

## Nonprofit Collaborations with Local Governments In North Carolina

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### Executive Summary

In 2015 the Public Policy Institute (PPI) at Western Carolina University (WCU), in partnership with the N.C. Center for Nonprofits, conducted a survey on nonprofit collaboration<sup>1</sup> with local governments. The survey is concerned with specific programs, practices, and partnerships utilized by nonprofits in relation to local governments. By better understanding patterns and trends in regard to nonprofit collaboration with local governments, nonprofits may have a better understanding of how best to fulfill their important missions. These survey responses highlight several important trends in nonprofit collaborations with local governments:

- Within the last 3 years a majority of respondents (57%) stated that their nonprofit has partnered with local governments at least “frequently.”
- Over the next 3 years most respondents (57%) stated that their expected interaction with local governments will increase.
- The most frequent duty, service, or resource that is shared with local government agencies relates to informational exchanges between organizations.
- Overall, a majority of respondents (53%) stated that they believe collaborating with local governments has been “effective” or “very effective”, with another 29% saying the collaboration is “somewhat effective,” and only 9% saying that the collaboration has been either “ineffective” or “very ineffective.”
- A majority (63%) of respondents received some type of funding from local governments (either in grants, contracts, or some combination of the two).
- Collaborations often have important secondary effects, such as increasing trust and creating more favorable attitudes between local governments and nonprofit organizations.

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<sup>1</sup> Collaboration entails exchanging information, altering activities, sharing resources, and enhancing the capacity of another for the mutual benefit of achieving a common purpose



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## I. Survey Methods

This survey was distributed to 1,290 executive directors/CEOs or other organizational leaders of 501(c)(3) nonprofit organizations in North Carolina.<sup>2</sup> The range of organizations was varied, including health related agencies, youth advocacy organizations, arts councils, educational institutions, and professional associations. The survey was comprised of 22 questions; both multiple choice and open-ended questions were asked. The goal was to gauge how much nonprofit organizations collaborated with local governments, in what service areas, and the effectiveness of those collaborations.

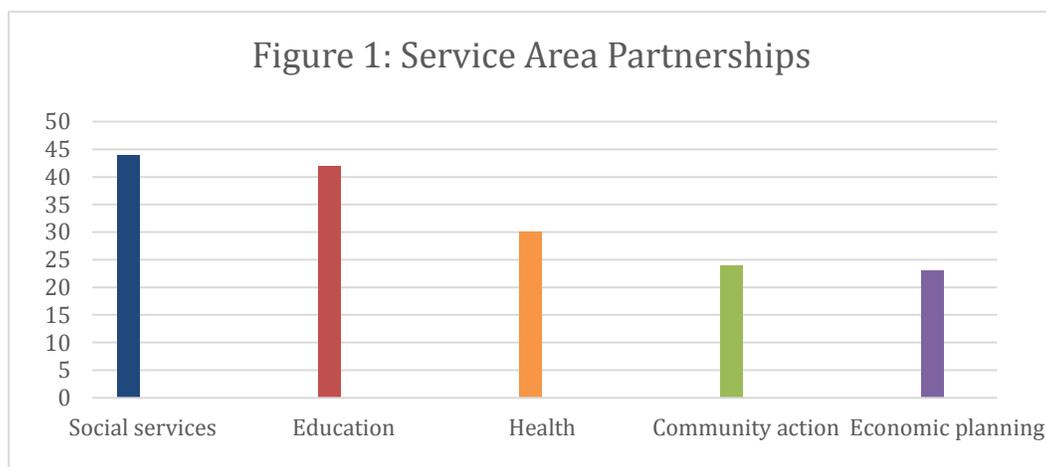
We received responses from 267 individuals representing nonprofit organizations across North Carolina with a response rate of 21%. Respondents hailed from 49 different counties, with 15% being from Wake County, 8% from Mecklenburg, and 7% from Durham. In regard to revenue, 28% of respondents stated that they indicated total revenue between \$100,000-\$499,000. Twenty-three percent of respondents stated that they indicated a total revenue of \$500,000-\$999,999 and another 23% stated that they indicated a total revenue of between \$1,000,000 and \$4,999,999. We also asked about the categories of programs and services that respondent nonprofits provide. The highest responses included human services, public/social benefit, health, education, and arts/culture/humanities.

## II. Trends in Nonprofit Collaborations with Local Governments

Over the last three years a majority of survey respondents (57%) stated that they frequently worked with local government agencies in some form of public service delivery or planning. Another 18% said they worked with local governments “occasionally,” with 9% stating they rarely/very rarely collaborated with local governments, and 15% indicated that they have not collaborated with local governments in the past three years. Survey respondents also reported they partnered with a wide range of local government agencies. Some nonprofits reported that they only partnered with one local government agency, while others reported that they worked with more than 100.

We asked respondents to indicate the service areas in which they collaborate with local governments.

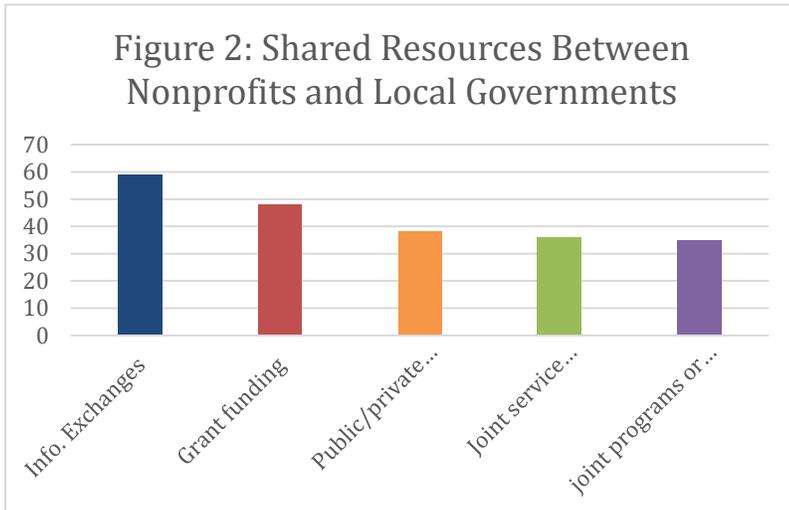
Respondents could check more than one area. As shown in Figure 1, the plurality of respondents (44%) stated that they partner with local governments in social and human services. Two other noteworthy service areas in which



<sup>2</sup> Contact lists were provided by the NC Center for Nonprofits.

nonprofits and local governments partner together are education (42%) and health (30%). Disaster planning/emergency response was the service area in which local governments and nonprofits partner the least frequently.

When it comes to coordinating with local government entities, the majority of respondents (65%) stated that there was not a specific employee who was responsible for coordination. A majority of respondents (55%) also reported that decision-making authority is generally shared equally between public and nonprofit organizations.



We also asked what types of duties, services, or resources are shared by the nonprofit and local government partner. Again, respondents were allowed to select more than one choice. As displayed in Figure 2, the top five shared duties or services are: information exchanges (59%), grant funding (48%), public/private partnerships (38%), joint service delivery (36%), and joint programs or policy development (35%).

### III. Local Government Funding of Nonprofit Organizations

We asked respondents several questions about whether their nonprofit has received funding from local government agencies through grants or contracts<sup>3</sup> to help support the public services their organizations provide. Many respondents (37%)<sup>4</sup> stated that they did not receive funding through grants or contracts, while more than one-fourth (28%) stated that they received funding through grants but not contracts, 14% stated they had contracts with local governments but no grants, and 21% answered that they had both contracts and grants from local governments.

We asked respondents to estimate of how much funding their nonprofit received from local governments in the past year. We received a wide variety of responses, from \$300 to several million dollars. Overall, half of the respondents stated that they received less than \$50,000 in funding from governments, although some mentioned funding from programs that were not exclusively “local” government programs.

<sup>3</sup> A grant is money given to pay for another level of government or a nonprofit to provide goods and services for public purposes. While in a contract money is given to purchase a good or service from a government or nonprofit directly for another government entity.

<sup>4</sup> This was higher than a recent national survey in which 27% of nonprofit respondents stated they did not receive any government funding (Nonprofit Finance Fund (2015), “State of The Sector Survey,” retrieved on May 25, 2016 and available at <http://www.nonprofitfinancefund.org/state-of-the-sector-surveys>).

We also asked if nonprofit organizations ever had problems in terms of receiving payments from local governments for grants or contracts. The majority (60%) stated that they have not experienced problems with payments from local governments, while 30% indicated that late/non-payments had occurred rarely, and only 10% indicated a frequent problem with late or non-payments. This is a good sign and may indicate that this is not as significant problem in North Carolina as elsewhere. For example, nonprofit respondents from a 2015 national survey by the Nonprofit Finance Fund reported that approximately half of all government payments were late.<sup>5</sup> Another recent survey by the Urban Institute that surveyed public charities with budgets greater than \$100,000 also found that 87% of nonprofit respondents from North Carolina experienced at least “small problems” with late payments.<sup>6</sup>

Several respondents noted that the funding they receive is crucial to their continued operation, and can even have non-budgetary effects, such as one survey respondent noted:

*We apply for and have received Community Development Block Grant (CDBG) for a number of years. While the amount is not large, the exposure to the City Council (we have to go and speak at a public hearing) members and those in attendance is invaluable.*

#### **IV. Evaluating Nonprofit Cooperation with Local Governments**

We asked a series of questions in order to evaluate the success of local government collaborations. When asked about the overall effectiveness of nonprofit collaborations with local governments in meeting intended goals, a majority (52%) of respondents stated that their collaboration efforts had been “effective” or “very effective” in achieving their intended goals. Only 15% stated that these collaborations had been “ineffective.”

Regarding the initial decision to partner with local governments, some respondents (14%) stated that they partnered with local government agencies in order to improve community access to their services. Another 14% stated that they partnered with local government agencies to gain more resources and funding for their nonprofit agency. It should be noted that 13% of respondents stated that they partnered with local government agencies in order to address problems that their nonprofit could not solve alone. When asked about what influenced nonprofits to *not* collaborate with local government agencies, few respondents provided an answer, but the most common response (given by eight respondents) was that few local government agencies focused on their needs or have experience in their area of specialty.

We then asked a series of more specific questions concerning potential “secondary” effects from these partnerships, as displayed in Table 1 below. Respondents were given a set of prompts and then asked whether the partnerships with local governments had achieved that benefit “to no

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<sup>5</sup> Nonprofit Finance Fund (2015), “State of The Sector Survey,” retrieved on May 25, 2016 and available at <http://www.nonprofitfinancefund.org/state-of-the-sector-surveys>

<sup>6</sup> Pettijohn, Sara L., Elizabeth T. Boris, and Maura R. Farrell (2014). “Government Contracts and Grants 2013: State Profiles,” *Urban Institute*, retrieved on May 25<sup>th</sup> and available at [http://www.urban.org/research/publication/national-study-nonprofit-government-contracts-and-grants-2013-state-profiles/view/full\\_report](http://www.urban.org/research/publication/national-study-nonprofit-government-contracts-and-grants-2013-state-profiles/view/full_report).

extent,” “to some extent,” “to a great extent,” or if this benefit was not applicable. Table 1 displays the percentages for each answer choice based on those that answered each question.

<b>Table 1: “To what extent have collaborations with local governments . . .”</b>				
	<b>To no extent</b>	<b>To some extent</b>	<b>To a great extent</b>	<b>N/A</b>
<b>Saved our nonprofit money</b>	34%	28%	22%	14%
<b>Increased the level of community service and programs</b>	4%	41%	48%	6%
<b>Increased the quality of community service programs</b>	4%	45%	43%	6%
<b>Secured new public or private funding for our nonprofit</b>	44%	25%	17%	13%
<b>Secured new public or private funding for a governmental agency</b>	44%	25%	7.9%	22%
<b>Reduced our nonprofit’s need to compete with local governments for resources</b>	45%	18%	9%	27%
<b>Increased access to volunteers and other resources</b>	30%	45%	12%	12%
<b>Increased local government’s trust in its nonprofit partners</b>	9%	39%	35%	15%
<b>Created more favorable attitudes by public employees towards nonprofit organizations</b>	9%	39%	25%	26%
<b>Created more favorable attitudes by elected officials towards nonprofit organizations</b>	9%	40%	29%	21%
<b>Created more favorable attitudes by nonprofit employees toward local governments</b>	12%	45%	25%	17%
<b>Increased citizen engagement in community activities</b>	14%	46%	24%	15%

Overall, Table 1 presents a positive picture of nonprofit/local government partnerships. Most respondents said that collaborations save the nonprofit organization money, increase citizen

engagement in the community, increase access to volunteers or other resources, and increase the amount and quality of services provided at least “to some extent.” Collaborations also appear to improve relationships as respondents said that partnerships generally increase trust by local governments in nonprofits, create more favorable attitudes by public employees and elected officials toward nonprofits, and create more favorable attitudes of nonprofit employees toward local governments at least “to some extent.” This suggests that initial collaborations could have reputational benefits to the nonprofit organization outside of the success of specific programs. As one nonprofit manager noted in an open-ended comment:

*The county government supports us in increasing access for children in Title 1 schools to the educational programming we provide, we could not provide this programming free if not for INCREASED county support. It was successful because the increased funding was tied to a particular need of ours, and to the goals of our county government.*

However, the collaborations did not seem to greatly increase funding. A plurality of respondents (44%) indicated that local government partnerships had not secured new funding sources for either the nonprofit organization or the local government.<sup>7</sup> When we asked if partnerships had reduced competition with local governments for resources, again a plurality (45%) indicated that collaborations had not reduced competition for resources. While many positive aspects occur from these partnerships, our respondents did not overwhelmingly see additional resources as being one of them.

## **V. Changes in Nonprofit Collaborations with Local Governments**

When asked about interaction with local governments in the past three years, the majority of respondents (52%) stated that their interaction with local governments has increased, while 44% stated that their interaction with local governments has stayed the same and only 4% stated that their interaction with local governments decreased in the past three years. Looking to the future, when asked, “do you expect your nonprofit’s interaction with local governments to increase, decrease, or stay the same,” the majority of respondents (57%) stated that they expect their interaction with local governments to increase over the next three years. When asked if nonprofits agree that private interests (including nonprofits) should remain separate from local government actions and influence, only 15% of respondents agreed. This is a noteworthy statement because it shows a majority of respondents are open to the idea of closer collaboration with local governments, which the survey data has confirmed. With regard to nonprofits and local governments working together, one survey respondent stated:

*“Our nonprofit is a recipient of an annual grant from the local county government. This grant funds a key healthcare position at our clinic. Funding this key position helps to provide stability to the organization and advance our mission of providing healthcare in our community to those who are economically-disadvantaged. A County Commissioner now sits on our Board of Directors.”*

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<sup>7</sup> For our survey purposes, the questions did not distinguish between public and private sources of new funding.

## VI. Potential Limits to Collaboration

We also asked a series of questions in hopes of tapping into potential limitations or perceptions that may hinder collaborations with local governments. We listed several statements and asked respondents to indicate whether they agreed or disagreed with each. We also asked an open-ended question that allowed respondents to comment on reasons that nonprofit and local government collaborations have been unsuccessful.

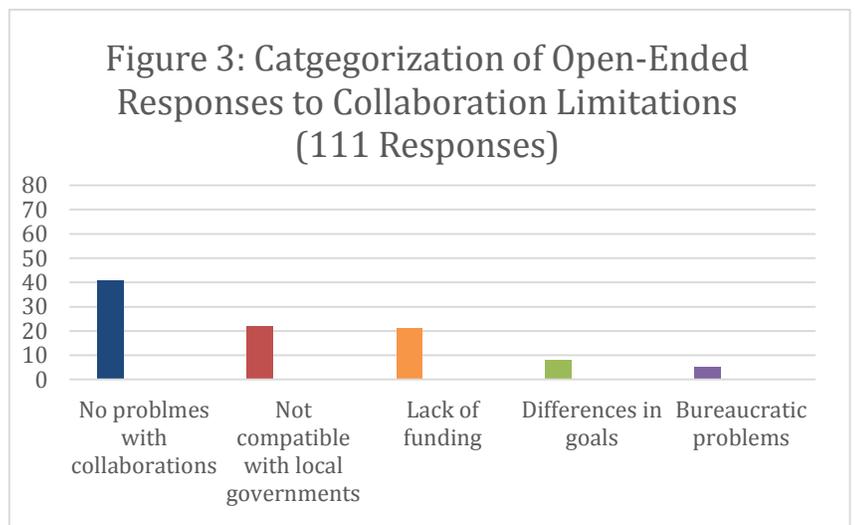
<b>Table 2: Opinions Influencing Working with Local Governments</b>					
	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neither Agree nor Disagree</b>	<b>Agree</b>	<b>Strongly Agree</b>
<b>Private interests (including those of nonprofits) should remain separate from local government</b>	16.2%	40%	28.7%	10.5%	4.3%
<b>Competition for resources discourages collaborating</b>	12.4%	38.2%	23.9%	22%	3.3%
<b>Nonprofits do not have the staff or time to manage collaborations with governments</b>	9.6%	41.3%	21.1%	23.5%	4.3%
<b>Differences in hours of operation, office locations, or other administrative differences make it difficult to collaborate</b>	11.9%	52.1%	24.8%	9.5%	1.4%
<b>Local governments provide unreliable or poor quality services</b>	18.6%	46.8%	29.1%	3.3%	1.9%
<b>Our nonprofit has not developed strong enough relationships with the governmental sector to collaborate</b>	27%	40.5%	11.5%	18.3%	2.4%
<b>Local government agencies cannot be relied on to represent the entire community</b>	8.6%	35.8%	29.6%	20%	5.7%
<b>When government and nonprofits are involved in the same service area, nonprofits tend to lose out</b>	8.6%	39.2%	31.1%	16.7%	4.3%
<b>When government and nonprofit organizations are involved in the same service area, governments tend to lose out</b>	17.9%	49.5%	31.5%	0.4%	0.4%

Table 2 (above) provides the percentage of respondents that indicated their agreement with each of our statements. While clear trends about limitations do not stand out, one of the largest limitations from this list of statements appeared to be nonprofit organizations' lack of staff or time to collaborate with local governments. Here we see that more than one-fourth (28%) at least "agreed" with the statement that "nonprofits do not have the staff or time to manage collaborations with local governments," although more than half (51%) disagreed with this statement. Another potential limitation is that some respondents (26%) agreed with the statement that "local governments cannot be relied on to represent the entire community." This may point to the perception that some portions of the community are being underserved, although we should note that very few respondents (only about 5%) agreed that local governments provided unreliable or poor quality services. Other administrative differences (such as hours of operation, office locations, or other aspects) do not appear to be major limitations.

The overall trend of those nonprofits who have answered these questions are positive. In terms of quality of service, sharing resources, and community representation, nonprofits tend to hold local governments in a positive light.

In our open-ended questions, 41 of the 111 respondents that provided comments stated that they do not have any problems collaborating with local governments. However, 22 respondents that provided a response stated that they either did not work with local governments or have had bad relationships with them because they were not compatible with one another. According to one survey respondent:

*We struggle to ensure that our work is relevant to the changing decision framework in the gov't. If we are monitoring for water quality for instance, it MUST matter to the local governments decision making. Sometimes it seems we are just providing credibility or political cover. We work every year to educate our local officials about how we can best partner.*



Many respondents that provided a response stated that a reason why collaboration with local government has been unsuccessful is due to lack of funding. Some reported difficulties in getting any funding from local governments, or have had problems with funding sources drying up or being taken away. One survey respondent stated:

*We have in the past had an excellent relationship with our local Department of Social Services, most importantly by providing office space for them in our building . . . However, DSS tends to circle the wagons when things get difficult and have once again, pulled all of their social workers back to [their home office].*

*The only real reason I can see for this is the amount of funding provided to their agency and the negative impact it has on the greater community.*

Consistent with other national surveys,<sup>8</sup> a small number of respondents noted some bureaucratic problems, such as slow processes and poor communication between local governments and nonprofits, as well as different goals between nonprofits and local governments. For example, one respondent stated:

*I work primarily in policy change - when it is unsuccessful it usually means that there was insufficient support for the issue.*

## **VII. Conclusion and Recommendations from Key Findings**

The overall trend from this survey is a positive one. Looking at the responses, most respondents already collaborate with local governments and the majority see an increase in these partnerships occurring in the future. Some limitations to collaboration center around resource restrictions. However, even with the lack of funding and resources, 48% of survey respondents stated that working with local governments has increased community engagement and service programs. Another 46% of survey respondents stated that their collaborations with local governments increased citizen engagement. It is also clear that collaborations may have important secondary effects outside of the success of that particular collaboration, such as building trust and creating more favorable attitudes between both groups. While administrative and procedural issues may still be an issue,<sup>9</sup> formal and informal relationships could increase the amount and quality of services in the community.

Recognizing that many nonprofit leaders are already doing these, we do put forward a few recommendations from our findings:

- Initial partnerships, even small in scale, may increase trust and lead to more substantial future relationships. We would encourage nonprofits to reach out to local governments (and local governments to nonprofits) even for small projects as these could lead to more ambitious collaborations.
- Seek out shared service areas, policy issues, or community concerns and formulate clear goals concerning partnerships.

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<sup>8</sup> See Pettijohn, Sara L., Elizabeth T. Boris, and Maura R. Farrell (2014). "Government Contracts and Grants 2013: State Profiles," retrieved on May 25<sup>th</sup> and available at [http://www.urban.org/research/publication/national-study-nonprofit-government-contracts-and-grants-2013-state-profiles/view/full\\_report](http://www.urban.org/research/publication/national-study-nonprofit-government-contracts-and-grants-2013-state-profiles/view/full_report) (finding that over 70% of NC respondents found that the complexity of applying and/or reporting processes for government grants and contracts was at least a small problem).

<sup>9</sup> See Nonprofit Finance Fund (2015), "State of The Sector Survey," retrieved on May 25, 2016 and available at <http://www.nonprofitfinancefund.org/state-of-the-sector-surveys> (finding in a national survey that between 36% and 46% state that the reporting requirements are high compared to the amount of funding received by the government).

- Nonprofit organizations and local governments should designate clear responsibilities and procedures and have written agreements between organizations.
- Local governments and nonprofits could also benefit by developing joint task forces or other formal channels for communication that are institutionalized and thus will survive personnel turnover or collaborations based on personal relationships.

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### **ACKNOWLEDGEMENTS**

We would like to thank all of the nonprofit executive directors/CEOs and other staff members who participated in this project. Every year, the PPI creates and conducts this survey of nonprofit organizations in North Carolina and analyzes it to provide practical information to those working in the field. We hope that you will be part of this again in the future.

We would also like to thank the N.C. Center *for* Nonprofits for partnering with us on this important study.