0.75}$$

where i indexes four different revenue sources (property tax, intergovernmental revenue, user fees, and all others), and R refers to the percentage share of a revenue type from the total amount of revenue. A HHI value closer to zero is indicative of greater revenue source concentration, while a value closer to one indicates greater revenue source diversification. These two variables are also measured for different service functions every five years from 1972 to 2012.

Analytical Method for Temporal Trends and Geographical Patterns

We use temporal trends and geographical patterns independently to present our findings. Our mixed use of descriptive analyses derives from each method's shortcomings. Since the trend analysis averages the financial variables, it is hard to know whether a trend represents some characteristics of overall counties and whether there are any regional and local patterns. Mapping may address this issue by visualizing patterns for each county, which may be limited to exhibit dynamic longitudinal changes of the financial variables.

We use six variables to describe the temporal trends of special districts at the county–level from 1972 to 2012. Table 2 provides the temporal trends of the average number of special

Table 2. Temporal Trends of Special District Numbers and Finances

Hospital (HOSP)									
Years	1972	1977	1982	1987	1992	1997	2002	2007	2012
No. of districts	658	717	817	771	733	762	711	671	647
Expenditure Reliance (%)	20.70	24.16	27.51	29.94	31.02	33.72	36.62	41.14	41.61
Prop. Tax (%)	9.55	8.03	7.59	9.42	6.88	12.53	13.29	16.20	15.08
IGR (%)	4.48	3.52	3.79	2.81	3.15	5.23	6.43	6.06	7.14
User fees (%)	85.95	88.44	88.62	87.65	89.92	82.05	79.89	77.06	77.04
HHI	31.32	26.37	25.98	27.81	23.28	38.52	42.54	47.01	47.32
Housing and Community Development (HOUS)									
Years	1972	1977	1982	1987	1992	1997	2002	2007	2012
No. of districts	2,271	2,412	3,265	3,447	3,452	3,469	3,399	3,391	3,384
Expenditure Reliance (%)	74.23	66.86	55.69	53.76	54.07	52.14	52.65	51.21	51.73
Prop. Tax (%)	0.33	1.14	0.91	1.03	0.59	0.63	0.68	0.84	0.91
IGR (%)	37.74	40.38	43.25	39.81	50.22	50.86	60.15	60.83	61.28
User fees (%)	62.00	58.48	55.84	59.16	49.13	48.46	39.08	38.22	37.59
HHI	59.13	61.94	62.61	61.42	63.32	63.32	60.78	60.55	60.40
Natural Resources (RES)									
Years	1972	1977	1982	1987	1992	1997	2002	2007	2012
No. of districts	134	179	157	153	192	210	218	336	416
Expenditure Reliance (%)	21.72	29.33	34.48	29.61	33.82	40.85	44.20	44.69	45.58
Prop. Tax (%)	57.79	48.49	44.92	56.11	29.66	37.04	41.76	36.03	39.48
IGR (%)	4.51	19.11	18.61	8.81	6.10	13.20	19.03	27.02	22.19
User fees (%)	34.79	32.40	36.47	35.09	62.84	42.44	31.94	34.08	33.99
HHI	67.94	77.94	78.82	69.32	64.21	83.26	85.96	85.18	84.90
Sea and Inland Port Facility									
Years	1972	1977	1982	1987	1992	1997	2002	2007	2012
No. of districts	162	166	163	166	135	138	139	142	133
Exp Reliance (%)	44.57	46.15	51.15	42.77	42.16	37.66	41.53	40.74	41.52
Prop. Tax (%)	44.40	36.95	29.37	28.46	23.04	26.42	20.61	18.21	19.89
IGR (%)	6.73	9.47	12.83	8.14	9.08	13.30	16.22	14.42	18.58
User fees (%)	48.50	53.58	57.80	63.21	67.83	60.18	61.93	65.45	60.74
HHI	70.44	70.91	70.48	64.19	59.89	68.88	68.54	64.71	69.67

districts, the national average of expenditure reliance, three major financing modes based on their mean values, and the HHI value of the financing modes for each function and each of the nine observation years. Function–specific findings will be discussed in the following section.

Maps are used to show geographical patterns of expenditure reliance and financing mode variables for the four service functions. The Topologically Integrated Geographic Encoding and Referencing (TIGER) of Census delineates county boundaries and is used to describe geographical patterns of these variables. Individual counties are identified based on Federal Information Processing System (FIPS) code. The FIPS code is a unique identifier used by the Bureau of the Census and is granted to individual local governments, including both general–purpose governments and special districts. Whereas the Census data are coded in FIPS, TIGER identifies counties by Geographic Entity Codes (GEOIDs). We convert FIPS codes for each county and special district into GEOID to map the variables at the county level. The reliance variables in 2012 are used to describe the most recent patterns of these reliance variables.

Findings

Special districts provide many unique types of services to residents, as shown by Table 1. The service functions with very low expenditure reliance on special districts include corrections, regular highways, and other public welfare, which are provided by general–purpose governments. Among the primary revenue sources used for these 22 service functions, user fees are the most important revenue source for most of these special districts, including air transportation, miscellaneous commercial activities, hospitals, toll highways, parking facilities, public welfare institutions, sewerage, solid waste management, as well as sea and inland port facilities. Services relying on the property tax include fire protection and parks and recreation, and are known to have high spillovers to users and properties. The following sections will explain the detailed patterns of the four selected service functions.

Hospital (HOSP)

Table 2 reveals that the average number of hospital special districts rose to a peak of 817 in 1982, and then decreased in the following decades. This decline in the number of hospital special districts may indicate either potential consolidations of proximate districts or the disenfranchisement of less competitive districts. Although the average number of hospital special districts has fluctuated over time, general–purpose governments' expenditure reliance on hospital districts has doubled from 20.07% in 1972 to 41.61% in 2012. The expenditure reliance of general–purpose governments on hospital special districts is so significant that it may imply a possible transfer from internal services to external agencies.

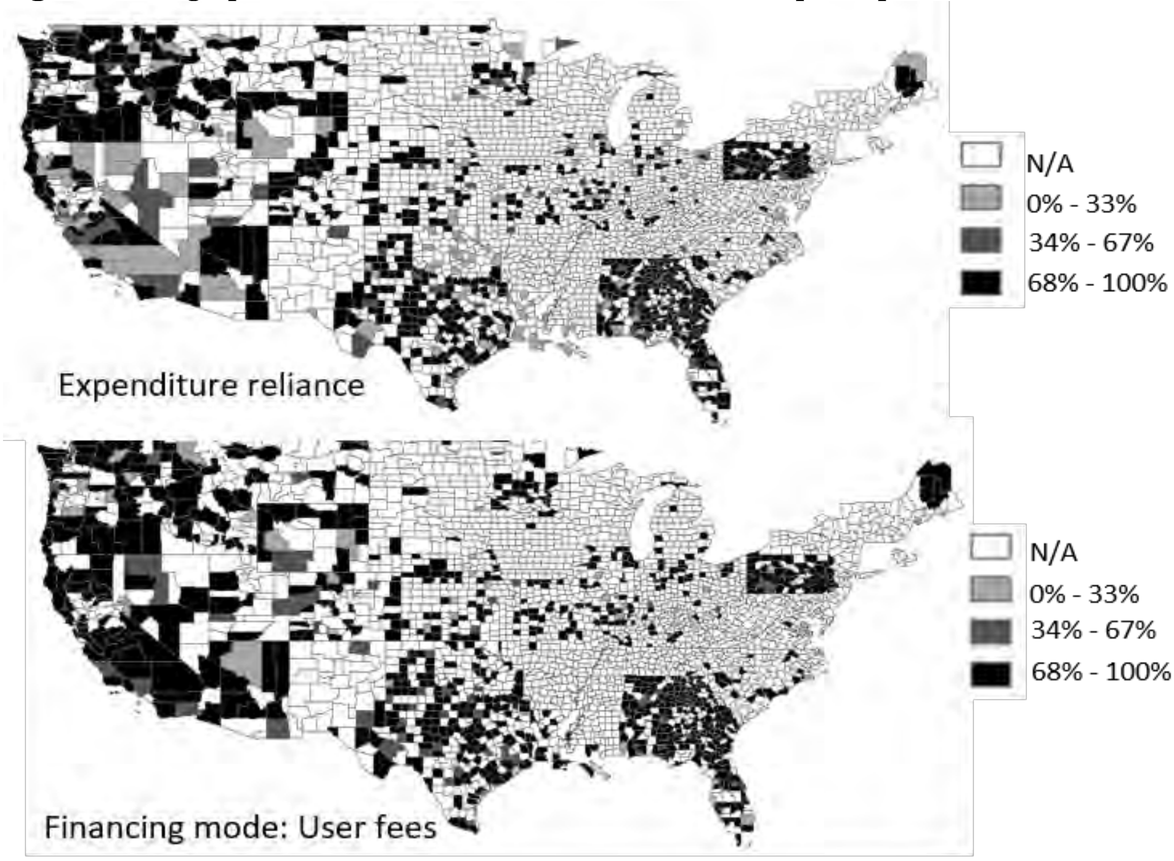
The HOSP districts have historically relied upon user fees as the primary revenue source, decreasing only slightly from just over 80% in the 1970s, 1980s, and 1990s, to about 77% in the 2000s. The small difference appears to be generally made up by an increased reliance upon property tax revenues. The values of HHI reflect the diversification in revenue reliance of special districts by showing that hospital special districts have diversified their revenue sources. The HHI of the HOSP function has remained around 25% until the early 1990s and then sharply increased, hitting 47%. In accordance with shares of individual financing modes, the funding sources have deconcentrated, and most of the dispersion derives from the decreased reliance on user fees, which remains the primary financing mode for HOSP districts.

Figure 1 provides geographical patterns of financial variables in the year 2012. The top map of expenditure reliance shows that approximately a third of U.S. counties have at least one HOSP district, and these counties' expenditure reliance on HOSP districts maintain over 68%. Those counties that incorporated HOSP districts for 40 years or more constitute most of the counties that heavily relied on special districts in 2012. Roughly two thirds of entire counties do not provide hospital services through special districts. Those may have provided the service in alternative ways, such as internal provision from general–purpose governments, or nonprofit and for–profit organizations, or potentially merged with other types of districts to provide diverse service provision (Horwitz & Nichols, 2009). The bottom map of the financing mode shows that HOSP special districts are primarily funded by user fees. In comparison to the expenditure reliance map, HOSP districts that general–purpose governments rely upon heavily are primarily funded by user fees, whereas a few districts that provide lower levels of hospital services tend to rely on other revenue sources.

Housing and Community Development (HOUS)

HOUS special districts show a trajectory that is like that of the HOSP function. The number of HOUS districts rose to a peak in 1987 and then marginally decreased afterward. However, unlike the HOSP districts, general–purpose governments' expenditure reliance on HOUS districts decreased from over 74% in 1972 to about 52% in the 1990s and 2000s. This decline in expenditure reliance indicates that general–purpose governments also insource housing services.

Figure 1. Geographical Pattern of Reliance Variables for Hospital Special Districts (2012)



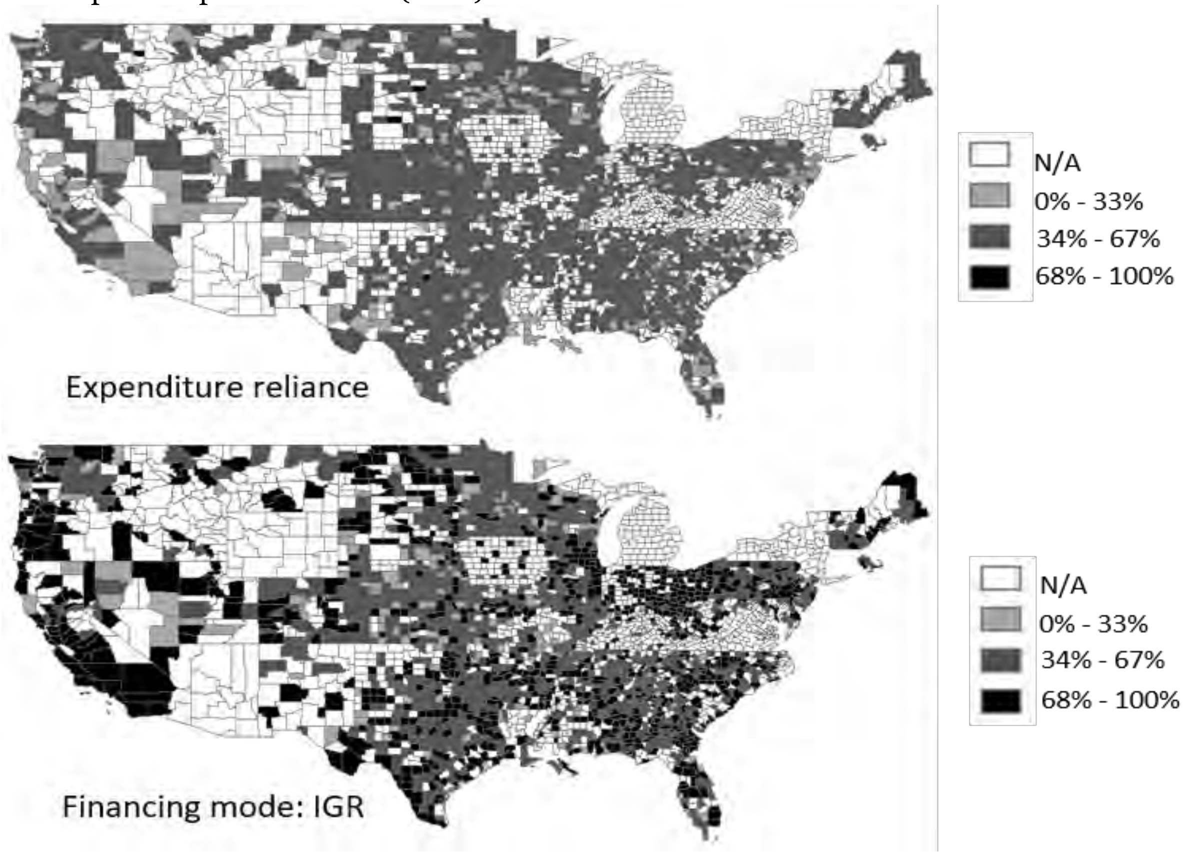
The value of HHI has changed only a little over time, showing that HOUS special districts replaced user fees with funds from other governmental entities. Their reliance on intergovernmental revenues increased steadily over time, from about 40% in the 1970s to over 50% in the 1990s and then to 60% in the 2000s. These trends indicate that housing services from the special district are no longer exclusively provided as a benefit good for those who pay for the service, but increasingly serve as the administrative arm for different levels of governments to provide collective services.

We do not find a unique geographical pattern of the financing mode for HOUS districts as they tend to operate similarly across the nation and have no correspondence between the financial variables. They provide substantial housing services on behalf of general–purpose governments, and are usually funded by intergovernmental revenue. Figure 2 maps the expenditure reliance variables of HOUS districts and their financing modes in 2012. More than half of the counties have established HOUS special districts, and their expenditure reliance ranges from 34% to 67%. This number corresponds to the national average of 51% illustrated in Table 2. From the financing modes map of 2012, the HOUS districts' reliance on intergovernmental revenues tend to be above 34%.

Natural Resource (RES)

Table 2 illustrates how the number of RES districts and general–purpose governments' expenditure reliance on this type of special district have continuously increased over time. This reveals the growing importance of RES special districts at the county level and indicates that these special districts have become increasingly responsible for the provision of services in lieu of the corresponding municipalities. Such increases in expenditure reliance look like that of hospital service, but the trend in the number of special districts differs.

Figure 2. Geographical Pattern of Reliance Variables for Housing and Community Development Special Districts (2012)



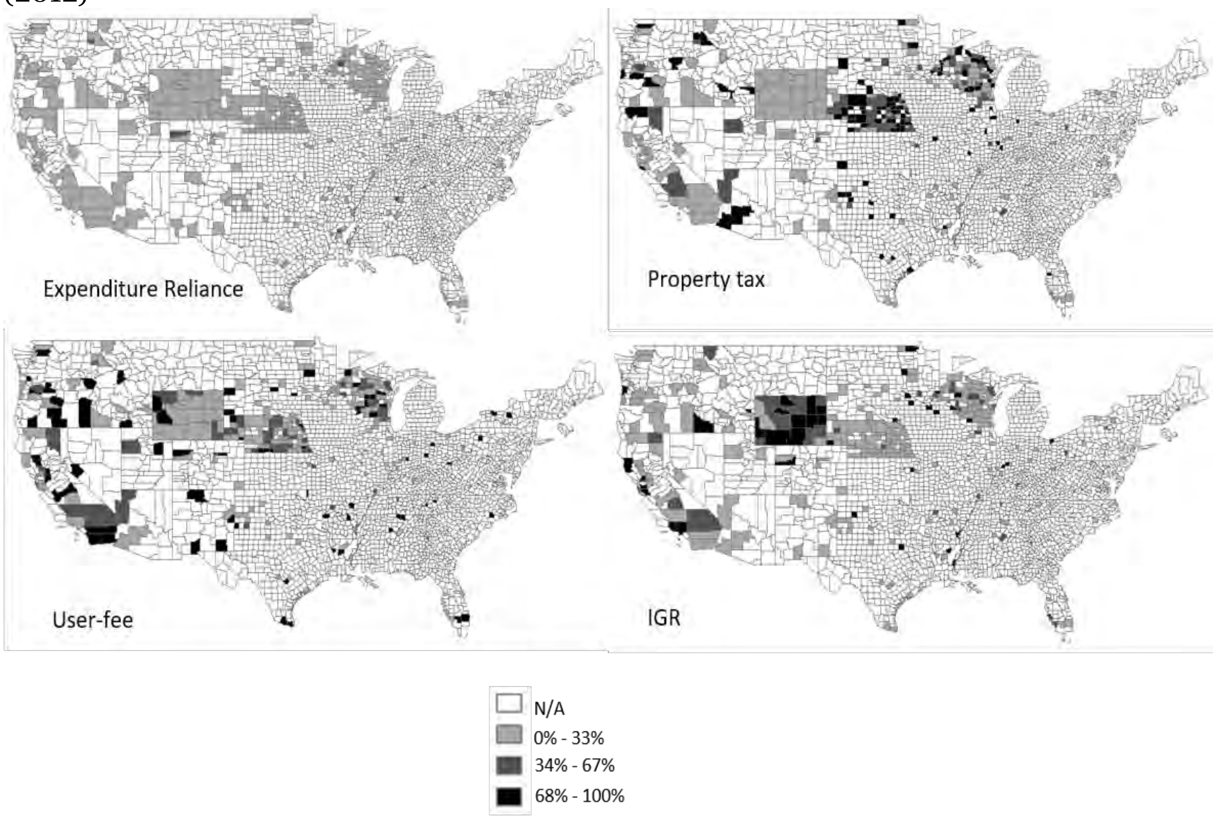
We find that RES districts have diversified their revenue structure. More than half of the total revenue of RES districts relied on the property tax in the 1970s, with the remainder funded primarily by user fees. While the average percentage share of user fees remained at approximately 37% over the past four decades, revenue reliance on the property tax decreased gradually as it was being displaced by intergovernmental transfers. Therefore, as the HHI indicates, a relatively greater variety of financing modes exist across RES special districts.

Figure 3 shows the geographic patterns of expenditure reliance and financing modes for RES districts, of which geographic details were not identified in the average values from the trends. Most counties with these districts are concentrated in a few states, such as Nebraska and Wyoming. In the map of expenditure reliance, almost all counties have less than 33% reliance on the management and preservation of RES special districts. A few counties with higher expenditure reliance on special districts have much higher district spending than the rest, as the average expenditure reliance is approximately 45% (Table 2). From the maps of financing modes, no single revenue source is a dominant source for RES districts. Rather, weak statewide patterns for intergovernmental transfer and the property tax are identified.

Sea and Inland Port Facility (PORT)

Table 2 illustrates how the number of PORT districts declined after 1987, but the expenditure reliance remained steady at around 40%. These trends may indicate that neither general–purpose governments nor special districts stopped providing the port facility service in some counties, whereas the municipalities in the rest of counties with the service rarely changed their relative spending on this service area. The two major revenue sources of PORT districts are the property tax and user fees, but the percentage share of the property tax appears to have been displaced by intergovernmental revenues over the past several decades. The HHI of PORT districts remained around 70% except for a temporary decline in 1992.

Figure 3. Geographical Pattern of Reliance Variables for Natural Resource Special Districts (2012)



Sea and Inland Port Facility (PORT)

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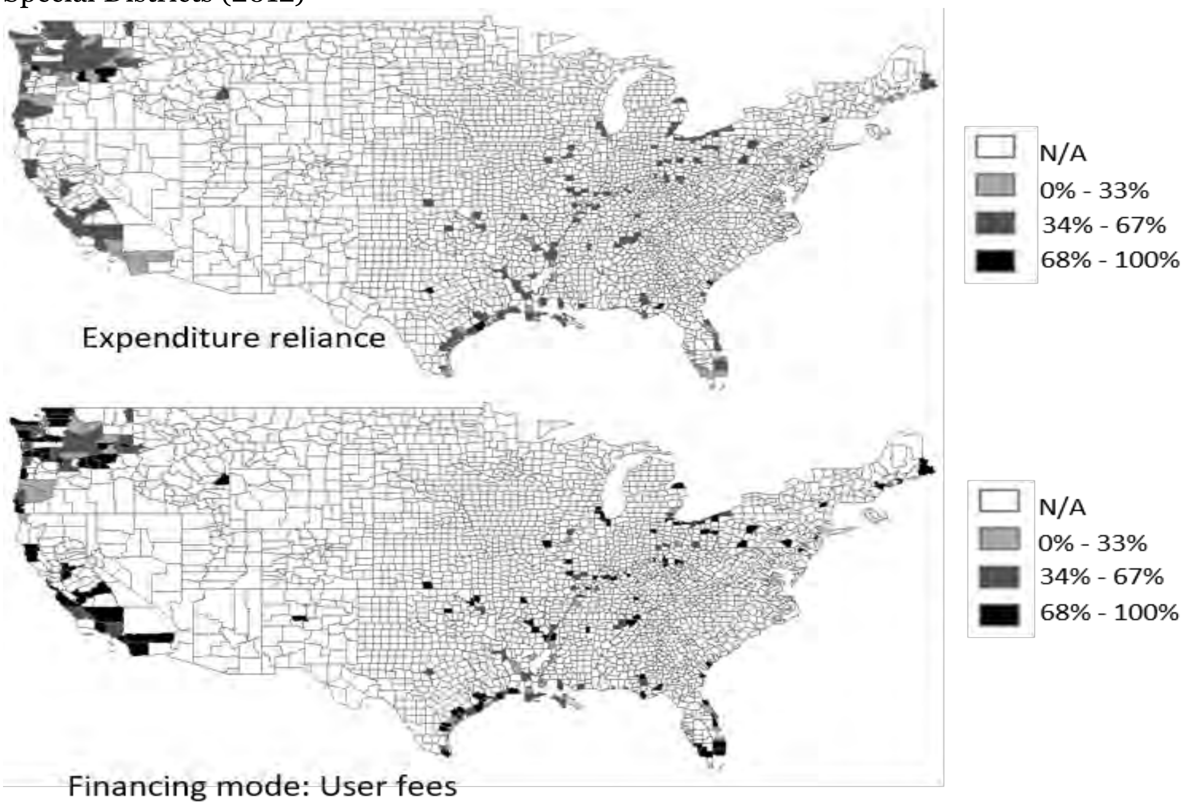
According to the map of expenditure reliance in Figure 4, the location of port facility districts is constrained to nearby major rivers, lakes, and coastal areas. Most local governments within these areas relied port facility service on special districts up to 68% in 2012. The map of financing mode in Figure 4 shows that the port facility districts mostly relied on user fees in 2012, but there are no locational differences. Some counties in the Pacific area relied on other revenue sources.

Discussion

The descriptive findings of the four service functions provide some evidence of special district finance that are correlated with their service types. First, among four service functions, some general patterns are identified. Our examination of expenditure reliance reveals that special districts have provided a substantial number of specialized services, displacing general–purpose governments of about 50% of the service. When examining finance modes, we find that user fees are a popular source of funding, but intergovernmental revenues have become

Figure 4. Geographical Pattern of Reliance Variables for Sea and Inland Port Facility Special Districts (2012)



an increasingly important share of revenue source for three of the four service functions examined over this time period. The intergovernmental revenues source has displaced the revenue shares previously provided by property taxes and user fees, indicating that special districts increasingly provide less localized services.

Relatedly, the greater the extent to which general–purpose governments rely on special districts, the more diversified revenue sources are sought. Those services that are primarily funded through user fees (HOSP and PORT), which reflect revenues that more closely connected to the actual beneficiary of the service provision, tend to be substantially relied upon by special districts. The temporal trends demonstrate that, on average, HOSP and RES districts across the nation sought to diversify their revenue sources, while HOUS and PORT simply displaced the primary financing modes.

Second, connections among service characteristics, expenditure reliance, and financing modes are identified. As some studies categorize types of special districts by their functions' purposes, we find evidence to support the argument that analyzing financial aspects of special districts should focus on the unique characteristics (or nature) of each type of service (Bauroth, 2007; Foster, 1997). Some services readily distinguish beneficiaries and payers of the service. For the HOSP and PORT districts, greater allocative efficiency is expected through the provision of specialized public services based on user fees because this revenue source prevents overproducing a public good by excluding those who do not pay for the cost of service (Bland, 2013).

This finding implies that services of which provision methods can particularize the users is more efficient when provided by special districts, because the same services from the general–purpose governments are hard to separate but are provided as a set of services in general. However, the decreasing share of user fees for HOSP and PORT districts needs future investigation on whether high expenditure reliance results from intensive cutbacks in general–purpose governments' spending for the service while districts' spending levels are constant, or simply the consequence of mergers among existing districts as indicated by the decreasing number of districts in Table 1.

The primary revenue sources may reflect the characteristics of each service function. For example, as hospital and port facility services generally connect those who benefit and pay for the services, it would be expected that they primarily rely on user fees as a revenue source. Natural resource and housing services, however, are relatively closer to public goods, and it would be expected that these special districts rely less on user fees and more heavily on property tax and sales tax revenues with less of an explicit link between the benefits and costs of service provision (Peterson, 1981).

Third, some services are specific to certain circumstances and location like PORT at the waterfront and RES close to where the natural resources exist (e.g., site specificity and physical specificity by Williamson, 1983). As the actual locations with service demands are much narrower, general–purpose governments must bear the cost-of-service provision throughout their entire jurisdictions though the vast majority of areas do not demand the service. The general–purpose governments may want to transfer costly services elsewhere if the service can be provided in the targeted area. It is less costly to incorporate a government that is specialized in a few service functions in a limited area. Accordingly, general–purpose governments rely on special districts to avoid inefficiency.

In our sample of selective service functions with high expenditure reliance, services related to urban development (HOUS), natural resource management (RES), and port facility operation (PORT) are constrained by the presence and availability of resources as well as services needed. These functions have less or little reliance on the property tax over time and greater variations in primary financing modes (see temporal trends in Table 2). In contrast, although Table 1 offers incomplete information to reveal the actual variation of reliance variable, service functions that are not affected by circumstances have a relatively lower reliance on special districts and tend to be financed by the property tax (e.g., fire protection, health, regular highway, and library).

Fourth, the distinct patterns of financial reliance variables provide evidence that differs from the extant theories of special district studies. For example, special districts have become a popular mode of local service delivery for certain types of service functions ever since the Tax Revolt Era in the late 1970s (Bollens, 1997; Honadle, 2012; MacManus, 1981). Our analysis shows that the number of housing and natural resource special districts has increased over time, while the number of hospital and port facility districts has decreased. More importantly, the extent to which the general–purpose governments' reliance on special districts differs depending on district service types. If the proliferation of special districts is considered by scholars as a strategic response of municipalities against state and local fiscal limits, there should be clear homogenous patterns in these financial variables within state borders. Instead, we find nonsystemic patterns of financial variables that vary by service function at the regional and local levels.

Conclusion

Our study examines several temporal trends in special district revenue and expenditure patterns. It investigates geographical patterns of special district finance for four types of services to demonstrate how diverse patterns of spending and funding sources have evolved over time. By focusing on individual service functions, both temporal trends and geographical patterns of our financial variables are different. Though not all service functions are investigated, this study demonstrates that the popular use of user fees associated with low spillover and highly exclusive services tends to provide more public services on behalf of general–purpose governments.

This study is both exploratory and descriptive, with the purpose of enhancing a fundamental understanding of special district finance. Based on the trends and patterns of financial variables, we suggest some potential determinants of district finance, such as specific service demand and environmental circumstances associated with availability of services, and service characteristics, while we exclude state governments and institutions alike, they are important factors in special district creation.

This study has some limitations. In the analyses of special district finances, this study excludes multifunction special districts. For example, based on the nonzero expenditure approach, nearly 40% of the entire PORT districts are provided by multipurpose districts. It is therefore possible to decompose expenditure reliance information by service function using the activity code, but there is no approach to separate which revenue source is allocated for each function in the multipurpose districts. Further, this study excluded merged special districts with different service functions over time, for similar concerns. Although having the county as the unit of analysis effectively mitigated dynamic boundary changes of special districts at the subcounty level, this study equated the merged districts as dissolved cases.

Some future inferential research can be done based on the findings of the study. First, expenditure reliance and financing mode may illustrate a relationship between overlapping governments. Special districts help general–purpose governments to fulfill diverse service demands, but they compete for the same tax bases (Brien, 2017). As argued by Foster (1997), special districts provide services that general–purpose governments had not provided previously, or stopped providing at some point in time. This relationship, especially when examined by service function, can be tested using expenditure reliance on special districts (e.g., substitutive, or complementary relationship) and shared financing modes between two government types (e.g., competitive, or collaborative relationship). From this perspective, a special district incorporation can be understood as an outsourced service from general–purpose governments.

Second, specialized services by function can be classified differently. Foster (1997) categorizes special districts by purpose, such as by housekeeping, social welfare, and development areas, but her expenditure reliance within the groups did not exhibit common patterns. Also, when special districts provide public goods for a geographically bounded demand, conventional service characteristics, such as excludability and rivalry, may not thoroughly apply. Though yet generalizable from only four service functions, we still find a patterned relationship between district incorporation and both financing modes and expenditure reliance, and we suggest that revenue sources of special districts may indicate the nature of specialized services more precisely than the existing classification of services. Relatedly, including service characteristics, factors that lead to changes in financing modes and expenditure reliance of special districts need to be analyzed.

Finally, other financial aspects of special districts need to be investigated in future studies. Special district debt is not as frequently studied as special district expenditures in prior empirical analyses. Several studies demonstrate that special districts tend to issue debt more than other government types because of their political and fiscal independence (Shi, 2018). A potential area of future study may center around the fiscal health of special districts. For example, Trussel and Patrick (2013) focus on the fiscal condition of special districts, but their study concentrates on the likelihood of default, whereas the concept of fiscal health widely varies.

Notes

1. In Table 1, the function code is a set of nominal indicators embedded in the population information in the U.S. Government Finance data. Unlike the general–purpose government's population data for the estimated population of the jurisdiction, the population data for a special district corresponds to the service function it provides. Details of the coding are available in the U.S. Bureau of Census (2006) government finance and employment classification manual. Multifunction districts are not included. IGR represents intergovernmental revenues transferred from federal, state, and local governments.
2. In Figures 1–4, "N/A" refers to a county that does not provide the service through special districts.

Disclosure Statement

The authors declare that there are no conflicts of interest that relate to the research, authorship, or publication of this article.

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Research Article

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Local Government Fiscal Early Warning Surveys: Lessons From COVID-19

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Yang (2020) recently argued for enhanced evidence–based decision making during sudden and widespread economic shocks such as the COVID-19 pandemic, but he lamented the difficulty of acquiring such data in a timely manner. One strategy is to implement an early warning survey system. This article describes Colorado's experience with a survey the state administered to local government officials shortly after the governor's stay-at-home order. The state used the survey to inform its fiscal response policies. We describe the advantages and challenges of using surveys as a statewide, rapid information collection strategy as well as offer evidence that the survey yielded relatively accurate data about local fiscal impacts. We also provide an empirical analysis of the survey, employing the Heckman correction technique to account for selection bias, to illustrate how the survey responses can improve state decision making.

Keywords: Local Government, COVID-19, Federalism, Fiscal Stress, Public Finance

As COVID-19 spread in the US, most state governors attempted to slow its progression by issuing stay-at-home orders and mandating retailers, theaters, restaurants, and bars close. Bringing economic activity to a halt unexpectedly stressed local governments' budgets with those relying more heavily on consumption–based taxes facing the most difficult challenges (Felix, 2020). States and the federal government responded by providing considerable financial aid, most notably the federal government through the Coronavirus Aid, Relief, and Economic Security (CARES) Act.[1] The aid has been criticized on multiple fronts for its lack of targeting the neediest jurisdictions (Gordon, 2020; Walczak, 2020).

Allocating aid inefficiently should be expected, however, during such events when credible information about local fiscal conditions is difficult to obtain in a timely manner. Yang (2020) recently discussed the challenges of making evidence–based policy decisions during COVID-19, and though his discussion focuses on public health policy, we think his points equally apply to fiscal policy as it relates to local governments. The economic impacts of COVID-19 have demonstrated that the existing systems most states use to identify and measure local fiscal stress are inadequate for sudden and widespread shocks to the tax base. Many states have so-called early warning fiscal systems that intend to provide state lawmakers information about local governments' fiscal health, but these systems operate too slowly to be of use during a pandemic or other sudden shocks. And, nor were they designed as an information gathering solution with such events in mind. This suggests that states should consider new strategies for quickly gathering credible information from local governments during these periods. This article describes and evaluates Colorado's experience with an early warning survey to local

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government officials as one such alternative strategy. We study Colorado because as far as we are aware it is the only state to have had an executive agency administer such a survey to inform its fiscal policy response. In an effort to improve the state's policy response to COVID-19, Colorado's Division of Local Government (DLG) in the Department of Local Affairs conducted an early warning survey in the first week of April 2020, the purpose of which was to learn more about the near future fiscal and budgetary impacts of COVID-19 on local governments.[2] Because surveys can be quickly disseminated and the results quickly evaluated, they provide a chance, if designed well and target the right people, to acquire policy–relevant information much faster than existing early warning systems (Levine et al., 2012). Seen from this perspective, surveys are complements to existing systems, not substitutes. But surveys are also not without their own challenges, and studying Colorado's experience may help to improve surveys as a policy tool during future sudden economic shocks.

The remainder of the paper is organized as follows. In the next section, we describe existing early fiscal warning systems to appropriately frame surveys as a complementary policy tool. We also provide some information about DLG's survey. The section thereafter discusses the advantages and challenges of early warning surveys as an evidence–gathering technique during COVID-19. We then provide an empirical analysis of DLG's survey as an illustration of the sort of credible and policy–relevant information that is obtainable. We then close with a summary.

Before continuing, we think it is worth emphasizing that while early warning surveys are a practitioner's tool, the crucial role for academics is to cast a critical light on the tool—in this case, to evaluate the merits of our arguments and to test if surveys lead to better outcomes than the next best alternative. This relationship between practitioner and academic is consistent with Yang's (2020) call for bringing topical experts in the public bureau and researchers together to address challenges like those posed by COVID-19, to build "institutionalized government capacity in searching, coproducing, using and evaluating appropriate evidence, as well as learning from the use of evidence in various situations" (p. 30).

Fiscal Early Warning Systems

State monitoring of local fiscal health is common in the US (Levine et al., 2012), and there is variation in the monitoring's extent (Honadle, 2003; Kloha et al., 2005). Some states take a more passive monitoring role; they collect fiscal indicators on a regular basis and issue reports. Otherwise, they lack the authority to take corrective action or provide assistance. Others grant state oversight agencies a more proactive role; they define the indicators that signal fiscal distress as well as the thresholds for determining when a jurisdiction is in distress, and they have legal authority to intervene. Monitoring systems with the first two characteristics are frequently known as early warning systems (Cahill & James, 1992; Kloha et al., 2005) whose modern genesis are fiscal emergencies in the 1970s (Rubin, 1998). As Justice and Scorsone (2012) emphasize, however, given the variety of monitoring systems in place in the US, "no one system can be expected to serve all audiences and needs" (p. 44).

States have a financial interest in monitoring the fiscal health of its local governments (Modlin, 2010). Local governments' inability to pay their debt may require the states to absorb the outstanding obligations. Additionally, local government bankruptcies make it more expensive for jurisdictions to issue future debt, threatening the quantity and quality of public services and possibly requiring the state to increase intergovernmental aid. At the extreme, states may respond by taking control of local fiscal decision making (Nickels, 2016); though, state intervention may take other administrative forms (Coe, 2008). Moreover, to the extent states can determine which local governments need how much of what sort of assistance to remain in good health, state monitoring systems can improve resource allocations. Importantly, the state's financial incentive to monitor local fiscal health is agnostic to the source distress; states have the same financial interest whether stress is caused by local officials' poor decision making or by an unanticipated shock to the local tax base. The state's response may vary by the source of distress, of course. Takeovers, for instance, may not be politically desirable if the cause of distress is due to a recession, natural disaster, or pandemic, since these are exogenous to fiscal management. Indeed, the entire notion of monitoring local governments to prevent fiscal stress caused by an unexpected event is prima facie nonsensical and speaks to the need for a different type of distress monitoring system for such causes.

The extent of COVID-19's economic reach suggests that existing fiscal distress monitoring systems are not equipped for these sorts of situations. One purpose, if not the central purpose, of a fiscal monitoring system is to identify local jurisdictions in need of assistance, and existing monitoring systems operate under an implicit assumption that the causes of distress are related to management, not exogenous environmental conditions such as natural disasters, terrorism, or the like (Kloha et al., 2005). Events such as these tend to be salient and localized, affecting a relatively small number of communities within a state or metro area. Thus, the location of the event itself provides enough information to allocate resources well; a fiscal alert system is unnecessary.

An additional complication with existing fiscal alert systems is the time lag between when economic destabilizing events occur, when the event registers in local governments' financial data, and when that data is received and processed for use by state officials. In New York, for instance, the auditor requires that local governments and school districts file their annual financial reports within six months of the end of the fiscal year, with the final fiscal distress metrics available three months later. The stay-at-home orders prompted by COVID-19 were, in most cases, statewide and the loss of economic activity sudden. In other words, states may want to provide assistance, but leaders may not know how much of what sort of assistance to provide to which communities when it is needed. The consequence, then, is inefficiently targeted aid.

Surveying finance officials is an alternative early warning strategy but one that potentially trades timeliness of information with precision of information. A similar tradeoff was the impetus for the creation of the American Community Survey, which provides information about communities more quickly and frequently than the decennial census long form (MacDonald, 2006). In theory, the rapid snapshots provided to state officials through surveys improve intergovernmental fiscal triage, thereby mitigating local fiscal stress compared to waiting for complete data from all local governments to be collected and analyzed (Leiser & Mills, 2019).

In early April 2020, about two weeks after the governor issued a stay-at-home order, DLG surveyed all local governments in Colorado (counties, municipalities, and special districts) with the assistance of the Colorado Municipal League (CML), Colorado Counties Inc. (CCI), and the Special District Association of Colorado (SDA), nonprofit organizations that lobby for the respective government types, among other activities. The purpose of the survey was to inform the state's COVID-19 policy response as it concerned the fiscal health of local governments. For example, DLG staff used the survey results to evaluate policy proposals such as extending sales tax return deadlines and the types of services the departments could provide for local governments. They also used the results to inform the design of federal aid disbursements through the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Thayer, personal communication, July 8, 2020).

The survey is a widely used tool in the public administrator's toolbox (Eller et al., 2018; Folz, 1996), but its most popular use is to collect information about citizens' attitudes and preferences (Dalehite, 2008; Rivenbank & Ballard, 2012). The use of surveys as a strategy to gather evidence of local fiscal impacts during an economy destabilizing event is novel, offering public administrators a new way to use an old tool. Such surveys are not without their limitations, though, and in the next section we provide additional insight on the advantages and challenges of DLG's survey.

Advantages and Challenges of Early Warning Surveys

In this section, we share some of the advantages and challenges learned from DLG's administration of its COVID-19 survey. With respect to advantages, we argue there are three: (a) the survey was relatively inexpensive with a relatively quick data and analysis turnaround time, (b) DLG asked both structured and open–ended questions, and (c) DLG obtained relatively accurate information because of who the survey targeted. With respect to challenges, we discuss three: (a) survey fatigue, (b) the need to ask policy relevant questions, and (c) the need to ask answerable questions.

Advantages

Inexpensive and Timely

DLG's survey was relatively inexpensive to implement and analyze. DLG staff estimated that the survey took 20 to 30 hours to complete and analyze (Thayer, personal communication, July 30, 2020). CML staff indicated an upper limit of 15 hours spent on the survey—SDA indicated it spent three hours, and CCI estimated it spent no more than eight hours on it. Based upon conversations with respective staff and publicly available records, we estimate the average hourly wage across the four organizations is $64.42, implying a total survey cost of $3,608. This is an upper limit since we assume the upper end of DLG's hourly effort, and the wage estimate is also biased upward since lower–wage earners probably comprise more of the hours spent than higher–wage earners.[3] While we do not have reliable information on costs to administer surveys to local governments for comparison, it is noteworthy that with a survey infrastructure now in place, DGL's average cost per survey declines, which is not true if surveys were contracted out. Because DLG's survey can be deployed during other economic shocks, using it becomes cheaper over time.

In addition, DLG's survey and analysis had a relatively quick data turnaround time. The survey was open for a week (April 3 through April 10), and DLG's report published ten days later (April 20). By comparison, Denver's 2018 National Citizen Survey (NCS) began on October 29, 2018 with the report published January 18, 2019. Yet, a simple comparison of survey dates can mislead given differences in the survey itself, such as the number of targeted respondents and the number of questions asked. In this case, NCS asked almost twice as many questions and reached 66% more respondents than DLG, but the NCS survey window from start to results publication was ten times greater. Notwithstanding other differences, it is important to point out that DLG designed and administered their survey in-house, whereas Denver contracted out, explaining some of the differences in survey data turnaround time (Folz, 1996).

Qualitative and Quantitative Responses

Surveys provide an opportunity to systematically obtain both quantitative and qualitative information about local conditions at the same time. Likert scales and multiple choice are question design choices yielding quantitative data that, while ready for lawmaker consumption more quickly, nonetheless limit the sort of information local officials may otherwise want to provide. Open–ended questions, on the other hand, provide the chance to voluntarily report useful information to state lawmakers, adding a richness to the survey that is not available using questions with canned response choices (Groeneveld et al., 2015).

DLG's survey contained two open–ended questions (questions 21 and 22 in Table A1 in the Appendix). These illustrate the value added to open–ended questions in early warning surveys. Question 21 asks about efforts to seek reimbursement from the federal government and state. Of the 348 jurisdictions answering the question, 10% disclosed that they were unsure what financial aid is available and from whom. This identifies a role for DLG as a purveyor of information; not all state aid to local governments needs to be financial. Question 22 asks officials to disclose any information they feel state and federal lawmakers should know. Below is a selection of these responses that further highlight the nuance available with open–ended questions:

- "One of our biggest expenditures of about $1 million is due to unbudgeted technology purchases to have essential employees work from home. FEMA does not allow for this to be reimbursed. Would like the ability to have a funding stream to reimburse for this, at least partially."
- "Our economy fell off a cliff, we need help!"
- "Some attorneys won't allow remote meetings still. We need legislation that clearly allows this."
- "The age group we employ between the ages of 16–23 are left out of federal help."
- "Concerned about next year and the property tax delinquency rate increase due to high unemployment today."

These sample comments reflect the varied nature of officials' concerns that cannot be fully captured by surveys with pre–determined answers or warmth–like Likert scales. Many respondents expressed concerns that federal funds from the CARES Act, Federal Emergency Management Agency, and the U.S. Small Business Administration do not allow for reimbursement of expenses like emergency sick leave, technology expenses for moving to remote work, or expenses made by hospital special districts. These concerns show that DLG, the state's local government associations (such as CML), and state lawmakers could assist local governments by lobbying Congress for better targeted aid.

Relatively Accurate

A possible criticism of early warning surveys is that they elicit information at a point in time in which information may be unreliable because the pandemic's scope and longevity was more uncertain. But these circumstances are also what make polling professional experts on local budgetary conditions important (Yang, 2020). DLG targeted city and town managers and county and special district executives as survey respondents, enhancing the likelihood of acquiring relatively accurate information about COVID-19's short–term fiscal impact early during the pandemic.

We can bring data to bear on this, because CML conducted a follow up fiscal impact survey of municipalities in the first week of July 2020. Officials were asked to speculate about fiscal 2020 impacts. At the time of CML's survey, municipalities, which operate on a calendar fiscal year, had three full months of information about COVID-19's fiscal and budgetary impacts, compared to when officials had two weeks' worth of information at the time of DLG's survey. Thus, CML's follow up survey provides a yardstick to compare the accuracy of information provided previously to DLG. Table 1 shows aggregate responses by questions common to both surveys. Response rates between the two were different with about 30 fewer municipalities responding to CML's survey than DLG's; it is unclear if this explains differences in responses.

Nonetheless, comparing the results show relatively minor differences with the most noteworthy being that by July the volume of municipalities expecting general fund impacts between $100 and $1,000 per capita shrunk, and the two extremes (less than $100 per capita and greater than $1,000 per capita) increased. From the standpoint of evaluating the early warning survey as an accurate evidence–gathering strategy, this comparison should boost our confidence that polling the right local people yields credible insights for state policy making.

Table 1. Comparison of Municipality Responses

	DLG (April 2020) %	CML (July 2020) %
Response rate	47	37
Anticipating general fund (GF) shortfall	82	80
Average anticipated GF shortfall	21	17
Anticipating GF shortfall greater than $1,000 per capita	9	11
Anticipating GF shortfall between $100 and $1,000 per capita	62	53
Anticipating GF shortfall less than $100 per capita	29	36

Importantly, the usefulness of early warning surveys depends on having confidence they are providing accurate information. As the comparison of the DLG and CML surveys suggests, evaluating an early warning survey may require a second survey, administered after some time has passed but asking the same fiscal impact questions. If questions across the surveys are different, the second survey may still provide actionable information for state officials, but it would not be meaningful for evaluating the specific early warning survey administered. To the extent officials' understanding of fiscal impacts change with time, already administered early warning surveys take on a new role, namely, becoming a means to track changes in officials' understanding of fiscal challenges.

Challenges

Survey Fatigue

DLG administered its survey at the same time other organizations did. Between mid-March and early April, organizations such as the International City/County Management Association, the National League of Cities, and the Government Finance Officers Association surveyed their constituents, which included Colorado local jurisdictions. Surveying officials during a pandemic when their attention is and should be directed elsewhere is demanding enough, but being one survey among a sea of surveys increases the chances of poor survey response (Ho, 2007).[4] Sinickas (2007) offers three recommendations to lessen survey fatigue. First, surveys should be coordinated to reduce overlap. DLG administered its survey in conjunction with CML, CCI, and SDA in an effort to avoid redundancies with each organization proposing questions. Collaborating with these organizations also may have helped legitimize the survey, signaling to local officials they are not wasting their time responding. Collaborating with national organizations, on the other hand, is more difficult to manage and, as discussed shortly in more detail, may yield less insightful policy–relevant information. Second, surveys should be short, asking the fewest questions necessary to get the information needed. On this criterion, the DLG survey could have been better designed, perhaps multiple shorter surveys (notwithstanding survey fatigue) focusing on specific policy areas (e.g., tax policy, budgetary coping mechanisms, and business relief) rather than a 22–question survey covering all policy areas. Third, administrators should show that survey results are important for respondents. Empirical evidence demonstrates that survey response quality and response rate increase as respondents know more about the purpose of the survey (Smyth et al., 2009). CML helped to demonstrate the survey's importance by introducing it to municipal officials.[5]

Asking the Right Questions

For surveys to be useful, they must ask respondents the right questions (Guerra, 2003) whose answers provide actionable intelligence about local conditions to aid policy design. But asking the right questions involves balancing conflicting survey design goals. For example, survey design collaboration may help boost response rates and provide state lawmakers richer information about local conditions, but collaboration can result in asking more questions (increasing survey fatigue) and asking questions that may not be relevant to all collaborators. Moreover, asking policy–relevant questions is presumably more difficult in states where local governments tend to have greater fiscal autonomy, where states devolve greater responsibility to local authorities. In such instances, local government fiscal structures and budgetary options are more likely to vary, increasing the likelihood the policy–relevant questions applicable to one community are not applicable to others.

Asking the right questions typically entails a chicken and egg problem—we do not know the right questions to ask until we understand the fiscal challenges communities face, but we do not know the challenges they face until asked. An open–ended survey question, then, presents an opportunity for respondents to provide information they believe to be important but about which state officials may not have the knowledge to ask.[6] By way of example, Question 7 in DLG's survey asked officials to identify all the revenue streams they are concerned about being impacted by COVID-19. While most identified the property tax as cause for concern, more useful for policy design is knowing what about the property tax is cause for concern. DLG's Question 22 allowed officials to disclose additional details, and 15% of responding communities stated that deferred payments and delinquencies are concerning, rather than decreasing property values. This additional detail suggests statewide strategies for boosting local personal income (such as circuit breakers that reimburse jurisdictions for revenue losses) may be more helpful than efforts to support local property markets.

Asking Answerable Questions

Related to asking the right questions, it is equally important to ask answerable questions. Phrasing questions unambiguously and avoiding nonspeculative questions reduces the likelihood of nonresponse (Ornstein, 2013). Asking answerable questions is particularly challenging when answers are expected to be prospective, however (Alwin, 2007). For instance, DLG's Question 9 asked respondents to identify if officials expect general fund reductions with four response options possible: (a) the official does not anticipate a reduction, (b) does anticipate a result, (c) the jurisdiction does not have a general fund, or (d) unknown. The follow up question, Question 9a, asked those expecting a reduction to report the magnitude of anticipated reduction in percentage terms. Though we provided evidence that officials' forecasts were accurate, 23 jurisdictions (about 10% of those answering) in DLG's survey failed to speculate about the size of the reduction despite indicating they expected it. It is unlikely this nonresponse is due to ambiguous wording, instead reflecting a reluctance to speculate.

Asking respondents to speculate is an unavoidable aspect of early warning surveys, but steps can be taken to improve the quality of speculation, aside from targeting informed officials. Response accuracy is a function of time; as time passes, officials gain better insight about the pandemic's effects. It stands to reason, then, that the window of time the survey is available is crucial. The longer the window is open, the more likely responses will be credible. On the other hand, if the window is too long, it threatens the timeliness of the survey results, and if too short, response accuracy is threatened. Existing scholarship does not provide insight on the optimal survey window for response accuracy; however, DLG allowed officials multiple opportunities to respond. If officials gain pertinent knowledge after responding to the survey, they have additional chances to update their speculations. Providing multiple opportunities to respond strikes us as a reasonable survey design strategy to enhance the quality of information gleaned.

Determinant Analysis of Expected Revenue Loss

In this section, we offer an empirical analysis of DLG's survey to illustrate the sort of policy–

relevant information they can provide lawmakers. The insight we offer is that by surveying all local governments in a state, state officials can improve their policy making decisions even if only a fraction of local governments return the survey. This is made possible by states already having collected considerable financial information about local governments, which can then be used to model the bias that arises from selective survey response. For the forgoing analysis, we focus on questions eliciting information on jurisdictions' expected revenue loss during the remainder of fiscal year 2020.[7] Specifically, officials were asked to report the amount of predicted losses from revenue streams they are most concerned about as well as losses to the general fund. (Questions 8 and 9 in Table A1 in the Appendix.) The separate questions are necessary because many special districts do not have general funds.

At the time of the survey, Colorado boasted 4,099 local governments: 272 municipalities, 62 counties, and the balance special districts including schools.[8] Of these, 482 leaders provided their perspectives on COVID-19's forecasted impacts: 76% of cities, 82% of counties, 36% of towns, and 8% of special districts.[9] While the 482 responses amount to a 12% response rate, this rate is skewed downward due to the abundance of special districts in the state. Nearly every county and about half of the municipalities responded, and since these entities provide many more public services and have more revenue streams than special districts, the survey responses help paint a credible statewide picture of local officials' concerns early in the pandemic. Of the reporting jurisdictions, 261 stated they expected their revenue to be affected by COVID-19, but only 238 provided an estimate of the anticipated revenue loss.[10] Table 2 details the predicted revenue losses by jurisdiction type. We disaggregate cities and towns due to differences in the sizes of the populations they serve. Table A2 in the Appendix details differences in mean characteristics between responding and nonresponding jurisdictions.

Across all jurisdictions, officials expected nearly $900 million in revenue losses, and more than half of this is from cities. When expressed relative to budgeted expenditures for the year, however, towns and special districts report larger expected losses. Whereas the statewide average is 5.7%, expected losses for towns and special districts are 10.6% and 8.7% of budgeted expenditures, respectively. This finding is notable since towns and special districts tend to have fewer resources, implying COVID-19's impact may hit the poorest jurisdictions the hardest. This conclusion is supported by the second part of Table 2, which breaks the expected revenue losses down by fiscal year 2020 budget quantile. The predicted revenue loss burden decreases as wealth increases.

A third way to consider the data is by ruralness. COVID-19 did not strike rural America in force until well after it had spread within and across urban centers (Bosman et al., 2020). Thus, early during the pandemic, rural local officials may not have perceived a fiscal threat, and therefore they may have been less likely to report negative revenue impacts. The third part of Table 2 provides limited evidence to this effect. While the average percentages are greater for rural than nonrural in the table, the differences are not statistically different from zero for all jurisdiction types reporting.

The conclusions drawn from the data in Table 2 may be limited, since they reflect the opinions of only the officials that responded to the survey. Policies designed only with the feedback from some local governments may be inefficient. For instance, if only local governments with the time and resources to complete the survey do so, then the policies derived from the survey reflect the needs of these jurisdictions, not the needs of the jurisdictions with fewer resources.

We explore the descriptive data in more depth with a determinants analysis to identify which local characteristics are the best predictors of perceived revenue loss. A useful feature of state–level surveys to local governments is that the population of jurisdictions is known, and data for them are likely collected by various state agencies. This suggests that nonresponse can be modeled, and selection bias can be corrected, and we use the Heckman correction method to do so. The purpose of the analysis is not to replace a more thorough evaluation using more

Table 2. Expected Revenue Loss by Jurisdiction Type and Size

	N	Predicted Loss	FY20 Budget	% Share
Jurisdiction Type				
Cities	52	$540.1	$9,112.0	5.9
Counties	40	$155.0	$4,408.0	3.5
Towns	56	$98.1	$928.6	10.6
Special Districts	90	$100.4	$1,064.1	9.4
Budget Quantile				
$0.01–$0.4	19	$0.9	$3.3	26.9
$0.5–$1.9	40	$6.1	$46.2	13.1
$2.1–$6.9	47	$17.7	$212.0	8.4
$6.9–$24.0	55	$65.4	$802.4	8.2
$24.4–$3,718.1	77	$704.4	$13,912.0	5.1
Ruralness				
Cities	52	$540.1	$9,112.0	5.9
Nonrural	37	$511.6	$8,645.9	5.9
Rural	15	$28.5	$466.0	6.1
Counties				
Nonrural	15	$125.2	$3,653.6	3.4
Rural	25	$29.8	$754.4	4.0
Towns				
Nonrural	30	$56.9	$564.0	10.1
Rural	26	$41.1	$364.6	11.3
Special Districts				
Nonrural	68	$89.7	$964.4	9.3
Rural	22	$10.7	$99.8	10.7

complete data, and nor are causal claims offered. Instead, the goal is more simply to provide greater insight on the conclusions drawn from Table 2 using available data; to simulate the sort of analysis that could be accomplished by state officials in a short period of time.

We are interested in estimating parameters to the following equation:

$$\ln\left(\frac{LOSS}{BUDGET}\right)_i = \beta_1 \left(\frac{STREV}{TOTALREV}\right)_i + \beta_2 \ln\,(BUDGET)_i + \gamma R_i + \delta_j T_i + \varepsilon_i$$

where *LOSS* is the expected revenue loss for jurisdiction i, *BUDGET* is the jurisdiction's fiscal year 2020 budget; *STREV* is the sales tax revenue; *TOTALREV* is the total revenue; R is an indicator equal to one if a jurisdiction is rural using the definition proposed by Propheter (2019); T is a categorical variable denoting the type of jurisdiction—city, town, or county—with cities being the reference group; and ε is a disturbance. *BUDGET*, *R*, and *T* are motivated by the conclusions drawn from Table 2. The variable $\left(\frac{STREV}{TOTALREV}\right)$ measures each jurisdiction's reliance on sales tax. COVID-19 halted much of local jurisdictions' sales tax–generating economic activity, and subsequent policy discussions at the state level focused on the sales tax (Chuang, 2020). On the other hand, the U.S. Supreme Court's decision in the Wayfair case may have mitigated these losses, since sales tax for online shopping is collectible (Afonso, 2019). This variable tests if a jurisdiction's reliance on the sales tax predicts officials' expectations about revenue loss.

Table 3 reports the results from four models: ordinary least squares (Column 1), a Heckman correction without exclusion restrictions (Column 2), a Heckman correction with average household size as an exclusion restriction (Column 3), and a Heckman correction allowing

Table 3. Determinant Analysis of Expected Revenue Loss

	OLS (1)	Heckman w\o excl. restrictions (2)	Heckman w\ excl. restrictions (3)	Heckman w\ excl. restrictions (4)
Log sales tax reliance	.321	.326***	.340***	
	(.105)	(.093)	(.106)	
Log budget	.013	.019	.035	.150
	(.086)	(.109)	(.113)	(.143)
Rural	-.122	-.117	-.107	.221***
	(.294)	(.304)	(.297)	(.056)
County	-.210	-.199***	-.166***	-.785
	(.065)	(.038)	(.062)	(1.181)
Town	-.088	-.111	-.165	.649
	(.206)	(.142)	(.189)	(.722)
Observations	165	332	332	332

sales tax reliance to vary with ruralness (Column 4).[11] We choose to present all results for transparency, and there is consistency in signs across all models. Note that special districts are excluded from the analysis because complete budget information for them could not be collected.

From Table 2, we concluded that towns were the most likely to perceive a negative fiscal impact from COVID-19, but after introducing controls, this conclusion is not corroborated. In the preferred model (Column 3), counties on average report predicted revenue impacts $\left(e^{(-.166)} - 1\right) * 100 = 15\%$ less than cities, and there is no difference in expected impacts between cities and towns. This result is sensible, since cities and towns rely less on the property tax and more on the sales tax than do counties in Colorado (Propheter, 2019), and the property tax base is not affected by the economic effects of COVID-19 in the short run.[12]

The finding of most practical significance is that sales tax reliance positively predicts local officials' expectations of revenue loss. The point estimate in the preferred model (Column 3) indicates that each one percent increase in sales tax reliance is associated with a 0.34% increase in expected revenue loss. At the sample mean, this estimate implies that a jurisdiction that draws one percent more of its total revenue from the sales tax will report that 10.2% of its budgeted revenue are threatened by COVID-19's economic impacts compared to the 7.6% predicted loss for an otherwise similar jurisdiction less reliant on the sales tax. Moreover, the interaction model extension in Column 4 further reveals that the effect of sales tax reliance varies by ruralness, with rural jurisdictions more reliant on the sales tax, reporting 25% greater revenue loss impacts compared to nonrural jurisdictions similarly reliant on the sales tax.

Note that a naive ordinary least squares regression concludes that sales tax reliance is statistically unrelated to perceived impact. By extension, policy designs based only upon the opinions of the local officials that returned the survey may lead state officials to incorrectly conclude that sales tax reliance and ruralness are unimportant criteria for evaluating need. Instead, the more compelling Heckman models suggest that socially efficient state aid should be targeted towards more sales tax reliant and more rural communities.

Conclusion

COVID-19 presents unprecedented economic challenges for local governments, which puts unprecedented pressure on state officials to find ways to assist communities. The sudden and widespread impact of stay-at-home orders on local tax bases will persist into the foreseeable future, making recovery difficult to envision. States have a financial interest, and perhaps a moral obligation, in supporting local government recovery; helping communities recover helps the state recover (Becket-Camarata, 2004). However, an enduring challenge for states during fiscal crises is determining which communities need how much of what sort of assistance (Coe, 2008).

In this paper, we argue that one promising strategy is an early warning survey—a survey administered to local governments with questions focused on obtaining actionable and policy–relevant information. We explore a survey with this focus in mind administered by Colorado's Division of Local Government in the Department of Local Affairs, the results of which were used to inform the state's fiscal policy response. Notably, owing to the well–known and stringent revenue and spending limitations in Colorado, the survey results in this study may not generalize outside of the state, but the function of the survey as an early warning system still generalizes. We believe early warning surveys as a rapid, evidence–gathering strategy are a promising practice during sudden and widespread economic shocks.

Furthermore, this paper highlighted the usefulness of surveys designed and administered by states. During the early part of the pandemic, nonprofit professional associations, such as the NLC and ICMA, designed and administered surveys for their respective local government constituencies. These surveys may not have been intended to inform state level policy responses to the pandemic, evidenced by the few number of questions and the relative simplicity of the information being asked. In contrast, DLG's survey asked over 20 questions specifically focused on gathering information to improve the state's fiscal policy response. While we argued this approach yielded actionable policy insights, how much more we can learn from state–specific surveys compared to nationally administered ones remains an open question.

However, like all promising practices, the merits of early warning surveys should withstand academic scrutiny, particularly as it relates to local government outcomes. For example, DLG used its survey to inform its CARES disbursement policy. An empirical question, then, is if the policies adopted resulted in different local government awards, and, further, how these communities differed in terms of their recovery trajectories. At the time of writing, data on the state's CARES disbursements are unavailable, a matter that remains for future research. Additionally, the battery of questions DLG asked the state's local governments may serve as a blueprint for developing fiscal measures more useful for evaluating fiscal health during periods of widespread economic shocks.

Notes

1. Data on how much state and federal aid local governments have received to date is incomplete. According to the National Conference of State Legislatures, at the time of writing, states have appropriated over $4 billion for COVID-19 relief, with much going to local public health. Under the CARES Act, local governments will receive over $29 billion while an unknown portion of the $110 billion to states will also go to local governments.
2. The survey was web–based and opened about a week after Governor Polis issued a stay-at-home order on March 26. The survey closed on April 10.
3. We could not obtain information on how long it took local government officials to complete the survey, a cost that is thus excluded from our survey administration estimate.
4. We have no information on how many Colorado local jurisdictions responded to other surveys, and therefore we cannot provide quantitative data supporting or rejecting survey fatigue in fact. Moreover, the volume of surveys that local officials across the country were asked to respond to early during the pandemic is staggering, increasing the demand for officials' attention during a period when they are least able to supply

it. This situation begs the question whether national, state, and local nonprofit organizations should collaborate on survey administration rather than compete for local officials' time. Appropriate ways to organize survey administration across nonprofits focused on policy responses at different levels of governments is not a topic within the scope of this paper, but we hope future scholarship can help shed light on this dynamic problem.

5. The survey's introduction of municipal officials stated, among other things, that the survey "information will be used in conversations with the Colorado congressional delegation, as well as state legislators, to demonstrate the need for direct funding to municipalities of all sizes."
6. Aldag et al. (2019) provides a useful alternative to this issue. They use a focus group of local officials to inform the design of a survey that would then be disseminated to local officials statewide. Focus groups could help improve early–warning survey design for future crises.
7. Since the purpose of this analysis is simply to illustrate the usefulness of rapid–response surveys, we forgo much of the analysis of the survey data that would otherwise be expected to be included in an academic paper. Instead, we will make any additional analysis available upon request. In addition, we direct those interested to the various websites maintained by the Department of Local Affairs that reports various fiscal and budgetary information for local governments in the state. Most of these data are available at https://cdola.colorado.gov/budgeting-and-finance.
8. The cities of Denver and Broomfield are consolidated city–counties. They are categorized as cities for this analysis.
9. A total of 501 surveys were returned to DLG, but 20 of these were submitted by consultant groups managing the affairs of multiple special districts. These are excluded from the analysis.
10. Though only 54% of jurisdictions responding reported expected revenue impacts, this is biased downward because of special districts. Of the reporting jurisdictions, the following percentages of each jurisdiction type reported expected losses: 98% of cities, 86% of counties, 84% of towns, and 33% of special districts.
11. Exclusion restrictions are necessary. While the inverse Mill's ratio derivable from the first stage probit is technically nonlinear, and thus uncorrelated with the second stage parameters, it is nonetheless nearly linear over much of its profile. Thus, without exclusion restrictions, there is doubt as to whether the inverse Mill's ratio is capturing the unobserved selection effect or simply a specification error due to collinearity (Wooldridge, 2010). Exclusion restrictions predict selection but not the outcome. We assume, based on the authors' conversation with local officials, that local officials facing greater political and bureaucratic pressures from residents were more likely to respond, to inform the state of their challenges. We assume that jurisdictions with larger households are more likely to impose such pressures on local officials, because larger households suggest greater density of families, and hence children. In the unreported first stage probit, mean household size positively predicts survey response at the 99 percent level. Full first stage results are available upon request but are omitted here to conserve space. While n+1 exclusion restrictions are desirable for each endogenous predictor, we could only theoretically justify one (average household size) with the data available.
12. The local property tax base for the purpose of calculating tax rates was set a year before COVID-19 appeared. In the longer run, stay-at-home orders could affect the property market, which eventually would be reflected in the local property tax base.
13. In Table 1, the data are for municipalities only. DLG's survey was administered the first week of April 2020 while CML's was administered the first week of July 2020. Percentages are based upon responding municipalities.
14. In Table 2, dollars are nominal and in millions. AV means assessed value. Following Propheter (2019), ruralness is defined based upon distance to a passenger airport.

15. In Table 3, the dependent variable is the natural log of the expected revenue loss divided by the jurisdiction's fiscal year 2020 budgeted expenditures. Standard errors are clustered at the metropolitan statistical area level. Column 1 contains coefficients using ordinary least squares on the returned survey data. Column 2 contains coefficients using a Heckman correction without the mean household size exclusion restriction. Column 3 contains coefficients using a Heckman correction with the exclusion restriction. Column 4 contains coefficients from the same Column 3 model with interaction terms added. The coefficients displayed are only for the respective variables interacted with log sales tax reliance. First stage profit results are omitted to conserve space but are available upon request.
16. In Table A2 (see Appendix), due to overlapping populations and the difficulty of compiling fiscal information for all special districts, they are omitted from this table.

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Appendix

Table A1. DLG Survey Questions

Questions	Response Type
1. What type of local government do you represent?	Categorical
2. What is the amount of your entity's total budgeted operating expenditures for 2020?	Categorical
3. How many months of operating expenditures does your organization have in reserves?	Discrete
4. Do you anticipate having to utilize these reserves to cover your operating budget?	Binary
5. Have you or will you adopt an emergency contingency ordinance/resolution to access reserves in response to anticipated reductions in revenue?	Binary
6. Do you anticipate having to access your TABOR emergency reserve for COVID-19 response expenditures?	Binary
7. What revenue types are you most concerned about a reduction in due to COVID-19 during the 2020 budget year?	Categorical
8. What is the estimated aggregate revenue decline of these revenue sources during the 2020 budget year?	Continuous
9. What overall General Fund revenue reduction are you anticipating in 2020?	Categorical
9a. Enter the percentage of General Fund reduction	Continuous
9b. Enter the $ amount of General Fund reduction	Continuous
10. Does your organization have sales & use tax?	Binary
11. What percentage of your 2020 General Fund revenue is comprised of sales/use tax?	Continuous
12. What % reduction in sales/use tax do you anticipate for 2020?	Continuous
13. What % reduction of sales/use tax revenue do you anticipate from the "restaurant" category for 2020?	Continuous
14. What % reduction of sales/use tax do you anticipate from the "lodging" category for 2020?	Continuous
15. What types of expenditures related to COVID-19 has your organization incurred, or you anticipate will incur, over the 2020 budget year? (Ex: staff overtime, staff sick/administrative leave, technology/equipment for remote work)	Categorical
16. At this time, what do you anticipate or forecast spending on your response and recovery from COVID-19?	Continuous
17. What budget strategies are you currently implementing to address revenue loss? Check all that apply: (Ex. Delay capital projects, delay equipment purchases, hiring freezes)	Categorical
18. What types of services have you reduced, or expect to reduce, for the 2020 budget year in response to COVID-19 expenditures and/or loss of revenue? (Ex: general government, public works, parks, and recreation)	Categorical
19. What, if any, methods are your organization considering to support local businesses? (Ex: relief fund for local business assistance, marketing support, waiving late fees/penalties)	Categorical
20. What, if any, methods are your organization considering to support residents who are suddenly out of work? (Ex: suspending utility shutoff, offering utility payment plans, utility late fees waived)	Categorical
21. What efforts are you undertaking in order to be potentially reimbursed for extra costs from federal or state funds?	Open–ended
22. What other financial information, if any, would you like to share with state and federal legislators to help them understand the impact your municipality is anticipating due to the coronavirus?	Open–ended

Table A2. Differences in Means between Responding and Nonresponding Jurisdictions

	Responding	Nonresponding	Difference
All jurisdictions			
Observations	179	153	
Sales tax reliance	0.333	0.278	-0.054**
	(0.017)	(0.017)	(0.024)
Population	48,408	12,656	-35,753***
	(10,006)	(5,460)	(11,400)
Budget per capita	3,861	7,558	3,697
	(328)	(2,883)	(2,902)
AV per capita	23,459	45,272	21,813
	(2,473)	(19,373)	(19,531)
Cities			
Observations	57	17	
Sales tax reliance	0.503	0.362	-0.141***
	(0.020)	(0.039)	(0.042)
Population	55,678	27,712	-27,966
	(16,215)	(11,097)	(19,649)
Budget per capita	3,708	28,553	24,844
	(412)	(23,365)	(23,368)
AV per capita	26,929	137,493	110,564
	(5,873)	(126,069)	(126,206)
Towns			
Observations	71	125	
Sales tax reliance	0.352	0.283	-0.068**
	(0.026)	(0.020)	(0.032)
Population	3,439	2,697	-743
	(898)	(839)	(1,303)
Budget per capita	5,336	5,182	-154
	(687)	(1,530)	(2,096)
AV per capita	21,215	34,638	13,423
	(3,557)	(16,528)	(22,118)
Counties			
Observations	51	11	
Sales tax reliance	0.116	0.094	-0.022
	(0.014)	(0.025)	(0.031)
Population	102,886	102,560	-326
	(28,348)	(70,314)	(69,111)
Budget per capita	1,979	2,115	136
	(288)	(458)	(658)
AV per capita	22,706	23,596	890
	(2,854)	(8,048)	(7,170)

Research Article

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The Managerial Apprenticeship of FDR's Budget Director: Harold D. Smith and the Michigan Municipal League, 1928–1937

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Public administration history often notes the seminal role of Harold D. Smith, FDR's budget director (1939–1945), in the professionalization of the field and his principles for public budgeting. He was a cofounder of the American Society for Public Administration (ASPA) and its second president (1940–1941). Smith came to Washington after a longer career in nonprofit management. This exploratory historical case study fills in a gap in the literature. Specifically, it examines his nonprofit management record at the Michigan Municipal League (1928–1937). He successfully grew the nonprofit in the teeth of the Great Depression. This success, among others, can be seen as providing two possible applications. First, his record suggests some commonalities between nonprofit management and public administration. Second, leading a nonprofit during the Great Depression may suggest applicable lessons for longer-term problems caused by COVID-19 regarding organizational management strategies during another severe economic contraction.

Keywords: Harold D. Smith, Michigan Municipal League, U.S. Bureau of the Budget, Management History, Public Budgeting, Nonprofit Management

History can be an important endeavor in three ways. First, as so-called "pure history," it is valuable for its own sake by filling in missing gaps. Second, even though history never quite repeats itself, lessons from the past can often be applicable to the present. Leading an organization during the Great Depression may suggest nonprofit management strategies for dealing with COVID-19 and its consequent recession. Third, do Smith's consecutive successes as CEO of a nonprofit and then a government agency suggest any linkages and commonalities between nonprofit management and public administration?

Such is the story of Harold D. Smith. He was a major figure in public administration and budgeting for his service as FDR's budget director from 1939 to 1945 (and then for Truman until summer of 1946). However, the literature on Smith and knowledge about his work has focused almost exclusively on his years leading the U.S. Bureau of the Budget (BOB). Presumably, his successes at BOB must have been shaped somewhat by what he brought to the White House, about which little is known. Therefore, an inquiry into Smith's directorship of the nonprofit Michigan Municipal League (MML) from 1928 to 1937 can fill in this gap in the literature.

Investigating his pre-FDR professional career also brings to light second potential relevance. Smith led the MML during the Great Depression, an economic crisis and contraction that

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degraded and harmed many people and organizations. Notwithstanding this multiyear crisis, he succeeded in growing MML in size of membership, income, staff services, and political influence. Jumping ahead, at the time of this writing, the U.S. is experiencing another major national trauma, the COVID-19 pandemic, as a public health crisis and its accompanying severe economic contraction. Therefore, it is possible that exploring Smith's success in nonprofit management during the Great Depression may well present the possibility of lessons for contemporary management in the long tail of the pandemic, perhaps applicable to nonprofit leaders. Third, as suggested by Brooks (2002), would a case study of Smith's record at a nonprofit present the possibility of relevance across sectorial boundaries, of some generalized applicability of successful nonprofit management to public administration?

Historians have given Smith his due regarding his FDR years. In their retrospective on BOB (after 1970, the Office of Management and Budget [OMB]), Dickinson and Rudalevige described Smith's tenure as inaugurating "the Golden Age" of BOB/OMB (2004–05; 2007). Smith's federal record continues to be mentioned in the literature, including the institutional presidency (Burke, 2000, p. 11), history of OMB (Pfiffner, 2020), FDR's presidency (Daniels, 2016, p. 14), and textbooks and readers (Mitchell & Thurmaier, 2017, p. 196; Willoughby, 2014, p. 1, pp. 20–21; Holzer, 2000, chap. 2).

However, in the retrospect of his entire working life, the majority of Smith's career was in nonprofits (13 years), and only a minority of his professional life was in government budgeting (10 years). In the former capacity, he was a junior staffer of the League of Kansas Municipalities for three years (Lee, 2020), followed by serving as the executive director of the Michigan Municipal League (MML) for 10. Then, shifting to public budgeting, for two years he was the budget officer for Michigan's state government and, after that, eight years for Presidents Roosevelt and Truman. (For the last half-year of his life, he was vice president of the World Bank. He died in 1947.)

The Michigan Municipal League before Smith

The Michigan Municipal League was founded in 1899 as a nonprofit association. It reflected the national trend for the establishment of nonprofit networks for municipal officials within a state to interact with peers and present a unified front when needed, such as to a state legislature. (In 1924, these leagues created a national organization, the American Municipal Association [AMA], which later evolved partly into the National League of Cities.) For more than a quarter century, MML was a volunteer organization with very low dues and, as a result, very little of a typical nonprofit infrastructure. It employed no staff and had no central office. Beginning in 1916, it began mailing to its members reports and publications issued by University of Michigan's Bureau of Reference and Research in Government (Bell, 1957).

Aware of its weaknesses and distinct lack of value or impact, in 1925 the League's leadership appointed a committee to create a reorganization plan that would revitalize the League and give it a stronger organizational footprint. The committee recommended creating a sliding membership fee to generate adequate funding for a full-time secretary and a central office in Ann Arbor to be affiliated with the university's bureau of government. The committee's report was adopted in late 1925. The next step was to search for the person who could turn the league into something more substantial. The desired candidate would have to be a man (as they all were in those days) for all seasons, possessing in-house administrative skills, organization building skills, editing a monthly bulletin, and providing direct technical services to members to increase the benefits of belonging to the League. Moving slowly, during 1926 and 1927, the board sought to find the right person to do all that (MML, 1999).

Working their informal networks, the board members conducting the search eventually focused on Smith. Then a staffer at the League of Kansas Municipalities, he was recommended by a University of Michigan professor of municipal administration (where Smith had earned a master's degree) and by the head of the good-government Detroit Bureau of Governmental Research (DBGR) (where Smith had interned for his degree). He was a perfect candidate: he knew Michigan, had the formal educational qualifications for municipal management, had experience in another state league, including consulting to municipalities, and demonstrated PR skills. Above all, he seemed to have boundless energy, ambition, and the smarts to revitalize the League. Quietly, the board contacted Smith to ask if he was interested. He was. After having been rejected for several city manager positions that he had applied for, it must have felt reassuring to him to be recruited instead of competing against a field. They quickly came to terms.

Starting During the Roaring Twenties, 1928–1929

MML's board of directors met on November 9, 1927, and formally appointed Smith effective January 1, 1928 (Cady, 1928). He came to Michigan for a short visit to strategize with the leadership on reorganizing and developing the League. At the end of the month, the League announced it publicly ("325 Goal," 1927). His Kansas boss, John G. Stutz, informed his members in December and was generous in his tribute. Noting the widespread adoption of municipal zoning plans in Kansas, he said that "much credit for this record is due to the leadership of Mr. Smith" ("Mr. Smith," 1927). In time for AMA's annual meeting in mid-December (in Lawrence, KS), Smith attended as MML's executive secretary-designate (Stutz, 1928). His Kansas boss was now his peer.

Smith knew what he had to do. He also knew how much he had to accomplish—and quickly. In his eyes, MML "was virtually dead" (Stutz, 1929a, p. 27). In January 1928, it had $565.15 in its checking account and debts of $1,500 (Smith, 1928a). It had 55 members, and their dues were $25 a year (Stutz, 1930, pp. 49–50). Attendance at the annual conference varied between 25 and 70 (Stutz, 1929a, p. 83). The organization was in such poor shape that it had not even held an annual convention in 1928 (Smith, 1930c, p. 163). Cash flow for the immediate future was bleak because dues for the year had already been paid. There would be no new membership payments until the next fiscal year. The organization's finances were in such bad shape that Smith decided to forgo a salary for the first few months, if only so that there would be enough cash to print and mail a new monthly magazine with the goal of rebooting the League by trumpeting its revival. Smith had several near-simultaneous and hurry-up priorities: initiate the monthly, open an office in Ann Arbor, increase memberships, increase membership dues, increase attendance at the next annual conference, increase other income, and initiate a research service that would issue informational bulletins of use to members.

The first issue of the *Michigan Municipal Review* (*MMR*) came out in January 1928. Smith's goal was for the new monthly to have contents that would be of interest and value to League members as well as attract new members. To present a professional look, it was typeset and printed rather than typed and mimeographed. It was mailed to all members. *MMR* was also available to nonmembers by subscription ($2 a year) as well as individual issues (25¢). The inaugural issue contained an article from the League president on the plans for the League and the value it could have for municipalities, an article about state funding for maintenance of state trunk highways that went through cities, a profile of Smith, and an editorial page.

One of his first actions was to draft bylaws for the association. This had the benefit of formalizing its mission and his brief, thus creating a well-defined mandate for the focus he brought to the league. The bylaws set the organization on a course that has defined it since (Olson, 1947).

Using his contacts at the university, Smith obtained free office space adjacent to campus in a building the university was renting. He made the best of it, noting that it was easily accessible to municipal officials coming to visit and "but a short distance" from a post office and bank ("Our Office," 1928). Smith quickly convinced 45 more municipalities to join, an 80% growth. He increased dues from $25 to $70. Notwithstanding the fee increase, to his relief, none of the 1927 members dropped out, and the new members were willing to pay to join (Stutz, 1930, pp. 49–50).

To attract and keep these members, Smith had to quickly demonstrate the value of belonging to MML. Besides the monthly *MMR*, he compiled and distributed in June 1928 the first *Annual Directory of Michigan Municipal Officials*. It was "the first time a comprehensive directory of municipal officials has ever been compiled for Michigan" (Smith, 1928a, p. 139). He hoped it would "facilitate communication between the officials of Michigan municipalities" and thereby "contribute to more efficient municipal administration" (Smith, 1928b). That, in turn, would demonstrate the value of belonging to the league. He also quickly inaugurated what he hoped would be a series of research and information bulletins. The first one was a compilation of salaries of village officials so that members could compare their earnings with peers (Smith, 1929a, p. 186).

Smith also worked hard to increase attendance at the annual convention. Set for October in Pontiac, Smith wanted to create an event that would appeal not just to the traditional audience of mayors and city council members but also to the many silos of professionals and specialists working in municipalities, such as auditors, engineers, city attorneys, and city clerks. He persuaded Pontiac's mayor and all of the city's department heads to send personal letters to their state peers, inviting them to come to the conference. Their letters stated that the annual conference would include breakout sessions exclusively for their respective silos, with roundtables and speakers on the specific day-to-day topics these specialists dealt with. The effort was a rousing success, with attendance jumping to 200 (Stutz, 1929a, pp. 83–84).

At the conference, Smith delivered his first annual report (1928a). A minor, but interesting, colloquy occurred when he finished. A municipal official asked if the proceedings of the conference would be distributed so that nonattenders could read what speakers of their particular profession said at the breakout sessions. At the time, some associations included their proceedings as a special issue of their newsletters, hence free to members. Smith openly disagreed with doing that. He insisted that the proceedings should be published and sold separately (1928a, pp. 142–43). After being in his position for only 10 months, he was demonstrating a firmness of judgment and willingness to disagree openly with his (theoretical) bosses. Indeed, he published the proceedings as a separate publication, charged $2 per copy, and received 170 orders. One city ordered 20 copies (Stutz, 1929a, p. 86).

By mid-1929, Smith reported at the annual meeting (moved from fall to early summer) that the League's financial status had stabilized, memberships were up, advertising revenue in *MMR* was gradually increasing, and that he thought the league would be debt-free when the books closed for the year. It must have been a relief and source of satisfaction that he had delivered so quickly on reviving the organization into a sustainable template. A tangible indicator of the new financial health of the league was his announcement that he had made his first hire: Clarence Smazel as *MMR*'s business manager (Smith, 1929a, p. 186). He would not only be selling advertising and handling finances. Smazel, who had a background in journalism, could also do the time-consuming work of editing submissions from members for publication in the magazine. This would improve the readability of articles and tighten up the copy.

Given that he could now gradually turn his attention away from life-or-death organizational matters, Smith created a whirlwind of public activity. He hit the road to meet municipal officials. For example, he drove to the Upper Peninsula, a region that routinely appeared neglected. Smith spent a day in Ironwood, practically the state's westernmost point ("Municipal League," 1929). He developed a legislative program for the League to lobby the state legislature. It included changes in collecting delinquent taxes, giving cities a larger proportion of state tax revenues, and municipal rights in foreclosure sales (Stutz, 1929b; Associated Press [AP], 1929). Smith became increasingly visible as the public face of municipal government. For example, along with the governor, he was named to an official delegation to promote air travel in the state ("Name local," 1929).

Smith also began expressing the public policy interests of municipal government more forcefully in *MMR* editorials. He condemned the use of the initiative referendum in Michigan. Popular opinion could undercut the careful, if unpopular, decisions that cities needed to make about finances, taxes, and paying for infrastructure. Democracy could go too far, he argued. Responsible elected officials who possessed "better administrative organization" should be making such highly technical decisions—not the voters ("Democracy," 1929). The next month, he urged municipal officials to become more active in elections to the state legislature. At the time, county-based units of parties (often low-population rural areas) had de facto control over nomination and election processes. The municipal perspective was, as a result, of little weight in the legislature. "Candidates should be asked point blank" by municipal officials what their views were on the major issues of interest to cities that the legislature would be voting on ("Planning," 1929).

Smith highlighted new activities he felt were important to a successful nonprofit: research and training. Government should emulate business because no corporation "would expect to survive competition without devoting part of its earnings in search of better methods. ... We must come to the same realization in government—that knowledge is golden and that facts must be substituted for guesses" (Smith, 1929a, p. 187). He increased cooperation with the university's bureau of government and DBGR. He wanted to circulate any reports they issued that would be of value to his membership. He also created a league library and information service that collected other reports and bulletins and could answer specific questions from member municipalities.

Smith similarly viewed training as a missing component of the public sector that needed to be institutionalized within public administration and municipal government. He was encouraged by what he called "the training school movement," which advocated creating schools for the specialized silos within government. Smith recounted sitting in on what used to be an annual social day for Michigan firefighters and that just recently had added training sessions to the event. He said he "never saw a group of mature men show more interest in their work and more attention and carry their notebooks around with them, taking notes on what was said and done." He met with the association of police chiefs, and they agreed to appoint a committee to study what New York State was doing and consider doing it, too (Stutz, 1930, pp. 56–57).

Smith was also seeking national platforms for learning what his peers were doing and advancing professionally. In only his second year as head of a state league, at AMA's annual conference he was elected to its board of trustees, the first step in the organization's leadership ladder. He also attended the 1928 and 1929 conferences of the Governmental Research Association (GRA, 1928, p. 4; 1929, p. 7).

Dealing with the Great Depression under President Hoover, 1929–1932

Everything changed in late 1929 when the stock market crashed and the economy sank into the Great Depression. For local government, for MML, and for Smith, it was a new reality, wholly different from the preceding years. Now municipalities were on the front line of the consequences of these events. In a sense, they were the first responders to the cascading and catastrophic financial impacts, including increased need for funding relief to the poor, unemployment, foreclosures, bankruptcies, defaults, delinquent taxes, and declining revenues. Some municipalities faced the possibility of banks, which held their accounts, collapsing. Without governmental insurance guarantees (FDIC came later), the city's money would be totally lost ("Legislative results," 1932).

President Hoover supported the orthodox business dogma that booms and busts were inevitable components of any national economy. He believed that the natural dynamics of business would gradually lift an economy out of a depression. Because the fundamentals of the economy were still relatively healthy, there was no need for major new policies or trying to remedy temporary problems by expanding the role of the federal government. Hoover thought the best policy was to wait it out. He kept emphasizing that, in his view, the fundamentals of the economy were strong, and therefore a rebound was soon to emerge. Nonetheless, he supported some modest stimulus activities, such as federal dam building (notably what came to be called the Hoover Dam) and the Reconstruction Finance Corporation (RFC), which was created in 1932 to provide lower interest loans to businesses and, under some circumstances, to local governments. However, Hoover and the treasury secretary he inherited, Andrew Mellon, were strongly against so-called "panaceas," particularly direct federal aid to localities for increased welfare costs or major increases in social spending to subsidize floundering state and city governments. Hoover did not want to set any precedents for expanding the role of the federal government into new policy areas and activities. Time would heal all, or most, both Hoover and Mellon thought (Jeansonne, 2016; Cannadine, 2008).

That's not how things looked to Smith and his members. City governments in Michigan were facing an emergency, and effective federal policy responses were neither simple nor easy. It all came down to money. Yet, because of the president's firm stance, during this period there never was any serious discussion or expectation of federal assistance. Absent the federal government playing a role in this, it was a binary fight between municipal and state governments as to who would be left holding the hot potato of relief costs. It was a perpetual wrangle during these years. It was not just a fight over money, it was as much—or more—a fight over who would get the political blame from the voters.

What's more, they were fighting over a shrinking financial pie at the same time that conditions called for an expanding one in terms of governmental obligations. Smith's writings and unsigned editorials in *MMR* conveyed how difficult and serious the situation was. For example, during the winter of 1929–30, he wrote that the repercussions of "the general industrial depression" included that "the League is faced with increasing demands for general service" (Smith, 1930c, p. 163, p. 167). In its December 1930 issue, an editorial in *MMR* warned that "extraordinary increase in municipal relief work" meant "some political subdivisions are in financial stress." Another noted it was becoming "impossible for a number of municipalities in the Detroit metropolitan area to meet their bonds on time, due to delinquent special assessments and general taxes."

In early 1931, Smith warned that "When the depression required reduced expenditure, the municipalities were the first to cut their budgets, despite the fact that they are carrying the entire welfare load" (1931a, p. 128). A year later, he observed that these trends were "the most unfavorable conditions that have ever confronted the cities and villages of Michigan" (1932b, p. 160). In its March 1932 issue, an editorial in *MMR* stated that "in Southfield township, next to Royal Oak, tax collections last year were only 8 per cent and it is rumored that they are only 2 per cent this year. These conditions are typical of southern Oakland and Macomb counties. …Private relief from outside of these communities must take care of the poor, or they will starve, for certainly there will be no public funds."

Smith's timing was just plain unlucky. He was trying to continue the momentum of resuscitating a dormant organization at a time of economic contraction and municipal spending cuts. The national and economic mood of optimism of the late 1920s was replaced by pessimism in the early 1930s.

Organizational Sketch

In the face of the consequences of the Great Depression, Smith overcame these unprecedented obstacles and succeeded in expanding the organization. He was able to place MML into a kind of virtuous cycle: more members meant more revenue, more revenue meant more staff, more staff meant more services to members, and more services attracted more members.

In fiscal year (FY) 1930, membership doubled to about 186 (Smith, 1930c, p. 160, p. 166). The next year, 49 cities became new members, for a total of about 230 (1931a, p. 122). In FY 1932, another 47 cities and villages joined, although a few members dropped out, some because of "bank closings and to other financial stringencies of an unusual nature" (1932b, p. 160). Membership in 1932 was an all-time high of 263. Smith only dedicated part of the increased cash flow to a reduction of the debt he had inherited. He did not want to use *all* new revenue for debt reduction because that would prevent him from hiring new staff and offering new services. In FY 1930, he reduced the debt from about $4,500 to $2,600. By the end of FY 1932, the debt was down to about $1,800. He felt that "substantial progress is being made toward placing the organization on a sound cash basis" (1932b, p. 166). In the context of the Great Depression, Smith accomplishment in growing MML was impressive.

Smith also wanted to prevent the normal centrifugal forces occurring in the professional silos of municipal management. He succeeded in rebranding MML as the umbrella home for particular specialties such as city attorneys, auditors, and public works directors. He expanded the departmentalization of the annual conference, so that each profession could have its own sessions relating to its particular interests. For example, Smith actively worked with city managers to create the Michigan City Managers Association (Smith, 1932a). He also helped convene the new Michigan planning organization, consisting of city planning and zoning officials. This also kept them in MML's fold. He also facilitated a conference of municipal finance officials.

Smith was also eager to produce more deliverables during his initial years at MML as tangible examples of the League's value to members. The 1928 *Directory of Michigan Municipal Officials* was so popular that MML published updated editions annually through 1935, then biennially. Smith inaugurated a numbered *Information Bulletin* series, with 10 issued through 1932. Some were suggested model ordinances, the advantages of incorporation, and a review of new legislation passed by the state legislature (Smith, 1931a, p. 123). Smith also started a parallel series of *Research Bulletins*, on such topics as peddler licensing (Smith, 1930b) and tax surveys (Smith, 1933b).

Other publications were memos on pending developments, such as a brochure opposing the proposed constitutional amendments limiting the general property tax. Issued in October 1932, in advance of a referendum on the November ballot, it explained why the League opposed adding tax limitations to the state constitution. The brochure gave members talking points for the media and public appearances. His activism against tax limitations attracted the interest of national organizations (AMA, 1936, pp. 417–26; Smith, 1934d; 1936a; 1936c).

Another tangible benefit for members was the League's Information Service. Initially, it consisted solely of Smith. However, as the League's financial situation improved, he was able to hire librarians and researchers to staff it. In FY 1930, it received and responded to 172 specific inquiries (Smith, 1930c, p. 161), 407 in FY 1931 (1931a, p. 122), and inquiries increased another 20% a year later. In mid-1932, Smith confessed that "While we do not wish to seem to seek to increase the work of an already overburdened office, we believe that experience has demonstrated in many cases, that many errors of an expensive nature would have been avoided had the municipality made use of this service" (1932b, p. 162).

The information service was essentially an incoming and reactive activity with MML receiving individual inquiries from members and then reacting by providing a response. Conversely, Smith also put emphasis on creating a field service, of staff proactively going out to visit with municipalities and provide particularized consulting services that these cities sought. In FY 1930, MML staff visited 171 cities to help update their charters and reincorporate under the state's new home-rule law (1930c, p. 163).

Smith also continued his efforts to promote training for public servants. He spoke at the first and second annual state Fire College meetings (1930a; 1930c, p. 165), urged institutionalization of police training (1929b; 1930c, p. 165), and encouraged state agencies to emulate the health department's annual training for local sewage engineers (AMA, 1936, pp. 329–30).

Cooperative Purchasing

Smith's signal accomplishment was putting the League into the wholesale purchasing business. Each municipality generally bought some standard items, but paid retail because each was buying them separately. How about a cooperative purchasing program for common items? He started in 1930 by focusing on one product that his members routinely bought: fire hoses. As an experiment, he was able to pool upcoming purchases of six municipalities. By buying 5,200 feet in bulk, he was able to cut the cost they paid in half. This tentative test of the idea proved its viability. It was a smashing success.

Other cities and villages quickly signed up. By 1932, MML had received orders from 50 members for 38,000 feet. Smith was now considering expanding the program to other common items. Next on the list were street signs and water main pipes (1932b, p. 165). The success of the cooperative purchasing program vaulted Smith into national attention of his peers. He was asked to make presentations about it to his colleagues at the 1930 and 1932 AMA annual conferences (Stutz, 1930, pp. 83–87; AMA, 1936, pp. 318–21).

Public Relations

Smith understood the media's role in strengthening the League. The more coverage MML got, the more the organization's public profile rose and the more important a player it became. Reporters began calling Smith to comment on political developments affecting cities. Some headlines highlighting his rising public profile were "League official criticizes state highway program" (AP, 1930), "Governor knocked by Mich. League" (United Press, 1931), and "Avoid plea on tax law: Municipality heads oppose special session" (George, 1931). One way to initiate press coverage was by releasing copies of League publications to the press with a cover statement by Smith ("Cities regulating," 1930). When MML issued a research bulletin on municipal debt (Smith, 1933d), an important subject during the Depression, AP moved a story on its statewide wire (AP, 1933a).

In mid-1930, Smith said, "The League is in better public standing generally, and that its work is being recognized. The press has given its activities considerable space during the year" (Smith, 1930c, pp. 160–61). A year later, in an editorial in *MMR*, he urged city officials to be proactive because "local newspapers as well as leading county and state newspapers are glad to secure such news." For thinly staffed rural weeklies, Smith urged that city officials take the initiative to share (good) news with the media, perhaps by sending summaries of actions to the editor ("Keep the press informed," 1931).

Smith also had a strategic perspective on governmental reporting to the citizenry. At the time, Clarence Ridley, head of the International City Managers' Association (ICMA), and his protégé, doctoral candidate Herbert Simon, put significant emphasis on the duty of municipalities to provide post hoc annual reports to the public on what they had done the previous year (Lee, 2003). These were intended for wide circulation to the public-at-large, in contradistinction to accounting-based financial reports. Following up, Smith pushed his members to engage in vigorous municipal reporting. "I believe that if we can tell the citizen more concretely what he receives for his money, that better relations will exist between the citizen and his government," he said (Smith, 1931a, p. 128). Taking a larger view, he promoted the idea of cities hiring public relations directors to oversee such reporting. Media coverage was a form of indirect public reporting as well as improving the standing, visibility, and importance of municipal government.

As the personification of the municipal government in Michigan, Smith's own PR activities included traveling the state as a public speaker. For example, he spoke on MML's agenda to the Michigan Academy of Arts and Sciences, highway engineers, and the commercial secretaries' organization, consisting mostly of directors of chambers of commerce (AP, 1931a).

Good Government Reform

Although Smith was immersed in municipal administration, he supported the broader agenda of the good government movement. For example, he criticized the large number of political appointees in state government, instead advocating expansion of the civil service. He also criticized "useless political factions" that still held sway in Michigan's politics ("Michigan's new administration," 1931). Another time he noted the glib critiques of government from conservative, business, and partisan circles. The problem was not just their "malicious design or political objectives," but also that an average citizen "accepts any plausible sounding statement at its face value, without considering its source or trying to find the other side of the argument" ("Curse," 1932). In general, he noted, people were ready to believe the worst about public servants. Public service was usually thankless; in these times, it was even worse.

Notwithstanding the difficult times, Smith tried to focus on additional ways to reform and update the quality of government administration. He advocated reform of county government by shifting to a unitary commission form of government (AP, 1931b). Smith was particularly interested in strengthening two largely neglected aspects of public administration: long-term planning and research. In his annual report for FY 1932, he said,

> *We can visualize, however, a more fundamental long-term program of benefit to the Michigan cities and villages of the future. One of the fundamental reasons government today is faced with so many perplexing problems is due to the fact that government has been carried along on a day-to-day, month-to-month, and year-to-year basis. Many of the difficulties today could have been avoided by careful fundamental planning a year, a decade, or a generation ago (Smith, 1932b, p. 167).*

He also urged investing more in research because

> *there are many problems constantly arising, the solution of which would save taxpayers thousands of dollars. These problems can best be solved by thorough-going research and investigation. ...There is no good reason why government as such should not appropriate money for research, and many reasons why it should. There is no question but that money well spent in fundamental research will pay large dividends to taxpayers (Smith, 1931a, p. 125).*

A few years later, the League published a research report on municipal utilities in the state. This was a controversial policy area, particularly as a synecdoche for larger ideological battles over publicly-owned vs. for-profit utilities. Smith's foreword emphasized the fierceness of the controversy and that both sides "have frequently strayed from the paths of truth." The value of the report was that it was based on careful field research and data collection. Its contents "attempted to present the facts impartially, no matter what they revealed" (Smith, 1934b).

His support for the good government movement led him to modest participation in several national organizations promoting good government and professionalization of public administration. He attended the annual GRA conference in 1930 and 1931 (GRA, 1930, p. 9; 1931, p. 8). Smith also participated in ICMA's annual conference in 1932. Gulick made a presentation there on the "Principles of Public Administration." Smith had been appointed to the panel of discussants to react to the paper.[2] After his presentation, Gulick invited each discussant to suggest another principle of public administration for his work-in-progress. When Smith's turn came, he said, "I was not even aware there were any principles" (Ridley & Nolting, 1933, p. 268).

In the National Municipal League's (NML) *National Municipal Review*, Smith reviewed a how-to guide by A. E. Buck on budgeting in small municipalities published by NML's consulting arm, the Municipal Administration Service (Lee, 2017). Smith lauded the publication because budgeting "has been heralded as the chief tool of democracy" and because Buck provided a practical template for local government. One of the aspects of the brochure that he praised was that "Mr. Buck presents his subject in an interesting and straightforward manner, free from academic surplusage [*sic*], and with an apparent appreciation of the character of his audience" (Smith, 1931b). In the retrospect of Smith's later career, the review foreshadowed two central themes, namely, that budgeting was vital to democratic governance and the importance of communicating to an audience plainly and directly.

Developing a National Reputation

Smith quickly rose to become a national figure in the organizations seeking the professionalization of government management. His first allegiance was to AMA, the organization of his peers in other state municipal leagues. He attended the annual conferences and actively participated in them. His energy and involvement quickly propelled him to AMA's leadership. For 1929–30, he was elected to be one of the two trustees of the association, akin to a board of directors (along with the officers) ("Annual meeting," 1930). A year later, he was elected vice president. In that role, he gave a talk at the 1931 conference on AMA's mission and organizational goals. Was AMA an association of CEOs of state municipal leagues or was it a national association of the leagues themselves? If the former, then perhaps it should focus on "the improvement and standardization of the technique of league administration itself" and focus on establishing leagues in states that did not have them. If the latter, then the lay leadership of state leagues and mayors of major cities should be invited to annual conferences. This was a controversial question that triggered extensive discussion (AMA, 1936, pp. 59–84).

That Smith had now attained national standing through AMA was confirmed when the State Department appointed the official American delegation to the 5th International Congress of Local Authorities scheduled for May 1932 in London (U.S. Department of State, 1932). The delegation was a who's who of the nascent profession of public administration, including Brownlow and Gulick. After the conference, some members went on a month-long grand tour of the continent to meet with counterparts in western and central Europe (Smith, 1932b, pp. 171–77).

Dealing with the Great Depression under President Roosevelt, 1933–1937

Again, everything dramatically changed in the winter of 1932–33. Franklin Roosevelt overwhelmingly defeated President Hoover in the November election. However, in those days, presidents were not inaugurated until early March.[3] Given the fragile state of the economy and the increasing number of bank closings, the interregnum seemed endless, and the economy practically ground to a halt. Finally, on March 4, Roosevelt was sworn in. He quickly inaugurated an unprecedented series of federal initiatives and new legislation to restore public confidence, reopen many banks, and vastly expand the scope of the federal government. (Later, it came to be called the Hundred Days.) In particular, FDR and Congress endorsed a federal role in funding relief—but only as an (ostensible) emergency measure. New alphabet agencies of the New Deal quickly followed. Smith and his members were eager to participate in the new federal largesse and were desperate for help.

The New Deal, Funding Relief, and Municipalities

If the Hoover years of the Great Depression were one long financial crisis for city governments, the FDR years looked more promising. However, they were dominated by seemingly continuous frustrations at actually obtaining the relief the national government had approved. Smith and his members wanted to get the federal funds from the new programs and appropriations as soon as they were available. But there seemed to be no end to complications and delays. In mid-1933, Smith described the bewildering and fast-paced developments: "A new federal administration with new policies with respect to welfare relief and economic recovery ... and the bank holiday with its consequent distress, have all caused major adjustments in private and public affairs. Throughout the year things have happened without warning and action has been swift. All efforts have been put forth to meet emergency situations and there has been little time to chart a long-term course" (Smith, 1933e, p. 149). A key statistic making vivid the financial crisis was the MML report later that year, which revealed that municipal tax revenues had dropped 45% between 1929 and 1933 ("Income of cities," 1933).

During FDR's first month in office, a crisis was precipitated by the (pre-FDR) federal Reconstruction Finance Corporation. Up to that point, local municipalities had obtained $15 million in low-interest RFC loans to help cover welfare and relief costs. However, in March, RFC issued an ultimatum: It would not provide any loans in April and May to municipalities because—unlike most state governments—Michigan was not contributing financially to funding local welfare. Future additional loans would require the state to provide one-third of the spending ("Huge gathering," 1933). Conveying the urgency and uncertainty, Smith editorialized that "Chaos stares many local units in the face. What the next few weeks will bring about in distress and social disorder can only be surmised" ("Welfare crisis," 1933). Eventually, the state committed to fund its share of welfare costs at $12 million. Yet two months later, Smith lamented, "The legislature has 'jockeyed' around how to identify the specific source of such money" (Smith, 1933c, p. 59). Politically, raising state taxes was an unappealing option.

A different stakeholder was also in the picture politically and financially: bondholders. Some municipalities were defaulting on bond payments though not declaring bankruptcy. As occurs in times of financial distress at all levels of government (and, for that matter, corporations), some bondholders were willing to take what is called a "haircut" and accept repayment at less than 100% of the city's obligation. However, Smith complained that "a certain clique of bondholders" was insisting on complete repayment regardless of circumstances. In Lansing, they were lobbying the legislature for a new law to create a financial control board for any municipality that did not meet its legal obligations to bondholders. The board would have full control over all municipal operations and would have as a central requirement to repay all bonds fully regardless of the cascading consequences (Smith, 1933c, p. 60).

In an odd alliance, Smith served on a joint committee of governmental associations and banks petitioning Congress to enact legislation to prevent such court orders. Even when most bondholders would agree to a settlement, they told senators, "Individual bondholders not represented on the bondholders' committees and owning only a small percentage of the outstanding bonds have repeatedly taken court action to compel the municipalities to adhere strictly to the terms of the bond contracts" (U.S. Senate, 1934, p. 35). This odd political couple helped attract attention and support for the bill. Congress passed it, and FDR signed it in May 1934.

In June 1933, Congress approved the National Industrial Recovery Act. Its most familiar component created the National Recovery Administration (NRA) to control prices and supplies. The act also created a Federal Emergency Administration of Public Works (later shortened to Public Works Administration [PWA]) with an appropriation of about $3.3 billion. Its goal was to create jobs by financing public works projects of all levels of government. FDR designated Interior Secretary Harold Ickes to run it, though as a separate organization apart from the Interior Department. Municipalities were panting for the money. The same month PWA was created, Smith quickly organized briefings for cities and villages on the requirements of the act for applications and funding (AP, 1933b). Particularly appealing was a provision permitting 20–30% of an approved project to go directly to the supervising municipalities as a grant. The rest would be a low-interest loan.

By October, it seemed like the money was a mirage. No grants had yet been approved. Ickes was punctilious that every project must meet all legal requirements and be judged viable. He wanted to protect himself from potential accusations by FDR's conservative enemies and the swarm of federal auditors checking the paper trail of every approved project. He wanted to be sure that everything was above board, particularly that the money was not being used for political or patronage purposes. Smith characterized the program as proceeding "at a snail's pace. … There is plenty of evidence that the public works program to date has become tangled in its own machinery" ("Public works," 1933). By now, the summer construction season was nearly over, and the men who would have been employed by these projects would instead remain on municipal relief for the winter. However, Smith kept at it. In November, he worked to identify state laws that were obstacles against qualifying for PWA money ("Municipal association," 1933). MML reported that, in the first two weeks in November, some applications were finally getting unjammed ("Officials plan," 1933).

Suddenly, FDR jump-started the flow of the money. He reallocated $400 million from PWA to a new program called the Civil Works Administration (CWA) and named Harry Hopkins to run it. Hopkins, a social worker, was unlike Ickes. He didn't care as much about paperwork. Instead, he wanted to get the money into the pockets of people who needed it as quickly as possible. Hopkins sought to provide jobs for four million people through the winter, at least until mid-February 1934 (when Congress would be asked for additional funding). Unlike PWA, CWA funds could be spent by grant recipients on both wages and on construction materials. For Hopkins, the un-bureaucrat, "Projects requiring a minimum of planning and materials are to be selected, so that they can be started immediately" ("New civil works," 1933, p. 143) From Smith's vantage point, every federal dollar CWA spent was one less dollar that cities would spend on relief. Even better, MML loaned Herbert Olson, its in-house engineer, to the state's emergency welfare commission to expedite processing applications and approvals ("New civil works," 1933, p. 144). After the frustrating months with PWA and Ickes, having one's own employee working on getting money out the door was as good as it could get. Only a month later, Smith was delighted to report that 161,000 men already had CWA jobs, with a weekly payroll of $2.4 million plus another $600,000 a week spent on materials ("CWA program," 1933).

CWA's funding continued through April 1934 to finish projects that had begun during the winter ("League extends," 1934). At that point, FDR created the Works Progress

Administration (WPA, later renamed the Work Projects Administration), again led by Hopkins and, again, focusing on spending money. The League continued its focus on helping cities get federal funds, inviting WPA's Michigan state director to address its annual conference, and it worked on simplifying WPA application forms (Smith, 1935c).

The roller coaster of on/off federal aid continued. For example, in early 1936, the federal government and WPA changed policies, declining to provide money for relief or welfare and limiting funding to *work* projects. MML pointed out that the federal share of funding of public relief had become essential. Cities could not be expected to resume covering what federal funds had paid for in the last few years (AP, 1936a). As is typical in politics, once someone starts getting something—whether money, tax breaks, their own federal agency, etc.—it becomes nearly impossible to take it away from them. Government rarely has a reverse gear.

Organizational Sketch

League membership remained relatively static during this period. It reached a new high of 287 members in 1937, a modest increase from previous years ("In services," 1937). In part, it had expanded in previous years to a large proportion of cities and villages eligible to be members. There simply was not much more room to grow. Also, the Great Depression inevitably led to a few cities dropping their membership or being quite delinquent in their dues. A year later, it was down to 256 (Ridley & Nolting, 1938, p. 227).

Nonetheless, the staffing and services of the League expanded significantly, largely due to $10,000 in annual grants from the Rockefeller's Spelman Fund (Smith, 1935b, pp. 19–20),[4] which generally financed efforts to strengthen the apolitical profession of public administration. MML added a new staffer for an expanded field service ("League continues," 1935), arranged for members to receive personnel consulting services from the national Civil Service Assembly ("In services," 1937), hired a staff attorney to provide legal advice to members (Ridley & Nolting, 1937, p. 166), and recruited two recent Michigan grads to help with writing and editing ("Two junior," 1934).[5]

The League distributed a manual to Michigan municipalities for uniform public works records and administration (Smith, 1933f) and provided an in-depth review and reorganization study of a nearby small city as a kind of real-life lab experiment in management improvement ("Government experts," 1933). Further, its information service expanded both a retail approach with more one-on-one inquiries and its wholesale strategy of more publications with practical information ("Answering questions," 1936).

Smith hired a financial officer to provide accounting and auditing services to its members ("League offers," 1934). In part, improving municipal accounting was intended to forestall state government arrogating for itself the power to supervise and regulate these local activities. At the same time, Smith pointedly said that accounting services provided to cities by for-profit accounting firms were often "of doubtful value" because their client base was mostly from the corporate sector. For them, governmental accounting was merely a sideline. Smith emphasized that "municipal accounting is a specialty quite unlike other accounting and can best be handled by those who specialize in this field" (Smith, 1935b, p. 16).

Demonstrating its growth and stability despite the Great Depression, by 1935 the League had outgrown the office space on campus that the university had been providing. It bought and remodeled a residence near campus to become the first state league to have its own headquarters building. Taking advantage of one of the New Deal programs, the labor costs of project were covered by a grant from the Federal Emergency Relief Administration (FERA), and—based on the program's requirements—the League only had to pay for the construction materials (Smith, 1935b, p. 20).

By now, the League had gotten so big and Smith's national commitments so extensive that he had to let go of some of the tight reins he held over its operations. For example, as the long-time editor of *MMR*, he controlled its content and format. Similarly, he either wrote all editorials or closely supervised them. In late 1935, new editorial staffers were arguing for upgrading and expanding the *Review* with a new layout, logo, quality paper, more color, and more photos. In a light-hearted editorial for the first issue in the new format, Smith said he had agreed to the changes "with considerable reluctance." He recalled producing the initial issues in 1928 as a one-person job. He did everything from writing to layout to selling advertising to getting printing bids to mailing. "These memories linger in the mind of the editor after eight years since the first issue. But sentiment must be brushed aside in favor of progress" (Review goes," 1936). His unsentimental attitude about the need for continuous improvement in management could well be seen as a motto for his entire career.

Purchasing Service

The success of the cooperative purchasing service in 1929–32 prompted the program to shift into higher gear. It began offering additional products, including salvage covers (to cover gaps in a structure after a fire), push brooms, and a specific kind of street sign that qualified for WPA funding. A year later, it added streetlamps, traffic paint, water meters, traffic signs, and fire sirens (Ridley & Nolting, 1938, p. 227). The service also became higher-profile and more marketing-oriented, with promotional advertising in *MMR* with a harder sell aimed at recruiting new customers.

The purchasing service also became a national model for other leagues to follow. AMA created the Committee on Co-operative Purchasing, chaired by Smith, to give momentum to an effort to expand the program to other state leagues. As part of that effort, in 1936, AMA published two brochures as a "Purchasing Series" on procedures and forms (AMA Committee, 1936a; 1936b). The Illinois Municipal League invited Smith to address its annual conference on cooperative purchasing ("League activities," 1935). MML's purchasing service also gained national academic attention. An article in a scholarly journal prominently mentioned Smith's initiative (MacCorkle, 1938).

Good Government

Locally, Smith continued his commitment to the broader agenda of the good government movement that went beyond matters directly affecting MML's membership. In 1936, the Detroit chapter of the League of Women Voters organized an event for the national organization's Public Personnel Day. Its focus was the importance of training for government service and reducing patronage jobs. Smith addressed the meeting in supporting such reforms ("Public service," 1936). That year, he served on a committee of Michigan Merit System Association pushing for expanding the classified service in state government (AP, 1936b). He also was a member of the advisory committee to the state's Civil Service Study Commission (1936, p. 89), which recommended that all state and county personnel funded by the federal emergency relief program must pass civil service merit tests or be laid off (AP, 1936c). Seeking to keep the momentum going, in November a nonpartisan commission he chaired recommended to governor-elect Frank Murphy to expand the civil service system to all state employees ("Fight brewing," 1936).

Increasingly visible as a good government reformer nationally, Smith joined GRA in 1934, instead of merely attending annual conferences.[6] He was invited to be a panelist at its 1935 conference. The session's subject was a central one: Should the tactics and strategies that good government research bureaus used for enactment of reforms focus mostly on cooperation or militancy ("Tentative outline," 1935)? Similarly, he attended annual conferences of NML in 1934 and the Civil Service Assembly in 1935. He also wrote short updates on Michigan news developments for ICMA's monthly *Public Management* (1933a; 1935a; 1935c).

On the National Stage

While he actively supported good government efforts, most of Smith's national involvements related more closely to the interests of municipal government and public administration. He was elected AMA president for 1934–35. Even though AMA was a relatively small group (the staff director of each state municipal league), Smith's quick ascent was impressive. In late 1927, he had participated in the AMA conference as MML's incoming director. Seven years later, he was its president. As AMA president and a kind of personal embodiment of America's city governments, Smith was invited to serve in many high visibility activities. The Committee on Civic Education by Radio sponsored several themed talks on public affairs on a national radio network. For its series on "Reviving Local Government," Smith gave a talk in April 1934 on "Local Government and the New Deal" (1934a). In October, for a series on "Trends of Government," he spoke about the role of municipal leagues (1934c).

Smith's AMA role also led to his appointment by the US State Department to the American delegation to another international conference, the sixth annual meeting of the International Union of Local Authorities, in Lyon, France, in 1934. The conference's goal was "the development of a municipal science and instruction in matters of municipal interest" (U.S. Department of State, 1936, p. 8).

In 1933, Brownlow, chair of the Rockefeller-funded Committee on Public Administration of Social Science Research Council, appointed Smith to the committee. In part, this would broaden the committee membership beyond academics. As a practitioner, Smith would add credibility to the effort to establish public administration as both an academic and practitioner profession. The purpose of the committee was to foster and underwrite quality research that would help create academically credible literature. He was not particularly vocal at meetings, playing modest but constructive roles with suggestions and comments that contributed to consensus decision-making.[7]

These activities also gave Smith standing as a practitioner interested in the academic and research side of the developing profession and who was comfortable working closely with faculty. For example, in December 1934, Smith was on a panel at the annual conference of the American Political Science Association. He spoke on the changing financial status of American cities during the Depression (Ogg, 1935, p. 108).

Another academic organization, the American Academy of Political and Social Science, invited him to review a book on local government finance in Minnesota by Professor William Anderson. Smith praised the book because "It is not often that something of striking character is added to the literature of local government." He also praised its effectiveness in communication. "The text is very readable. … There are no long, tiresome tables to be hurdled. Such charts as are used are significant and attractive" (1936b). However, Smith did not disclose that he knew Anderson well from other professional activities. From a twenty-first century perspective, academic ethical guidelines would require this disclosure because of the possibility that a reviewer was not a wholly disinterested observer. To be certain, such disclosures were not the norm at the time, and Smith deserves to be seen through contemporaneous standards.

Another indication of Smith's rising national profile was appointment to serve on a research committee of Roosevelt's National Resources Council (later renamed National Resources Planning Board). In 1935, Smith was appointed to the Council's Committee on Urbanism Research. He explained to a local newspaper that the committee would study, research, and recommend "changes necessary to remove the undesirable effects of future city growth trends; to declare what constitutes minimum essentials of a well-ordered city, and advise how to accomplish these essentials in meeting such problems as housing, recreation, unemployment, health, water and land use, communication and finances."[8] He wrote a chapter in the committee's report to the council (Smith, 1939), which Bromage called "the most original segment" of the report (1941, p. 147).

Winter 1936–1937: Promoting Good Government in Michigan, Particularly for MML Members

Michigan had generally been a republican state, routinely electing republican governors. Then, like elsewhere, the Great Depression and FDR changed that. In November 1932, Democrat William Comstock defeated incumbent republican governor Wilber Brucker. Two years later, republican Frank Fitzgerald took back the governorship. In 1936, Fitzgerald was running for reelection, and his opponent was former Detroit mayor Frank Murphy.

Predictably, paying for welfare and relief was a political hot potato. In April 1936, seeking to depoliticize the policy controversy, Governor Fitzgerald appointed a welfare and relief commission to study welfare and relief in Michigan and to make recommendations to improve its operations, administration, and finance. He appointed Smith as chair (AP, 1936d). Selecting Smith signaled that the governor recognized the central role of municipalities vis-à-vis relief, Smith's nonpolitical standing, and his record of supporting good government reforms. In midsummer, Smith confirmed that the group would probably recommend reorganizing state government to consolidate all agencies involved in welfare and relief (AP, 1936e). A university faculty member who was the commission's secretary wrote that the work of the commission greatly benefited from "the skilful [*sic*] leadership of Mr. Smith" (Dunham, 1938, p. 420). However, to the media and the public, reorganization was a relatively boring inside-baseball story.

The November 1936 election results reflected the seesaw that Michigan politics had become in the FDR era. Murphy defeated Fitzgerald. The commission's report was released in late December, days before the end of Fitzgerald's term. It would be up to the incoming governor to decide on implementing any of its recommendations. Murphy promptly hired Smith as state budget director. Two years later, Fitzgerald beat Murphy and retained Smith. FDR quickly appointed Murphy attorney general. A few months after that, Roosevelt was seeking a new BOB director. Murphy (and Brownlow) recommended Smith. Smith started in April 1939 and gradually remade BOB into a powerhouse, kicking off its golden age (Lee, 2021).

Summary and Conclusion

Smith's pre-BOB professional career has been largely unknown in the literature. Therefore, this examination of his preceding leadership of MML helps fill the gap in the literature. As such, it provides a prelude and foreshadowing of what he accomplished at BOB. It deepens our understanding of what shaped him and what he brought to BOB. This, in itself, is a contribution toward understanding him more deeply. However, his MML record also suggests the possibility of knowledge transfer from the management of a nonprofit to public sector administration and, separately, the possible relevance of his ability to grow an organization during the Great Depression to parallel difficulties of management during the COVID-19 pandemic (and subsequent economic contraction).

Smith's success at reviving the Michigan Municipal League in the face of the Great Depression was an impressive accomplishment of nonprofit management. He succeeded in increasing revenues, broadening membership, expanding staffing, providing field services, establishing a monthly magazine, creating a joint purchasing coop, and increasing the public voice of the association. By the time he stepped down in 1937, MML was a large and sustainable nonprofit encompassing nearly all of the state's municipalities. Smith molded MML into a cohesive organization, so that its voice was unified in advocating public policies to the governor and legislature. As part of that role, he emerged as a high-profile spokesperson for the nonprofit, often quoted by reporters.

In part, Smith's success appears to reflect the many personal leadership skills he brought to the organization. He was an effective in-house manager, his duties including oversight of staff, services, publications, and research. At the same time, he was equally comfortable with the out-of-house public-facing elements of nonprofit management, such as advocacy, public policy, coalition building, networking, speeches, and media relations.

A striking element of Smith's career is that he was first a successful nonprofit manager and then a successful public administrator. Certainly, Smith's laudable records in running a nonprofit and then a federal agency could be attributed largely to his impressive personal talents and workaholism. Yet these sequential successes also imply a different or at least supplementary lesson. A common theme in the discipline of public administration is that it is qualitatively different from business administration. As for claims that management in both sectors was a generic activity requiring similar skills, knowledge, and practice, Sayre quipped that "business and public administration are alike only in all unimportant respects" (1958, p. 245).

However, what about nonprofit management vis-à-vis public administration? In the twenty-first century, similarities between the two have been largely obscured by centrifugal professional and pedagogic impulses. More often than not, they are organized as separate degree programs in higher education (sometimes separate schools), have separate professional associations (whether for practitioners or academics), and have separate scholarly journals. Brooks has made the case that this orthodoxy is inherently misguided. He argued that nonprofit management is "a natural complement to public management" (2002, p. 264) and therefore that public administration can draw important lessons from nonprofit management. Similarly, this journal's dual interest in public and nonprofit affairs also suggests its founders, editors, and contributors see commonalities and links between the two enterprises. Rephrasing Sayre, Smith's serial successes in nonprofit and then public management present a case study that the two were alike in some important respects. In that case, Smith's nonprofit leadership was a useful management prologue that contributed to his later BOB triumph.

Smith's success at MML also suggests a different lesson. Besides presenting parallels between management in the two sectors, Smith's record of successfully growing MML in the teeth of the Great Depression also suggests the possibility of lessons for contemporary times. The Great Depression was a seismic event, triggering long-term economic, political, and social change. As a singular event, it deflected the nation from the trends of its preceding history into a different direction. The same may be the case of the COVID-19 pandemic, which similarly triggered major disruptions in the economic and social trends of the era that had preceded it.

While it is too early to draw the final and definitive management lessons of the pandemic, it is not too early to begin examining history for hints of ways to adjust to the longer-term reality it created. Smith's success in building MML during the Great Depression may well turn out to be valid for current times. He revitalized a nearly moribund organization through membership recruitment, tangible proof of the benefits of membership (publications, research, information service, consulting, lobbying, and a purchasing coop), extended the organization's brand to ancillary professional silos, obtained new sources of revenue, used person-to-person communications to strengthen relationships, and used PR and the media to raise the profile and influence of the association. These historical examples may be relevant to the difficult task facing nonprofits in surviving and rebuilding in the post-COVID recovery era.

Notes

1. In 1932, Smith accepted appointment to a vacancy on the elected county board of Washtenaw County representing a ward in Ann Arbor. "H. D. Smith Ann Arbor Supervisor," *Detroit Free Press* (*DFP*), November 9, 1932, 11.
2. The panel included Brownlow, John Blandford (later Smith's deputy BOB director), Herman Finer, Dean of Syracuse's Maxwell School William E. Mosher, Donald Stone, and Leonard D. White.
3. The inauguration date moved to January 20 in 1937.
4. Spelman was the maiden name of John D. Rockefeller Sr.'s late wife.
5. One was Mark W. Alger, who went on to a long career at BOB/OMB. In late 1972, he helped OMB Director Casper Weinberger plan a major reorganization of the federal executive branch for Nixon's 2nd term.
6. During this period, GRA became more closely aligned with Brownlow's Public Administration Clearing House. That may have influenced Smith's decision to become active in it.
7. Source: Minutes of meetings of the Committee on Public Administration, Social Science Research Council, Rockefeller Archive Center, Sleepy Hollow, NY.
8. "Smith chosen on U.S. committee," August 7 (?), 1935. The article in the clippings file of the University of Michigan's alumni records does not identify the newspaper that published it. File: Smith, Harold Dewey, Necrology Files, Alumni Records, Bentley Historical Library.

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Research Article

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Ethics in the Hollow State: Distinguishing Between Nonprofit and For-Profit Agents of Prisoner Reentry

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New public management, a reform movement that shifted the provision of public goods and services towards private institutions, is firmly entrenched in the United States. The Hollow State, a metaphor often used synonymously with contracting out, reflects the growing trend of using non-governmental networks–often nonprofits but also for-profit organizations–to deliver social services to vulnerable groups. This article, which draws from the author's dissertation, examines differences in nonprofit and for-profit prisoner reentry agencies. The findings suggest that nonprofit/for-profit differences are eroding as the nonprofit sector becomes more competitive with the private sector for government contracts.

Keywords: New Public Management, Hollow State, Nonprofit, For-Profit Organizations

Years of decentralization and outsourcing have caused contracting out to become one of the most prevalent mechanisms of alternative service delivery for making government more efficient and less costly (Amirkhanyan, Kim, & Lambright, 2007; Kettl, 2005; Provan, & Milward, 2001; Prager, 1994). The Hollow State, a metaphor often used synonymously with contracting out, has been used to depict the degrees of separation between a government and the services it funds (Milward, 1996). Carried to the extreme, the Hollow State refers to a government that, as a matter of policy, has chosen to contract out all of its production capability to third parties, retaining only the functions of negotiating, monitoring, and evaluating contracts (Milward, 1996). Recently, the Hollow State has been used to characterize the growing trend whereby government has turned extensively to the use of third party networks, often nonprofits but also for-profit agencies, to take a leading role in solving pressing societal problems, such as the more than 750,000 individuals released from prisons and jails each year (Langan,&., Bureau of Justice Statistics [BJS], 2002).

This article examines key distinctions between private nonprofit and private for-profit organizations that contract with federal and state corrections to facilitate prisoner reintegration to society. That a growing number of states allow both nonprofit and for-profit organizations to bid for reentry contracts tests the question by Graham Allison (1979) as to whether the two private sectors are fundamentally alike "in all unimportant respects" (p. 39). In other words, have the lines between sectors blurred to the point of being indistinguishable? The purpose of this study is to determine whether there are key differences between the private nonprofit and private for-profit sectors, and if so, what the ethical implications of those differences are for the field of corrections and more generally

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for democratic institutions that increasingly contract out traditionally governmental functions.

There is an abundance of literature discussing the distinctions between public entities and private entities. However, there is a scarcity of information discussing the distinctions between the private nonprofit and private for-profit sectors. This paper seeks to fill that gap by using semi-structured interviews with leaders of nonprofit and for-profit organizations that help former inmates transition back to society. The paper begins with a review of the literature, including a New Public Management theoretical framework and context of prisoner reentry. Next, the methodology for seeking the perceptions of nonprofit and for-profit leaders is discussed. Finally, the results and concluding remarks identify the differences between the nonprofit and for-profit reentry agencies and address implications of the diminishing differences between the two private sectors.

Literature

Theoretical Framework: New Public Management

New Public Management (NPM) is a paradigm shift that emerged in the 1980s to modernize the public sector (Frederickson & Ghere, 2005; Hodge, 2000; Savas, 1987, 2000). The fundamental premise of NPM was that more market orientation in the public sector would lead to greater cost-efficiencies for governments. The origins of the NPM movement began with Prime Minister Margaret Thatcher of the United Kingdom and local government practitioners in the United States (U.S.) to implement market-based reforms amidst severe recessions and other fiscal challenges (Gruenig, 2001). President Reagan quickly adopted the movement. As noted by Beaty and Cizmar (2017), NPM was considered by many as an improvement to the traditional public administration managerial theories founded on hierarchical structure, centralization, and strict conformity to policies and procedures (de Vries, 2010; Gow & Dufour, 2000; Gruening, 2001; Zia & Khan, 2014).

Public choice theory (PCT) and principal agent theory (agency theory) inform the conventional basis of NPM market-based philosophies, that contracting out to competitive private vendors will enhance quality, improve accountability, and lead to greater cost-efficiencies. As further noted by Beaty and Cizmar (2017), both theories derive from business management and economic rationality assumptions that self-interest dominates human behavior. Thus, government bureaucrats, in the absence of profit motives, are motivated by the desire to maximize individual benefits with the least amount of effort or cost (Bennett, 1990; Boyne, 1996; Buchanan & Tullock, 1962; Green & Shapiro, 1994; Niskanen, 1971, 1975; Tiebout, 1956). Professional and legal accountability thus arise from hiring the right contractor and rewarding or punishing them accordingly (Eisenhardt, 1989; O'Connell, 2005).

Context: Prisoner Reentry

One of the more ironic aspects of living in the "land of the free" today is the fact that we incarcerate more people–693 people for every 100,000 residents–than any other country in the world (Wagner & Walsh, 2016). According to Prison Policy Initiative, the American criminal justice system holds almost 2.3 million people in combined federal, state, local correctional facilities, military prisons, immigration detention facilities, and state psychiatric hospitals in the U.S. territories (Sawyer & Wagner, 2019). Given that 95% of all individuals sentenced to prison will be eventually released, one of the fastest growing social concerns in the U.S. is prisoner reentry, or the process by which prisoners reintegrate to society.

The release of prisoners after they have served out their sentences is not a new concept. Recent government reentry initiatives that advocate community-based reentry programs to alleviate the staggering financial and social costs of overcrowded prisons and high recidivism rates have become a salient public policy focus (Petersilia, 2003;; Travis, 2005). Prisoner reentry has become the new buzzword used by policy makers to address the challenges, and proposed solutions, associated with the dramatic rise in numbers of individuals released from prison each year (BJS, 2019; Petersilia, 2003; Reisig & Pratt, 2000). Getting ahead of the revolving door of incarceration is particularly challenging because statistics also indicate that an estimated 68% of released offenders will re-offend within three years, and nearly half of those will return to prison (BJS, 2019).

For taxpayers, these statistics are significant given that between 1980 and 2010, the amount spent by all levels of government on corrections more than quadrupled. In 2012, the U.S. spent more than $265 billion ($845 per person) on criminal justice, including corrections, policing, and judicial expenses (Schanzenbach et al., 2016). Mounting pressures from health care and aging prison populations will continue to boost correctional spending (Travis, 2005). The partnering of criminal justice, social services, and non-governmental community-based services is quickly becoming the preferred solution for addressing the daunting costs associated with America's burgeoning correctional system.

Consequentialist Ethics

This study follows the lead of NPM principles by applying a consequentialism context to the organizational context rather than individual behavior (Sinnott-Armstrong, 2019). In other words, it is important to note that this study does not attempt to look at the ethical actions of the CEOs of reentry programs. Nor does the paper link consequentialism to each of the four findings of distinctions between the nonprofit and for-profit sector. The consequentialism model is, however, used to show the changes that occurred for the nonprofit sector based on the results (see Figures 1 and 2). The following discussion of the consequentialist framework is necessary to illustrate the ethical decision-making process by which prisoner reentry programs justify government objectives to reduce recidivism rates amongst former inmates.

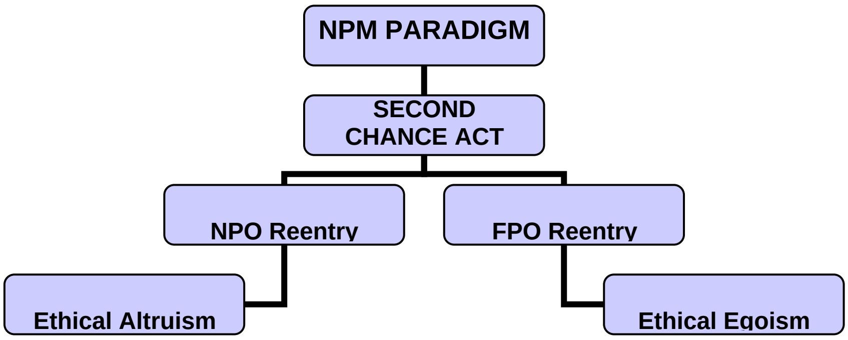
The normative assumptions of consequentialism argue that an action is morally right if the consequences of that action are more favorable than unfavorable (Ethics Center, 2016). On the issue of prisoner reentry, public policy decision makers have similarly taken their lead from NPM goals that emphasize performance based outcomes, efficiency and accountability, and networks of public, private and nonprofit partnerships. Elected officials market restorative justice models–implemented vis-à-vis community-based nonprofit and for-profit treatment programs–as a way to benefit all stakeholders that share the financial and social burdens associated with high incarceration rates.

The purpose of the 2004 Second Chance Act, H.R. 4676, is to reduce recidivism, increase public safety, and help states and communities better address the growing population of ex-offenders returning to communities (Second Chance Act of 2007).

The goal of the Second Chance Act is to encourage the growth of nongovernmental treatment agencies to facilitate prisoner reintegration. The anticipated consequences of better treatment programs, before and after release, should benefit everyone including former offenders, the victims of crime, and the community at large.

Two subdivisions of consequentialism–ethical egoism and ethical altruism–provide a mechanism by which to focus on the consequences of using nonprofit or for-profit reentry programs to deliver services. Ethical egoism argues that an action is morally right if the consequences of that action are more favorable than unfavorable to the agent performing the

Figure 1. New Public Management Paradigm 1



action (Aslam, 2019). This form of consequentialism reflects the private market economic model, where self-interests in a competitive market system dominate.

Nonprofit organizations, conversely, fit better with ethical altruism, which holds that moral agents have an ethical obligation to help or serve others (Aslam, 2019). An action is morally right if the consequences of that action are more favorable to everyone except the agent. The assumption made by contract failure theory is that while the for-profit organization, driven by profit motive, might be tempted to betray the trust of the purchaser, the motives of nonprofit organizations are more charitable in nature, and therefore more worthy of trust (Salamon, 1995).

Both forms of consequentialism, as depicted by Figure 1–ethical egoism and ethical altruism–focus on the consequences (e.g., outcomes) of actions for different groups of people. However, each variation is a rival of the other. Each yields different conclusions about what the “moral” thing to do is. A consequentialism framework should be the most effective means towards classifying key differences between the nonprofit and for-profit sectors.

Overlooked Dimensions: Private Sector Distinctions

In the U.S., it is the consumption of goods and services and the manner in which they are classified that determines the role of government and private institutions in supplying those goods and services (Savas, 1987). Many economists consider public goods such as education, national defense, or clean air to be a case of market failure. The allocation of goods and services by a free market is not efficient, and therefore the government must finance their provision (Buchanan, 1999). Conversely, the free market system is an economic system in which self-interested individuals, rather than government, make the majority of decisions regarding economic activities and transactions. Purchasing power is mediated by supply and demand within the market rather than the state (Buchanan, 1999). But in recent decades, as increasing demands on government stretch financial resources even thinner, the private nonprofit sector has accounted for a growing share of public-private solutions for tending to vital elements of society.

Most of the discussions regarding nonprofit/for-profit differences suggest it is the legal restrictions on the distribution of profits to shareholders that distinguish the two sectors (Eikenberry & Kluver, 2004; Marwell & McInerney, 2005; Rose-Ackerman, 1996; Salamon, 1997). Indeed, the agencies examined by this article share the legal characteristics of the nonprofit and for-profit communities at large. Organizations in both sectors are private non-governmental organizations with self-governing boards. As legal entities, both must operate for lawful purposes, and both must be efficient and effective to survive (Drucker, 1995).

Distribution of monies also distinguishes the private sectors. Nonprofits may generate excess revenues, but unlike for-profit corporations, they are constrained by their tax-exempt status as to how they distribute those funds. Nevertheless, a nonprofit may accept, hold, and disburse money and other items of value, making the distinctions and debate over preferences for one or the other somewhat difficult. In the NPM era (the Hollow State), where nonprofit and for-profit agencies increasingly coexist in the same service market, it becomes even more difficult to separate the social, economic, and political parameters that normally distinguish their roles and functions.

Increasing fiscal pressures on government have resulted in the marked growth of the nonprofit sector (Cooper, 2003; Landsberg, 2004; Salamon, 1994). Cooper (2003) describes contracting with the nonprofit sector as a good deal for government, a mutually advantageous partnership in which government can expand the range of its social welfare functions without increasing the size of government. Nonprofits can thus carry out their missions on a larger scale. However, government's increased emphasis on competition and performance measures has caused the trend in contracting for social services to shift from using noncompetitive, quasi-grant arrangements with nonprofits to using competitive contracts and vouchers with both the nonprofit and for-profit sectors. Contracts are no longer awarded to providers because of "who they are but what they can do" (Eikenberry & Kluver, 2004, p. 134). Hence, private for-profit businesses have also increased their share of social service provision. Both the private nonprofit and private for-profit sectors have assumed an increasingly prominent national role in carrying out functions once thought to be inherently governmental.

Skeptics of the Hollow State caution that the competitive-market model and its heavy reliance on achieving a single value (e.g., efficiency) do not address the complex realities of contracting for government services. They argue there are ethical implications inherent to the contracting relationships that are not only critical to the public goals of the contracting decision, but differ according to the sector with which they occur (Cohen & Eimicke, 1995; Cooper, 2003; Frederickson & Frederickson, 1995; Menzel, 1999; Thompson, 1992). Effectiveness and efficiency may be the ultimate objectives for privatization, but how are those private sector values balanced against other ethical values such as obligations to the public interest, to public sector employees, or to prisoners trying to get their lives back on track.

Methodology

This article examines the differences between nonprofit and for-profit agencies that facilitate prisoner reentry. The study relied primarily on semi-structured interviews administered to the directors and senior management officials from six nationally recognized prisoner reentry programs headquartered in six different states. The specific population of interest for this article was private nonprofit and private for-profit community-based reentry providers that contracted with state correctional departments to facilitate the transition of criminal offenders from prison back to society (see Table 1).

As Table 1A in the Appendix illustrates, the demographic profiles of reentry organizations according to program type and locations provide two immediate pictures of the reentry field. First, large, for-profit chains dominate the community corrections field. For example, two of the three for-profit organizations examined by this study–BI, Inc. and Community Education Centers–dominate the market in terms of locations and providing community-based treatment services to federal and state correctional agencies. In 2007, Community Education Centers (CEC) acquired CiviGenics, Inc., another large, national for-profit correctional treatment agency, giving CEC more than 3,500 employees in 22 states (Clarke, M., 2011).

Table 1. Case Studies Investigating Differences between Nonprofit and For-Profit Organizations

Nonprofit (NPO) Reentry Programs	For-Profit (FPO) Reentry Programs
Safer Foundation (Safer)	Community Education Centers (CEC)
Headquarters: Illinois	Headquarters: New Jersey
Oriana House	BI Incorporated
Headquarters: Ohio	Headquarters: Colorado
Community Justice Resource	Cornell Corrections
Headquarters: Massachusetts	Headquarters: Texas

The interview questions were open-ended, progressing from broad demograhic data to the examination of respondent perceptions on important distinctions between private for-profit and private nonprofit reentry agencies. It is important to note that the content analysis of the interviews, agency websites, and other documentation was largely exploratory, and thus hypothesis generating as opposed to hypothesis testing (Strauss & Corbin, 1998). The telephone interviews ranged from 30 minutes to an hour. The questions examined the following broad inquiries:

- What was the motivation for entering into a reentry contract with government?
- What values inform the mission of the organization?
- How do nonprofit and for-profit reentry stakeholders view their differences?
- Who are the organization's primary constituents?
- How does the level of competition influence the achievement of contracting goals and/or the delivery of services?
- How do nonprofit and for-profit organizations respond to legal challenges that involve questions of appropriate state action and the use of public monies?

All interviews were recorded, transcribed, and manually coded to identify themes and patterns related to distinctions between the nonprofit and for-profit reentry agencies. Qualitative coding is the process of grouping interviewee responses into categories that bring together similar ideas, concepts, themes, or steps in a process (Rubin & Rubin, 2004). Because the literature on qualitative research suggests that data collection and analysis are best conducted simultaneously, the data collection and analysis occurred in a cyclical process until concepts and themes became detailed and redundant, and new information ceased to emerge (Coffey & Atkinson, 1996; Miles & Huberman, 1994; Rubin & Rubin, 2004; Strauss & Corbin, 1998).

Limitations of the Study

A number of factors limited the scope of this study. The first limitation of the study was that the sample was a convenience sample based on accessibility rather than chosen from a database of all possible alternatives. Datasets of reentry programs meeting the scope and requirement needs of the present study were limited. As a result, the ability to generalize the findings to the contracting literature or other social programs is subject to scrutiny. Nevertheless, the variation in the six targeted reentry agencies, which have long-standing contract relationships with federal and state granting agencies in over 30 states, are reasonably representative of the reentry agencies out there to draw preliminary conclusions and point to the need for continued research.

Problems with self-selection also occurred. Individuals that feared they or their organization would not be well-portrayed by the study were sometimes reluctant to speak on the record, or very guarded in the information they disclosed. Many of the interviewees were reluctant to talk about the organizational characteristics of their organizations such as budget size, CEO salaries, or the contract itself. Because many of these questions fell outside the scope of the study, to pursue their perspectives about nonprofit/for-profit distinctions, other lines of questioning were not pursued. It is important to note that many of the public officials and reentry contractors were nevertheless eager to speak to the issue of nonprofit and for-profit sectoral differences as well as their commitment to meeting the challenges of prisoner reentry in the U.S.

The following findings will first address private nonprofit and private for-profit sector similarities that came from the interviews. The primary focus will, however, be on the differences between the nonprofit and for-profit agencies. Findings revealed differences in their core values and motivations, their capacity building efforts, treatment philosophies, and the means by which each is held accountable to the citizenry for their actions.

Results

Reentry Nonprofit-FPO Similarities

Overall, the data indicated that the nonprofit and for-profit organizations share many legal, structural, and behavioral characteristics. The tax-exempt nonprofit corporations reviewed herein operate in many ways the same as their for-profit counterparts. They have bank accounts, own assets of all kinds, receive income from a number of activities, employ professional staff, and enter into contracts that have identical goals and performance requirements. Both nonprofit and for-profit reentry agencies relied heavily on evidence-based practices, and in most instances were able to offer subjective measures to justify ongoing relationships with government agencies. Both groups perceived their agency's role largely the same, viewing themselves as filling a societal need and providing rehabilitative treatment programs for individuals preparing to reenter society. They also discussed being held accountable to a wide variety of actors including their boards, their shareholders, the contract, and their employees–providing them with a competitive salary and ongoing training.

Finally, the nonprofit and for-profit groups appear to have in common a desire for a level playing field in which no sector, including the government itself, is privileged. Ironically, given that the Hollow State has been cast as a collaborative, networking approach to governance, the interviews suggest there is a marked tension–an arms-length relationship–between all sectors. Comments such as, "As a for-profit, you are at a disadvantage bidding against a nonprofit because they have so many extras" (Connelly, FPO, 02/02/07), or, "I have some real strong concerns about for-profit organizations getting involved in this business, making money off of crime" (Butler, NPO, 12/20/06) cast doubt on the notion that such relationships are collaborative. Summarizing the perceived distinctions between the nonprofit and for-profit sectors based on the interviews–many of which pointed to a rapidly changing face of the nonprofit sector–was more complex.

Reentry Nonprofit-For-Profit Distinctions

The nonprofit and for-profit reentry providers examined by this exploratory study revealed four important distinctions: Entrepreneurial motivations, capacity building efforts, correctional treatment philosophies, and standards of accountability. Despite these important differences, the overall findings suggest, as have others, that these differences are eroding (Eikenberry & Kluver, 2004; Landsberg, 2004; Rose-Ackerman, 1996; Weisbrod, 1998).

Entrepreneurial Motivations

The nonprofit and for-profit reentry organizations examined herein were founded on different principles. In addition to the legal structure, these differences were, in most instances, driven by the date of their origin, and the founder's motivation. Prior to the 1980s, providers were primarily religious-based nonprofit organizations with altruistic motivations (Butler, Safer Foundation, 12/20/06). Later, as funding for social services became more readily available, for-profits and nonprofits followed a more businesslike model. Nonprofit Community Resources for Justice (CRJ), a nonprofit agency, for example, was founded in 1878, providing a service that had a religious or community-based motivation. After the 1990s, as the spotlight of national attention began to focus on the problems of prisoner reentry, and because government funding caused the number of reentry providers to swell, CRJ changed their program design to reflect modern business strategies,

> *I think the business practices are more demanding now that you have good business practices, and it is not just on the financial side, but I think it's also having good efficiencies and good outcomes on your programs. A larger organization can afford to have a director of clinical care, something that a small agency cannot afford to have. You get a richer set of services.* (Larivee, CRJ, NPO, 11/09/07)

By contrast, the organizations founded in the post-correctional boom era were, with the exception of Oriana House, for-profit agencies with business backgrounds. These groups, which often started out serving different populations (e.g., cattle tracking systems, substance abuse, or private prisons), shifted their attention to fit the scope of a growing trend, providing alternative community-based sentencing options for offenders (see Table 2A in the Appendix).

The altruism motivation of the nonprofits is less apparent in the organizations created during this later period. One respondent, an executive for nonprofit Safer Foundation in Chicago, suggested the shift in motivations, particularly the for-profit agencies, was created by the availability of funding

> *...the buzz surrounding reentry has created the potential of dollars, and when you have the potential of dollars, people come out of the woodwork...The difference between the nonprofit and for-profit organizations is that prior to the lure of government funding, only nonprofit organizations were interested in working with prisoner populations. Suddenly, everyone is interested.* (Butler, Safer Foundation, NPO 12/20/06)

While the altruism motivation may not be as dominant for the nonprofits as in the past, especially in the younger organizations, it still exists. When nonprofit reentry manager Jerry Butler discussed at great length the discrimination and legal barriers faced by former offenders, his message reflected a concern for individuals that might otherwise not have a voice.

Conversely, the primary purpose of the for-profit corporation is to generate financial returns to shareholder investors. The fiduciary relationship is to the investor. Caring about the social mission is acceptable only if it does not reduce or eliminate return to investors. If there were in fact no differences between the for-profits and nonprofits—that is, if the two sectors were fundamentally the same—it would follow that there would be an incentive for the for-profit organization to shift its legal structure to capture the tax benefits and preferential treatment it perceived the nonprofit organizations to have. The following comment, a view shared by other for-profit practitioners, suggests that the fundamental values and fiduciary commitment of the market place remain intact,

> *If you are a nonprofit, you are not supposed to make a profit. People are in business to make a profit. If they are shareholders, you are not going to get anybody to invest in a nonprofit corporation; you are not going to be able to grow that way. You are also not going to be able to pay out dividends to employees. You cannot give stock options; there are many things you cannot do.* (James Anderson, BI, Inc., FPO, 03/08/07)

The for-profit structure allows stock options and dividends to employees. Most importantly, it allows for the sale of shares on a public market. It thus allows a company to sell itself, retain shareholders, and gain new capital. This allows the company to grow and capitalize on economies of scale, but also provide capital-intensive services, such as construction or purchases of residential facilities. While the for-profit structure does not preclude the use of benevolence–a concern for the well-being of clientele–the responses suggested that the primary motivation of the for-profit company remains maximizing profit for the owners and shareholders. If the for-profit organization suffers losses or does not realize sufficient gains, it will exit the market. By contrast, a nonprofit organization, said Butler (12/20/06) from Safer Foundation, will remain in the community even if it suffers financial losses in order to carry out the mission.

Capacity Building

Public and private officials regularly address the capacity building efforts necessary to create effective programs, build trust, and promote policy goals. Capacity building is the process by which individuals and organizations obtain, improve, and retain the skills, knowledge, tools, equipment, and other resources needed to do their jobs. For the nonprofit agency, it refers to a nonprofit's ability to deliver its mission effectively, now and in the future (National Council of Nonprofits, 2019). Capacity building involves various strategies that make one's organization more adaptive and responsive so that it can be more successful in today's changing conditions (George, 2019).

In the case of community-based reentry programs, correctional departments choose contractors based on their ability to deliver cost effective services on day one, as opposed to which sector they believe aligns more with public values. Hence, capacity building was used in the present study to reflect on the methods relied upon by each sector to strengthen or expand their ability to remain competitive and present themselves in the best possible light. The findings indicate that the capacity building efforts differed for the nonprofit and for-profit organizations according to the ease by which each could access resources, as well as by the constraints imposed by their tax status. The tensions between the two sectors were particularly evident here, as the for-profit sector viewed the nonprofit sector as advantaged by their virtuous image, and the nonprofit sector perceived the for-profit sector as advantaged by their ability to access capital from private investors.

Historically, nonprofits, like for-profits, have had the ability to access both public and private monies. In looking back, one finds that many of the nonprofit organizations involved in human services looked to the public sector for assistance. Often, this was in the form of grants, which were then combined with other state, local, and private donations to subsidize the cost of operations. The nonprofit sector has been stressed by changes in federal spending priorities, resulting in billions of lost revenues (LeRoux, 2005). Despite the belief that private donations would offset the government cutbacks, charitable giving, noted one respondent, declined: "I mean nonprofits are going under at a very alarming rate; organizations going under meaning closing down" (Butler, 12/20/06). Many nonprofits, in particular the smaller or less visible nonprofits, struggle to stay afloat, continually looking to alternative sources of funding to fill in gaps of needed services. Conversely, the for-profit organizations have greater access to capital from investors or stockholders than do the nonprofit organizations, with less bureaucratic red tape and decision-making channels to navigate. The ability to access capital allows private businesses to do more in terms of business strategies, including, "the ability to ride out some of those financial storms" (Larivee, 11/09/07).

To compete with the for-profits, the nonprofits need to adopt a business mindset that will allow them to become large enough, diverse enough, and persuasive enough to weather the financial storms alongside their for-profit counterparts. This is precisely what happened in Ohio, where three nonprofit agencies—Oriana House, Alvis House, and Talbert House—joined forces to capture economies of scale benefits, serve reentry needs in rural areas, and in particular, keep for-profits at bay,

> *The reason why Ohio links came together was that about 10 or 15 years ago, many for-profits started going into states, and underbidding contracts to get the contracts away from the nonprofits. By combining the resources of the three organizations, what you have instead of a $30 million dollar company is a $90 million dollar company.* (Robinson, CEO of Alvis House, NPO, 07/20/07)

Despite a current ban on for-profit community-based companies in the state of Ohio, Robinson and her colleagues perceived a threat of mounting competition by the for-profit sector. She and others proceeded proactively to protect interests which they felt were better served by the nonprofit sector. Some of the nonprofit reentry organizations implemented business strategies not normally identified with benevolent organizations. In the case of Oriana House, a long drawn-out legal dispute arose over the appearance of a conflict of interest between Oriana President Jim Lawrence and one of Oriana's wholly owned for-profit subsidiaries, Correctional Health Services. Lawrence was president for both organizations (*Oriana House, Inc. v. Montgomery*, 2006). The dispute arose because the state auditor, who suspected there were inappropriate transfer of funds between the two organizations, wanted to examine Lawrence's personal financial records. Lawrence refused, and the case eventually worked its way up to Ohio's Supreme Court. The Court ruled in favor of Oriana House, stating that while the relationship between Oriana House and its subsidiary was clearly a conflict of interest, there was no evidence to indicate that Lawrence's personal records should be open to public disclosure. There is, as the Court pointed out, nothing illegal about such arrangements. Nevertheless, such collaborations raise important questions about the lack of transparency, not to mention the unanticipated expenses associated with lengthy litigation.

Another set of differences in capacity building attach directly to the national tax code. According to Moore (06/17/07), Vice President for Public Affairs at Guidestar (a national database of nonprofit organizations), the credibility of the nonprofit sector is preserved under strict enforcement of three criteria–nonprofits are prohibited by law from being involved in elections; there are specific restrictions for 501(c)3 organizations related to the amount of lobbying expenditures they can make; and any monies retained in excess of expenditures are held by the nonprofit board for the furtherance of its mission. The first two criteria differ at least in theory from that of for-profit corporations, which regularly lobby by testimony and through campaign contributions for elected officials they feel will be supportive of their organizational goals. The third criteria, that excess revenues earned by a nonprofit organization must be reinvested in the organization's mission, weaken the nonprofit's incentive to maximize profits to its executives at the expense of private donors or public taxpayers.

Treatment Philosophies

The utilitarian theory of punishment states that there are two ways in which punishing criminals benefit society. First, punishment serves as a deterrent, and second, by providing effective treatment, offenders will eventually return to society as productive citizens (Second Chance Act of 2007; Rachels, 1999). Reentry initiatives, and in particular, The Second Chance Act signed into law by President Bush on April 9, 2008 (Second Chance Act of 2007), emphasizes the second goal of punishment, that the greatest public benefit will derive from rehabilitating offenders by improving outcomes for people returning to the community from prison.

Historically, nonprofit organizations have been associated with healing and rehabilitative missions whereas private for-profit correctional agencies have traditionally been associated with the punitive, retributive policies associated with the use of coercive force. The exercise of physical force is commonplace in prisons, even though other institutions, such as mental health hospitals, also use coercive power to restrain uncooperative patients when necessary. However, because a hospital's primary mission is to heal patients, coercion is viewed as a justifiable means to an end. A prison, on the other hand, exercises coercive authority to control and deprive inmates of their liberty, a policy that is consistent with punitive rather than rehabilitative goals. Although the nonprofit reentry organizations exhibited more characteristics consistent with healing missions than did their for-profit counterparts, the evidence suggests that The Second Chance Act has softened the nation's emphasis on punitive policies,

> *We're actively involved in that arena, especially in things that we think will support our clients, whether it is laws being enacted or being changed, or actively working with local, state or federal legislators on policies that would impact our population*. (Butler, Safer Foundation, NPO, 12/20/06)
>
> *Well, we hire lobbyists and consultants out there, so I sort of oversee them. I actually visit with and attend many meetings with legislators, governor's staffs and those kinds of people...Therefore, it is educating and trying to sway elected officials from spending more and more money on prisons*. (Anderson, BI, Inc., FPO, 03/08/07)

Accountability

From the public perspective, it is accepted policy that civil servants are held accountable to a wide variety of citizens and stakeholders. Public servants are expected to conform to high standards of personal morality, exhibiting public values such as honesty, integrity, and commitment to the public interest. Their decisions are to be transparent to the citizenry. Are the standards the same in the private for-profit and nonprofit world? This section looks at the issue of accountability from two perspectives—accountability to public scrutiny, and accountability for outcomes.

Leaders of both the nonprofit and for-profit agencies, as private corporations, enjoy certain protections. The corporation acts as a separate person, a legal entity that makes contracts, pays taxes, incurs debt, and protects the individuals involved from being held personally liable for the consequences of business activity. However, by virtue of a 1924 ruling whereby the Supreme Court gave the nonprofit sector a charitable exemption in recognition of the benefits that the public receives from corporate activities, they are held to a higher standard of scrutiny than the for-profit sector (*Trinidad v. Sagrado Orden*, 1924). The Revenue Act of 1938 (Colm, 1938) reiterates the Court's position.

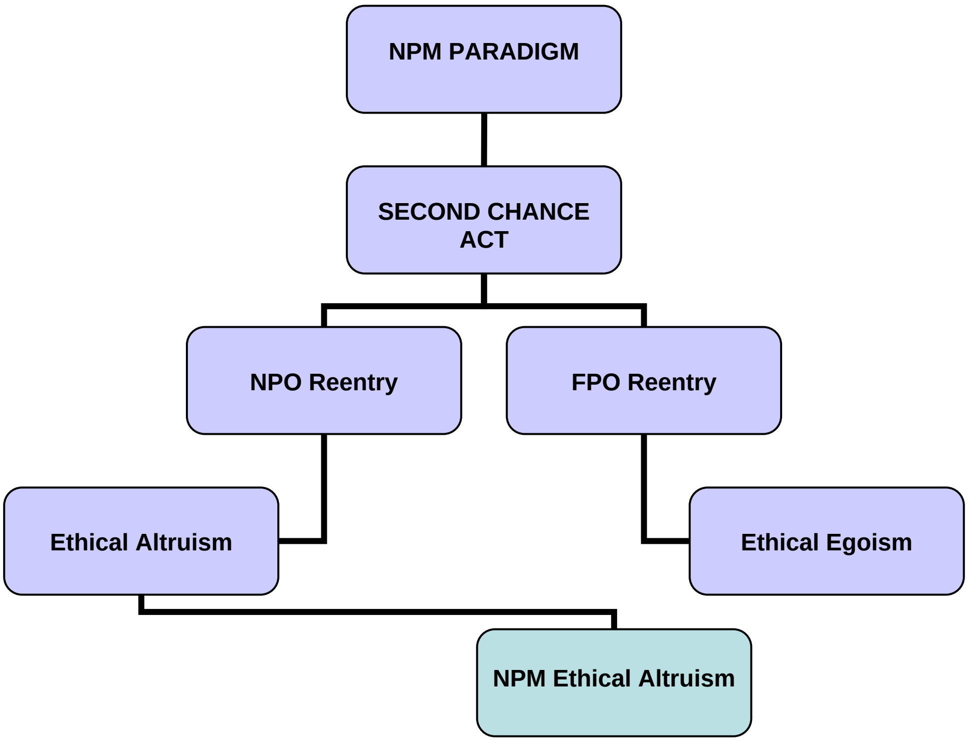
The exemption from taxation of money or property devoted to charitable and other purposes is based upon the theory that the government is compensated for the loss of revenue by its relief from financial burdens which would otherwise have to be met by appropriations from other public funds, and by the benefits resulting from the promotion of the general welfare (The Revenue Act, 1938).

The *Trinidad* decision and The Revenue Act of 1938 suggest that, in addition to their board and direct clientele, nonprofits should consider citizens as among their stakeholders. Because of the benefits and tax-exempt status that nonprofits receive from government, there is an inherent expectation that the public has the right to scrutinize how nonprofits are fulfilling their requirement to serve the community. This expectation is more than window dressing. The nonprofit sector's finances are open, by law, to public inspection. The 501(c)(3) exempt organization must file an IRS Form 990 that is available for public inspection and photocopying at the offices of the nonprofit organization or by written request. This means that the public can obtain copies of a nonprofit's tax returns, inspect the salaries of its employees, examine its board members, and look at other related expenses relating to their operations. When for-profits talk about the unfairness of preferential treatment of nonprofits, they should remember that there is a disadvantage to being a nonprofit in a competitive environment: Because nonprofits are required to be more open in terms of filing information, for-profits gain an edge by understanding their competition without a requirement of symmetrical disclosure.

The next area of accountability pertains to outcomes. Performance is one of the more difficult, but critical areas that differentiates the nonprofit from the for-profit sector. The reason is because the two sectors have traditionally required different methods for tracking success. For-profit corporations routinely require that subjective information be translated into objective forms, (e.g., return on investments). On the other hand, it is much more difficult for nonprofit corporations to quantify the effectiveness of two homeless shelters to see which is doing a better job of helping mentally ill individuals. In the present case, elected officials sell reentry initiatives to the tax-paying public, by emphasizing the desired benefits of these programs: costs savings and reduced recidivism rates. Recidivism generally refers to an individual who is arrested and convicted of a new offense within three years of their release. Is there a difference in practice between for-profits and nonprofits in their achievement of results? This portion of the interviews focused heavily on the "what works" evidence released by each of the six nonprofit and for-profit profiled agencies.

Not surprisingly, all six private reentry agencies reported favorable outcomes in terms of reduced recidivism rates. However, no distinctions could be drawn with regard to which sector was more successful or held more accountable to the requirements of the contract due to the marked variation in the definitions of recidivism, methodologies, and measurements employed by the agencies. For example, whereas one reentry agency reported recidivism rates at one-year post-release, another reported recidivism rates at three years out. Others,

Figure 2. New Public Management Paradigm 2



such as Cornell Corrections, relied on annual audits as evidence of successful performance. Similarly, as noted by researcher and community-based expert Latessa (12/13/07), many states placed a low importance on outcomes, requiring in many instances an audit that simply made sure an agency was meeting the fire code, health codes, and walking away requirements.

Seldom did either the nonprofit or for-profit reentry entities rely solely on recidivism rates as a measure of success: the nonprofit agencies were more likely to emphasize soft measures instead. For example, Community Resources for Justice cited stable housing or job placement at the time of release from their program as the measure of a successful outcome. Comments such as, "We have not done any follow-up recidivism studies because we have yet to figure out how we would explain our contribution to that rate if we only touch the individual for 3 or 4 months," or, "You can look at the numbers, but they don't tell you what is behind that" (Larivee, 11/09/07). Butler (12/20/06) refuted the suggestion that social outcomes could be meaningfully quantified. Butler, who did not hide his skepticism over all the reentry buzz words because there is no mutually agreed upon understanding and definition of "what works," nevertheless jokingly added, "When it is time to talk about our recidivism numbers based on the research, when contract renewal comes around, we use them" (Butler, 12/20/06).

There is no evidence that meaningful outcomes exist. The different program designs, the size of their operations, and the variation in state and contract requirements rendered any attempt to standardize outcomes impossible. Instead, the evidence suggests that for-profit standards remain commensurate with maintaining acceptable profit, whereas for the nonprofit sector where survival is often more tenuous, the standard has trended towards adopting the rules of the corporate world. From a normative perspective of performance in nonprofit and for-profit organizations, the outcome-based approach presents a conflict for both the nonprofit and for-profit organizations.

A New Nonprofit Reality

A new nonprofit sector is emerging, becoming more business-like in today's world of government competition for contracts. To recap the findings, motivation and legal structure were the major recurring themes for each of the aforementioned distinctions. Both the nonprofit and for-profit interviewees expressed similar sentiments about the definition and objectives of reentry. However, the defense of their individual sectoral forms revealed differences in the ways in which each perceived or justified their own roles and the decisions they made in the course of delivering reentry services.

In other words, the nonprofit and for-profit reentry agents generally subscribed to the models of decision-making identified in Figure 1. For nonprofits, an altruistic model that places the needs of others above their own, and for the for-profit business a model of decision-making that places self-interest and profit at the fore of service delivery. According to these models, it would be unethical for the nonprofit agencies to pursue any mission or objective that does not place the needs of their clientele (e.g., former offenders) first. Similarly, it would be wrong for the for-profit reentry agencies to put the needs of the clientele over the profit motive of the investor or organization. This decision-making model (Figure 2), in particular the ethical altruistic model associated with the nonprofit sector, has shifted towards ethical egoism.

The implications of pitting nonprofit and for-profit against one another as though there were no differences, has been that the two sectors have in fact become more and more, in all important respects, the same. Rather than meet in the middle, the nonprofit sector has shifted more towards this revised ethical decision-making model of the market system where economic self-interest is the primary motivation and where, in the absence of profit, the company will eventually exit the market.

In summary, the results of the study suggest that although nonprofit and for-profit reentry organizations share many legal and behavioral characteristics, they continue to exhibit a number of important differences. These distinctions–fundamental values, capacity building efforts, treatment models, and accountability–underscore that nonprofits simply do something different from either business or government. However, these differences are eroding. In the competitive environment of the NPM paradigm where sectoral differences are devalued, the nonprofit sector is adopting more business strategies, including some of the for-profit sectors' less transparent and self-interested behaviors. The latent implications of this evolution include the loss of important democratic traditions such as social capital and the perceived legitimacy of the nonprofit sector. In the policy area of reentry, implications include the potential for exploitation of a long-overlooked means (e.g., prisoners) in an effort to reach the desired ends of winning contracts.

Concluding Remarks

It has been more than thirty years since Ronald Regan promised the American people that the pathway to a better life was for government to get out of the way (Johnson, 2007). In turn, the voters agreed to let the private nonprofit and private for-profit sectors take over as many of the duties of government as practical (Johnson, 2007). A fundamental question facing policymakers today is whether corrections and its emphasis on public safety should be subjected to the values of the marketplace. Meanwhile, the challenges associated with trying to monitor the growing network of contractors in the Hollow State have also grown (Agranoff & McGuire, 1998; Brown & Potoski, 2003; Cooper, 2003; Milward & Provan, 2000). Among those challenges is the tendency to analyze third party contract relationships as though there were no differences between them even though, as stated by contract expert Cooper (2003), "Just as contracting for services is different from contracting for goods, contracting with nonprofit organizations is different from contracting with for-profit firms" (pp. 45-46).

The purpose of this exploratory study was to examine the key differences between private nonprofit organizations and private for-profit organizations that contract with government to facilitate prisoner reintegration back to society. The consequentialist ethics discussion under the literature section verbalized the decision-making process that both nonprofit and for-profit prisoner reentry supervisors used to look at the outcome goals of reentry (e.g., reduced recidivism). The results found that while nonprofit and for-profit reentry organizations share many legal and behavioral characteristics, a number of important distinctions persist:

1. The entrepreneurial motivations that gave rise to the different sectors differ, with nonprofits exhibiting more commitment to the social mission versus the for-profit's emphasis on the economic goals of providing goods and services.
2. Their capacity building efforts, the activities that improve an organization's ability to be successful and competitive, differ. Nonprofit organizations foster capacity-building relationships with numerous donors and constituents, including the community, whereas for-profit organizations normally look to transactional relationships in the form of private investors and stockholders.
3. The correctional philosophy to which each sector subscribes is different. The nonprofit organizations examined herein conducted themselves more like organizations involved in healing and rehabilitative missions, using community education forums to dispel myths and foster change. The for-profit reentry programs tended to reflect the sterner retributive philosophies that formed the basis of the tougher sentencing policies. One philosophy advocates changing the public policy dialogue on prison expansion; the other exacerbates it.
4. The level of accountability is different, with the nonprofit sector being more subject, by law, to public scrutiny than the for-profit sector.

The results of this study, however, suggest that a new reality for nonprofit organizations is emerging. This new nonprofit sector recognizes the importance placed upon NPM goals to meet twenty-first-century fiscal demands. This new sector understands the pressure from decision makers to produce measurable outcomes and the greater good argument that justified the contracting boom. In particular, nonprofit organizations understand the need to embrace the marketplace of ideas. We see evidence in the study that nonprofits are endeavoring to become more efficient and sophisticated. We also see evidence of nonprofits, faced with stiff competition from for-profit entrepreneurs, engaging in less than transparent activities. Some of these actions call into question their tax-exempt status, a benefit given in exchange for their commitment to the public's interest. The consequence for those nonprofit organizations who choose not to adapt to the new standards of contracting in the Hollow State, or who cannot because they lack the capacity or size to do so, is that they will disappear, taking with them core democratic principles essential to a thriving democracy.

In conclusion, this study suggests that it is the structural features of organizations that bring about changes in failed public policy decisions such as the "tough on crime" era. For the short term, the results of this qualitative study suggest it is the nonprofit organization and its commitment to the mission, clientele (e.g., former inmates), and the community it serves that best meets this directive. Drawing advice from nonprofit Safer Foundation's Butler (12/20/06), the best long-term approach for addressing the issue of prisoner reentry is to quit bailing out individuals as they reach the bottom of the stream. Rather, a better approach to reentry would be to address the underlying problems of incarceration in the United States, "to figure out who is pushing them all in" (Butler, 12/20/06). Changing the public policy dialogue on corrections must begin with redirecting the disproportionate amount of effort and financial resources towards other priorities such as afterschool programs, making higher education more affordable, or changing laws that perpetuate the disenfranchisement of prisoners long after their release.

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Appendix

Table 1A. NPO and FPO Program Focus and Locations

Reentry Programs	Sector	Program Types	Locations
Safer Foundation	NPO	Direct Services, Youth Services, Adult Transition Centers, In-Prison Treatment	Illinois,* Iowa
Oriana House	NPO	Chemical Dependency Treatment, Community Corrections Programs, Property Management	Ohio*
Community Resource Justice	NPO	Adult Correctional Services, Youth Services, Community Strategies, Crime and Justice Institute (CJI)	Massachusetts,* New Hampshire
Community Education Centers, Inc.	FPO	Jail/Prison Management, Community Corrections, In-Prison Treatment Programs, Outpatient Treatment Programs, Electronic Monitoring, Drug Treatment, Juvenile Treatment	New Jersey,* Colorado, Indiana, Pennsylvania, South Carolina, South Dakota, Wyoming, Ohio, Texas, California, New Mexico, Delaware, Florida, Illinois, Nevada, Oregon, Rhode Island, Washington
BI, Incorporated	FPO	Monitoring Services, BI Self Pay Program, Reentry Programs, Day Reporting Centers	Colorado,* Illinois, California, Kansas, Missouri, New Jersey, New York, Oregon, Pennsylvania, New Mexico, Louisiana, Washington
Cornell Corrections	FPO	Adult Secure Services, Community-Based Corrections Services, Jail Management, Juvenile Services	Texas,* Alaska, California, Nevada, Utah, Colorado, New Mexico, Oklahoma, Kansas, Illinois, Mississippi, Georgia, Ohio, Pennsylvania, Delaware

Note: *Headquarters
Source: Agency Websites

Table 2A. NPO and FPO Reentry Programs: Founding Date and Mission

Reentry Programs	Sector	Founding Date	Origins	Mission
Safer Foundation	NPO	1972	Religious – Employment Services for Offenders	To reduce recidivism by supporting through a full spectrum of services, the efforts of former offenders to become productive, law-abiding members of society.
Oriana House	NPO	1982	YMCA	Provide quality and humane chemical dependency treatment and community corrections services to clients while contributing to safer communities.
Community Resource Justice	NPO	1878	Religious – Criminal and Mental Health Advocacy	Community Resources for Justice supports our most challenged citizens. We work with individuals in, or at risk of being in, the adult or juvenile justice systems; individuals transitioning out of these systems back to their communities; and individuals with developmental disabilities requiring intensive support to be part of the community.
Community Education Centers, Inc.	FPO	1994	Health Care Industry – Substance Abuse	To provide a healthy, drug-free, safe and secure environment within which we will provide treatment and education services that focus on changing addictive and criminal behaviors. We provide our participants with the knowledge and skills necessary to lead a productive lifestyle prior to reintegration into their communities.
BI, Incorporated	FPO	1978	Engineering Business – Cattle Tracking Systems	The BI team of professionals will be the leading provider of offender monitoring and re-entry services to improve community public safety.
Cornell Corrections	FPO	1992	Business – Private Prison	We are a values and mission-driven company. Many can build and operate programs and facilities, but it is the manner in which Cornell operates its programs and facilities that truly makes a difference. We want our employees, host communities, and shareholders to be proud of the service they perform. We want our clients to become contributing members of society.

Source: Agency Websites and Interviews

Research Article

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The Paradox of Employee–Volunteer Interchangeability in a Supported Social Enterprise

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This research examines the paradox of employee–volunteer interchangeability as a core resource in a nonprofit social enterprise organization. Specifically, the research investigates a) how the human and social capital derived from employee–volunteer interchangeability drives strategic intent, and b) how challenges associated with employee–volunteer interchangeability hinder strategic intent. The research provides insight into how employees and volunteers value outcomes that are dependent on the inherent paradox of interchangeability. The findings reveal that while employee–volunteer interchangeability can be a core resource, a social value, and a driver of competitive advantage, it can also hinder organizational strategies and growth—especially for nonprofit social enterprise organizations.

Keywords: Employee–Volunteer, Interchangeability, Paradox, Social Enterprise

Employees and volunteers are a core resource for nonprofit organizations (NPOs) (Akingbola, 2006; Barbeito, Bowman, & Applied Research and Development Institute International Inc., 1998; Light, 2003; Wright & McMahan, 2011). They collectively drive the mission, foster the values central to the vision, and help coproduce the organization's outputs. The competencies of employees and volunteers underlie the core capabilities that NPOs depend on to deliver services and advocate for social justice.

Not only do employees and volunteers collaborate to make service delivery possible, they also act as key players in the social and emotional transactions that characterize NPO services (Akingbola, Phaetthayanan, & Brown, 2015; Resnick & Menefee, 1993). Thus, many jobs in NPOs are inherently labor intensive. They involve significant interchanging between employees and volunteers. This suggests that the knowledge, skills, and behaviors of employees and volunteers cannot be substituted by investments in physical capital (Akingbola, 2013; Kim, 2005). As a result, employee–volunteer interchangeability is a core resource in the nonprofit sector.

NPOs must be uniquely positioned to deploy management practices that support employee–volunteer interchangeability in order to enhance organizational, employee, and volunteer outcomes. However, similar to other core organizational resources, the concept of employee–volunteer interchangeability is not without challenges and tensions. Indeed, although research is rich on interchangeability in general (e.g., Chum, Mook, Handy, Schugurensky, & Quarter,

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2013; Handy, Mook, & Quarter, 2008; Russell, Mook, & Handy, 2017), we know little about the interchangeability within specific nonprofit settings.

Thus, this research examines the paradox of employee–volunteer interchangeability as a primary resource for a supported social enterprise organization. Specifically, in the study, we investigate how employee–volunteer interchangeability, as a core source of human and social capital for a social enterprise, impacts the strategic intent of the organization. The focus of the research is on the benefits as well as the challenges of employee–volunteer interchangeability. The goal is to explain how the organizational outcomes of a social enterprise can be dependent on the inherent benefits and challenges of interchangeability. In other words, the goal is to examine how interchangeability serves as a determinant as well as an obstacle for an organization to add value and adapt to change.

Employee–volunteer interchangeability is characterized by the degree to which the roles and responsibilities of paid and unpaid labor are interchanged with one another (Handy et al., 2008). Within social enterprises (especially those created and supported by an NPO), this involves employees who are also volunteers of the organization. This dual role highlights the challenges of interchangeability at the organizational and individual levels. In the study, we use a human resources management (HRM) lens to illustrate how this paradox is critical to the outcomes valued by, both, employees and volunteers.

Theoretical Background

Paradox underlies the reality of organizations. It is characterized by the need for an organization to make a decision or address a tension on a continuum between two or more competing, contradictory, interdependent or countervailing demands or positions at the same time (Poole & Van de Ven, 1989; Putnam, Fairhurst, & Banghart, 2016). Smith and Lewis (2011) define paradox as “contradictory yet interrelated elements that exist simultaneously and persist over time; such elements seem logical when considered in isolation, but irrational, inconsistent and absurd when juxtaposed” (p. 387).

Tensions, or opposites, are fundamental features of paradox in that they often represent the extremes on a continuum that management must base their decisions on (Clegg, da Cunha, & e Cunha, 2002, p. 485). Although tensions can be considered problems that organizations must resolve, scholars have suggested that tensions are embedded and inherent in organizations (Putnam et al., 2016; Schad, Lewis, Raisch, & Smith, 2016). Thus, understanding and adopting a paradox framework can enhance organizational outcomes and effectiveness (Andriopoulos & Lewis, 2010; Gebert, Boerner, & Kearney, 2010; Schmitt & Raisch, 2013). How organizations manage competing or contradictory demands, especially those that combine advantages and disadvantages, could be the difference between survival, sustainability, and growth (Lewis, Andriopoulos, & Smith, 2014; Smith & Lewis, 2011).

To explain paradox, Bowers (2017) emphasized the role of time and difference between logical and social paradoxes. Logical paradoxes can be found in timeless abstract thought, while social paradoxes are the product of real world interactions that are subject to constraints and often vague (Poole & Van de Ven, 1989). Ford and Backoff (1988) defined social paradox as “some ‘thing’ constructed by individuals when oppositional tendencies are brought into recognizable proximity through reflection or interaction” (p. 89). Paradox is embedded in the tensions that evolve through processes of interaction between individual actors and organizational systems. In other words, the structures, processes, and relationships in the internal and external environment (including values and contradictions) are sources of tension that characterize paradox (Bowers, 2017; Putnam et al., 2016; Schad et al., 2016).

Organizations must, therefore, be able to understand and implement strategies to manage the tensions that constitute a paradox. Tensions can be, both, salient and latent in organizational environments. Salient tensions are the products of basic interactions between organizational actors (e.g., employees, volunteers and community partners). This type of tension is fundamental and obvious because of the divergent interests of actors (Bowers, 2017; Lewis et al., 2014; Smith & Lewis, 2011).

Latent tensions are characterized by the "contradictory yet interrelated elements embedded in organizing processes that persist because of organizational complexity and adaptation" (Smith & Lewis, 2011, p. 389). These types of tensions are built into the systems and processes that help organizations deliver value, adapt to change, and survive (Bowers, 2017). Importantly, latent tensions are not easily perceived until organizational actors experience and highlight them, especially as a result of the challenges in the environment (Lewis et al., 2014; Smith & Lewis, 2011). This is how latent tensions become salient.

The complex, competitive, and fast-paced environment of organizations underscores why scholars find nonlinear frameworks, such as paradox, to be particularly relevant for explaining the contradictory and interdependent interactions of tensions that abound in organizational life. Paradox has been used to explain tensions in HRM (e.g., Aust, Brandl, & Keegan, 2015), social responsibility and sustainability (e.g., Hahn, Preuss, Pinkse, & Figge, 2014), hybrid organizing (e.g., Jay, 2013), change management (e.g., Raisch, Birkinshaw, Probst, & Tushman, 2009), innovation (e.g., Andriopoulos & Lewis, 2010; Smith, 2014), and flexible work arrangements (e.g., Putnam, Myers, & Gailliard, 2014). Although the varied and increasing application of paradox in management research points to a new perspective, paradox theory has rarely been applied in nonprofit management research.

Nonprofit Paradox

The characteristics of NPOs imply that paradox is inherent in the environment. The mission of NPOs and their values as well as their relationships with the community, funders, and government are all distinctly and inherently embedded in paradox (Chau & Huysentruyt, 2006; Chetkovich & Frumkin, 2003; DiMaggio & Anheier, 1990). The contradictory but interrelated tensions that characterize paradox are, therefore, fundamental elements of nonprofit management and governance. NPO managers constantly seek to balance paradox in order to drive organizational goals and strategy.

For example, NPOs continuously play a balancing act to manage the paradox in their relationship with government (Akingbola, 2004; Blau & Scott, 2003; Guo & Acar, 2005; Lipsky & Smith, 1993; Salamon, 1987; Salamon, 1995). On one end of the paradox continuum, government is simply a partner to NPOs in the delivery of public goods and services (Besel, Williams, & Klak, 2011; Lipsky & Smith, 1993). This partnership is characterized by cooperation between the two sectors based on mutuality and shared values. On the other end of the paradox continuum, however, NPOs operate in a resource dependent relationship with government. At this end, NPO managers adopt innovative adaptive strategies to drive organizational effectiveness through their relationship with government (Cunningham, 2010). Thus, they must balance the tension between contradictory and interdependent elements (Battilana et al., 2015).

Perhaps the most inherent paradox in NPOs is employee–volunteer interchangeability. Russell, Mook, and Handy (2017) define "interchangeability of labor" in NPOs as "the extent to which NPOs exchange paid and unpaid labor in their workforce" (p. 273). The contradiction, interdependence, and tension embedded in interchangeability falls on the continuum of NPO paradox.

At one end of the paradox continuum, interchangeability means a rich pool of human capital that NPOs can draw on to achieve their organizational goals. The knowledge and skills of employees and volunteers enhances the pool of competencies that the organization is able to deploy in order to facilitate coproduction of organizational output (Handy et al., 2008; Hartenian, 2007; Liao-Troth, 2001). The diverse human capital that these organizations have enhances their ability to adapt to change.

Primarily, interchangeability is twofold, substitution and complement. Volunteers are often deployed as a substitute for employees when there are financial constraints and/or when there is a shortage of paid staff (Handy et al., 2008). There are several factors that underlie a NPOs decision to hire paid employees in the place of volunteers. If an NPO has a new source of funding or revenue to professionalize its operations, for example, it may hire personnel. Additionally, if there are certain funder requirements (Akingbola, 2004; Handy et al., 2008; Smith & Lipsky, 2009) or if there are administrative needs that only paid employees can fulfill (Salamon, 1995; Smith & Lipsky, 2009), NPOs may hire paid staff.

Paid employees often help facilitate an NPOs mission and organizational strategies in many instances (Chum et al., 2013). The complement form of interchangeability is likely to be a value-add, where volunteers are deployed to provide additional support for employees (Brudney, 1990; Brudney & Gazley, 2002). Handy et al. (2008) found evidence of task interchangeability between volunteers and employees, but mainly this interchangeability was for generic tasks (e.g., customer service) rather than specialized tasks (e.g., technical or clinical roles). Likewise, Chum et al. (2013) surveyed 836 NPOs with mixed workforces in Canada and found that the interchange of tasks was widespread, but to varying degrees.

On the other hand, interchangeability can also be a challenge for strategy and employee morale in NPOs (Akingbola, 2006; Handy & Brudney, 2007). Indeed, it can contribute to conflict in the organization. The challenges of interchangeability can be attributed to different factors. For one, although the human capital that NPOs derive from volunteer labor is critical to the organization, the competencies available to NPOs through volunteer human capital are not always predictable nor consistent over time. Thus, it can be a challenge for an NPO to develop and implement a strategy based on the competencies of volunteers only.

Additionally, many NPOs use participatory decision-making models. This type of decision-making includes volunteers, clients, and the community (Akingbola, 2015). Thus, volunteers have a role in the development of organizational strategies, policies, and practices. This can be challenging because volunteers may not understand the operational issues, opportunities, and external factors in the NPOs environment.

Interchangeability can also threaten employee motivation and morale (Akingbola, 2006; Handy & Brudney, 2007). Due to increased professionalization in response to changes in funding (Akingbola, 2004; Leete, 2006), employees who have jobs that are not specialized are more likely to be interchanged with volunteers, while those with more specialized jobs are less likely to experience interchange. Non-specialized employees may, therefore, feel threatened in their job security. Thus, these employees may develop a tense working relationship with volunteers. They may also experience low morale due to potential replacement by volunteers.

Different employee groups may also have different management practices that develop in order to align employee behavior with organizational strategies. As a result, human resource (HR) practices may emerge that ensure employees act in the organization's best interest—especially for those employees whose skills are not interchangeable with volunteers. In other words, HR practices may target employees who are deemed to be more critical to the competitiveness of the NPO based on interchangeability. Ultimately, this may contribute to job dissatisfaction and low employee morale (Howe & McDonald, 2001).

Research has also shown that volunteers can experience tensions (e.g., competition and antagonism) as a result of interchangeability. Mook et al. (2014), for instance, found that volunteers felt it was unfair when they were replaced by paid staff. However, they also felt it was unfair when *they* replaced paid staff. Other research has also suggested that volunteers can feel disempowered by a NPOs professionalization and bureaucratization, especially when resulting fromd interchangeability with paid staff (Milligan & Fyfe, 2005).

Interchangeability is, thus, the nexus of the partnership between employees and volunteers in NPOs. It is an important factor that shapes the HR practices NPOs use to attract, engage, and retain volunteers and employees. However, interchangeability is an inherent paradox that NPO managers must continuously address in order to balance its benefits and challenges.

Understanding and managing paradox is critical to the formulation and implementation of NPO strategy, especially when that strategy is developed to adapt to change in the external environment (e.g., funding, government policy, and competition). It is also important to develop the competencies to manage paradox by enhancing the motivation and engagement of employees and volunteers. Therefore, in the present study, we examine how a social enterprise established and supported by an NPO, Betrust (a pseudonym organization), pursues its strategic intent in the face of employee–volunteer interchangeability. Specifically, we examine how employee–volunteer interchangeability acts as, both, a key driver of as well as a challenge facing the organization's strategy. Finally, we provide insight into the paradox of nonprofit HRM practices in terms of employee–volunteer interchangeability.

About Betrust

Betrust is a Canadian supported social enterprise that was founded in the 1980s by consumers and survivors of the mental health system. This is a label commonly used in Canada to refer to people with psychiatric disabilities who have been treated in mental health institutions (O'Hagan, McKee, & Priest 2009). A supported social enterprise is a market-based entity that is established by an NPO for the purpose of providing economic and social benefits for persons along social margins who are employed in or trained through the enterprise (Quarter, Ryan & Chan, 2015). These are essentially hybrid organizations with market operations driven by a social mission.

Betrust was established as an NPO to provide a supportive workplace where employees with mental health challenges would be empowered (Shragge, Church, Fontan, & Lachance, 1999). This supportive workplace is characterized by an emphasis on health and flexible HR practices. Betrust's mission is to create work opportunities where consumers and survivors, as employees, can be held accountable and function independently.

Betrust emphasizes and promotes social and environmental values. As a business, Betrust provides environmentally friendly local courier services. They deliver documents and small packages on foot and using public transit. Deliveries outside of Betrust's service area are offered by a larger courier company.

Betrust emerged as a result of grassroots advocacy efforts by consumers and survivors in the 1970s. These grassroots initiatives marked the unofficial starting point of the government supported consumer- and survivor-led social enterprise. The organization's start-up funding was primarily provided by government through a program designed to provide training and employment for consumers and survivors of the mental health system.

Since Betrust generates additional revenue from fees for courier services, they have hired 57 employees. Of these 57 employees, seven (12%) are female. The average age of employees is 53. Sixty-three percent of Betrust's employees have some form of higher education. Eight of the employees are categorized as management (inclusive of the executive director). In addition, there are 35 couriers who work part-time and 14 non-management office staff.

At the time of this study, the greatest challenge facing Betrust was a decision about the organization's strategic intent and how to adapt to change in its external environment. There were three options that the organization was considering. First, Betrust could remain focused on its current strategy and continue providing benefits for current staff. Second, the organization could develop and implement a diversification strategy that leveraged its resources to reach new markets and attain improved business goals. The diversification strategy could help more staff (i.e., consumers and survivors) in the mental health system transition to mainstream employment options. Lastly, the organization could implement a blended strategy that incorporated elements of both of these strategic options.

A member of Betrust's board of directors summarized the organization's need for renewed strategic intent as follows, *"We are looking at new activities, so we look at what is being suggested and raise questions and issues, which is our responsibility as board members."* Ultimately, the question about the organization's strategic intent was a major issue that had been brewing for several years.

Data and Method

This study adopts a longitudinal community-based research approach (Israel, Schulz, Parker, & Becker, 1998). This approach brings together a number of research partners (e.g., management staff, volunteers, employees, university faculty, and graduate students). Using this community-based research approach, the researcher and community partners shared decision-making power and ownership to co-create research, knowledge, and learning (Castleden, Morgan, & Lamb, 2012). This type of approach is mutually beneficial to the researchers and community partners.

After brainstorming issues of concern in the organization's external environment, critical issues relating to supported social enterprises and the organization's interactions with government were identified. The research partners then outlined the research process. This included identifying employees and volunteers as the primary stakeholders. This process informed the decision to focus the study mainly on employees and volunteers. It also provided the basis for the data collection and study design. The brainstorming also informed the need to adopt a qualitative research approach to provide in-depth and valuable insight on interchangeability in the organization (Creswell, 1998).

Data collection included semi-structured in-depth interviews with 30 employees (53% of the total number of employees), two board members, and one community partner (Borg & Gall, 1989). The average length of service at the organization was 10.24 years (SD=7.92 years). Tables 1 and 2 show demographic information and descriptive statistics of participants.

To ensure reliability, two waves of interview data were collected between 2012–2015. Purposive sampling was used to select respondents among employees and other stakeholder groups (e.g., members of the board of directors, customers, and community partners). Key informant interviews (Gilchrest & Williams, 1992) were utilized to ensure that the context and experience of employees was captured. The interviews were conducted using a narrative approach (Polkinghorne, 1988) drawing on the backgrounds and experiences of the employees.

The interview questions were intended to uncover the human and social capital benefits and challenges that employees experienced. This meant asking about demographic information and work experiences. Also included in the interviews were questions on mental health,

Table 1. Demographic Characteristics of Participants (*n*=30)

Characteristics	*n*	%
Gender		
Male	24	80.0
Female	6	20.0
Education		
High School and Under	9	30.0
Two-year College	9	30.0
Bachelors	6	20.0
Three-year College	3	10.0
Some College	1	3.3
Masters and Higher	1	3.3
Other	1	3.3
Mental Health Survivor	30	100.0
Position at Betrust		
Courier Only	14	46.7
Both Courier and Office	8	26.7
Office Staff Only	6	20.0
Management Only	2	6.7

employment, and standard of living. Each interview lasted approximately one hour. Interviews were conducted by members of the research team. All interviews were recorded and transcribed.

During data collection, the research team reviewed data on an ongoing basis to identify emerging themes. As necessary, the interview protocol was revised to incorporate data on emergent themes. The analysis of the interview data involved an extensive review of transcripts as well as secondary data (e.g., annual reports, internal communication, policies, and strategic plans).

Specifically, the analysis process proceeded as follows: first, the entire interview text was combed for descriptive categories. These categories were then reviewed to highlight themes consistent with the theoretical foundation of the research (Orton, 1997). Next, the interviews and secondary data were entered into NVivo, a qualitative data analysis software. Using this software, these data were coded and analyzed to further uncover relevant themes.

Coding was based on insights related to organizational themes emphasized in the interviews. The emergent organizational themes were coded and key insights that connected them to the research themes were coded as sub-themes. The results focus on organizational themes from the data that are relevant to understanding the paradox of employee–volunteer interchangeability. This includes the implications for the organization's strategic intent as well as for employees. The relevant organizational themes identified were mission, strategy, HRM, motivation and retention, work outcomes, social outcomes, business outcomes, role of employees, and external stakeholder perspectives.

Results

The core objective of this research was to examine the paradox of employee–volunteer interchangeability through the HR practices of a social enterprise created and supported by an NPO. The interviews and the secondary data analyzed in this study provide insight into how managers and employees deal with this paradox. The findings are presented in terms of the sub-themes that are central to the organizational themes presented above, especially their

Table 2. Descriptive Statistics of Participants (*n*=30)

Characteristics	*n*	Mean	Min.	Max.	Standard Deviation
Age	28	53.93	36	72	9.13
Length of Service	30	10.24	0.58	27	7.92

Note: Two individuals did not provide their age.

impacts on the strategic intent of Betrust. These sub-themes are context, root of paradox, benefits of interchangeability, and challenges of interchangeability.

Context of Paradox: Mission

Interdependence, contradiction, and tensions are firmly rooted in Betrust's mission. Specifically, respondents explained that Betrust's mission, which is to create long-term employment opportunities for consumers and survivors of the mental health system, is paramount to shaping the organization's business strategy. Underlying the mission-related tensions is the role of government. Since ninety percent of Betrust's business revenue is used to pay for employees' commission and benefits, the ability to generate revenue and the stability of government grants creates tensions regarding the sustainability of Betrust's mission. It is perhaps not surprising, then, that respondents highlighted that the mission made the organization important to its stakeholders. As one respondent noted,

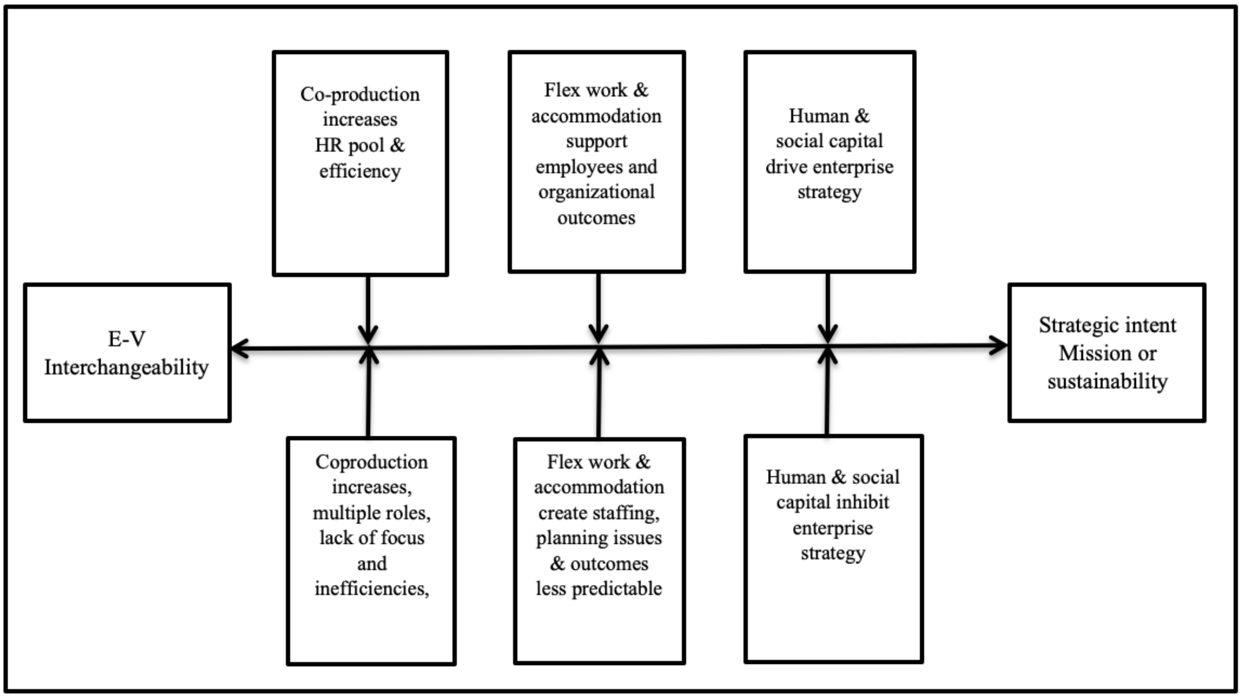
> *Back then people wanted to prove that 'these people' were not unemployable, that they could work, and you know many of them were told…that they'd never work again, and I think they wanted to say, 'You know, that's wrong. We'll start our own business and we'll provide a good service, reliable to customers,' and it's been going for 24 years. (Respondent P)*

Respondents also noted that HR practices were established based on the mission. The importance of mission in establishing HR practices was evident in the engagement of employees as the core stakeholders of the organization. Specifically, respondents linked Betrust's mission to its organizational culture—that is, a work environment characterized by empowerment and independence of employees. Importantly, respondents identified mission as the primary source of the interchangeability paradox. One respondent noted that the needs of the employees, who are also the majority of volunteers, should drive the strategic intent of the organization.

Root of Paradox: Strategic Intent

In addition to mission, respondents noted that paradox is evidenced by Betrust's strategic intent. They explained that this paradox is embedded in employee–volunteer interchangeability. Betrust's business strategy emphasizes differentiation based on a social enterprise model and the ability to combine quality service with operational flexibility. Respondents indicated that they wanted the organization to deliver more value to employees and be more efficient in their efforts for growth. However, they reiterated the critical nature of Betrust's primary objective, which is to provide employment for consumers and survivors of the mental health system. Indeed, they noted that the organization's supportive environment and its peer support model helps those who have mental illness. Without the existence of Betrust, and similar organizations, many of these individuals would otherwise have no job. One respondent specifically indicated that,

Figure 1. Major Paradoxes and Themes of Employee–Volunteer (E-V) Interchangeability



> *Places like Betrust are the biggest thing for everybody in that you come into it cold and all of a sudden you're a part of a group of 50 to 70 people who are totally open and out about their mental health challenges and what's happened to them and that alone is so…freeing! There's nowhere else you can do that…so you need to build on [that]. That already gives people a sense of, 'Wow, like I belong! It's okay. I don't care what your label is. What do you need to do your job?'…I think that's the huge difference. (Respondent L)*

Still, respondents explained that the business environment (particularly competition, the organization's courier operations, and low compensation) had limitations. Specifically, respondents noted that the organization's method of courier delivery had limited volume, lower speed, and fewer locations where it could make deliveries. The prices that they charged for services were also limited to low-cost service fees. These fees helped the organization remain competitive in the courier market. Some respondents, however, wanted Betrust to increase employee compensation rates despite the need to keep fees low. Other respondents noted that the organization could not afford to increase fees without losing customers.

> *We're still in a position where we're doing a lot of the jobs that other people don't do, and we're doing a lot of the entry-level things and we're having to charge a lot lower rates for our services than other companies that would do the same thing in order to compete with other companies who don't have this stigma attached to them. (Respondent H)*

The issue of strategic intent was discussed by, both, managers and board members. They wanted Betrust to chart a new strategic course. However, there were divergent opinions about which strategic goals or what strategic direction the organization should pursue. Should the organization diversify its goals in order to support more consumers and survivors? Or, should the organization implement a strategy that would benefit only current employees and stakeholders. Some respondents suggested that Betrust could combine the two. This would allow the organization to diversify and help more consumers and survivors, while also increasing opportunities and compensation available to current employees.

Regardless of which strategy the organization pursued, however, respondents agreed that Betrust would need to rely on core organizational resources in order to achieve any goal. These resources are summarized in Figure 1 and further highlighted in our findings regarding the major paradoxes of interchangeability, which include context and root of paradox (discussed above) and benefits of interchangeability and challenges of interchangeability (discussed below).

Paradox: Benefits of Interchangeability

Employee–volunteer interchangeability was also central to Betrust's operations, cost effectiveness, and outcomes. Specifically, respondents highlighted relevant interrelated aspects of the values that underlie HR practices and the human and social capital that derived from employee–volunteer interchangeability. These aspects were critical drivers of Betrust's strategic intent.

Coproduction. Employees coproduced support, management, and governance functions with volunteers at Betrust. There were substitutions of roles between volunteers and employees, which often involved the same people. Sometimes coproduction also occurred with other social enterprises.

Betrust did not have a formal recruitment plan for volunteers to coproduce except to serve as members on the board of directors. Coproduction, in this instance, was seamless and integrated between employee and volunteer roles. For example, an employee who had completed their task as a courier or in the office could continue to work in other roles as a volunteer. Labor productivity did not influence interchangeability as employees and volunteers worked in different roles. Thus, respondents indicated that the substitution of volunteers with employees did not have a particularly adverse effect on employee relations or job satisfaction because they had job security.

Respondents also indicated that task interchangeability typically involved the same employees informally volunteering their time outside of their paid hours. Many of the respondents contended that interchangeability meant more opportunity for coproduction because the employees helped out as volunteers after their work shift. For example, one accounting software partner spent extra time outside his paid work to teach employees computer skills. He also assisted with information technology issues, as needed.

Flexible Work. A key component of Betrust's HR practice is flexible work. Respondents indicated that flexible work means employees can come and go as their health, and other conditions, permit. Employees who worked as couriers could work one of three shifts in a day. Those with medical conditions could choose to start later in the day, if needed. On average, couriers worked two to three shifts each week. Because of these flexible hours, Betrust's same-day delivery cutoff time was sometimes late into the evening.

There were drawbacks to this flexible work design. Respondents explained that since courier order volume was unpredictable, it was difficult to plan for staffing. And, while an oversupply of labor may not be harmful to business operations, the couriers found it to be frustrating.

Employee Accommodations. HRM at Betrust was employee focused. Respondents felt that Betrust's work environment was supportive because the organization provided work accommodations for their mental health. With flexible work, unpaid sick leave, informal counselling, understanding of mental health, equipment, and mobility assistance, employees felt that Betrust provided accommodating and supportive work conditions. Ultimately, respondents indicated that they felt good about themselves. They explained that they had gained self-esteem and self-confidence from having a job. They also pointed to the role of the job in reducing stigmatization of mental illness and their ability to self-regulate.

> *You are recognized as a community member. You're not just, like, a patient. Or you're not just going…into a counselling agency. You feel like an actual valued member of the community. You are more integrated…that's not the first thing when we say, we, um, we're a courier for Betrust. We have a mental illness…We are an employee. (Respondent W)*

Human Capital. Respondents emphasized that Betrust had enhanced their knowledge and skills. The majority of respondents indicated that by working at Betrust they had gained new skills, both, as employees and volunteers. These skills related to governance, funding administration, and literacy. Respondents also indicated that they had acquired practical skills such as management, health and safety, peer support, and those relating to being social. Most of this learning was acquired in training programs and through informal learning opportunities such as coaching and mentoring. Discussions held in meetings also provided opportunities for informal learning.

Employees were given opportunities to work in technical roles in the organization, mostly as a replacement for colleagues who were on leave. Some employees noted that although they had gained specific skills prior to joining Betrust they only had the chance to use those skills while working at Betrust.

> *Getting the new position worked out perfectly because I took advertising in college. So, yeah, it fits like a glove….it's one thing, one of the reasons why I had anxiety and depression…because I wasn't really following what I did in college, and thanks to Betrust now, I can say…it made my education worth it. (Employee M)*

The data also show that interchangeability is important at the governance level. There were 13 board members of Betrust, and half of them were employees. The employees were encouraged to participate in order to learn new skills and offer relevant feedback at the monthly board meetings. The board discussed the direction of the social enterprise, its policies, and bylaws.

Employee–volunteer interchangeability provided greater opportunities for employees to learn about management of the organization. Indeed, interchangeability allowed them to gain and contribute their knowledge and skills in ways that helped shape the policies and strategies that the organization pursued. Thus, respondents noted that the organization's processes and activities enabled them to develop specific skills and knowledge.

Social Capital. Respondents also highlighted the value and importance of the relationships and connections that employees were able to access. For many employees, Betrust provided peer support and a community not only for their work roles but also for building networks that allowed them to collaborate in handling mental health crises. Specifically, respondents indicated that many of the organization's partners had helped them establish connections. The employees, therefore, viewed Betrust as a supportive community.

As one employee stated, "*They talk about the Betrust family, and there is a very strong sense of that being part of something bigger than themselves*" (Respondent L). Similarly, another employee indicated that, "*It's a real community here. I mean, people have said…when you've taken a leave of absence…people say, 'Well, we miss you! Come back and join the Betrust family!'* (Respondent M).

In this regard, then, Betrust is a primary source of social capital for employees. Through Betrust, employees are able to build and extend their social networks. Many of the them even indicated that opportunities to build social capital occurred outside of their paid work. This included during their shifts when they had no delivery orders or other formal social gatherings organized by Betrust to attend.

Paradox: Challenges of Interchangeability

Although most of the respondents highlighted the benefits of employee–volunteer interchangeability, they also emphasized the centrality of employees to the strategic intent, and ultimately the mission, of Betrust. This centrality served as the basis for one of the most salient paradoxes. Respondents indicated that employee–volunteer interchangeability meant by-law mandated roles in governance, advocacy, and on committees.

Coproduction. Many respondents noted that Betrust offered relatively stable job security and had a high rate of employee retention. They explained, however, that since there was rarely employee turnover there were no immediate needs to recruit new employees. This directly impacted the opportunities they had available to take on additional employee and volunteer roles.

Respondents also indicated that the multiple roles that were currently interchangeable meant that employees were often juggling several jobs at once. This made the organization susceptible to workload imbalance issues. These issues could eventually lead to the inability of employees to focus on their main job task. It could also create challenges in the implementation of new projects. Some of the respondents, thus, explained that they were stressed and anxious by any changes that required new learning and/or adaptation. The quote below highlights how managing the mental health of employees and volunteers, some felt, was a significant enough challenge without adding workload issues and the stress of organizational change,

> *If you have a short-term memory problem, you can't take a large number of instructions. You have to go over them and over them, which drives most employers crazy. [This] sometimes makes my job quite stressful…because I have dyslexia. Some of the instructions, some of the addresses get reversed. So, whenever I take an order, I have to read it back to dispatch, and they find it frustrating sometimes because, for some couriers, they can just rhyme it off and do it. I can't. (Respondent H)*

Some respondents, therefore, considered aspects of coproduction that characterized interchangeability (such as an increase in the HR pool, efficiency, flex work and related accommodations, and human and social capital) to be challenges. Consequently, they indicated that more coproduction would likely inhibit the organization's strategies.

Flexible Work. Although most employees acknowledged that flexible work practices allowed them to keep their job, these practices also posed challenges for staffing and planning. Some respondents noted that flexible work added to the organization's already low predictability in terms of operations. They explained that since there was a flexible work policy, absenteeism was high. Employees would call-in sick without explanation or penalty. An employee could decide, for instance, not to come to work due to the weather or an employee could decide to go on leave for a long time. Respondents noted, however, that they understood the challenges for an organization like Betrust that wanted to create a supportive work environment.

Human Capital. Respondents noted that human capital was the utmost benefit as well as the utmost challenge for employees and for the organization. For most employees, although they experienced significant opportunities to upgrade their skills, the paradox of interchangeability meant deskilling and skill mismatch were also a typical experience. There was variation in employees' level of education and experience. Their skill level ranged from low to high. However, the majority of the jobs at Betrust were in low skilled areas. One manager noted that she, at times, felt uncomfortable in her role because of the mismatch between employees' education and skill level.

> *Interviewing people to…work as a courier—that's the entry position. And to sit there and have to show them an example of what they will make…it's really quite embarrassing. We interviewed two people recently…a lot of people here have skills and university degrees and work experience in very high-powered jobs. [But] their mental health didn't fit in in that environment. (Respondent M)*

Some respondents, therefore, indicated that regardless of their skills, they had limited opportunity to progress in their current role with the organization. One employee stated,

> *Another disadvantage would be that in terms of…long-term career growth…I have to say, personally, I would like to work in the office, but…it's…maybe a two or three-tier system, where there's the couriers, there's the receptionists, and the dispatchers; and, then there are the people behind the scenes. And so, it seems like…there's only so much room for advancement (Respondent B).*

This challenge was present for employees in different ways. Some employees felt that they lacked the self-confidence to use skills that they had acquired (e.g., decision-making and supervisory skills). Other employees expressed concerns that human capital aspects of the organization indirectly contributed to their stress. For example, some managers felt overwhelmed by their responsibility to mentor employees. As one manager noted, overseeing several people with mental health challenges is itself a challenge. In this sense, Betrust struggles to provide employees with adequate support to acquire and use the human capital underlying their mission.

Social Capital. Although not a major issue, some respondents highlighted issues relating to social capital outcomes. They explained that the most unique aspect of the organization's culture was an emphasis on peer support and openness about mental health. However, employees pointed out that Betrust also emphasized a system of performance that required them to continuously balance their social capital needs with their need to maintain their own independence. Specifically, employees noted that the supportive work environment, at times, created dependency. Although the collaborative peer support culture enabled employees to build their confidence and self-esteem, too much handholding negatively impacted their performance.

More importantly, some respondents pointed out that the role and influence of employees on the board of directors could be an indirect challenge to the strategic intent of the organization. The board provides governance and oversight on major organizational decisions, programs, and initiatives. According to one member of the board, *"We ensure that the policies and practices established for the functioning, the personnel, the finances, and so on are properly done; and, then we trust the administration to carry it out."*

Some employees, however, were thought to be advocating to the board for protection of their collective interests. As indicated by one board member, some employees emphasized the need to provide support to current employees rather than invest in strategies that diversified the organization's services.

Ultimately, respondents explained that while many challenges may not be obvious, they are embedded in the same system and processes that work to benefit employees. They contended that their roles and the opportunities available as a result of employee–volunteer interchangeability were not only organizational benefits, but also core sources of organizational tensions. Specifically, respondents noted that while employee–volunteer interchangeability enhanced coproduction outcomes, flexible work arrangements, human capital, and social capital (thus, allowing the organization to achieve its mission), it also created challenges for the organization in achieving its mission. Thus, resulting in an interchangeability paradox.

Discussion

This research adopted a paradox perspective to examine employee–volunteer interchangeability in an NPO supported social enterprise organization. The key objective of the research was to examine how values that underlie the human and social capital benefits derived from employee–volunteer interchangeability can act as, both, critical drivers of and barriers to an organization's strategic intent. Although previous research has emphasized different dimensions of employee–volunteer interchangeability (e.g., Chum et al., 2013; Handy et al., 2008), questions remain about the paradox embedded within it. In this study, we identified five factors, each described below, that underlie the paradox of employee–volunteer interchangeability in an NPO supported social enterprise.

First, our findings suggest that the context of a social enterprise, particularly its mission, is one explanation for the inherent nature of paradox resulting from employee–volunteer interchangeability. The organization in this study, Betrust, was established to achieve a social mission (Drucker, 1992; Quarter, 1992). However, this mission was nuanced and different stakeholders had different ideas about how to achieve and sustain the mission. Questions about the focus of a social enterprise's mission (especially in the face of challenges), can create a context ripe for paradox. Divergent ideas can lead to contradiction, competing demands, and tensions (Smith and Lewis, 2011). This will inevitably be reflected in the organization's operations and processes.

Second, our findings suggest that the nature of paradox can change. Initially, Betrust had to balance the contradictions and tensions in interactions with organizational actors such as employees, volunteers, and community partners. This led to one paradox. As Betrust grew, it had to contend with paradoxes stemming from partnerships with government (Akingbola, 2004; Besel et al., 2011; Guo & Acar, 2005). Managers, therefore, should recognize the need to manage multiple and competing paradoxes. For some NPOs, paradox will emerge due to tensions between value congruence and mission creep (Blau & Scott, 2003; Kim, 2005;

Weisbrod, 1998) as well as tensions between strategies that focus on growth and those that focus on social impact and community development (Akingbola, 2013; Jäger & Beyes, 2010).

Third, our findings suggest that employee–volunteer interchangeability can result in latent paradox. (Smith & Lewis, 2011). That is, it is inherent in the complexity of organizational processes. Latent tensions are characterized by the "contradictory yet interrelated elements embedded in organizing processes that persist because of organizational complexity and adaptation" (Smith & Lewis, 2011, p. 389). These tensions are embedded in the same systems and processes that help organizations to deliver value, adapt to change, and survive (Bowers, 2017). In this study, managers at Betrust understood the practical challenges associated with scheduling employees who held, both, employee and volunteer roles. However, the fact these roles even exist created tensions.

Fourth, our findings suggest that employee–volunteer interchangeability is an important paradox to understand as organizations attempt to define their strategic intent. In this study, the challenges that led Betrust to examine its strategic intent highlighted the paradox of employee–volunteer interchangeability (Lewis et al., 2014; Smith & Lewis, 2011). Specifically, issues central to Betrust's strategic intent (e.g., the imminent threat of competition, the possibility of mission drift, and low compensation of employees who also worked as volunteers), contributed to elevated tensions of interchangeability from a latent paradox to a salient paradox.

Moreover, Betrust's values, human capital, and social capital were major factors contributing to the organization's HR paradoxes. Indeed, employees and managers, as individual actors, benefited from interchangeability in the form of flexible work, development of human capital, and social capital (Akingbola et al., 2015; Handy & Brudney, 2007; Haski-Leventhal, Hustinx, & Handy, 2011). At the organizational level, Betrust benefited from the outcomes of human and social capital obtained from interchangeability. Despite these benefits, employees and managers experienced tensions that were a direct result of the structures, processes, and relationships produced from interchangeability. These tensions, in turn, influenced (and acted as barriers to) Betrust's strategic intent.

Finally, our findings highlight an important, yet complicating, aspect of employee–volunteer interchangeability. That is, in this interchange employees and volunteers experience salient and latent paradoxes at the same time. This can create a unique challenge for the organization because management strategies used to manage latent tensions may not necessarily be able to manage salient tensions.

Conclusion

In this longitudinal case study, we sought to examine the paradox of employee–volunteer interchangeability in an NPO supported social enterprise. In the study we explored how contradictions, competing demands, and tensions associated with interchangeability impacted opportunities for employees, volunteers, and the organization.

Our findings suggest that although there can be benefits to interchangeability, organizations can also be susceptible to interchangeability-related challenges. On the one hand, there are human and social capital benefits that are derived from employee–volunteer interchangeability. These benefits can be critical drivers of an organization's strategic intent. On the other hand, however, employee–volunteer interchangeability can mean that an organization becomes susceptible to several challenges. For the organization in this study, employee–volunteer interchangeability was a major barrier that inhibited its ability to pursue its strategic intent and adapt to change in its environment.

Ultimately, though, paradox can be a source of innovation and a major driver of organizational effectiveness. NPO managers should, therefore, seek to understand and manage the paradoxes associated with interchangeability in order to effectively fulfill their mission and balance potential tensions that could derail organizational operations.

This research is not without limitations. Although the longitudinal case study design allowed us to examine the employees experience with employee–volunteer interchangeability over time, we cannot claim generalizability of our findings. However, this limitation should certainly provide a useful starting off point for future studies to do so.

Disclosure Statement

The authors declare that there are no conflicts of interest that relate to the research, authorship, or publication of this article.

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Research Article

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Understanding Conflict in Multisite Nonprofit Organizations

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Due to distance, Multisite Nonprofit Organizations (MNOs) experience conflicts that differentiate them from organizations with only a single site. Through a qualitative analysis of interviews with 25 professionals and volunteers in a national disease-specific nonprofit, in this study I explore the conflicts that arise between headquarters and affiliate offices in MNOs. The findings reveal that some conflicts are likely unique to this particular type of nonprofit. However, other conflicts are likely representative of those experienced in MNOs more broadly. I, therefore, propose strategies for managing these conflicts.

Keywords: Nonprofit Organizations, Conflict, Organizational Behavior, Multisite Nonprofit Organizations

Many nonprofit organizations have multiple sites, or affiliates, outside their central office. In the United States alone, from 2012 to 2013, there were 12,319 nonprofit organizations that, according to their IRS Form 990s, had affiliates (The Urban Institute, 2013). Multisite Nonprofit Organizations (MNOs), as these organizations are often called, are a diverse type of nonprofit in terms of structure and scope (Brown et al., 2012). These organizations have physical offices in multiple locations, all of which have a common name and identification.

Though the scale of these organizations differs, distance between the affiliate office and the central office adds a layer of complexity to their organizational behavior (Grossman & Rangan, 2001; Meyer, 2020). Despite this complexity, limited research has explored this type of organization. This has led to lack of managerial support and direction for the management of MNOs (Cornforth, 2012). Yet, due to physical and cultural distance, organizational behavior of MNOs likely differs from that of organizations with only a single site.

Conflict is an inherent aspect of organizational behavior (Deutsch, 1990). Studying and understanding intraorganizational conflict helps managers create strategies and goals for positive outcomes. Previous research has explored intraorganizational conflicts, or internal conflicts, within MNOs (Harris, 2011; Siddiki & Lutpon, 2016; Smith, 2003). These studies have primarily focused on one or two conflicts and how these conflicts affect organizational functioning.

In this study, I use social categorization theory, to assess conflicts that occur between affiliates and the central office of nine national disease-specific nonprofits. Through interviews with 25 representatives of the MNOs, I explore the complexity of conflicts that can exist. Understanding these conflicts should help managers better respond to affiliate issues.

Meyer, S. (2021). Understanding conflict in multisite nonprofit organizations. *Journal of Public and Nonprofit Affairs*, *7*(1), 108-128. https://doi.org/10.20899/jpna.7.1.108-128

I begin the article by outlining the idea of MNOs as a unique type of nonprofit organization. I then provide an overview of the literature on conflict in a related type of organization, Multinational Enterprises (MNEs). Next, I review frameworks of social categorization theory and discuss various approaches to conflict. This is followed by presentation of the findings. Finally, I offer strategies that can be used for understanding and managing conflicts in MNOs.

Multisite Nonprofit Organizations

MNOs are a type of nonprofit organization with multiple sites, or affiliates (Grossman & Rangan, 2001). In general, there is limited research on MNOs (Cornforth, 2012; Young & Faulk, 2010), yet there are thousands of these organizations in the US and across the globe. Indeed, although there is no known number of MNOs in the US, there were over 12,000 nonprofits that reported on their IRS Form 990 having affiliates during the 2012–2013 fiscal year (The Urban Institute, 2013). Larger MNOs, such as Planned Parenthood, are well known. However, smaller MNOs, such as the National Fragile X Foundation, also exist. Although the structure and centralization of each MNO differs (Brown et al., 2012), all MNOs have a central office that provides guidance on branding, programming, and governance (Meyer, 2020).

Limited research has examined relationships between MNO affiliates and central offices. In their book chapter, Young and Faulk (2010) provided insight on what is currently known about MNOs with a specific focus on franchises and federations. They also provided significant insight on what is currently not known. In the chapter, they categorized MNOs using a matrix with two axes, control and diversity. From a control aspect, Young and Faulk questioned how centralized the affiliates are. From a diversity aspect, they proposed looking at whether the affiliates are homogeneous or heterogeneous. Nonprofits may choose the MNO structure, they suggest, because (especially before modern communication) having affiliates made local fundraising and service provision easier. Furthermore, this structure provides a larger reach for the central office as well as access to national and international support, resources, and prestige for the local affiliate.

When compared to an organization with only a single site, there are internal tensions associated with an MNO. These tensions arise due to the distance between the central office and the affiliates. Though this is not the only factor that impacts tension, distance is a unique variable for MNOs. These tensions can be at the individual or the organizational level. Conflicts that occur between the central office and affiliates because of these tensions, such as localization or how to deliver programs, have been explored by Grossman and Rangan (2001). They found that conflicts arise due to allocation of resources from the central office, the payment of fees from the affiliates to the central office, and how services are delivered. They also explored factors that led to autonomy for these affiliate organizations, which was a major source of tension.

Table 1 provides an overview of MNO conflicts that have been explored in the literature. With the exception of work by Grossman and Rangan (2001), most studies have focused on one or two conflicts (Balser & Carmin, 2009; Gibbons & Hazy, 2017; Paarlberg & Meinhold, 2012; Smith, 2003). These conflicts arise partly because affiliates of MNOs "...must satisfy local constituencies while aligning individual missions, structures, governance practices, and programs with parent organizations" (Siddiki & Lupton, 2016, 157S). This leads to conflict when what is perceived as best for the local affiliate is not the same as what is perceived as best for the central office (Harris, 2011).

Many of these existing studies have a) primarily focused on larger organizations (e.g., United Way (Paarlberg & Meinhold, 2012), Goodwill (Gibbons & Hazy, 2017), Planned Parenthood (Grossman & Rangan, 2001; Oster, 1996)), or b) have focused on international organizations (Harris, 2011; Siddik & Lupton, 2016; Smith, 2003). MNOs, however, are diverse with varied

Table 1. MNO Conflicts in the Literature

Conflict	Study
Use of Funds	Smith, 2003
Direction of Organization	Balser & Carmine, 2009; Grossman & Rangan, 2001; Harris, 2011
Localization	Gibbons & Hazy, 2017; Grossman & Rangan, 2001; Paarlberg & Meinhold, 2012; Siddiki & Lupton, 2016
Centralization	Grossman & Rangan, 2001
Program Delivery	Grossman & Rangan, 2001
Governance Structure	Balser & Carmine, 2009; Grossman & Rangan, 2001

structures (Brown et al., 2012), sizes, and sectors represented. Therefore, in this study I focus specifically on smaller organizations with diverse structures, including networks, centralized, and mixed structures. Based on interviews with individuals associated with, both, the central office and affiliates of MNOs, this study builds on the work of Grossman and Rangan (2001) by identifying conflicts in MNOs and their impacts on the organization. Specifically, the research questions are*: What conflicts, if any, exist between the central and affiliate offices of MNOs? What outcomes, if any, do these conflicts have on the organization?*

Understanding Conflict

Conflict is "…perceptions by the parties involved that they hold discrepant views or have interpersonal incompatibilities" (Jehn, 1995, p. 257). It happens within all organizations, whether they are nonprofit, for-profit, or government. The way professionals respond to conflicts are situational. In other words, there is no one way to respond to a specific organizational conflict but, instead, diverse ways based on the specific issue (Temkin & Cummings, 1986). For example, when managing conflicts between stakeholders, organizations tend to try to find compromise and balance among these difficult needs (Provan et al., 2004). Some conflicts within nonprofits can originate around the conflicts they were trying to deal with externally, known as mission mirroring. This can happen, for example, when the staff of a conflict resolution organization do not get along (Allyn, 2011). How these conflicts translate to organizations with multiple sites, though, and their strategies for managing conflicts is not fully understood.

Social categorization theory (SCT) is a way to understand conflict by exploring in-group and out-group relationships. Specifically, SCT places oneself and others into in-groups and out-groups, which focus on group prototypes, language, and interactions (Hogg & Terry, 2000). In an organizational setting, the question is who is part of the ingroup and who is part of an outgroup. It also explores how these group memberships influence behavior. For example, being part of the same group can encourage cooperation (Turner, 1985). Within organizations, in-groups and out-groups are naturally created. In an MNO, distance adds an extra layer to this relationship. Specifically, affiliates tend to be their own in-group, and view the central office as an out-group. The distance aspect may encourage an in-group/out-group relationship due to the isolation of affiliates. One strength of using SCT in understanding conflict, especially between affiliates and central organizations, is that it allows for the exploration of different roles, perceptions, identities, and expectations between two groups of people (Blazejewski & Becker-Ritterspach, 2011).

This study takes a holistic approach to conflict. In other words, it is not just about the conflicts that the organization faces, but also how those conflicts impact the organization as a whole as well as the strategies used to overcome such conflicts. Though much of the research has explored types of conflicts and management of conflicts independently, there has been some literature on conflict resolution, which has been merging these two areas to better understand conflict from beginning to end (Blazejewsik & Becker-Ritterspach, 2011; Mikkelsen & Clegg, 2019). Studies have explored how conflicts may end up with various outcomes for the organization. For example, an ever-growing body of research suggests that there are positive outcomes to conflict (Tjosvold, 2008).

Methodology

Research Setting: Disease-Specific Nonprofit Organizations

This research was conducted by exploring disease-specific nonprofit organizations with affiliate offices across the United States. Disease-specific organizations are defined in this article as nonprofit organizations which focus on providing support and services around one specific disease. These organizations are also known as Patient Advocacy Organizations, but this title limits the work being done by these nonprofits on advocacy and research. Other titles have included Voluntary Health Associations and Self-Help/Mutual Aid Organizations. Many of these organizations also provide support and services to people affected by the disease or disorder, including patients, family members, and professionals. These services can include, but are not limited to, support groups, social workers, and patient education.

The number of disease-specific organizations in the United States expanded greatly between 1990 and 2003, from 400 to over 1,000, due to the influence of the internet (Best, 2012). These organizations provide many services including research, education, advocacy, and social service support (Beard, 2004; Moreira et al., 2014) at both the macro level (e.g., advocacy) and the micro level (e.g., support groups) (Greenspan & Handy, 2008). Many of these organizations are also considered self-help groups, which are grassroot (or start as grassroot) organizations established by and for people who focus on a specific issue (Borkman, 1999; Wood, 2000), such as breast cancer (Borkman, 1999) or HIV/AIDS (Chambré, 2006).

Methods

This qualitative study is based on interviews with 25 professionals and volunteers from 9 disease-specific national nonprofit organizations in the United States. This was a purposive sampling strategy to get a better understanding of how conflicts impact MNOs. Specifically, I used a stratified sampling to look at organizations which were, based on affiliate size, both small (e.g., 7 affiliates) and large (e.g., over 150 affiliates). This provided variation on MNO size (Robinson, 2014). Also known as voluntary health organizations, these nonprofits provide support and education for those affected by specific diseases, such as breast cancer or Fragile X syndrome. Disease-specific MNOs were used in this exploratory study due to their diversity in size and structure. The organizations in this study were diverse in their structure, including franchise organizations, bureaucracies, and networks (Brown et al., 2012). Though there is no right number of organizations to study, these nine organizations provided rich information on how conflicts played out in MNOs along with a way to compare conflicts within similar organizations. For example, Mason (2016) also used nine organizations for her comparative case study. Balser and McClusky (2005) were able to gain rich information on organizational effectiveness by looking at 14 nonprofit executives in three organizations. Saturation was identified when the last three interviews provided no additional information on the conflicts that were identified. Table 2 provides information on the organizations that participated in this study. Names in this study have been changed.

This study was part of a larger mixed-method study. My interest in this topic is rooted in my past experience working in the central office of an MNO. During this time, I experienced conflicts between the affiliate and central offices that were different than my work at organizations with a single site. Outreach was initiated through both a snowball sampling

Table 2. Participating Organizations

Organization	Number of Affiliates	Number of Central Office Staff	Volunteer/Staff Run Affiliates	Total Revenue (2016)	Affiliate Interviews	Central Office Interviews
1	52	20	Volunteer	$8,578,920	2	2
2	50	12	Staff	$4,338,344	3	1
3	37	15	Volunteer	$5,207,559	1	1
4	130	12	Volunteer	$2,365,433	4	1
5	200	23	Mix	$2,392,188	1	3
6	20	15	Mix	$2,168,060	1	1
7	7	15	Volunteer	$3,172,499	0	1
8	17	13	Staff	$1,873,196	0	1
9	7	7	Mix	$2,583,252	1	1

procedure as well as through direct contact with specific nonprofit organizations (Berg & Lune, 2012). To start, I reached out to agencies with whom I have a personal relationship. Along with having them participate in the study, I asked for their help in connecting me to other disease-specific organizations that may be willing to take part in my study. Furthermore, using the National Taxonomy of Exempt Entities (NTEE) code of G (Disease, Disorders, and Medical Disciplines), I searched Guidestar's website for relevant organizations which fit my sample criteria, yielding 300 disease-specific organizations with a national focus. I looked at the website of the agencies to find out if I could find information on either the CEO or the person who worked with affiliates or outreach. I sent two e-mails to the appropriate person along with a follow up call.

When a representative of an organization agreed to take part in my study, I interviewed professionals in the central office who worked with those in the affiliate offices. The central office then reached out to the affiliate offices via e-mail and Facebook for participants. When a respondent expressed interest in being interviewed, I e-mailed the respondent and interviewed him/her via phone or Skype. Interviews were continued until a point of saturation (Berg & Lune, 2012). Saturation was identified when, during the last three interviews, no new information was obtained regarding the conflicts that they experienced.

I conducted 11 interviews of 13 professionals in the central office, along with 12 interviews of 12 professionals and volunteers in the affiliate offices. The interviews took place between April 2017 and September 2017. These interviews were focused on various aspects of MNO structure and behavior. I included questions exploring the history of the affiliate and the organization, the interactions that the affiliate and the central office have had, the current service and fundraising plans of the affiliate and the central office, and how those interviewed felt these relationships could be improved.

Specifically, I asked about conflicts that respondents have experienced in their MNO and how such conflicts were dealt with. Though this question led to the majority of the discussion on conflicts, my general questions about the relationship between the central and affiliate offices also led to some interesting data. Many of the participants were eager to discuss their experiences. These questions included:

- Do you feel that you have a friendly relationship with those in the central office?
- Are there any challenges you face due to your size and distance from the main organization?
- Have you experienced any conflicts within your organization?
- What was the outcome of said conflict?

There were 227 pages of single-spaced transcriptions, totaling 988 minutes. Apart from two organizations, the interviews included at least one conversation with a member of the central office and one conversation with a member of the affiliate office. More information regarding the respondents can be found in Table 3. Three people interviewed did not identify any particular conflicts within their organization.

I performed pre-coding by taking notes during the transcriptions of interviews (Saldaña, 2016). These notes focused on the main themes of conflict I noticed while transcribing. As the interviews looked at a variety of issues, the first level of coding was data reduction so that I could focus on the specific issues of conflicts within the interviews (Namey et al., 2008). Utilizing NVivo 11, I went through the interviews and identified specific questions and answer sections that focused on any type of conflict.

I performed the second round of coding by hand using an *in vivo* coding technique of pattern coding. I printed out the snippets that were identified as conflicts and put notes next to each one which encapsulated the main issue of the conflict in one or two words. I compared these

Table 3. Respondent Demographic Information

Variable	Number	Percent
Staff vs. Volunteer		
Staff	18	72
Volunteer	7	28
Years Working with Organization		
<2 Years	4	16
2–5 Years	7	28
6–10 Years	5	20
>10 years	9	36
Office Location		
Central Office	13	52
Affiliate Office	12	48
Conflicts Discussed		
Perception of Central Office	3	12
Direction of the Organization	5	20
Fees	5	20
Interpersonal Conflicts	7	28
Trust	5	20
Centralization	7	28
Miscommunications	4	16
Requirements of Affiliates	3	12
None Identified	3	12

words with the codes I originally identified when transcribing the interviews. This type of coding focused on taking data from the first cycle of coding and parsing it out into meaningful units of analysis (Saldaña, 2016). In this case, the units of analysis were created based on the specific conflicts that were identified. Codes included "Trust and Sharing," "Perceptions of National," "Fees," and "Personality/Individual Issues." During this time, I also started to code the ways in which the conflicts impacted the organization. Once all of the conflicts were identified, similar conflicts were merged together. Through this process, the list of conflicts were created, which mimic the conflicts identified here. I then went through all of the conflicts one last time and put them into the codes that were identified.

Conflicts in Multisite Nonprofit Organizations

During the interviews, many respondents were excited to discuss the various conflicts they experienced. This section specifically looks at the various conflicts that were individually identified. Some of these conflicts are unique to MNOs, while others can be found in most nonprofit organizations. The conflicts and definitions can be found in Table 4.

Centralization and Decision Making

Centralization is focused on top-down approaches of nonprofit management (Albareda, 2018) and autonomy of decision making (Schmidt, 2019; Young & Faulk, 2010). Within MNOs, centralization puts into question the locus of decision-making within the organizational structure. Specifically, centralization reveals how much power a local affiliate has to make decisions, compared with the central office (Wong, 2012). Tran (2019) found that although many leaders of MNOs praised the idea of decentralization, they found it hard to implement within their own organizations. This conflict focuses on the push for more autonomy and the ability of affiliates to make their own decisions (Rost & Graetzer, 2014). Whether or not a more centralized or decentralized structure is best for an MNO depends on many different variables, such as resource density, age of the organization, and the type of work the organization does

Table 4. Conflicts in Organizations

Conflict	Definition	Organization
Centralization and Decision Making	What decisions should be made by the central office and what should be made by the affiliate? How much autonomy should the affiliates have?	1, 4, 6, 7, 9
Interpersonal Conflicts	Relationship issues between individuals in the central and affiliate offices.	2, 3, 5, 9
Misperception of the Organization	How do the affiliates perceive the resources available to the central office and how do they compare to the actual resources available to the central office?	4, 9
Trust	An "us" versus "them" mentality leading to limited trust between the affiliate and central office.	1, 4, 6, 8
Fees	The amount the affiliate office pays to the central office to maintain its affiliated status	2, 9
Reporting Requirements	The paperwork and other information needed by the central office from the affiliate office.	1, 6

(Hudson & Bielefield, 1997; Taylor & Lansley, 2000). Both centralization and decentralization have their pros and cons. While centralizing can make an organization more efficient with a central form of power, it may also limit creativity within the organization (Wong, 2012).Organization 4 dealt with issues around centralization, specifically around branding. When Jenny, the CEO, wanted to have all of the affiliates use the same logo, the argument from the affiliates was that they already had a logo that they liked and that others within the community already identified with them. For Jenny and those in the central office, branding was important because they wanted to make the organization recognizable across the country. Similar to other organizations, Jenny felt that having all of the affiliates with the same logo represented a singular brand that could be identified no matter where in the United States a person is located. According to her, as the affiliates "…create websites and create publications and things of their own, we want them to be using the logo that we provide and essentially using the language that we recommend." Furthermore, a singular brand represented a unified identity for the organization. Eventually, the affiliates agreed to the singular logo, but not without putting up a fight. For the central office, centralization meant coming together under a singular identification (a common logo); however, for the affiliates, it meant a loss of local identification and control.

The conflict around centralization is not unique to MNOs. The amount of power and decision making opportunities of each unit within an organization (or even each person) is an important part of nonprofit organizations. The most efficient centralization structure differs for each organization (Schmid, 2002; Tran, 2019). Changes in centralization of the organizational structure can even be seen as a threat to the identity of an organization on the whole (Balser & Carmin, 2009). What may make centralization unique in MNOs is that the affiliate may feel isolated from the central office and the decision making process due to the distance between them. It can be perceived as someone from an out-group making decisions for an in-group, instead of being seen as an organization making internal decisions.

Maria, also from Organization 4, reported that some of the conflicts surrounding the direction of the organization were influenced by how much power the affiliate had in the national decision-making process, which may have caused some of the conflict regarding branding and logo. Several years earlier, the organization's direction was influenced by a board of affiliate representatives, not by the national board. During a reorganization, the organization decision-making powers were transferred from a group of affiliate representatives to the national board. This led to complaints from those associated with the affiliates, as well as to soul searching within the organization regarding who was responsible for influencing the organization and its direction, specifically, where the power and decision-making should be located. This is one of the reasons why several affiliates left the organization to start their own competing nonprofit. From Maria's standpoint, this conflict was initiated because the affiliate felt as though some of their power regarding the organizational direction and governance was taken away. By having the central office as the other who is 'imposing' decisions onto the affiliate, the affiliate may feel separated from the central office's decision making. This builds on the perception of the central office being some form of "other" entity imposing decisions, as opposed to different parts of one organization working together to move forward.

Part of centralization conflicts may also focus on the age of the chapter. Bobby from Organization 7 talked about how templates or formulas for programming and communication would be great for new affiliates, but affiliates which have been around awhile would find this as a type of intrusion on their autonomy. While newer affiliates may welcome a more centralized structure and perceive it as helpful, older affiliates may see centralization as an imposition. Sarah, from Organization 9, reported that she was working slowly to get centralized branding and templates together for more senior affiliates. By using a slow process, she was hoping to minimize the conflict by getting the volunteers involved. Instead of creating an us versus them situation, Sarah tried to create the larger organization as one social category by bringing the volunteers into the conversation early on.

Interpersonal Conflicts

Interpersonal conflicts are not unique to MNOs. The difference, though, is that interpersonal issues in MNOs are exacerbated by distance. It is not that being in separate offices make relationship conflicts easier or harder to manage. Instead, the distance means that an extra effort needs to be made by the offices to create and maintain these relationships. For example, Sarah, from Organization 9, discussed how

> *…it has become more of my role and part of that was because there were some challenges with chapter relations when I came on board…And I don't know how much our board…the national board knew about it, but it became very quickly apparent that I had to repair some of those relationships with the national office.*

As CEO of the organization, Sarah had to spend a large portion of her time mending and sustaining relationships that were strained by her predecessor. This was made more difficult by the distance between the central and affiliate offices. Relying on e-mails and other forms of communication, instead of face-to-face interactions, leads to a different type of conflict (Byron, 2008; Cheshin et al., 2011).

Misperceptions of the Organization

Another issue Sarah discovered when she became CEO is that part of this animosity was connect to the perceptions and misperceptions of the central office by those in the affiliate office. Sarah noted,

> *I think there's also a perception problem. I mean we're…we are now six people. When I started we were five. Of how much leverage New York actually has. And this is…This happened with other organizations, because you're in New York City people assume that we can just call a Broadway star and have them perform at an event or that we have access to a five night stay at the Regis or something…if we get a hotel stay for someone's auction package it may not be a five star*

> *hotel or thinking that we somehow have access to celebrities or bigger sponsors.*

To manage these relationships, Sarah did a webinar to introduce those in the affiliate office to her office and the people who work there with her. She also encouraged board members and staff visiting the area to see the office. This helped to start smoothing things over with the affiliates, as they were able to identify those in the central office and create stronger identifications of those who used to be "faceless central office staff." Furthermore, by showing that the office was not as lavish as most people thought, Sarah was able to show that the central office was not spending a large amount of money on the office in New York. Instead, Sarah started talking honestly about the fees that the affiliates paid and where those fees went, including for support services for the local nonprofit, such as auditing and accounting. This honest and open conversation helped the local affiliates to feel supported and change the perceptions of the central office.

Part of the issue with this conflict is distance. Being separated from the central office, those in the affiliates would not be able to visit and see the resources available to the central office. By having a separate office, those in the affiliate are left wondering what is happening in the central office. From a SCT perspective, this idea that the central office has resources that it is not sharing would help solidify the in-group/out-group perspective held by the affiliates and solidify an identity of the central office as an out-group. In general, perception gaps have been found to be a conflict in MNEs, and lead to dysfunction and coordination between the affiliates and central office (Schotter & Beamish, 2011).

Amy from Organization 6 complained that there is a disconnect between the resources the central office has available and the resources and staff that the affiliates think the central office has available to them. When discussing her interactions, she found

> *I think that our chapters sometimes see us as a different organization just because we know that we're small and we don't have a lot of staff here but they might not necessarily know that. They might see us as a big organization with a bunch of employees and a bunch of volunteers and really when people see national…they mean me because I'm national to them whereas they might consider national as…as more people than me and not as willing to help them…it's difficult because there's only one of me and so many of them.*

There is sometimes a perception by affiliates that the central office has more staff and resources available than it actually does. This can lead, as discussed in the interviews, to affiliates complaining about the amount of work being done by the central office to support affiliates. Because affiliates believe the central office has more capacity than it really does, affiliates are unhappy about the resources and support they receive and their relationship with the central office.

Trust

For Organization 1, the issue of lack of trust is a source of conflict. Mary, who worked in the affiliate for four months, but had worked at another MNO before, discussed how this attitude stems from regional differences in culture. She talked about how

> *…I have been in Minnesota for seven years now…And so, I've seen this here and I'm starting to see that it's like this in the upper Midwest states where, you know,*

> *people think, oh well, you know, they're in New York,*
> *they just don't get it.*

Mary, thinking back to a previous job working with an organization based in Minnesota and North Dakota, found that even within a small geographic region, this us versus them mentality existed, creating conflict between the affiliate and the central office. Mike, the CEO of Organization 1, hypothesized that "[t]he us/them mentality is when… when folks don't have confidence in what the other part is doing." Indeed, affiliates find it harder to trust the central office when it is seen as an out-group member.

This lack of trust impacts the organization in various ways, such as leading to a lack of sharing between the affiliate and the central office. One respondent expressed that affiliate offices "…are afraid that if they give that membership list to national or to state associations, their members are going to get…flooded with e-mails for donation requests." The affiliate was concerned that sharing donor information with the central office would be detrimental to the affiliate's relationship with the donor. Those in the affiliates did not trust the central office to handle these relationships respectfully and, therefore, refused to share information.

Lack of sharing can have a negative effect on fundraising. Without information sharing, both the central and the affiliate offices may go after the same donors. This may confuse donors as they are not always aware of the difference between donating towards the affiliate and the central office. Trust helps build up group relationships. Without trust, the central office will be seen as an out-group by the affiliate. Creating trust beyond the affiliate office to include the whole organization would help alleviate conflict.

Fees

One conflict around financial issues, specifically fees, was a focus for those in Organization 4. Fees can vary by organization, with some affiliates paying 2% of their donations, and others paying up to 30% of their revenue (Oster, 1996). Recently, Jenny decided to allow one of her affiliates to forgo the fee until they were able to get back on their feet. Once they were on better footing and, therefore, expected to pay the fee again, the affiliate balked and started to discuss leaving the organization because of the fee payments. Jenny reported that "…they want a meeting…a special meeting because they don't think there's value in the affiliation fee." Though the affiliates want the support from the central office, whether there should be a cost for this support was a cause of intraorganizational conflict. One of the reasons affiliates left Organization 4 was due to difficulties paying the affiliation fee.

Another concern around fees is what the affiliates receive for the payment. Without communication, the affiliates have the perception that they are paying money to the central office without getting anything in return. Distance adds to that conflict because the affiliate is not in the office to see how fees are utilized. The affiliates may not feel that they are getting enough attention for the amount of funds they are spending, feel as though the funds are supporting out-groups instead of their affiliate, or feel they are not getting enough of a say in the way funds are dispersed.

In some cases, respondents reported conflicts existed not because of the fee, per se, but because the affiliates felt that the support received from the central office was insufficient for the amount paid. For example, when Josh from Organization 2 was discussing his affiliate's stagnation, he wished there would be more support from the central office concerning growth. He would have liked the central office to invest more in his affiliate so that they could expand. One of his issues with growth was that, as the affiliate grew

> *…we end up giving more to the national organization,*
> *which takes it out of our coffers, puts it into theirs…I*

> *think there needs to be more support from the national office for the organic growth of an organization that there currently isn't.*

Josh felt that although greater growth would lead to more money for the central office, the central office was not doing enough to support his affiliate in growing and gaining new funders. Another issue around fees is that the affiliates were unaware of how the fees were used. This lack of communication and trust exacerbated this conflict.

Reporting Requirements

Maria, who worked at one of the affiliates in Organization 4, found that overly complicated reporting requirements were a strain on affiliate offices, further straining the relationships with the central office. She noted,

> *We were to report numbers to them. We were to provide, you know, finances... money to them. We were to provide a number of other things. They were to give us the things in exchange...it was a very long, very complicated agreement, and it was hard, you know, to sort of everybody keep up with. And there were no... there were no sort of penalties if states didn't.*

During this time, there were a lot of reporting requirements that were difficult for the affiliate offices to meet, especially the smaller ones. This led to being overwhelmed by the requirements. Furthermore, affiliates were unclear about the use of paperwork they had completed. Maria reported that it was not just that it was a lot of paperwork, but without any feedback on how the paperwork was used, it felt like busy work. As with other conflicts, the affiliates would not be able to see how the central office used this paperwork due to being located far away. Furthermore, by not being in the same office, the central office may not have always thought to explain how the paperwork was being utilized. There was, instead, the perception that the affiliate was doing this work, but it was going into a void, while the central office felt that this information was vital to understanding local initiatives.

Outcomes of Conflicts

During these interviews, four basic outcomes were identified. First, sometimes the affiliates left the organization. Maria, from Organization 4, reported,

> *And some of the states, you know, I've spoken to where we've talked about why they left or where they are and several of the smaller states that left left primarily because of financial reasons. They were finding it increasingly more difficult to pay the affiliation fee.*

Other reasons reported for affiliates leaving the organization included being unhappy with the direction of the organization. Jenny, from Organization 4, discussed how multiple affiliates left to start a competing nonprofit when they were unhappy about governance decisions, specifically the loss of influence on the organization by the affiliates. Altogether, Organization 4 lost almost 20 affiliates. After leaving Organization 4, these affiliates started a rival nonprofit. Though each person from Organization 4 identified one thing that led to this exodus, it seems as though the combination of conflicts, all at the same time, created a situation where the affiliates were unhappy with the central organization as a whole. It is not always one conflict or a direct line from conflict to impact that leads to affiliates leaving. Instead, it is a combination of situations that may lead to this impact.

Second, individuals who held leadership positions sometimes left the organization due to conflicts. This was particularly prevalent in discussions regarding interpersonal conflicts. Josh from Organization 2 came into his position as an executive director of an affiliate when the previous executive director left the organization due to conflicts between herself and those in the central office. Ariel from Organization 5 spent time managing these interpersonal relationships with affiliate leadership because, before she became CEO, affiliate leaders left due to these interpersonal conflicts.

Sometimes, the conflicts led to changes in the organizational processes and behaviors. For example, Ariel from Organization 5 discussed changing the way that fees are presented to the affiliates so people could gain a better understanding of how their money is used. Due to conflicts regarding requirements, Maria reported that her organization changed what they ask the affiliates to report and discussed with the affiliates how the paperwork is used. Instead of being a hinderance to the relationship between the central and affiliate offices, the conflict can provide a way for the organization to engage in positive change.

The most common impact due to conflicts was no change. The conflicts usually either persisted or tapered off, leading to no particular impacts. It is possible that the conflicts did not have an impact during the time of the study. But these conflicts also existed as a normal part of the organizational relationship, with no expectations of resolution or change. For example, Monique from Organization 4 reported that part of the reason behind the conflict between her affiliate and the central organization is due to the difference in scale (local versus national). This conflict leads to different priorities. It is possible that the conflicts will lead to organizational change in the future, but was not recorded in the time frame of this study. But, as conflict is a normal part of the organization, it would not be surprising to find that those in the affiliate or the central offices just let it be. Though some conflicts did lead to impacts, it seems to take multiple conflicts over a long period of time to create these kinds of positive or negative changes.

To better understand the relationship between conflicts and impacts, Table 5 provides examples of specific conflicts and their impacts. As can be seen, similar conflicts can lead to different impacts in an organization. For example, interpersonal conflicts in Organization 2 led to an individual leaving, while in Organization 9, it led to positive changes. In Organization 5, interpersonal conflicts sometimes led to no changes, while other times led to volunteers leaving the organization. It does not seem as though there is a one-to-one relationship between conflicts and impacts. Instead, conflicts may have various impacts, depending on the situation, the person, and the organization. Furthermore, an impact may be linked to multiple conflicts (de Wit et al., 2012).

Based on these impacts, the conflicts can be distilled into two themes. First, there are conflicts that lead to no outcomes. These are the conflicts which are perceived as minor, or remain because those involved may not want to exacerbate the issue. Second, there are conflicts with an outcome that impacts the organization. These impacts can be detrimental for the organization (e.g. Balser & Carmin, 2009; de Dreu, 2008), such as an affiliate leaving, or they can lead to positive impacts (de Wit et al., 2012; O'Neill et al., 2013; Tjosvold, 2008). In this study, some of the positive impacts of conflict included a change in programming or how to change the organizational structure. It is unclear, in this study, what might lead a conflict to go from no impact to major changes within the organization. It is possible that seeing the central office as a member of an in-group as opposed to an out-group may limit a conflict's negative impact.

Table 5. Examples of Conflicts and Impacts

Organization	Conflict	Impact
2	Interpersonal: Executive Director did not get along with those in the central office.	Individual Leaves
9	Interpersonal: Those in the affiliate had a bad relationship with the central office director.	Positive Change: New executive director spends time rebuilding relationship.
4	Requirements: The affiliates felt there was too much paperwork.	Positive Change: The organization changed the requirements.
6	Fees & Direction: Those in affiliate were upset about the fees the lack of say the affiliates have on organizational direction.	Affiliate Leave: The affiliates started their own organization.
2, 4	Direction: The affiliates were upset about the focus of national advocacy.	No Change
2	Fees: Feels that the fees lead to lower growth.	No Change
4	Misperceptions: Affiliates feel the central office has additional resources.	No Change
3	Direction: Affiliates and central office staff disagree on what should be done.	No Change
5	Interpersonal: Disagreements between volunteers and staff.	No Change or Individual Leaves

This can be done by working with the affiliates, communicating the purpose and progress of the changes (even if there is no progress), and inviting affiliate representatives to help build up organizational decision making so that they feel a part of the process. This means exploring novel ways to build communication so that the organization feels like one group. This communication can also help dispel misperceptions which an affiliate may have of the central office.

Strategies

Several strategies were discussed during the interviews around how to manage these issues. These include increased communication and support, both face-to-face as well as via e-mail, webinar, and phone. These meetings can include information about the staff in the central office so that the affiliates feel more of a connection, learn who is there to support them and how, and help the local affiliates feel as though they are not alone in providing services. Communication, especially when the organization is dispersed, is key. Small workgroups can provide the affiliates with more alone time with the central office, as well as help the affiliates feel as though they are part of the decision-making process. Providing insight and input from local affiliates in both the decision-making process and implementation provides affiliates with agency within the agency. Though face-to-face meetings would be preferred, these can be difficult due to cost and timing. These strategies can help those in the affiliate feel as though they are part of the same in-group as the central office, minimizing the us versus them mentality. Strategies identified in this study can be found in Table 6.

A lack of trust can especially create a situation where communication becomes limited between the central and affiliate offices. Building up the trust between the central and affiliate offices can help create stronger relationships and a freer exchange of information. Conflict does not have to be a source of tension, it can be an opportunity to create positive change within the organization, including a change in the requirements, and honest conversations about the resources available to the central office. The variable of distance adds issues to MNOs. By not being in the same office, managers in the central office reported having to spend additional time building and maintaining relationships with the affiliate offices.

Table 6. Strategies for Conflict Management

Organization	Conflict	Strategy
1	Direction	Include local affiliates in the decision-making process and let them choose their representatives.
1, 9	Interpersonal/ Misperceptions	Do a webinar or meeting so that affiliates can meet the staff members and see the central office.
5	Fees	Have honest, open discussions about how the fees are used.
4	Requirements	Have discussions about what the purpose of the requirements are, and work together to limit the paperwork.
2	Interpersonal	Increase e-mails and phone calls to create stronger bond.

A Holistic View of Conflict

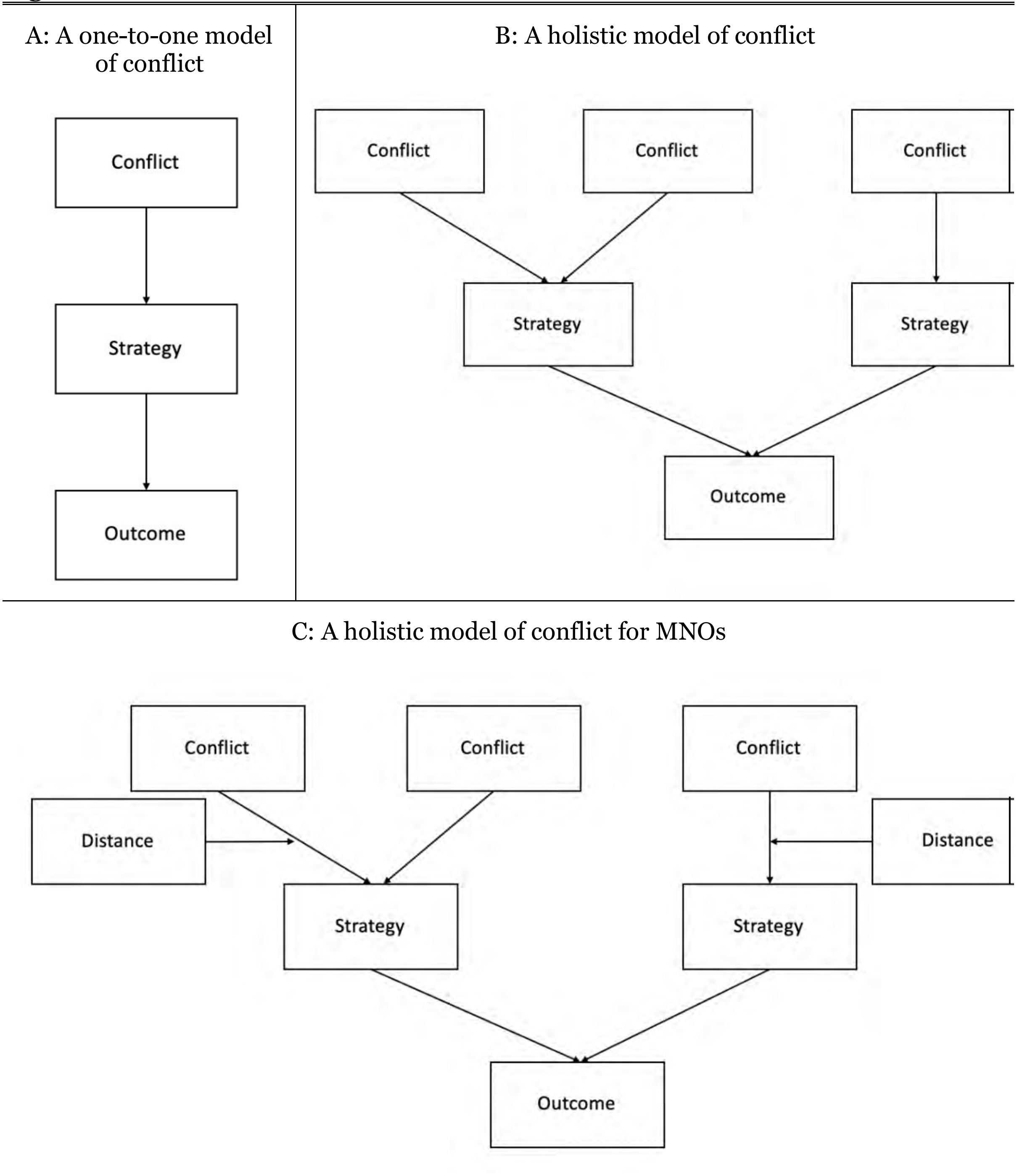
Understanding conflicts within MNOs is important because managing conflicts is a large part of managing MNOs. Multiple staff members at both the CEO and middle manager level, throughout this study, talked about conflict management as part of their job. It may be surprising to those who start working in central offices the amount of time they spend managing these conflicts. To provide guidance for those employees, this exploratory study builds on previous work examining conflicts within MNOs (Grossman & Rangan, 2001). Though there are no exact numbers on how many organizations have affiliates, these are an important aspect to the nonprofit landscape. Understanding the differences that these organizations face and how these differences impact their organizational behavior can help support managers within these organizations.

A holistic view of conflict builds on previous research that identifies specific conflicts as well as the ways such conflicts impact an organization (Tjosvold, 2008). It looks at conflicts which lead to different outcomes, as well as the strategies involved. This builds on the conflict management literature, which is concerned not only with conflict, but also with strategies and outcomes. Importantly, conflict is not a one-to-one system, where one conflict leads to one strategy and one outcome (as seen in Figure 1, A). Instead, multiple conflicts are dealt with by multiple strategies, leading to an outcome that may include the conflict dying out (Figure 1, B). With an MNO, distance acts as a moderating variable, adding complexity to the conflict (Figure 1, C). In the end, the purpose of this exercise is to show the complexities of conflict and conflict resolution. Multiple conflicts may interact with each other and lead to specific outcomes. Multiple strategies may be attempted. These conflicts are complicated parts of the organizational behavior. By looking at conflict from this perspective, managers can see how outcomes and responses are based not just on one conflict, but multiple conflicts that interact with each other. Furthermore, multiple strategies may be attempted before an outcome is reached.

Limitations and Future Research

This study builds on the current literature on MNOs and conflict, but there are limitations. Future research can be used to create a better understanding of how these types of conflicts play out in nonprofit organizations. As this is a qualitative study, I only looked at a small group of people in a specific type of nonprofit. Further quantitative research can provide interesting exploration into the experiences of MNOs. These studies can look at different types of nonprofit organizations, produce a larger N, and help to explore the prevalence of different types of conflicts. Furthermore, these studies can explore how size and affiliate type may affect different types of conflict. A study like this may also be able to compare MNOs to organizations with single sites to gain deeper understanding of how conflicts differ between these types of

Figure 1. A Holistic View of Conflict



organizations. Even looking solely at MNOs, a study comparing conflict between different MNO structure can provide insight into how MNOs function. Lastly, a larger study can explore how different personal and professional traits may lead to conflicts and various impacts. For example, a future study can explore how variables such as tenure with the organization or distance may lead to whether or not a conflict may have an impact. Another limitation is that, due to my outreach approach, there is potential bias in who might have agreed to be interviewed. This response bias may lead to a limited perspective of the conflicts reported.

A longitudinal study of how a nonprofit organization deals with conflict, or perhaps avoids dealing with conflicts, can provide insight into the way conflict plays out in nonprofit organizations and its effects on the organization in general. From this study, one can see that conflicts can lead to volunteers or even whole affiliate offices leaving the nonprofit organization. Why some of these conflicts lead to the affiliate leaving the organization, while others do not, is something I was unable to ascertain in this study. Longitudinal and case studies can provide a better examination of how these types of conflicts affect intraorganizational relationships in the long term.

Conclusion

Conflicts are a common occurrence in any organization. Though conflicts within organizations have been the topic of research in the management literature (De Dreu & Weingart, 2003; Greer et al., 2008; Kerwin et al., 2011; Schaeffner et al., 2015) and the human resource management literature (Jackson et al., 2014; Stevens & Campion, 1994), there has been limited work in understanding conflicts within nonprofit organizations, specifically MNOs. These conflicts may look different from conflicts in an organization with a single site due to the impact of distance. This leads to conflicts such as competition for resources, perceptions of the central office, and fees, which may not be seen in an organization with one office. Though this exploratory study looks at one type of organization (disease-specific organizations), it shows not only the conflicts that are experienced in MNOs, but also the impact of these conflicts on the organization. By understanding and identifying these conflicts, nonprofit organizations can make sure they are able to continue to provide services across various offices. This study contributes to the nonprofit literature by building an understanding of how various conflicts impact MNOs, how SCT can help better frame conflicts as an issue of in-group/out-group relationships, and by exploring conflicts with a holistic approach. This study provides support for professionals by normalizing the conflicts which they face, exploring strategies used, and identifying the outcomes of conflicts.

To better understand conflicts, this study uses SCT to examine how in-group/out-group relationships may impact conflicts. Specifically, due to the distance between the affiliate and central office, the affiliate may see the central office as a member of an out-group. These in-group/out-group relationships may exacerbate conflicts, especially those around trust, misperceptions of the central organization, and centralization/decision-making. This study explores how in-group/out-group relationships, within SCT, create and support conflicts within an organization.

For practitioners, this study explores strategies used to ameliorate conflicts within organizations which have multiple sites (see Table 6). Specifically, organizations which manage conflict over distance can better understand that not only are their conflicts normal, but they will not necessarily have a negative impact on the organization. Instead, conflicts may dissipate or can be used to create positive change within the organization. It is imperative to work with the local affiliate in conflict to better understand the roots of the conflict and ways that the organization can mitigate future conflicts. Furthermore, this study provides guidance to organizations that are thinking of expanding to multiple sites. As nonprofits move from a single-site model to a multisite model, they should be aware of the unique conflicts that exist within this model and prepare strategies.

Instead of viewing all conflicts as equal, different types of conflicts will affect organizations and individuals in unique ways, including having no impact or leading to positive change within the organization. Looking at a conflict holistically, including how multiple conflicts lead to specific outcomes, helps build on the research exploring the complex nature of conflicts (de Wit et al., 2012). Conflict in MNOs, specifically, may be affected by distance, both physical and cultural, which may lead to conflicts that are different from organizations with only one site (Smith, 2003). Understanding not only the conflicts, but their impacts as well, can provide insight into the long-term impacts of conflicts on the organization. Grossman and Rangan

(2001) suggested that, "[t]he key for management is to develop a governance system that accommodates this tension in a constructive rather than destructive fashion" (p. 335). By identifying conflicts and their impacts, this study builds on the ways researchers and managers can better understand the impact of conflict within an organization.

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Native American Homelessness and Minneapolis' Infamous Tent City: Dispelling Myths and Stereotypes to Uncover Solutions

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In the summer of 2018, an affordable housing crisis in Minneapolis, Minnesota led to the erection of a homeless encampment infamously labeled, "Tent City." Publicized by media as a camp for homeless Native Americans, pervasive myths and stereotypes filled the airwaves while public agencies and nonprofit organizations raced to find solutions to this community crisis before the cold winter months settled in. Written from the perspective of an Indigenous woman working in the social services sector of Minneapolis, along with her faculty advisor in a public and nonprofit graduate program, this article: 1) identifies issues of homelessness in Native American communities, 2) dispels myths and stereotypes about Native Americans that impede meaningful progress, 3) explores barriers to safe and secure housing for Native Americans and other marginalized communities, 4) identifies states and countries leading the way to solve homelessness, and 5) suggests best practices and solutions to the ongoing homelessness crisis.

Keywords: Aboriginal, Homelessness, Housing First, Indigenous, Native American

As is the case in much of the country, the Twin Cities area of Minnesota (e.g., Minneapolis and St. Paul) are experiencing an affordable housing crisis (Nelson-Dusek, 2017). In 2018, and in response to a shortage in housing and shelter beds, segments of the Twin Cities' homeless population developed an encampment that became known as Tent City, where more than 200 homeless community members erected camping–style tents along a highway in south Minneapolis. Tent City caused much commotion in the media, and coverage tended to focus solely on Native American inhabitants, perhaps due to its close physical proximity to the Little Earth of United Tribes Housing Complex (Lee, 2018). Although Native Americans comprised some of the homeless in the camp, media portrayal of the camp did not specify that only some, not all, of the homeless were Native Americans (Lyden, 2018). In addition, there was a characterization that most inhabitants were substance users, overlooking the important reality that there is a lack of shelter beds in the Twin Cities (Evans & Mannix, 2019).

What was lacking in media portrayals of 2018, and has come into greater public focus in 2020, are the wide racial disparities existing in this "progressive" city of the north. This is in reference to, of course, the intense international scrutiny for the killing of George Floyd at the hands of four Minneapolis police officers (Hill et al., 2020). Widespread and ongoing protests have

Jackson, J. R., & Fashant, C. S. (2021). Native American homelessness and Minneapolis' infamous Tent City: Dispelling myths and stereotypes to uncover solutions. *Journal of Public and Nonprofit Affairs*, *7*(1), 129-153. https://doi.org/10.20899/jpna.7.1.129-153

shed light on the fact that the Twin Cities have "some of the most abysmal numbers on racial inequality in the nation," including income inequality, employment gaps, poverty, homeownership rates, incarceration rates, and educational opportunity gaps (Rosalsky, 2020a, para. 2). Systemic inequalities should not be uncoupled from local policing practices, and even the 2018 draft plan to deal with Tent City noted that "city and county officials [were] concerned that a law enforcement–first approach would stoke tension among homeless residents, put them at risk of jail, and ultimately make it more difficult for people to transition into shelter" (Evans & Mannix, 2019, para. 5). In other words, "embedded racism" and its links to aggressive policing are undeniable in Minneapolis (King & Inskeep, 2020, para. 4).

In the summer 0f 2020, Minneapolis was once again grappling with several homeless encampments erected in city parks. As of this writing, there are "tents at about 30 of the city's 180 park properties" according to the Minneapolis Park Board, with as many as 560 tents at Minneapolis' Powderhorn Park, with city officials trying to mitigate ongoing violence and COVID-19 safety issues (Nelson, 2020, para. 5). According to Reinan (2020), "About half the people at the encampment had previously received homelessness services from Hennepin County…and about 45% identify as Native American" (para. 5). As city officials determine their next move, it is acknowledged that "the encampments on the north end of [Powderhorn] park were formed after homeless residents were evicted from a hotel–turned–shelter" (Otárola, 2020, para. 2). As an example, one Minneapolis hotel had been housing more than 200 homeless individuals and families at the height of the "street protests [and] riots," but "lacking other options…and seeking safety in numbers" when "ordered to vacate their rooms at the hotel," tent encampments have once again formed (Serres, 2020, paras. 1–2).

Racial disparities visible during the ongoing COVID-19 pandemic are also framing this investigation (Rosalsky, 2020b). The housing crisis in Minneapolis is almost certainly being exasperated by COVID-19, which is disproportionately impacting marginalized communities. According to Wright and Merritt (2020), the pandemic is proving particularly damaging to "vulnerable communities" including "low–income individuals, people of color, Indigenous people, and senior citizens" (p. 3). The authors note that "systemic oppression and disenfranchisement…are further exasperated by COVID-19…[including] 1) healthcare inequality; 2) segregation, overall health, and food insecurity; 3) underrepresentation in government and the medical profession; and 4) inequalities in participatory democracy and public engagement" (p. 5). In other words, these issues continue, making the recommendations set forth in this paper even more relevant.

Using Tent City as an anchoring backdrop, this paper 1) identifies issues and trends of homelessness in Native American communities, both current and historical; 2) dispels myths and stereotypes about Native Americans that impede meaningful progress; 3) explores barriers to safe and secure housing for Native Americans and other marginalized communities; 4) identifies states and countries leading the way to solve homelessness; and 5) suggests best practices and solutions to the ongoing homelessness crisis. Findings and takeaways include: 1) the need for culturally specific services to include trauma–informed therapy and treatment, 2) exploration of a Housing First initiative, 3) addressing systemic and structural barriers to home placements rather than focusing solely on individual behaviors, and 4) the critical need for nonprofit/social service organizations and public agencies to examine their own organizational implicit and explicit biases, with deeper reflection on how these biases intentionally or unintentionally perpetuate cycles of homelessness.

Tent City: A Closer Look

In the summer and fall of 2018, Tent City was erected on a stretch of vacant land near a freeway in south Minneapolis, where homeless Twin Cities residents set up camping–style tents as temporary homes. The camp location was in close proximity to the Little Earth of United

Tribes Housing Complex, so perhaps this led to the portrayal by media that Tent City consisted of all Native American people (Nesterak, 2018a). However, Native Americans struggling with chemical dependency were hardly the majority of the near 200 residents of Tent City in Minneapolis, Minnesota (Serres, 2018a). The Red Lake Indian Reservation in northern Minnesota stepped into action during the Tent City crisis, offering a solution to Minneapolis Mayor Jacob Frey to temporarily house all encampment residents and to build a nearby apartment building for low–income people of all affected races as a more permanent solution than the outdoor tents (Lee, 2019; Sepic & Nesterak, 2018). This intervention also may have led to the characterization that only Native Americans were experiencing homelessness of this nature.

This prevailing media narrative, focused on Native Americans and substance abuse in both 2018 and again in 2020, obscure the fact that the Twin Cities homelessness crisis is more accurately a product of "racist and discriminatory economic and housing policies (such as red lining), along with generational poverty, [which] continue to play a role in the overrepresentation of African American and American Indian people in the homeless population" (Pittman et al., 2020a, p. 7). For example, it was not helpful to have media using catchphrases such as the "Wall of Forgotten Natives" or "Drug City" or "Heroin Alley" in popular publications such as *Minneapolis City Pages*, *CBS*, *The Guardian*, *Minneapolis Star Tribune*, and social media (Chuculate, 2020; Davis, 2018; Du, 2018; Monet, 2018; Serres, 2018b). In reality, "at least three pregnant women…five families with school–age children…and people with disabilities" lived there alongside elderly people, including white, Black, and Latinx Americans (Du, 2018, para. 6; Serres, 2018a, paras. 12–13). Thus, due to sensationalized news stories and stereotypes begetting pervasive myths and stereotypes about Native Americans, much of the services sent to Tent City were primarily aimed toward substance abuse (Nesterak, 2018a). Logically, given that much of the services provided were geared toward addiction, the idea that the camp was comprised entirely of Native American drug users was widely publicized.

These inaccurate portrayals of Tent City were detrimental to the Twin Cities Indigenous community, in the way that stereotypes often are. While families and children of all backgrounds awaited help from social workers, the media misrepresentation characterizing Tent City as a place entirely occupied by drug users led to donation of a surplus of clean IV kits (Lee, 2018). However, services providing more comprehensive and basic healthcare may have been more appropriate given the actual needs of the people living there (Serres, 2018a). Also, because drug–related services were the focus of many aid programs, families waited longer for services unrelated to drugs (Lee 2018; Nesterak, 2018a; Serres, 2018a). This delay was detrimental to families and children, sick people, and elderly people, who all desperately sought help (Nesterak, 2018a; Serres, 2018a).

Tent City was also a favorite of the national news. According to Monet (2018), *The Guardian* reported an eye–catching story, "City Camp is a site of Native American homelessness, heroin, and hope," and *The Globe Post* reported a story titled, "Homelessness, drug use rife at Native American Tent City," but cited no direct sources for their claims, and wrote "most of the more than 200 people here are Native Americans, who have spontaneously gathered since the spring in this otherwise economically prosperous city" with no author identified (The Globe Post, 2018, para. 2). *The Globe Post* was contacted by the first author regarding the sensationalized headline and misinformation, but *The Globe Post* offered no comment.

At Tent City, a group called Natives Against Heroin (NAH) took charge of the spotlight, directing funding, supplies, and helped outside housing organizations find people at the camp. Though their efforts may have been well–intentioned, a potential side effect of their work may have further facilitated misinformed and destructive narratives (Lee 2018; Lyden, 2018). In a statement from the Metropolitan Urban Indian Directors, it was noted that "NAH's behavior and tactics have the effect of dividing our community, creating distrust, suspicion and fear, and are not Indigenous values" (WCCO, 2018, para. 3). Later, their leader was investigated for suspected dealing of heroin at the camp, though the outcome of the investigation is unknown (KMSP, 2018; State of Minnesota, County of Hennepin, Application for Search Warrant, 2018). NAH also established a GoFundMe page which last reported just under $15,000 raised; however, given it is not registered as a nonprofit entity, it is unclear how the revenues were spent (GoFundMe, 2018).

Weaver asks, How can we help people if we do not first have a clear understanding of their needs and/or properly assess their problems through direct communication and research (1999)? Why then, did the media focus most heavily on drug use, such as "passing out kits with new needles and naloxone" (Lee, 2018, para. 11)? Did the media coverage stereotyping Native Americans as drug users impact the receipt of services (Burkley et al., 2017)? Why hadn't there been more comprehensive media coverage of Tent City, especially in terms of the systemic issues of racism and poverty in Minneapolis, which are once again being amplified in the widespread national protests after the tragic death of Mr. George Floyd?

Unfortunately, stereotypes and media inaccuracy impeding services in times of crisis is an all too familiar narrative in America (Edwards, 2015). The devastating impacts of Hurricane Katrina provide a comparison and demonstrate how government confusion, misguided media, and delays can literally be deadly for communities, as the areas most drastically affected by Hurricane Katrina were already marginalized and impoverished (Edwards, 2015). As of April 2020, Hurricane Katrina was still the most expensive natural disaster to date (Statistica, 2020). If the government had acted with urgency and sound policy to correctly assess the crisis and dispel media sponsored confusion, more lives may have been saved (Lopez, 2015). Of course, in many tragedies, death is inevitable and sadly there were four reported overdoses resulting in death at Tent City, but it is unclear if all (or none) were Tent City residents. Nevertheless, most residents reflected typical homelessness qualities: elderly, people with healthcare issues, families, and disproportionate numbers of people of color (Pittman et al., 2020; Serres, 2018c, 2018d). Therefore, the services offered to the inhabitants of Tent City should have reflected the diverse needs of its residents.

Humanitarian efforts can be problematic in struggling and developing countries, as well as in marginalized areas such as Tent City (Lehman, 2017). According to the World Health Organization (WHO), in a report titled WHO on Medical Device Donations, "Only 10–30% of donated equipment becomes operational in developing countries…the rest end up in hospital corridors or patient rooms or litter the outskirts of villages, [and] sometimes they become playthings for children" (Bhadelia, 2016, para. 7). Experts suggest that the biggest problem with these types of efforts is that those who help or donate only help in ways they want and only for the time period that the problem is popular or visible. Consequently, these efforts are not the most effective in addressing and remedying the specific issues (Lehman, 2017).

Native Americans and Homelessness

For the purposes of this paper, definitions of homelessness include episodic homelessness, meaning "individuals who are currently homeless and have experienced at least three periods of homelessness in the previous year" (Jaggi, 2019a, para. 3). It also includes those who are experiencing chronic homelessness, meaning several episodes of homelessness in 3–4 years, based on Housing and Urban Development (HUD) or Group Residential Housing (GRH)/Housing Support definitions (Minnesota Department of Human Services, 2018; St. Stephen's Human Services, 2017).

Native Americans make up approximately 1% of the population in the Twin Cities region of Minnesota, including Hennepin County (Minneapolis) and Ramsey County (St. Paul), but make up approximately 4–6% of the homeless population (Gerrard et al., 2015; Heineman et al., 2015; U.S. Census Bureau, 2018a; U.S. Census Bureau, 2018b). Native Americans are overrepresented in the Twin Cities homeless populations, but why? Some are indeed coping with mental health issues, suffering from addiction, or escaping an environment of abuse. However, taken in tandem with the lack of shelter housing and affordable housing in the Twin Cities, and with some Native Americans having a healthy distrust of government or related organizations, the Twin Cities' Native homeless population tends to experience a heightened level of critical exposure (Nelson-Dusak, 2017; Nilssan, 2018; Pacheco et al., 2013; Pittman et al., 2020).

In addition, a major cause of chronic homelessness today is being sick and not being able to simultaneously afford adequate healthcare and housing (Nelson-Dusek, 2017; Pittman et al., 2020). Thus, when considering that, "American Indians have some of the poorest documented health outcomes of any racial/ethnic group," it logically follows that homelessness generally disproportionally impacts Native Americans (Nelson-Dusek, 2017; Pacheco et al., 2013, para. 1; Pittman et al., 2020).

What cannot be ignored in this conversation is the fact that the U.S. government historically actively participated in Native American genocide and the systemic removal of Native Americans from their homes to inadequate conditions on Indian Reservations, along with the impacts of racial covenants and red lining (Delegard, 2019; Kaul, 2019; Osten, 2016; Prucha, 2000). Racial covenants are well understood to be contracts in real estate that prohibit the sale of homes to people of color, and red lining is the systemic denial of housing to people of color (Kaul, 2019; Mapping Prejudice, 2019). This was legal segregation for many years in Minnesota–sometimes identified as Jim Crow in the North (Institute on Metropolitan Opportunity, U of M Law School, 2019; Kaul, 2019; Mapping Prejudice, 2019; Osten, 2016).

There are also systemic issues on Indian Reservations preventing most Native Americans from building wealth since they are not able to purchase property on Tribal Lands (Regan, 2014). The federal government forced Native Americans onto unwanted lands that made inhabitation and farming difficult (Prucha, 2000). These lands are allocated to the tribe but often held in trust by the United States government and cannot be sold, and parcels cannot be mortgaged to build a house (Schaefer Riley, 2016). The tribes cannot develop the land without federal government scrutiny, and Native American people are left without the ability to buy, own, sell, build, or inherit property, excluding them from generational wealth (Schaefer Riley, 2016).

Many countries with Indigenous communities and a history of colonialism face barriers when it comes to housing. For example, Australia's history is rife with housing discrimination along with "colonization, dispossession, and racism" leading to higher rates of homelessness for aboriginal people (Daley, 2017, para. 7; Martin et al., 2019). Australia assigns a three–strikes policy, which are identified as "disturbance, dangerous behavior, serious disruptive behavior, and minor disruptive behavior," but who is determining these disturbances and whether the determination is fair or not contributes to impaired rental records (Peters, 2016, p. 301). Thus, the three–strikes policy is a systematic discriminative practice of Australia's public housing that contributes to homelessness (Peters, 2016). This criminalization process disproportionately impacts Indigenous people compared to their white counterparts and leaves them more likely to face chronic homelessness (Peters, 2016). In this way, stereotypes of Indigenous people are exacerbated and spread through the criminalization of the three–strikes system; because of their criminal record, they cannot get housing, reflecting a vicious cycle (Peters, 2016).

Canada also has a history of housing practices that disproportionally impact and displace Indigenous people and minorities (Homeless Hub, 2019b; U.S. Department of Housing and Urban Development, 2012). In fact, "due to Canada's history of colonization of Indigenous Peoples and their land, Indigenous Peoples are overrepresented amongst those experiencing homelessness in virtually all urban centers in Canada" (Housing Hub, 2019b, para. 2). Also, studies note that the situation in Canada will not improve "without including voices of the homeless," and, as such, "any attempts to design and develop meaningful long–term initiatives run [the] risk of failing" (Peters, 2016, p. 116).

As a result of years of colonialism and systemic discrimination, New Zealand also has a disparate number of homeless Maori, the Indigenous people of New Zealand (Peters, 2016). Colonial New Zealanders anticipated that the aboriginal people would die out as "expectations of extinction were popularly expressed through ostentation memorials and commissioned art fare–welling the 'noble savage'" (Peters, 2016, pp. 324–325). Given the history of systemic racism, one of the major issues in New Zealand is that the government does not have enough data on its homeless Indigenous community. Thus, with key data missing from the equation, housing efforts for this endangered community are inhibited (Peters, 2016).

Alaska is another place with a history of systemic issues in government and public education leading to homelessness/chronic homelessness for Native Americans (Barnhardt, 2001). In Alaska, Native women and children are a majority of the homeless (Christensen et al., 2017). For Native Alaskan women, "Episodic homelessness, [stems from] histories of domestic violence, sexual assault, and growing up in [or losing custody of children to] the foster care system…anecdotal accounts of ethnic discrimination, substance abuse, incarceration, and…the child welfare system" (Christensen et al., 2017, p. 351). Other causes of homelessness in Alaska are "geographical flows of people, resources, social upheaval, and poverty" (p. 351). Studies show, "Behaviors typically seen by the general public as antisocial and as problems in need of fixing…are in fact part of an adaptive survival system that manages (and sometimes reinforces) the harmful stigmas that Alaska Native people living homeless encounter" (p. 351). These problems are perpetuated from a lack of resources and housing options; they are symptoms of poverty and oppression (Baxter, 2018).

A final example pertains to the Indigenous peoples of Hawaii. In 1893, the U.S. government overthrew the Hawaiian Indigenous monarchy in the name of business exploitation, and, in 1993, the U.S. government finally apologized for it (Swindle, 2012). With one of the highest rates of homelessness in the United States, Hawaii also faces homelessness caused by systemic issues, whether health issues or impaired rental records, or even criminal records, and the lack of harm reduction housing contributes to this issue (The Economist, 2014). Native Hawaiians also face stereotypes: "The people Indigenous to the Hawaiian Islands, are impoverished only in quality of life…[and] only recently has the myth that native Hawaiians are carefree people living in a tropical paradise been dispelled" (Mokuau, 1990, para. 1).

Dispelling Myths and Stereotypes and Native Americans

Since the inception of this nation, myths about Native Americans have been entrenched in historical narratives (Burkley et al., 2017). It is a problem that many voters, as well as those who write, enact, or implement public policy with potential ramifications on the Native American Community, have never or rarely interacted with a Native American person (Burkley et al., 2017). In fact, "most Americans have no direct or personal experience with Native American people…[they] constitute 1.7% of the American population…22% live on reservations, and most live within just a few states" (Burkley et al., 2017, p. 209).

Fears among eligible voters surrounding Native Americans regarding chronic homelessness, coupled with incorrect assumptions that Native Americans are lazy or substance abusers, can prevent services in reaching Native American groups (Burkley et al., 2017). Perpetuating these myths can prevent services because voters are less likely to feel sympathetic or feel like initiatives geared toward easing these issues are not necessary, valuable, or needed (Salzberg, 2016). Stereotypes have the effect of preventing services from reaching marginalized groups and impact the quality of services that they receive, including a lack of studies to explore the issue, especially those pertaining to public health (Aronson et al., 2013).

There are common myths and stereotypes about Native Americans that are simply untrue. They propagate narratives that most or all homeless Native Americans are suffering from substance abuse issues, such as what was seen with the media portrayal of Tent City. Other narratives promote the idea that Native Americans choose to be homeless because they receive free and guaranteed money or housing from the government, or that Native Americans are criminals, or that they have casinos and are rich, or that they attend college for free, and even that they do not pay taxes (Burkley et al., 2017; Housing Hub, 2019a; Native American Rights Fund [NARF], n.d.; Nilsson, 2018; Partnership with Native Americans, 2019).

Unfortunately, there have been many examples of organizations propagating Native American stereotypes for personal gain and/or funding. One example of this is St. Joseph's Indian School (Rose, 2014). The fundraisers for this boarding school propagated stereotypes about the Native American Community, namely using fake pictures and stories dubbed "poverty porn" to solicit funding (Fitzpatrick & Griffin, 2014, para. 14). One of the fake stories' that fundraisers devised was a quote from a child, claiming "My dad drinks and hits me...my mom chose drugs over me...my home on the reservation isn't a safe place for me to be" (Fitzpatrick & Griffin, 2014, para. 1). To add insult to injury, some tribes suffer from internal corruption like any form of government, and this can delay resources reaching those in need (Federal Bureau of Investigation, 2015). Fortunately, in 2014, the Crow Creek Tribe was able to speak out against St Joseph's, and the boarding school promised not to partake in that type of fundraising again (Fitzpatrick & Griffin, 2014; Rose, 2014).

Tugging on heartstrings or fabricating stories for money is not uncommon in any community; it happens everywhere (Gajanan, 2018). A New Jersey couple recently used a story and picture of a homeless veteran to scam many out of money and were court–ordered to give the money back; this man was chronically homeless, but the story was fake and played on stereotypes for money and recognition (Hefler, 2019). In the same way that stereotypes about Native Americans are destructive, this type of message is harmful to veterans and those who have a real story to share. Any time we objectify people in groups, this is the danger of what can happen, and it does happen more than people may realize.

Let us examine the validity of some of the pervasive stereotypes and call into question the accuracy of such media portrayals about Native Americans (see Table 1).

Barriers to Housing and Services

Although myths and stereotypes about Native Americans helped fuel the inaccurate portrayals of residents at Tent City, it emerged and flourished in part because of housing barriers in the Twin Cities (Lee, 2018). This is following a national trend in homelessness impacting more than just Native American communities (Lee, 2018). In general, the Twin Cities is confronting an affordable housing crisis as there is not enough affordable housing to accommodate seniors, families, members of the LGBTQ community, or otherwise culturally specific minority groups (Lee, 2018). Coupled with poorly funded shelters in the city, people experiencing difficulties in securing permanent housing face heightened plights (Lee, 2018; United States Interagency Council on Homelessness [USICH], 2010). The affordable housing shortage and dearth of resources for those with criminal records and flawed rental history, such as unlawful detainers, evictions, lack of rental history, or those with bad or no credit, enable landlords to selectively and, often times, discriminatively rent to tenants (Nesterak, 2018b).

The crisis of homelessness and its financial, social, and cultural implications have negative implications for everyone (Amster, 2008). One major barrier to housing the homeless and perhaps the most obvious one is that there just are not enough beds or places for them, and many shelters in Minneapolis including St. Stephens are nearly always operating at capacity (Wagner, 2018). There is also a common belief that there are plenty of services for those

Table 1. Myths and Truths About Native Americans

Myth	Truth
Native Americans are all substance users.	
"The trope is deeply woven into American social narratives (perpetuated both in popular culture and in scholarly circles) and it plays out in a number of ways. For instance, the drunken Indian male (a version of the degraded Indian) is often seen as morally deficient because of his inability to control himself, making him a menace to society" (Dunbar-Ortiz & Gilio-Whitaker, 2016, para. 2).	Roughly 27% of Native Americana women and 29% of Native American men report daily heavy substance use, which is nearly equivalent to their white counterparts (Chartier et al., 2010). Substance abuse is only the 3rd leading cause of homelessness in general or among Native Americans or both (National Coalition for the Homeless, 2017). The impoverished alcoholic is highly visible compared to the alcoholic that is not visible within their home and/or in more socially acceptable circumstances.
Native Americans all get free college.	
The myth that Native Americans get free college stems from some treaties that were signed, which assured that Native American children would get an education, but had nothing to do with college. When it comes to higher education, there is not free college for Native Americans, "Native American students must compete for scholarships along with other Americans" (Partnership with Native Americans, 2019, para. 5).	To be eligible for scholarships, one must first be a registered member of a federally recognized tribe. This is significant; while "567 federally recognized tribes exist in the US…another 460 tribes are unrecognized" (Oliff, 2013, para. 4). While some tribes do offer affordable technical and two–.year community colleges, Native Americans are just like any other college student and must qualify for scholarships, loans, and/or grants. Thus, many Native Americans must find funds and means to pay for college just like everyone else (Monkman, 2016).
Native Americans all benefit from casino revenues.	
It is a common belief that "non–native people generally assume Indians are getting rich from tribal casinos, and often engage in intensive question–and–answer sessions when challenged…people have difficulty reconciling public myth with factual information, especially about a subject so politicized" and this likely originates from the Indian Gaming Regulatory Act that was passed in 1988 (Robertson, 2017, para. 2). Since Tribes have the *approval* to have casinos, it is assumed that most *would* have casinos, and this belief has been perpetuated since this time (Robertson, 2017).	Only 42% of all federally recognized tribes have casinos – that is, only ¼ of tribes have casinos. In addition, many casinos do not have significant revenue except to assist with routine reservation or tribal administration costs (National Indian Gaming Commission, 2015). "Contrary to what many Americans believe, most Native people are living in the desperate conditions. Despite being given 'consent' to operate casinos on their own sovereign land, most tribes are living a poverty that many Americans would never dream existed in their own backyard…most Americans [are] under the mistaken notion that Indian Tribes are wealthy because they have been 'given' a special privilege to operate casinos" (Wells, 2010, para. 1).

Native Americans all get free government housing.	
There is a widespread myth that Native Americans get free housing and this may stem from the fact that the Bureau of Indian Affairs does receive some funding for housing assistance, but "these homes are not free" and this funding is divided between "disaster relief, child welfare, education, tribal government, reservation roads, general assistance and Indian Self–Determination; the Office of Justice Services for law enforcement, tribal courts and detention facilities on tribal lands" (Partnership with Native Americans, 2019, para. 2–3).	No, and they do not get free healthcare either (Bentley, 2015). Not only do Native Americans pay for housing they, "face some of the worst housing and living conditions in the United States," (National Congress of American Indians, 2020, para. 1). For example, The National Congress of American Indians (NCAI) reports that "40% of reservation housing is considered substandard…and nearly one-third of homes on reservations are overcrowded" (National Congress of American Indians, 2020, para. 1–2). Furthermore, "the nation's 5.2 million Native Americans have poorer health and less access to health care than the rest of the U.S. population…their uninsured rate is nearly 30%, compared to 15% for the country as a whole" (Vestal, 2013, para. 6).
Native Americans are criminals.	
The idea that Native Americans are "savage" or of an inherent criminal nature is historically rooted in colonization and power. It was often the case that those who resisted Christianity, colonization, or forced civilization of their culture were bad, evil, or criminal, and this became "institutionalized throughout the nation and exported to other countries, these images and others include dual portrayals of the good Indian (those who help Europeans) and the bad Indian (those who resist Europeans)" (Hirschfelder & Molin, 2018, para. 4).	Native Americans suffer as *victims* of crime at a significantly higher rate than the national average, notably "the violent victimizations…rate for American Indians (124 violent crimes per 1,000) was more than twice the rate for the Nation (50 per 1,000 persons)" (U.S. Department of Justice, 1999, p. 1). Also, among, "AI/AN (American Indian/Alaska Native) women, 56.1% have experienced sexual violence in their lifetime [and among those victims], 96% have experienced sexual violence by an interracial perpetrator" (NCAI Policy Research Center, 2018, pp. 1–2). Finally, "Native Americans are killed in police encounters at a higher rate than any other racial or ethnic group, according to data from the Centers for Disease Control and Prevention" (Hansen, 2017, para. 2).
Native Americans do not pay taxes.	
"It's still a fairly common misconception that Native Americans pay no taxes whatsoever. Not true. ALL Native Americans are subject to federal income taxes but, because of the states' inability to tax American Indians within reservation boundaries, individual Native Americans who live there do not pay state income taxes" (Berens, 2016, para. 7).	"American Indians pay federal taxes on their income and capital gains, just as any other American does" (Trahant, 2018, para. 2). All Native Americans are subject to federal income taxes (Berens, 2016).

Native Americans are lazy, do not work.	
Related to the casino riches myth is the myth that Native Americans are lazy and/or do not work due to gaming or in general because they are impoverished; however, this myth existed long before the Indian Gaming Act was passed in 1988. There is an extensive "history of stereotyping American Indians as lazy" (Fremstad & Stegman, 2015, p. 4). "The American Dream promises that anyone can make it if they work hard enough and play by the rules…anyone can make it by pulling themselves up by their "bootstraps," whereby putting blame on those in poverty for being impoverished (Reich, 2019, para. 1).	In fact, 77% of Native Americans have a high school diploma and 13% have a four–year degree; of those 13%, 78% work in science and engineering (Ridgway, 2013). In 2000, the unemployment rate for Native Americans was only 7.4%. During the recession this doubled but has since dropped back down, and this number is only slightly higher than their white counterparts due to less employment opportunities on reservations (Bureau of Labor Statistics, 2018).
Native Americans (and others) choose to be homeless.	
It is a widespread, common belief that homeless people choose to be homeless, perhaps due to the freedom it provides, when in fact, "This myth is dangerous and allows us to ignore the trauma of homelessness and neurobiological effects trauma has on humans…being homeless is stressful, humiliating, exhausting, and dangerous" (Council for the Homeless, 2017, para. 1). In relation to this myth, there is the notion that homeless people are service resistant, a lost cause that cannot be helped (Polner, 2019).	A harmful stereotype about homeless communities in general are that panhandlers are con artists (Keyes, 2013). Hustling, violence, and gangs are symptoms of lack of opportunities, poverty, and oppression (Muller, 2013; Roschelle, 2017). If people on the street panhandling or hustling had other opportunities to acquire wealth, they most likely would not be on the street (Tierney, 2013). "[T]he majority of American Indians live in cities, although very little federal funding is directed specifically toward them," and almost no one chooses to be homeless (Eligon, 2018, para. 8; Schanes, 2010).

experiencing poverty and homelessness and this is simply untrue (Housing Hub, 2019a). In the winter, shelters are fully occupied leaving many homeless people on the street. Shelters in the Twin Cities need more funding, and more beds, if they are to temporarily accommodate the homeless (Chapman, 2019).

Another driving factor in chronic homelessness is "social isolation" which occurs when a homeless person is placed in housing away from the community they know and trust (USICH, 2010, p. 4). Some temporary housing facilities and housing projects are notorious for having safety and crime issues and/or often transfer residents too soon (Anderson, 2006; Nesterak, 2019). There is also a lack of funding for mental health services and delivery of these services, and this unmet need contributes to the proliferation of homelessness (USICH, 2010).

Policy barriers that contribute to current homelessness include narrow income qualifiers as well as the requirements of someone first being defined as chronically homeless before they can get services, which is often the case with HUD, Housing Support (formerly Group Residential Housing or GRH) and Coordinated Entry System policies (National Alliance to End Homelessness, 2015; Minnesota Department of Human Services, 2018; St. Stephen's Human Services, 2017). These policies often define chronic homelessness as three to four episodes, continuous over three years, and are often conjoined with a plethora of reported traumatic experiences to categorize those most vulnerable, before divvying up the already underfunded resources (National Alliance to End Homelessness, 2015; St. Stephens Human Services, 2017). Accordingly, people who are not yet chronically homeless typically face trauma before they qualify as vulnerable enough to receive housing assistance (St. Stephens Human Services, 2017, p. 18). Along with these policies, those regarding strict sobriety in transitional housing also contribute to chronic homelessness (Burt, 2006).

Historical policies and practices have also generated some of the barriers that contribute to homelessness (Mapping Prejudice, 2019; Kaul, 2019). The Twin Cities has a long history of racial covenants such as red lining that were legal well into the 20th Century, and this, in part, has led to homelessness today (Institute on Metropolitan Opportunity, U of M Law School, 2019; Kaul, 2019; Mapping Prejudice, 2019; Osten, 2016). Racial covenants were not banned until the 1950's in Minnesota, leaving a legacy of segregation still visible to this day (Delegard, 2019). Racial covenants and red lining prohibited people of color from accessing homes in desirable areas forcibly creating ghettos and a scarcity of affordable properties that people of color were legally permitted to access (Howell, 2017).

Furthermore, studies show poor people of color experience intersectionality when facing compounded barriers from being poor, from historical systemic racism, prejudice, trauma, and violence (Coaston, 2019). Due to this, they may be less able to overcome a minor setback. A "vehicle breaking down, a sick kid, or a utility shut off notice can quickly spiral to the loss of jobs, income, and housing" (Olivet & Dones, 2017, para. 4). Homelessness for people of color is an intersectional issue requiring an intersectional solution (Olivet & Dones, 2017).

States and Countries Leading the Way to Solving Homelessness

While barriers persist and sudden homelessness may never be solved, there are places that have found solutions to end chronic homelessness (Minnesota Legislative Reference Library, 2013; Salhani, 2016). For example, in Japan, while homelessness and chronic homelessness does not come from racial discrimination, it does come from "economic globalization" (Hasegawa, 2005, pp.992–994). High costs of housing as well as the growing working poor resulting from economic globalization are the culprits of homelessness in Japan (Hasegawa, 2005). Habitually ignored by both citizens and government alike, people become homeless as a result of health and mental health issues and other co–occurring issues (Scott, 2017). However, Japan has been successful at addressing this issue by providing layered services in the form of temporary housing, mental health services, and job or career related programs (Salhani, 2016).

Finland is the only country in the European Union that is not experiencing an increase in homelessness (The Lancet, 2018). Since 2007, Finland has been using the Housing First model and is currently well on its way to ending chronic homelessness (Hopp, 2019). Housing First or Harm Reduction Housing is based on Maslow's Hierarchy of Needs, which recognizes that people cannot contribute to society or meet independent goals if they do not first have their most basic needs met, namely having a safe space to live (Maslow, 1943). Initially, Finland focused on people who were chronically homeless and built new housing to accommodate nearly 1,500 people; next it will focus on hidden homelessness, referring to people who are often cohabitating and do not have their own home (Hopp, 2019).

Medicine Hat in Alberta, Canada, has cultivated an effective policy on homelessness: "No person living without shelter goes more than 10 days" before receiving permanent housing placement (Salhani, 2016, para. 10). This approach has proven to be a better financial initiative than Alberta's previous housing efforts (Salhani, 2016). In fact, they are so successful that they are close to eliminating chronic homelessness (The Canadian Alliance to End Homelessness, 2019). In Medicine Hat, the government constantly evaluates all the services it provides in relation to all the identified problems of the community (The Canadian Alliance to End Homelessness, 2019). However, this process occurs alongside one fundamental value: the government does not blame a person for a housing placement that does not fit, instead it always seeks the systemic issues and the "quality of the interventions [the homeless are] being provided" (The Canadian Alliance to End Homelessness, 2019, para. 7). This is important because blaming homeless individuals and families for a circumstance that they did not create alone is haphazard and further prolongs homelessness and impedes access to services.

There are similar tendencies in the U.S. to adopt a Harm Reduction Model, and, in Alaska, the idea of Housing First has started trending (Baxter, 2018; RurAL CAP, 2019a; Tuttle, 2016). This model focuses on housing people regardless of their ability to stay sober and works to address mental health challenges (Jaggi, 2019b; National Alliance to End Homelessness, 2016). This model helps with housing no matter what, absent stringent qualifiers (Jaggi, 2019b; National Alliance to End Homelessness, 2016). This model is particularly helpful, because it is nearly impossible for people with mental health or addiction issues to focus on getting better, especially if they know that one mistake will make them homeless again and take away their opportunities (National Alliance to End Homelessness, 2016). This stress only propagates the cycle of homelessness (National Alliance to End Homelessness, 2016; Tierney, 2013).

Colorado's state government studied the Housing First initiative and found it saved "$15,733 per year, per person in public costs for shelter, criminal justice, health care, emergency room, and behavioral health costs…the savings were enough to completely offset the cost of housing ($13,400), and still save taxpayers $2,373" (Snyder, 2015, para. 5). The obvious financial benefits have urged several groups to implement Housing First in Alaska, including Rural Alaska Community Action Program, Inc. (RurAl Cap), Alaska Housing Finance Corp, and the Juneau Housing First Collaborative (RurAL CAP, 2019a; Baxter, 2018). The RurAl Cap program also offers other types of important poverty intervention services including Head Start and Early Head Start that also afford access to mental health services for children who have experienced trauma or other difficult circumstances. This helps end generational poverty and prevent homelessness by leveling the playing field, giving them a better chance to succeed and escape homelessness and poverty (RurAl Cap, 2019b). Similarly, Hawaii is now implementing its own Housing First initiatives, but funding remains a concern (The Economist, 2014).

Best Practices and Solutions to Native American Homelessness

Homelessness is so complex that no one solution will fix it. Therefore, it is well documented that a comprehensive approach is best. First and foremost, any organization providing services should have a mechanism, such as a client–led governing board, that provides the organization with honest and transparent feedback, engagement, and input from those they serve (Peters, 2016). On a broader scale, governments must recognize that homelessness is a symptom of societal causes and should aim to implement more wide–scale initiatives that target structural issues rather than individual issues (The Canadian Alliance to End Homelessness, 2019). Culturally specific services can help inform best practices by including Native American communities in their own reconstruction of services; they must have a true voice in identifying their own solutions (Peters, 2016).

Fortunately, Minnesota has claimed to be on track to seek "partnerships with culturally specific communities, including Tribal Nations, [to] prioritize funding for efforts most successful at improving housing stability in communities disproportionately impacted by homelessness" (Minnesota Legislative Reference Library, 2013, p.38). In a study on Indian Child Welfare, a survey used a cultural approach to create a Native Needs Assessment to better understand the specific issues and needs of Native Communities (Leake et al., 2012). This involved meeting face–to–face, working *with* Tribes, engaging at–risk communities, incentivizing survey replies, and putting work and time into better understand the problems and needs of the children (Leake et al., 2012). As a result, the study obtained extensive data in legal processes, child welfare practices in the Tribes, and other data that had only previously been speculative (Leake et al., 2012). Without data and participation from at–risk and homeless communities, it is nearly impossible to assess and craft culturally responsive solutions (Peters, 2016). Therefore, without a culturally specific, comprehensive, community–based approach, systemic issues such as homelessness in the Indigenous community cannot be assessed, addressed, or resolved (Weaver, 1999).

Politics, policy, and funding are all tools that will contribute to solving chronic homelessness in the Twin Cities (Lee, 2018). Organizations are working on educating leaders and conducting cost–benefit analyses of Housing First initiatives versus the cost of inaction (Minnesota Legislative Reference Library, 2009). Constituents must hold politicians responsible for the lingering legacy of systemic racism, red lining, and racial covenants (Delegard, 2019; Kaul, 2019; Osten, 2016). Undoing systemic racism and discrimination against poor people and people of color is imperative in the battle to end homelessness.

Ongoing good faith efforts to prevent homelessness must include working on the root of the problems that lead to homelessness which are: defunded culturally based programs, wage stagnation, discriminating housing policies, health and health care disparities, racism, poverty, generational poverty, and gentrification (Minnesota Legislative Reference Library, 2009). Politicians must be educated on the true costs of poverty and homelessness, the loss of productivity, and the extremely high cost to the taxpayer when the government is nonresponsive to homelessness (Minnesota Legislative Reference Library, 2009). Additionally, there must be on–going evaluations concerning the efficacy of programs ensuring they are working (Minnesota Legislative Reference Library, 2009).

Fortunately, positive policy changes are on the horizon. Minneapolis Mayor Jacob Frey vowed to do something about homelessness during his campaign and after he was elected (Diamond, 2019). The Minneapolis City Council recently passed renter protection policy by liberally scaling back screening requirements for renters such as limiting criminal background checks and credit checks. It also capped the amount of security deposits charged by landlords (Lauritsen, 2019). Moreover, politicians are focused on policy related to health care issues and mental health options in the Twin Cities, as "too many people don't have access to culturally appropriate or affordable housing, drug treatment centers or mental health counseling," (Lee, 2018, para. 23). Indeed, it is unacceptable that people experiencing a mental health crisis must wait “months” to see a psychiatrist (Minnesota Legislative Reference Library, 2009, p.31).

Safe injection sites have also been considered in Minneapolis (City of Minneapolis Health Department, 2018). Although federal government policies have conflicted in the past with states that wish to start safe injection sites, global scientific research shows positive outcomes when “such places promote safer injection conditions,” ultimately leading to “reduc[ing] overdoses and increase[ing] access to health services” (City of Minneapolis Health Department, 2018; Gordon, 2018, para. 9). Safe injection sites could help stop some of the exploitation and harm caused to Native American women in particular (Dell & Lyons, 2007). Native American women are one of the most exploited groups of people, due in part to the criminalization of drug use and shame of homelessness (U.S. Department of Justice, 2019). If there are regulated injection sites and other harm reduction efforts being employed, it creates a place where women can be safe and secure that hiding in the streets does not afford them (Dell & Lyons, 2007).

Red Lake Nation is one group leading the way for new funding, new housing, and culturally based services (Lee, 2019; Sepic & Nesterak, 2018). There will always be obstacles; Kateri was a St. Stephens transitional housing program for Native American women that operated from 1973 until 2017 when it was no longer financially viable to remain in operation (Du, 2017). American Indian Community Development Corporation (AICDC), Avivo, Minnesota Coalition for the Homeless, Homes for All, Indigenous People’s Task Force and many other nonprofit groups are continuing to fight chronic and hidden homelessness that particularly strain low wealth homes with low–income resources (Minnesota’s 2018–2020 Action Plan, 2018; St. Stephen’s Human Services, 2017). While Indigenous people have shown great resilience, to combat chronic homelessness in the long–term, Indigenous people must be able to look after each other and to offer transparency through services (Peters, 2016).

Education is another key component in preventing and solving homelessness, and Minnesota hopes to combat poverty with collaboration. Private sector, the faith community, and community groups need to conduct a public awareness campaign to educate Minnesotans about the causes of poverty and the consequences that poverty has not only on individuals, but on the overall state economy and quality of life...and correct misinformation about people affected by poverty and to suggest solutions that will help Minnesotans fight poverty and build strong, healthy communities (Minnesota Legislative Reference Library, 2009).

If successful, Minnesota’s plan will help dispel harmful stereotypes and myths that perpetuate ignorance (Aronson et al., 2013). Housing First campaigns are working hard at this by communicating with the public and politicians about the cost and saving potential of harm reduction housing and how it helps avoid emergency room/detox visits and mitigates police expenditures (Jaggi, 2019b). Communities cannot work effectively long–term to solve problems without data to provide a solid understanding of the issue (Peters, 2016). Because affordable housing initiatives do not lower property values, homeowners, neighborhood groups and other organizations must help spread this awareness with the aim of gaining allies in the movement (University of North Carolina, 2009).

Social media is a way to educate and raise awareness about the true cost of homelessness and information can be spread on many platforms quickly (Habenicht, 2015). Community radio stations and nonprofit newspapers can be publishing articles about the cost of ignoring the homelessness crisis (Kraker, 2019). Many coalitions and nonprofits work tirelessly in Minnesota to produce annual data reports; they advocate on behalf of homeless populations and help educate the public and government (St. Stephens Human Services, 2017; Pittman et al., 2020). They could publish this information in several formats to reach more people.

Early childhood prevention and trauma therapy are other ways to prevent homelessness (Gerrard et al., 2015; Heineman et al., 2015). Homelessness related to trauma and intergenerational trauma can be cyclical, so accessibility to high quality mental health care and early intervention services can help prevent adult chronic homelessness (Bethell et al., 2017). For example, ACE (Adverse Childhood Experiences) scores are one way that the fields of human services, social work, and others measure and quantify childhood trauma. High ACE's scores have a correlation to homelessness and medical issues in adulthood (Centers for Disease Control [CDC], 2019; Duncan et al., 2019). Bureaucratic neglect can hurt children with high ACE assessment scores and prevent children receiving the help they need (Yang & Ortega, 2016; CDC, 2019). One example in Minnesota is The Tapestry Organization in St. Paul, which offers culturally inclusive grief therapy, trauma informed therapy, and treatment services that many Native American woman need (Tapestry, 2019; Yellow Horse Brave Heart, 2013). Studies show this type of therapy can break family cycles of trauma, symptoms of poverty, and oppression that contribute to being becoming homeless (Collins et al., 2010).

Last, but perhaps most importantly, morality, ethics, and established organizational values must be at the forefront for service providers on the mission to end homelessness (Lonne et al., 2004). There needs to be compassionate, moral, and ethical people delivering these culturally responsive solutions (Lee, 2019; Minnesota Legislative Reference Library, 2009). This is especially important because "privilege is the other side of oppression" (Pease, 2006, p.3). Those working in the field of public and nonprofit administration must carefully examine their own implicit and explicit biases, must hold each other accountable, and must recognize/call out groups that are perpetuating myths and stereotypes, in acknowledgement of the fact that "corruption has a disproportionate impact on the poor and most vulnerable" (World Bank, 2018, para. 2). This is evident yet again in the wake of racial disparities exasperated by the COVID-19 pandemic (Rosalsky, 2020b; Wright & Merritt, 2020) and of course in the tragic death of Mr. George Floyd in Minneapolis (Hill et al., 2020).

Conclusion

The Native American community and the national homeless community at large still face a crisis whereby stereotypes and myths are perpetuated, and access to essential services is delayed (Aronson et al., 2013). If those in the field can intervene early enough through proactive rather than reactive measures, including culturally specific services for Indigenous people and children, and by facilitating access to high quality mental health care to heal and prevent trauma, then cycles of homelessness, chronic homelessness, and other poverty related issues could be significantly curtailed (Collins et al., 2010).

The issue of chronic homelessness in Native American and other communities is complex and will require interventions in mental health, early childhood, poverty, policies, infrastructures, education, and value shifts (Bethell et al., 2017). Homeless communities lack culturally specific services, data that can help identify problems and solutions, funding, having a voice in their own solutions, and they are impacted by harmful myths and stereotypes that impede access to services (Burkley et al., 2017; Lee, 2018; Peters, 2016). The cost of doing nothing about the current homeless crisis is simply not viable.

Homelessness affects us all and without proactively engaging in ongoing efforts to solve it, Minnesota is missing out on the potential contributions of marginalized people (Minnesota Legislative Reference Library, 2009). Minnesota shows promise, with the right words and proposals to end poverty and homelessness, but whether it can effectively defeat these issues like Medicine Hat in Alberta, or in Finland, remains to be seen. Are the steps to educate enough to dispel harmful myths and stereotypes, or will they fall on deaf ears? The first steps have been taken but the solutions will be reached only from continuous education, transparency, culturally specific services, and data tracking as well as funding these types of services, and of course an organizational reevaluation of efficacy of services (Minnesota Legislative Reference Library, 2009). In this way, perhaps all of us working in the social services sector can toil ourselves out of a job, and the Twin Cities will no longer be host to infamous Tent Cities.

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Social Inequities Highlighted by the Prolonged Pandemic: Expanding Sick Leave

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Since the beginning of the COVID-19 pandemic, a number of federal responses have been enacted in the United States to address the public health crisis, as well as the economic fallout and inequalities caused by the pandemic. A key feature globally in fighting the pandemic has been paid sick leave, as other nations have been successful in flattening the curve of infections by enacting emergency paid sick leave. This work explores best practices globally of paid sick leave used during the COVID-19 pandemic. Using the theoretical framework of punctuated equilibrium, this work spotlights the increased need to address paid sick leave in the United States. This work contributes further to understanding how policymaking in a federal system of government occurs during times of crisis.

Keywords: Sick Leave, Social Equity, COVID-19 Pandemic

The COVID-19 pandemic has certainly illustrated gender implications in the workforce and heightened awareness of the ineffectiveness of sick leave policies. While telework has become more of the norm for working during the pandemic, women face challenges in effectively working from home and maintaining a work-life balance. One significant indicator in achieving a work-life balance is having access to sick leave. Alves (2020) argues that increased paid sick leave is the key to fighting the coronavirus in New Zealand. This paper explores this claim. Coronavirus sick leave, particularly paid leave, and other workplace accommodations are important areas to explore as they have the potential to improve workplace equality, enhance employee job satisfaction, improve conditions for female employees, and achieve greater social and gender equity globally.

According to McDonald and Larson (2020), "the outbreak of COVID-19 has created instability in the U.S. economy" as many businesses reduced hours or closed locations to minimize the spread of the virus (p. 378). The U.S. Government acted through passage of the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020. The act increased unemployment benefits, provided for a one-time payment to most Americans, and included the Paycheck Protection Program to financially assist businesses with retaining employees (U.S. Department of Treasury, 2021). The legislation also provided sick leave benefits, which expired in December 2020. For example, Arkansas public schools directed $15 million from the CARES Act to school districts to offset up to 10 days of COVID-19 related sick leave for employees; however, when the assistance ended in December 2020, flexibility in sick leave was urged (Howell, 2021). Even with this action, many employers still laid off employees leading to widespread, record levels of unemployment.

As unemployment rates and the number of cases of COVID-19 soar, many individuals are

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becoming care givers for family members who are sick and are increasingly concerned about workplace protections and benefits. The COVID-19 pandemic has highlighted numerous inequalities globally. Women are more likely to experience significant burdens in caregiving responsibilities under stay at home orders and school closures, which have gendered implications for economic conditions (World Bank Group, 2020). According to Henderson (2020), "Mothers of small children have lost work at three times the rate of fathers in the pandemic, a situation that threatens not only progress toward gender equity but middle class income gains that have become increasingly dependent on working women." Fewer parents, both mothers and fathers, are working due to COVID-19 and those who are employed, have experienced reductions in hours (Kochhar, 2020). A recent study illustrated that unemployment among single, unpartnered mothers, particularly Black and Hispanic unpartnered mothers, increased drastically in comparison to other working parents (Barroso & Kochhar, 2020).

Globally, governments have responded to various aspects of the pandemic through emergency responses, as well as creating long term plans to address public health and the many unforeseen consequences. As unemployment rates increase and the demand for unpaid, emotional or care labor increases, governments have provided immediate or emergency response via safety nets to vulnerable groups and explored cash transfer programs (World Bank Group, 2020). In order to create long term, strategic responses, governments should "adopt mechanisms to support the economic empowerment of women with high-load unpaid care roles low-paid work roles during this crisis" and "ensure access to formal caregiving support when economic activities outside of the household resume" (World Bank Group, 2020, p. 20). According to the United Nations (2020), only 16% of social protection and labor law responses are gender-sensitive, "meaning they either target women's economic security or provide support for unpaid care." In the United States, women's rights advocates have demanded state and federal policies to help women during the COVID-19 pandemic by "mandating more flexible school and work schedules, requiring more paid leave for family care and establishing more protection against job discrimination because child care tends to fall to women" (Henderson, 2020).

The purpose of this work is to explore these gendered implications for economic conditions and, more specifically, to analyze workplace benefits, such as sick leave, that may further contribute to gender equality. The theoretical framework of punctuated equilibrium is used to highlight patterns of change to organizations' human resource benefits, such as sick leave, in response to the COVID-19 pandemic, which set the agenda for policy reform. The goal of the paper is to highlight best practices globally in providing meaningful sick leave to employees during COVID-19 and offering policy suggestions to improve FMLA in the future. This paper contributes to further understanding social equity in public policy reform, particularly by evaluating and improving family and medical leave benefits for all workers.

Empathy and Equity

In response, public administration scholars have called for the increased need of empathy during the COVID-19 pandemic to ensure policies are equitable, fair, and effective (Dolamore et al., 2020; Zavattaro & McCandless, 2020). For example, with the unanticipated increase of domestic violence and abuse due to COVID-19, researchers have prescribed empathy, care, and social equity to be used in collaborative planning and responses to victims (Rauhaus et al., 2020). Furthermore, Elias and D'Agostino (2020) explore the use of care in crisis in their work exploring how the COVID-19 pandemic was a catalyst to expand childcare services.

The use of empathy in public administration often aligns with the overarching goals of social equity. Social equity is defined as an active commitment to fairness, justice, and equality in the creation of public policy, distribution of public services, implementation of public policy, and management of all institutions serving the public (Johnson & Svara, 2011). The COVID-19 pandemic has highlighted a number of social inequalities throughout the United States and beyond. To illustrate, the World Bank Group (2020, p. 1) highlights the importance of understanding "how the pandemic affects particular groups" in order to effectively contain efforts and minimize potential negative impacts. Furthermore, the increased awareness of "racism and inequities across policy domains, all in public administration, must boldly speak truth to power and take responsibility for making positive change" (Berry-James et al., 2021, p. 8).

One area of importance is gender implications for economic conditions. Bishu (2020) studies gender equity in the workforce and social equity, noting that issues of gender most frequently refer to inequalities faced by those who identify as women; however, gender equity issues impact men who also face inequities in family benefits such as paid leave. The COVID-19 pandemic has impacted the workforce and economy in a number of ways, which may promote gender equality and further advance social equity. In response to the pandemic, businesses are quickly adopting flexible work arrangements which may persist, allowing fathers to take on greater responsibility for childcare, which may challenge traditional social norms (Alon et al., 2020).

Family and Medical Leave

According to the World Health Organization (WHO), the United States had over 26.2 million confirmed cases of coronavirus by February 2021, which is more than any other country (WHO, 2020). Therefore, it is imperative to explore sick leave in the United States during the pandemic. Approximately 30 million workers in the private sector did not have paid sick leave prior to the pandemic (Lobosco, 2021). Prior to the passage of the Families First Coronavirus Response Act (FFCRA), the Family and Medical Leave Act (FMLA) provided unpaid sick leave for covered employees who become ill or caregivers for ill family members. In order to address these issues, a number of private organizations, state and local governments, as well as legislation globally provide more comprehensive benefits to employees, such as paid leave (Gordon & Rauhaus, 2020).

Over the years, amendments to federal legislation have been made to expand family and medical leave. Prior to FMLA, federal legislation was narrowly focused on pregnancy discrimination. Reforms to federal legislation have emphasized a reframing of maternity leave, to include a more diverse view of parents and how leave is perceived by employees and employers (Gordon & Rauhaus, 2020). During the COVID-19 pandemic, paid sick leave and more flexible workplace policies have become even more important to all employees regardless of gender or parental status. Thus, the pandemic has led to the need to assess family and medical leave policies once more in a major way for the first time since the 1990s, and reframing the issue of sick leave once again.

Using unpaid sick leave is not feasible for most employees, particularly female caregivers during a pandemic, which illustrates the ineffectiveness and inequalities of the policy. Additionally, medical or sick leave is not readily available to all employees, particularly those working part time. During the pandemic, individuals who are ill are to stay home, but many workers cannot financially do so "unless government steps in to help make that a reality" (Alves, 2020).

The FFCRA temporarily requires certain employers to provide paid sick leave to employees or expand family and medical leave for reasons related to COVID-19 (U.S. DOL, 2020a). FMLA benefits extend to employees who are sick with the coronavirus but do not protect employees wishing to take leave to avoid the coronavirus (U.S. DOL, 2020b). Prior to the expiration of FFCRA, companies were to provide 80 hours of paid sick leave for absences related to COVID-

19 and provide employees with two thirds pay for an additional 10 weeks if they could not work due to school or childcare closures (Barrett & Greene, 2021). Thus, paid sick leave or sick leave entitlements have risen to the agenda and warrant an emergency response.

According to the U.S. Department of Labor (U.S. DOL, 2020b), there is currently no federal law covering non-government employees who take off from work to care for healthy children, and employers are not required by federal law to provide leave to employees who are caregivers to children temporarily dismissed from school or childcare. This creates numerous challenges for working caregivers, managing a global pandemic, and ultimately, hinders the ability for employees to achieve a work-life balance. Much like FMLA, the FFCRA has already being criticized for not providing paid sick leave to those who need it most, such as most essential workers employed by companies that are too large or too small to qualify (Fowers & Tan, 2020).

Employment protections and benefits during the pandemic, such as paid sick leave, must be revisited. This paper seeks to offer a normative approach to incorporating a more humanistic manner to correct social, economic, and gender imbalances.

Theory of Punctuated Equilibrium

Typically, public policy occurs in an incremental fashion; however, in response to crises, public policymaking can occur more swiftly to respond to social needs. The theory of punctuated equilibrium is applied to public policy when crisis or shocking events result in a "tipping point oriented towards sharp and explosive policy change" (Givel, 2010 p. 188). The COVID-19 pandemic can certainly be classified as an event that lead to a tipping point. The pandemic highlights the need to assess a number of public policies beyond public health and develop both short term and long term strategies to address public problems. Punctuated equilibrium policy theory describes the sharp, drastic changes that occur due to disruptive events caused by crisis and allows for reframing of an issue (Repetto, 2006). These drastic changes and departure from incremental policy making also face external resistance from political entrepreneurs, courts and rule of law, policy monopolies, and fragmented political system (Givel, 2010; Baumgartner & Jones, 2009).

The U.S. response to COVID-19 has illustrated key features of our fragmented political system, as short term responses to the pandemic have varied greatly by state. According to Baumgartner, Jones, and Mortensen (2018), "Complexity in political systems implies that destabilizing events, the accumulation of unaddressed grievances, or other political processes can change the 'normal' process of equilibrium and status quo" leading to drastic change for a short while to establish a new policy equilibrium (pp. 56–57). Generally, labor laws are protective in nature, with objectives of protecting traditionally underrepresented laborers, including women and young adults. Labor laws protect these groups from harsh workplace conditions, and aim to ensure fairness in wages, promotion, access to benefits, and beyond. The FMLA was passed in 1993 and has been amended over the years in an incremental fashion to respond to the needs of military families, airline flight crews, and same sex couples (Gordon & Rauhaus, 2020).

The prolonged pandemic has led to a number of legislative responses, which include addressing paid sick leave. Paid sick leave has not risen to the agenda at the federal level in the United States in nearly thirty years. The anticipated response may include further workplace protections and a re-examination of paid sick leave.

The gaps in FMLA lead organizations, states, and local governments to be more innovative in creating and adopting family and medical leave, or sick leave, that meets their specific needs. While FMLA does not guarantee paid leave, states such as California, New Jersey, Rhode

Island, and New York have recently been effective in offering paid sick leave. These examples of laboratories of democracy illustrate how policymaking at the local and state level may be more effective in addressing needs of citizens due to the complexities of our federal form of government. These states have also been responsive to revisiting paid sick leave during the COVID-19 pandemic, illustrating that muddling through policy change will not address urgent needs exacerbated by the pandemic.

While the federal government passed the CARES Act, guaranteeing many employees two weeks of paid sick leave if they contracted COVID-19 or were waiting for testing results and quarantining, benefits supporting sick leave coverage expired December 31, 2020 (Lobosco, 2021). Illustrating the fragmented political system, the CARES Act is a broad economic stimulus, which provides tax credits through March 31, 2021, to employers who voluntarily choose to offer the paid leave. The voluntarily nature of family and medical leave policymaking in the United States is commonly apparent, leaving states and organizations to develop sick leave policies that are more effective for their employees.

The COVID-19 pandemic has reframed the issue of sick leave, as more citizens regardless of gender and marital status are in need of access to paid sick leave and greater employment protections. Many people are spending more time at home fulfilling unpaid care work during the pandemic. For example, in the Maldives, COVID-19 has prompted men to help more with household chores and care responsibilities (Duerto Valero & Tinonin, 2020). There is a window of opportunity to reform sick leave legislation and enact policy change at the federal level, as the narrow framing of sick leave is no longer accurate or useful. Sick leave is no longer gendered during a pandemic. While the pandemic is ongoing and our political institutions are changing, there is a window of opportunity for paid sick leave to remain a policy priority on the agenda with the goal of expanding sick leave in an equitable, inclusive fashion.

Sick leave and workplace protections during COVID-19 appear to be on the Biden administration agenda, as he plans a more extensive response to the pandemic. The president's plan includes extending OSHA protections to those not currently covered and expanding mandatory paid leave benefits under FMLA, as the FFCRA expired in December 2020 (Mitchell, 2021). President Biden's plan would provide up to three months of paid leave during the pandemic that could be used for those: quarantining or sick with COVID-19, receiving a vaccine, caring for family members ill with COVID-19, caring for children whose day care or school is closed, and caring for older relatives whose long term care facility is closed due to COVID-19 (Mitchell, 2021). The plan does not propose changes to be made in an incremental fashion, as it addresses deficiencies in sick leave policy exacerbated by the pandemic. The proposal would cover more employees, provide paid leave, and be an increase to the number of sick leave days for employees. Supporters of the plan claim "the pandemic has demonstrated the need for paid leave even in ordinary times. The more workers get used to having it, and the more businesses see that it's feasible, the higher the likelihood of broad support for making it permanent" (Mitchell, 2021).

Best Practices in Paid Family Leave in Response to COVID-19

Globally, governments have responded to the greater need for paid sick leave and greater workplace flexibilities highlighted/caused by the pandemic. Traditionally, the United States lags behind other nations in the provision of medical or sick leave, as parental leave benefits should offer paid leave, have a funding mechanism with shared cost, and allow flexibility in scheduling, including part time work (Gordon & Rauhaus, 2020). Traditionally, best practices, which include paid leave and greater employee protections and flexibility, are found globally and in some U.S. states. For instance, California, New Jersey, Rhode Island, and New York offer paid family leave, making it easier to incrementally add greater benefits to address the COVID-19 pandemic. In analyzing best practices, it is common to find innovative approaches taken by state and local governments in the United States, as well as internationally.

According to the United Nations (2020), at least 36 countries have expanded family leave to respond to the global pandemic. This illustrates the importance of revisiting sick leave under the punctuated equilibrium framework. Of these nations, only 6 have provided paid sick leave. In Chile, parents have been granted sick leave extensions of up to 90 days (United Nations, 2020). Norway, a country traditionally known for family–friendly benefits and gender equality, increased annual childcare leave from 10 to 20 days for each parent, allowing single parents and parents of children with chronic illness extra days of sick leave (United Nations, 2020).

Among advanced industrialized nations, all provide for some paid sick leave as a legal right except for the United States (Rho et al., 2020). The success of these nations in combating COVID-19 varies as nations such as New Zealand and Australia are experiencing relatively few cases and deaths (Johns Hopkins, 2021). Australia has a population of 25 million people having experienced 909 deaths and 28,571 cases as of January 2021 (Johns Hopkins, 2021). By law, Australia grants sick leave of 10 working days a year to employees from their first day of employment (Rho et al., 2020). As of January 2021, New Zealand has had 2,188 cases and 25 fatalities attributed to COVID-19 among its almost 5 million inhabitants. The nation requires employees to be granted five days of sick leave per year after with minimum length of employment restrictions and an ability to carry forward days from prior years (Rho et al., 2020). New Zealand has provided guidance stating, "If a worker is sick with COVID-19, or required to self-isolate, the first consideration for an employer should be to look after people, contain COVID-19, and protect public health. Businesses may be able to apply for the COVID-19 Leave Support Scheme to support their employees" (Employment New Zealand, 2021). The Leave Support Scheme provides funding for eligible self-employed individuals and funds employers to pay employees who are ill with COVID-19 or awaiting a test result for 3–11 days of pay (Work and Income, 2021).

These types of employment support to expand sick leave are important as the parallel economic crisis of COVID-19 has unfolded. Employees without guaranteed sick leave may risk infecting others by returning to the workplace too early in order to ensure they continue to receive their pay and maintain employment. These actions in turn may have a detrimental effect on national efforts to contain the spread of the virus as people are less likely to quarantined.

The spread of COVID-19 has numerous factors including social, political, and economic drivers. The lack of guaranteed sick leave through federal law in the United States should be studied in this context given that the nation has led the world in the number of COVID-19 cases and fatalities, while making no provision for legally required sick leave (Johns Hopkins, 2021; Rho et al., 2020). A small number of state and local governments in the United States do provide for sick leave, but the lack of a unified approach largely leaves these decisions to be made by employers.

In the United States, few state and local governments have also addressed the need for better family and medical leave benefits and some states are introducing innovative approaches, which illustrates the momentum in policy change, adoption, and implementation. Most of these responses expired in December 2020, due to federal support concluding. New Mexico, California, and Illinois allocated funding for childcare subsidies in response to the COVID-19 pandemic (Henderson, 2020). In Oregon, the Department of Consumer and Business Services (2021) has created a COVID-19 Temporary Paid Leave Program, which has yielded over 19,000 applications. The program is available to those who must quarantine or isolate due to COVID-19 and provides a $120 daily payment for up to 10 days. In Washington, the Department of Labor and Industries "encourages employers to provide flexible paid sick leave that are consistent with state and local public health guidance and laws, and to make employees aware of those policies" (Washington State Department of Labor & Industries, 2021).

In New York, new paid leave for COVID-19 has been implemented after being signed into law by Governor Andrew M. Cuomo. The law guarantees job-protected paid leave to workers who are quarantining or isolating due to COVID-19 or caring for a minor dependent child due to COVID-19 and are unable to work remotely. Employees of medium sized businesses (11–99 employees and annual income greater than $1 million) will be granted job protections during quarantine or isolation and at least 5 days of paid sick leave (New York State, 2021). Employees of large businesses (100 employees or more) or the public sector are granted job protections for the duration of their quarantine and at least 14 days of paid sick leave (New York State, 2021).

In addition to existing paid sick leave, California implemented COVID-19 supplemental paid sick leave, which expired in December 2020. This supplemental plan includes employees previously exempt from paid sick leave and covered wages more extensively than FFCRA Emergency Paid Family and Leave. The FFRCRA paid two thirds of the regular rate, not to exceed $200 per day and $10,000 total. The supplemental plan in California provided employees the highest of their regular rate of pay for their last pay period, not to exceed $511 per day and $5,110 in total (California Department of Industrial Relations, 2021).

While Louisiana does not have paid sick leave, the state has extended benefits similar to those provided by the FFRCA until the end of March 2021 to classified employees in the executive branch. Louisiana's Civil Service Director noted that the sick leave benefits provide an "incentive to quarantine" when necessary and to slow the spread of COVID-19 (Barett & Greene, 2021).

Local governments also created and implemented incremental approaches to address sick leave during the COVID-19 pandemic. The City of Philadelphia Department of Labor provided a number of resources for sick leave during the pandemic, which also expired in December 2020. In September 2020, the City of Philadelphia amended Chapter 9-4100 of the Philadelphia Code to support health care workers (City of Philadelphia, 2021). In order to qualify for the COVID-19 pandemic paid sick leave, health care workers must have worked for the employer at least 40 hours in the three months before contracting COVID-19 (City of Philadelphia, 2021). The updated policy also required employers with 500 or more employees to provide up to 112 hours of paid sick leave related to the COVID-19 pandemic (City of Philadelphia, 2021). Sonoma County, California, claimed that "through a combination of federal, state and local legislation, almost everyone has the right to paid sick leave" (County of Sonoma, 2021). Residents in Sonoma County were entitled to up to 80 hours of emergency paid sick leave, up to 100 percent of their wages for COVID-19 related leave.

Conclusion

The number of COVID-19 cases continues to climb at a staggering rate and further highlights social inequities. As more people fall ill, the burden of the pandemic will fall upon families and care givers, often unpaid caregivers. The economic uncertainty that has paralleled the pandemic has created financial struggles for families as well. In order to both care for themselves, their families, and the broader community, workers need the flexibility to take sick leave. The pre-pandemic sick leave allocations in the United States have proven woefully inadequate during this time and continues to reinforce social inequalities.

The future of COVID-19 related paid sick leave in the United States remains uncertain. Best practices in the United States originated from state and local governments able to incrementally modify existing paid leave. While much of the United States does not have paid sick leave in place, the COVID-19 pandemic has highlighted the gaps in coverage of sick leave and the inability of employees to remain in quarantine without pay. Expecting employees to work if they are potentially ill or could spread the virus is a risk not only to the health of the individual but could promote significant spread, highlighting inequities and burdens to workers. Thus, sick leave policies have a wide ranging effect.

After decades of minor reforms to FMLA, the U.S. Congress created and passed legislation to temporarily respond to the need for more effective sick leave during the COVID-19 pandemic. The pandemic has highlighted many issues of social and economic inequalities, leading to increased agenda setting of many policy areas. The pandemic has punctuated the status quo of family and sick leave, highlighting the need for more practical, flexible policies that employees, including part time employees, can afford to use. The prolonged pandemic has led to a reframing of sick leave legislation, as recipients of sick leave are much broader than the intent of original legislation in FMLA. Reassessing paid sick leave and workplace protections during COVID-19 to include a more flexible, empathic frame may be integral in reshaping sick leave among sectors and implementing an effective, equitable policy for all employees.

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Nonprofit Hero: Five Easy Steps to Successful Board Fundraising by Valerie M. Jones

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Jones, V. M. (2018) Nonprofit Hero: Five easy steps to successful board fundraising. Lanham, MD: Rowan & Littlefield. $32.00 (Hardcover), ISBN 978-1538115022.

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Introduction

Nonprofit boards play a key role in organizational sustainability. They are relied on for leadership, oversight, and strategy and to ensure that financial resources are in place to carry out the mission of the organization. Yet, for many boards, fundraising is the most challenging aspect of their role. In *Nonprofit Hero: Five easy steps to successful board fundraising*, author Valerie Jones applies more than 20 years of experience as a nonprofit consultant helping nonprofit boards unlock their ability to raise funds. Jones outlines a step-by-step, realistic process that is immediately useful for nonprofit boards of all shapes and sizes to become fundraising heroes.

Description

The book is presented in just four chapters. The first chapter, "Unlocking the Secrets of Authentic Asking" sets the stage for the author's approach to fundraising. It begins with a series of prompts asking board members to think about their own experiences as donors and to think about the instances when their financial gift brought them joy and when it left a bad taste in their mouth. The author cleverly uses this tactic to highlight the power of authenticity in the fundraising process. Building on this exercise, Jones takes the reader through additional questions that help the reader think about and focus on their passion and what they care most about in life. Jones puts forth that knowing what is personally important is the basis for successful fundraising by stating, "Once you articulate what you care about and hope to accomplish with your life, you'll know how your nonprofit's mission aligns with your own" (p. 7).

After the reader has an idea of their passion and purpose, the author introduces the Myers Briggs personality type assessment as a means to help board members understand how different personalities play different roles in the fundraising process. Following the Myers Briggs assessment, the author introduces the traditional fundraising model, but reframes it by placing "thanking" as the first step rather than "research," which is typically what most

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fundraising books suggest. The author offers that thanking donors is not only an easy way to start fundraising, but is also a powerful means to retain current supporters. Jones drives this idea home by including the results of a national survey that found "not being acknowledged or thanked" was the top reason donors stopped giving (p. 22).

The second chapter, "The Five Steps," takes the reader through each of the five fundraising steps—thank, engage, research, cultivate, and ask—included in the model from chapter one. Jones taps into personal experience in working with nonprofits, and uses parables as a means to share real-world fundraising situations for each fundraising step. Jones offers several scenarios that correspond to each step while relating it to a specific personality type. Each scenario includes corresponding action steps that are immediately useful. Some scenarios encourage the reader to reflect a bit deeper by walking them through a journaling exercise.

The third chapter, "Do It Your Way: Sixteen Asking Personalities," gets to the heart of the author's approach by helping board members identify which fundraising superpower they are more likely to have, based on their Myers Briggs personality type. Each of the sixteen possible personality types are applied to each of the five fundraising steps along with examples of strengths, weaknesses, opportunities, and challenges. Jones includes a brief description and a few fun facts about each personality type, as well as a helpful reference chart on pages 68 and 69.

Chapter four, "Fund Your Vision," starts off reminding the reader that knowing their personality type is critical to the actual tasks of fundraising. The author moves on to practical resources that nonprofits can use, such as sample plans, tools, checklists, and scripts. The book concludes with the "Fundraiser's Toolkit" that includes examples such as sample thank you notes, giving dos and don'ts, and cultivation activities, to name a few.

Evaluation

Using individual personality types, motivations, and experiences, the author addresses the "yeah buts…" that are universal to anyone who has ever asked for money to support a cause. In helping board members learn about their personality type, raising money becomes an enjoyable, authentic activity free of the usual anxieties and fears related to "the ask." Furthermore, the author's approach that focuses on thanking donors as the first step in fundraising is a refreshing perspective. As such, "Nonprofit Hero" is a useful guide to help nonprofit boards overcome their fears about raising money.

If the desire is to find a comprehensive toolkit about how to raise money, this book may not be the best fit. Although Jones provides several tools, sample scripts, and examples, they are not exhaustive, but rather can be used as starting points. And, while the author provides tools and guidance along the way about potential issues related to each step, and helps the reader identify their unique style of fundraising, actually carrying out the steps might be challenging for most nonprofits. However, if a nonprofit chooses to use this book, they would need a "champion" who can guide the board through each step. An ideal champion would be the board chair, the executive director, or a board member. Furthermore, rushing through this book will defeat the purpose. Each section must be given the time necessary to allow for self reflection and engagement in the recommended action steps.

Conclusion

In conclusion, "Nonprofit Hero" is an excellent tool for board members to start a conversation about how to raise money for their organizations in an authentic way. The author uses self reflection and personality styles as a unique approach to the traditional fundraising model.

Ultimately, what Jones offers is a process for board members to reflect on their purpose and passion, turning fundraising into something full of excitement rather than dread. Jones states, "you can decide that no one cares about your cause. You can assume they will reject it (and you) if asked for support. If you're right, the world of fundraising is fraught with peril. If, on the other hand, you believe your life is ablaze with human stars twinkling brightly, ready to light your way…well, then, fundraising's a grand adventure" (p. 42).

Jones has succeeded in reframing fundraising in a way that inspires and encourages board members to uncover their superpowers. It would be an effective board development activity to use on a regular basis to keep board members engaged in fundraising. However, the book is more than just a fundraising tool for board members as it provides any group a process to discover how their personal purpose and passion supports the common goal.

Author Biography

Crystal Trull uses her more than 20 years of experience as a nonprofit professional consulting for nonprofit organizations and teaching master's courses on nonprofit management and leadership and nonprofit board governance at the University of San Diego and the University of California San Diego.

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