

Macalester College
Department of Sociology
SOCI194.01

Nonprofit Organizations

Fall 2007
TR 1:00-2:30 pm
Olin-Rice Hall, Room 247

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Synopsis

This course offers an overview of the historical development of the US nonprofit sector in the nineteenth and twentieth centuries.

The course readings, discussions, and assignments survey seven major topics.

Charitable Nonprofits: Definitions and Controversies

The first week's readings explore the legal frameworks of charitable nonprofit organizations that originated in medieval England prior to the colonization of North America. The aim is to account for why British – and subsequently, American – precepts of charity came to revolve primarily around three distinct, yet closely related, endeavors: the advancement of religion; the advancement of education; and the relief of human suffering and want. These objects give form and direction to the branches of the nonprofit sector defined in law as public benefit charities.

The Advancement of Religion

The second major focus of the course is to observe the historical evolution of the first domain of the charitable establishment – religious communities. We study the unique social and political dynamics of US society that gave American piety a distinctive cast. Among the topics highlighted here is how confessional pluralism and doctrines concerning the separation of church and state inspired an ethos of voluntarism that became one of the hallmarks of the national identity and lead to the immense proliferation of religious sects.

The Advancement of Education

The advancement of education is the second major realm of charitable endeavors. The readings on this subject concentrate on two issues. The first concerns political struggles over, and legislative mandates governing, public financing and regulation of primary and secondary schools under the direction of religious bodies and other nonprofit associations. Why did state and local governments progressively abolish public subsidies to confessional schools before the Civil War in favor of steering tax revenues to new institutions called public schools? Second, why have federal and state governments

liberalized public subsidies for elementary and secondary schools under private control in the past few decades?

The Relief of Suffering and Want

The fourth major topic concerns the transformation of private charities engaged in the relief of human suffering and want from colonial times to the onset of the Great Depression. The reconstruction of state and local governments, the advent of massive immigration from Europe, industrialization, and urbanization engendered new directions in American philanthropy, including an unprecedented explosion of poor relief charities. Apart from investigating the growth of health and social service agencies in the emerging nonprofit sector, the course readings will also delve into the controversies that raged at the turn of the century over the relationship between government-financed and administered charities and private charities devoted to alleviating poverty. And further, we observe how the rationalization of the nonprofit sector at the turn of the century eroded local, confessional sovereignty over charitable associations in favor of corporate financing and professionalized management.

The Political Economy of the Nonprofit Sector in Postwar Era

This section underscores the discontinuities that grew out of the arrival of federal dominance over US social policy in the postwar era – namely, the creation of a new mixed economy of the nonprofit sector. Before the Great Depression, the prevailing logic embedded in state and municipal policy was that public and private charities should operate independently of one and the other. Federal legislators injected a radical bias into policies of human betterment. In particular, one of the primary objectives of national programs launched after WWII was to make private institutions the direct beneficiaries of federal spending on social measures. The readings here survey the origins of this novel synthesis of public funding and private provision as well as explore the controversies surrounding the delegation of public services to private nonprofits affording education, health care, and other necessities. We dwell on one of the most important issues confronting state and local lawmakers in the US. Does the privatization of the welfare state reaffirm the government's obligations to provide for its vulnerable citizens, or, does it represent an abrogation of the social contract heralded in Progressive Era and New Deal legislation? Further, we study the pronounced tendencies of contemporary nonprofit organization to seek out new sources of revenue through commercial ventures and alliances with corporate sponsors in the for-profit sector. We also revisit the age-old question: who benefits from the services of the charitable, nonprofit organizations?

Social Welfare Organizations

US governments divide the nonprofit sector into charitable organizations – deemed 501(c)(3) organizations in the IRS tax code – and social welfare organizations, or, 501(c)(4) organizations. The latter devote themselves in great measure to issues of political advocacy and are pillars of American civic life and participatory democracy. We explore the transformation of civic engagement in America, charting both the rise and fall

of membership federations and the birth of their successors – national advocacy associations – in the Civil Rights Era and beyond.

Student Research

This course takes a service/community-based approach. Students who enroll in the class may liaise with the internship and community service offices to familiarize themselves with service opportunities in nonprofit organizations in the Twin Cities area, select a sponsoring organization, and develop their research project in cooperation with the agency of their choice. Students may develop their case study of a non-profit organization with or without completing an internship, although you are encouraged to consider fully the advantages of combining your coursework with an off-campus internship.

The last two weeks are reserved for student presentations of their research on their sponsoring organizations. These projects create an opportunity to apply the analytical and historical insights of the class readings, and further, to add to contemporary debates over the social benefits of nonprofit organizations.

Required Texts for Purchase

Boyer, Paul. 1978. *Urban Masses and Moral Order, 1820-1920*. Cambridge, MA: Harvard University Press.

Finke, Roger and Rodney Stark. 1992. *The Churching of America, 1776-1990: Winners and Losers in Our Religious Economy*. New Brunswick, NJ: Rutgers University Press.

Skocpol, Theda. 2003. *Diminished Democracy: From Membership to Management in American Civic Life*. Norman, OK: University of Oklahoma Press.

Assignments/Grading

No exams are required of students in this class. You need write 5 integrative essays – 5 pages in length – on major topics covered in the class. These essays represent 50% of your final grade. Deadlines for these essays are listed below in the syllabus in the readings section, highlighted with asterisks (*). I will circulate guidelines for the reflective essays in class.

Class attendance and participation account for another 10%.

The third component of your evaluation is based on the write-up and presentation of independent study of a nonprofit organization of your choice. 40% of your final grade depends on the quality of this research effort.

READINGS

Part I. Introduction

Week 1. Definitions and Controversies

September 6

92 pp

Boychuk, Terry. 2000. "Defining Charity: The Legal Foundations of Philanthropy."

Rauschenbusch, Walter. [1907] 1991. *Christianity and the Social Crisis*. Louisville, Kentucky: Westminster/John Knox Press. pp. 143-210.
BR115.S6 R35 1912

Part II. The Advancement of Religion

Week 2. Congregations in America

September 11, 13

275 pp

Finke, Roger and Rodney Stark. 1992. *The Churching of America, 1776-1990: Winners and Losers in Our Religious Economy*. New Brunswick, NJ: Rutgers University Press.
BL60. R35 1997

*First Essay Due Thursday, September 13

In *Christianity and the Social Crisis*, Walter Rauschenbusch imagines Christianity as a "revolutionary movement, pledged to change the world-as-it-is into the world-as-it-ought-to-be." Nonetheless, Christianity fell short of totally reconstructing society according to Rauschenbusch. The causes of Christianity's failure to realize its radical potential include: (1) early Roman persecution of Christianity, (2) the emphasis on other-worldliness, (3) asceticism, (4) monasticism, (5) sacramentalism and ritualism, (6) dogmatism, (7) churchliness, (8) subservience to the state, (9) the disappearance of church democracy, and (10) the absence of a science of social development. For Rauschenbusch the Protestant Reformation and social conditions in the US restored the revolutionary potential of Christianity, sweeping away these historical impediments to radical social change. The abandoned belief in the return of Christ, a newfound faith in the positive role of the state, the collapse of the monastic ideal, the retreat from sacramentalism, vanishing churchliness, the separation of church and state, and the restoration of church democracy – all favored a triumphant emphasis on Christian ethics and social action.

Writing nearly a century later, Roger Finke and Rodney Stark survey the history of mainline churches and upstart sects in the US since colonial times. In light of their analysis, would you conclude that a Christianity primarily devoted to social ethics and social activism is possible, as Rauschenbusch predicated? In your answer discuss Finke

and Stark's arguments about why sects grow and churches decline. Consider the lasting importance of other-worldliness, sacramentalism, and ritualism to the ascendance of American religious sects and how a social service ethos has prefigured the decline of mainline denominations.

Part III. The Advancement of Education

Week 3. Public and Private Schooling

September 18, 20

96 pp

Jorgenson, Lloyd. P. 1987. *The State and the Non-Public School, 1825-1925*. Columbia, MO: University of Missouri Press. pp. 1-41, 69-110, 216-221.
LB2828. J67 UST-OSF

Hodes, Jacob. 2000. "The Unconstitutionality of School Vouchers." *Princeton Law Journal* 4 (Winter) 1:41-46.

Greenhouse, Linda. 2000. "Justices Approve US Financing of Religious Schools' Equipment." *New York Times* 29 June: A21.

Wilgoren, Jodi. 2000. "Court Ruling Fuels Debate on Vouchers." *New York Times* 29 June: A21.

*Second Essay Due Thursday, September 20

Lloyd Jorgenson concludes his history of the common school movement with a series of questions that will likely remain pivotal in the evolving jurisprudence of the US Supreme Court.

In providing secular education, do the non-public schools render a valuable civic service, and if so should the state bear some share of the cost of that service? Is pluralism in education a potential source of strength and should it be encouraged? Should the state respect the wishes of those parents of public school children who consider religious observance or instruction an essential part of schooling?

In your essay address three issues. First, should the history of conflict between Protestants and Catholics over the formation of common schools in the nineteenth century have any bearing on future Supreme Court decisions concerning public financing of parochial schools, as Supreme Court Justice Clarence Thomas has argued? In other words, is overcoming historical discrimination and prejudice against religious minorities a valid justification for giving constitutional blessing to tax-supported parochial schools?

Second, much of the school question revolves around the principle of government neutrality toward religious organizations. The Supreme Courts currently upholds three interpretations of this principle: public schools may not provide any religious instruction;

private schools are eligible for direct public subsidies if government assistance serves a secular purpose; and parents may receive public funding to offset the cost of tuition at private schools as long as parents, and not governments, decide which schools their children will attend. Do the latter two interpretations violate the third stipulation of the three-part test described by Jacob Rhodes (page 45) in his article on the constitutionality of schools vouchers? Why or why not?

Third, another prominent rationale for school choice is that private schools provide an escape from failing public schools. You have just been elected to the Minnesota assembly to represent Saint Paul. A broad coalition – religiously and ethnically diverse – of supporters for school vouchers is standing outside your office at the capitol building. In a few moments they will demand that you back legislation to give all parents in Saint Paul a voucher to allow them to send their children to private schools. They couch the issue in civil rights terms: the public schools are handicapping minorities, and as such, represent a form of institutionalized discrimination. What do you tell them?

Part IV. The Relief of Suffering and Want

Week 4. Poor Relief in the New Republic and the Charity Organization Movement

September 25, 27

172 pp

Katz, Michael B. 1986. *In the Shadow of the Poorhouse: A Social History of Welfare in America*. New York: Basic Books. pp. 3-35.
HV91. K349 1986

Boyer, Paul. 1978. *Urban Masses and Moral Order, 1820-1920*. Cambridge, MA: Harvard University Press. pp. 54-120.
HT123. B67

Mohl, Raymond. 1971. *Poverty in New York, 1783-1825*. New York: Oxford University Press. pp. 241-258.
HV40446. N6 M6.5

Katz, Michael B. 1986. *In the Shadow of the Poorhouse: A Social History of Welfare in America*. New York: Basic Books. pp. 58-84.

Oates, Mary J. 1995. *The Catholic Philanthropic Tradition in America*. Bloomington, IN: Indiana Press. pp. 71-97.
BX2347. 019 1995

Week 5. Financing Public and Private Charities in the Progressive Era

October 2, 4

105 pp

Warner, Amos G. et al. 1935 [1894]. *American Charities and Social Work*. 4th edition. New York: Thomas Y. Cromwell. pp. 169-195.

Boychuk, Terry. 1999. *The Making and Meaning of Hospital Policy in the United States and Canada*. Ann Arbor, MI: University of Michigan Press. pp. 49-80.
RA395.A3 B694 1999

Oates, Mary J. 1995. *The Catholic Philanthropic Tradition in America*. Bloomington, IN: Indiana Press. pp. 98-118.

Lubove, Roy. 1965. *The Professional Altruist: The Emergence of Social Work as a Career, 1880-1930*. Cambridge, MA: Harvard University Press. pp. 183-219.
HV91. L8

Week 6. The New Civic Ideal: From Moral Control to Environmentalism

October 9, 11

92 pp

Boyer, Paul. 1978. *Urban Masses and Moral Order, 1820-1920*. Cambridge, MA: Harvard University Press. Chapters 8, 10, 15, 16, 18, 19, 20.

*Third Essay Due Thursday, October 11

The evolution of charities devoted to the relief of human suffering and want reveals several important transitions in the nonprofit sector during the nineteenth and early twentieth centuries.

In the nineteenth century, charitable associations viewed poor relief as both a religious imperative and fundamental to maintaining a precariously balanced social order among growing urban populations. Since mass poverty was still understood as an enduring, unalterable aspect of the human condition, charities promoted individual self-reliance and familial responsibility for the well being of dependents as the cornerstones of social order, and they viewed religious conversion as one of the means to this affirm this ethos. Public and private charities shared this perspective. As for public charity, local governments imagined the poorhouse as a refuge of last resort for the poor and as a temporary, and somewhat punitive, expedient to restore them to self-reliance. As for private charities, religious and educational instruction would preemptively curb vices and temptations that undermined self-reliance. Confessional philanthropy also endeavored to create intimate social bonds of mutual recognition and concern among the upper, middle, and working classes as fundamentals of conserving social harmony.

The late nineteenth and early twentieth centuries witnessed a substantial transformation in church-sponsored poor relief and in strategies for preserving social order. While the precepts of individual self-reliance and familial responsibility endure as underpinnings of poor relief – public and private, social reformers also begin to foresee an era of mass affluence that elevates positive environmentalism as a second, equally important pillar of social order. The rise of Charity Organization Societies, the Community Chests, and university-trained social workers all introduce new rationales into the work of private charities. The logics of efficiency, planning, coordination, and expertise now vie with traditional religious precepts of charity in shaping the ways and means of fielding social services.

Throughout this period secular visions of charity and social order increasingly replace religious ones. In your essay describe how this process unfolds in its many forms. Katz, Lubove, and Oates offer vivid accounts of how the financing, staffing, and organization of private charities underwent far-reaching reconstructions in the late nineteenth and early twentieth centuries. How did each of these transformations advance secular principles of poor relief and lessen the influence of uniquely religious motivations of private charities – even though the charity organization movement recognizes and sustains the prevalence of Catholic, Jewish, and Protestant affiliated charities in the new order. Also draw upon Boyer’s description of positive environmentalism and the civic ideal in your writings.

Part V. The Reformed Political Economy of American Nonprofits in the Postwar Era

Week 7. Nonprofits and the Reconstruction of the Welfare State

October 16, 18

121 pp

Boris, Elizabeth T. 1999. “The Nonprofit Sector in the 1990s.” Pp. 1-33 in *Philanthropy and the Nonprofit Sector in a Changing America*. Edited by Charles T. Clotfelter and Thomas Ehrlich. Bloomington, IN: Indiana University Press.
HV91. P57 1999

Smith, Stephen Rathgeb and Michael Lipsky. 1993. *Nonprofits for Hire: The Welfare State in the Age of Contracting*. Cambridge, MA: Harvard University Press. pp. 3-19, 46-71, 188-232.
HV9. S585 1993 CSC

Chaves, Mark. 1999. “Religious Congregations and Welfare Reform: Who Will Take Advantage of Charitable Choice?” 64 *American Sociological Review* (12): 836-846.

Week 8. Midterm Break: October 25-28

Week 9. The Commercial Transformation of Nonprofit Organizations

October 30, November 1

92 pp

Weisbrod, Burton A. 1998. "The Nonprofit Mission and Its Financing: Growing Links Between Nonprofits and the Rest of the Economy." Pp. 1-22 in *To Profit or Not to Profit: The Commercial Transformation of the Nonprofit Sector*. Edited by Burton A. Weisbrod. Cambridge, UK: Cambridge University Press.
HD2769.2.U6 T6 1998

Powell, Walter W. and Jason Owen-Smith. 1998. "Universities as Creators and Retailers of Intellectual Property: Life Sciences Research and Commercial Development." Pp. 169-194 in *To Profit or Not to Profit*.

Young, Denis R. 1998. "Commercialism in Nonprofit Social Service Associations: Its Character, Significance and Rationale." Pp. 195-216 in *To Profit or Not to Profit*.

Lamay, Craig L. and Burton A. Weisbrod. 1998. "The Funding Perils of the Corporation for Public Broadcasting." Pp. 249-270 in *To Profit or Not to Profit*.

Week 10. Nonprofit Organizations and Social Inequality

November 6, 8

109 pp

Salkever, David S. and Richard G. Frank. 1992. "Health Services." Pp. 24-54 in *Who Benefits from the Nonprofit Sector?* Edited by Charles Clotfelter. Chicago: University of Chicago Press.
HV95. W53 1992

Schwartz, Saul and Sandy Baum. 1992. "Education." Pp. 54-91 in *Who Benefits from the Nonprofit Sector?*

Salamon, Lester M. 1992. "Social Services." Pp. 134-73 in *Who Benefits from the Nonprofit Sector?*

*Fourth Essay Due Thursday, November 8

The post-war reconstruction of the nonprofit sector involved two major transformations: one, democratic, and the other, commercial. The former elevated nonprofit organizations to the forefront of national efforts to expand civil and social rights while preserving to the greatest extent their responsiveness to local constituencies and their autonomy from federal oversight. The latter grew out of a 30-year period of general economic stagnation accompanied by the leveling of government subsidies and private donations to nonprofit organizations. The search for elastic sources of revenue, in tandem with pro-market government reforms, have driven NPOs to retail services in new ways and intensify time-

honored commercial tendencies. Hanging in the balance is the nation's capacity to provide a social minimum for all citizens.

Smith and Lipsky survey the history of government subsidies to nonprofit organizations throughout the twentieth century and trace the changing objectives of public financing – from advancing social equity to promoting economic efficiency. In their estimation, why is the privatization of public services unlikely to yield significant savings to governments? In other words, why are contracting regimes incapable of producing the presumed efficiencies of free markets in government-financed social services? While public subsidies to nonprofit organizations fall short of market ideals, the open question for Smith and Lipsky is how contracting regimes can fulfill the promise of a national welfare state: universal access to basic health and human services. What measures can US governments take to balance the equity imperatives of social citizenship with the localistic and communal tendencies of nonprofit service delivery?

Mark Chaves presents the results of his recent study of religious congregations and welfare reform in the US. In terms of the congregations that favor government funding of religious charities and those that are most likely to take advantage of government funding, what is the great irony of Charitable Choice? How are Chaves' findings consistent with Finke and Starke's portrait of US Christianity and Lubove's portrait of the religious charities that came under the umbrella of the Community Chests/United Way?

To Profit or Not to Profit describes the growth of both competition and coordination between nonprofit and for-profit organizations and raises many unanswered questions about the future of the nonprofit sector. Of the emergent forms of commercialism in the nonprofit sector documented in the assigned chapters, which ones appear as harmless extensions of a NPO's mission? Which ones appear to corrode the social value of NPOs? Offer a concise justification for your conclusions.

The authors who researched the chapters of *Who Benefits from the Nonprofit Sector?* offer important findings about the capacity of nonprofit organizations to serve low-income populations. As for health services and social services, under what circumstances will NPOs most likely assist the poor? When are they least likely to do so? In the case of higher education, who provides more assistance to students from the low-income families – public or private schools?

Part V. 501(c)(4)s: Social Welfare Organizations and Democracy

Week 11. The Rise and Fall of Membership Federations

November 13, 15

172 pp

Skocpol, Theda. 2003. *Diminished Democracy: From Membership to Management in American Civic Life*. Norman, OK: University of Oklahoma Press. Chapters 1-4.
JK1764. S544 2003

Week 12. Advocacy Explosion: Civic Engagement in Contemporary America

November 20

118 pp

Skocpol, Theda. 2003. *Diminished Democracy: From Membership to Management in American Civic Life*. Norman, OK: University of Oklahoma Press. Chapters 5-7.

*Fifth Essay Due Tuesday, November 20

Theda Skocpol traces the history of citizen politics in the United States. She charts the rise and fall of fraternalism as a primary vehicle of political activism, and she details the subsequent rise of professionalism as the ascendant model of citizen advocacy in the past 40 years. She favors the restoration of federated, cross-class, and membership associations to provide more opportunities for civic engagement to those outside of the inner circles of professionalized advocacy groups.

In her estimation, what would be the advantages of resurrecting this model of civic engagement? In light of her account of the decline of membership groups, what are the obstacles to be overcome in regenerating this form of civic engagement? Which groups have registered success with this kind of grassroots organizing, and why?

And lastly, imagine that you have just been appointed to a blue-ribbon Presidential Commission on Restoring Civic Engagement in America, along with the heads of several philanthropic foundations. What public policies would you recommend to bring those alienated from the political system back into the fold of civic life?

Thanksgiving Break: November 22 - 25

Part VI. Class Projects

Week 13. Presentations

November 27, 29

Week 14. Presentations

December 4, 6

Week 15. Presentations/Summations and Assessments

December 11, 13

FINAL DRAFT OF INDEPENDENT RESEARCH PAPER DUE FRIDAY,
DECEMBER 14

Guidelines for Independent Research Projects

Preliminary Inquiries: A Descriptive Portrait

Mission

What are the objects of the organization? Are they charitable within the scope of the IRS 501(c)(3) designation? If so, which? Or, is it registered as a 501(c)(4) social welfare organization?

Does the organization primarily produce good and services? Or, engage in research or generate information and knowledge? To what extent does it devote resources to advocacy? Does it seek to advance one or more of these purposes? How does it balance these objectives?

The Three Sector Economy: Government, For-Profit, and Nonprofit

What is the relation between the organization as a nonprofit institution and the public and commercial sectors of the economy?

Does the organization work in partnership with local, state, or federal governments to produce services integral to the welfare state? Or, does the organization provide alternative/supplemental services to government-sponsored social programs?

Does the organization produce goods and services that for-profit organizations cannot or will not produce? Or, does it compete with for-profit firms for shares of a common market? Or, does it coordinate with commercial interests to advance joint ventures of mutual interest?

Relationship with Other Organizations in the Nonprofit Sector

Is the organization an affiliate of state or national organization, or, unaffiliated?

Does it coordinate or compete with other nonprofit organizations with similar vocations?

Financing

How does the organization generate income? What is the relative weight and importance of revenues drawn from donations/fundraising, fees-for-services, government subsidies or other third-party funders, and interest from endowments, respectively?

Governance

What is the composition of the board of directors? What are the primary responsibilities of the board of directors? Generate donations and represent donors? Provide professional expertise relevant to day-to-day operations of the organization? Represent the interests of the organization's clientele?

To what extent is the work of the organization subject to government regulation?

Does the organization fall under the jurisdiction of any accreditation and licensing bodies – professional, trade, or governmental?

To what extent do professional standards regulate the work of the organization?

Staffing

What is the balance between professional and volunteer staffing in the organization? How does the organization coordinate the work of professionals and volunteers? How does the organization recruit volunteers?

Beneficiaries

Who derives benefit from the work of the organization?

If it charges for services, who pays for them – clients, families, governments or other third-party intermediaries? How does it price its services – sliding-scale or uniform charges?

General Course Themes: Community, Society, Democracy, and Efficiency

The claims made for the nonprofit sector have varied over time. Our course readings and assignments have explored the range of distinctive and successive, and somewhat overlapping, ideals associated with private charities and social welfare organizations, annotated below.

Community: Religious Ideal

Society: Civic Ideal

Nation: Democratic Ideal

Market: Efficiency Ideal

In your essay, connect the description of your chosen nonprofit organization with the analytical heuristics detailed in these general course themes.