

**INTEGRATING NONPROFIT
MANAGEMENT EDUCATION INTO
GRADUATE PROGRAMS IN PUBLIC
POLICY AND ADMINISTRATION**

BY

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**COLUMBIA UNIVERSITY
SCHOOL OF INTERNATIONAL & PUBLIC AFFAIRS
GRADUATE PROGRAM IN PUBLIC POLICY &
ADMINISTRATION**

THE SCHOOL OF INTERNATIONAL AND PUBLIC AFFAIRS (SIPA)

The School of International and Public Affairs is a professional school that prepares its graduates for leadership positions in government, nonprofit organizations and the private sector. The School offers two degree programs: Master of Public Administration and Master of International Affairs. Students in both degree programs are required to develop a fundamental understanding of government, politics, management, economics and policy analysis. Established in 1946, graduates of SIPA have assumed leadership positions in the governments of 70 nations and in private and nonprofit organizations throughout the world. The Dean of SIPA is Lisa Anderson, a political scientist widely noted for her expertise in Middle East and comparative politics.

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1.0 NEED FOR NONPROFIT MANAGEMENT CURRICULUM

An increasing number of graduates of masters programs in public policy and public administration are seeking and finding employment in nonprofit organizations. At Columbia University's School of International and Public Affairs (SIPA) 35% of our 1998 MPA Program

graduates went into nonprofit employment while at Harvard's John F. Kennedy School Of Government 23% went to work in the nonprofit sector. At the University of California at Berkeley 18% of their 1998 graduates went to work in the nonprofit sector while at the Heinz School of Carnegie Mellon University the percentage was 12%. Nonprofit placement statistics can be expected to rise as the nonprofit sector grows independently, and in partnership with private for-profit and government organizations.

According to the Independent Sector's webpage, the growth of the nonprofit sector is remarkable. According to the site's estimates, the number of people in the United States employed by nonprofit entities has grown from 5.5 million in 1977 to 9.6 million in 1994. The Census Bureau estimated the number of people employed by large nonprofits, those having over 100 employees at 4.2 million in 1997. There is little question that the nonprofit sector is growing and, more significantly for NASPAA schools, is professionalizing its management.

The rapid professionalization and growth of the nonprofit sector offers both challenges and rewards to properly trained managers. Talented MPA graduates can obtain positions of influence with opportunities for rapid advancement in numerous organizations throughout the United States. MPAs born in the 1970's and graduating in the late 1990's have been attracted to the nonprofit sector. Paradoxically, nonprofit organizations have benefited from the anti-government rhetoric of the last third of the 20th century. Many students consider government to be made up of large, impersonal bureaucracies that are difficult to work for. The only organizations many public administration students consider beyond reproach are small community based nonprofits. It is therefore not surprising that increasing numbers of public administration students are choosing to enter the nonprofit sector upon graduation.

The questions before us then become, how are these future managers currently being trained? Which skills does a successful nonprofit management program build? What theoretical or

conceptual knowledge is needed to understand the management of nonprofits and their role in our society? In addition to training MPAs to work directly in nonprofit organizations, many of our graduates working in government find that their work life increasingly includes interactions with nonprofit organizations. In some cases these relationships are adversarial relations with advocacy groups, but in most cases they are contractual relations with nonprofit program implementers.

As governments increasingly rely on networks of private for profit and nonprofit organizations to implement public programs, successful public managers need to develop a deeper understanding of the methods, practices, motivations and constraints present in nonprofit organizations. As contracting out to nonprofits becomes more common, MPAs and public sector employees need to increase their understanding of the differences between public and nonprofit operations. They will also find their careers increasingly involve moves between government and the nonprofit sector. In our view, the well-balanced MPA curriculum must teach government managers to understand how to work with both private for profit and nonprofit managers.

WHAT MAKES A NONPROFIT DIFFERENT?

An important first question is then "why is teaching nonprofit management different than teaching public management?" Young writes, " Despite the blurring of boundaries between nonprofit organizations and government and business, there is also a growing consensus that nonprofit management is distinct in a variety of ways that require separate attention in university programs of education and research". Why is this true? On the surface, both public (governmental) and private nonprofit organizations have as their primary goals the enrichment or development of services that would otherwise not be provided to society, the "concept of public service" (Young: 1999, 4).

However close the base nature of public institutions and private nonprofit organizations are, there are important differences, demanding different approaches to management training. Young

argues that nonprofits tend to have an added responsibility or role over governmental bodies. Besides the common goal of services provision, nonprofits tend to "advocate for social change, . . . and are mobilized to promote a variety of different social and religious values" (1999:5). In our view, public management education should not focus on the advocacy role that some nonprofits perform. We question whether management training is equipped to prepare students for such a role. Can students be taught to mobilize people towards social change, to advocate and perform the other political duties involved in influencing policy? The nonprofit related mission that we think MPA programs should focus on is that of the administration of nonprofit organizations. Many nonprofit organizations lack basic management systems in personnel, finance and performance management. The job of training people to establish these systems is important, appropriate and within the scope of our own capabilities as educators. We believe that NASPAA schools that are interested in nonprofit management education should focus on teaching traditional and innovative management tools, tailored towards the private nonprofit sector.

In *Educating Managers of Nonprofit Organizations*, O'Neill and Young outline the management-related characteristics of nonprofit organizations that tend to demand different skill set building for future managers:

- The ambiguity of their performance criteria and the complexity of their management-related values.
- The legal and financial constraints under which they operate.
- Some of the sources from which they derive economic sustenance.
- The kinds of personnel they employ.
- Their governance structures.

Nonprofit management education should be sensitive to these differences and prepare students to effectively negotiate them upon their graduation and subsequent employment. Also, students

preparing for careers in the public sector should be aware of the implications of these sectoral differences in preparing for their work with nonprofit service providers. These differences could be outlined in several comparative survey courses or by inclusions of case studies from both sectors in more traditional coursework such as Financial Management, Human Resources Management and Strategic Planning and Management Techniques.

Furthermore, O'Neill and Young state that there are two distinct needs for management personnel – programs and managers of organizational business functions. Are Public Affairs schools effectively preparing students for these distinct roles within nonprofits? What are the best methods for developing effective curriculum incorporating understanding of the different demands? This is a difficult balance to strike, particularly while many schools have been following the generalist model - offering students management tools rather than specific training. Perhaps the best public affairs schools can do, then, is to continue to highlight the differences between administrative roles different settings.

The task of preparing students for foundation work or corporate philanthropy work is not mentioned in most of the literature on nonprofit education. These jobs require for students to learn tools for assessing nonprofit operations and making decisions about their health and there need or potential for sustainable growth. Although some of these skills, such as program evaluation, can be taught in traditional nonprofit management concentrations, skills such as grantmaking are typically still taught “on the job”.

2.0 CURRENT STATE OF THE FIELD

Many observers have focused on the differences between teaching nonprofit management in business or public administration programs. We are primarily concerned with the curriculum of public affairs schools, and chose to focus our survey on these schools. In a study of masters

curricula we recently conducted through a review of the web sites of top public policy and administration schools we found that twelve of the *U.S. News and World Report* top twenty ranked public administration schools do not offer a nonprofit concentration. Many offer a few courses, and several include minimal coverage of nonprofit issues in their required curriculum. Some programs offer students the chance to design their own nonprofit management coursework through elective courses. Eight of the top twenty ranked schools offered students an institutionally designed nonprofit management concentration or area of study.

When compared to the “Guidelines for Graduate Professional Education in Nonprofit Organizations, Management and Leadership” prepared by a joint task force of the Nonprofit Academic Centers Council (NACC) and the National Association of Schools of Public Affairs and Administration (NASPAA), several of the concentration curricula fall short. These guidelines state that any Nonprofit Management concentration under a Masters in Public Administration or Affairs degree should include, at least, the following:

- 36 semester hours, with a minimum of 12 hours devoted to nonprofit learning
- A focus on what makes the nonprofit sector unique
- An internship in a nonprofit agency or organization
- Two essential aspects of nonprofit learning:
 - Subject areas unique to the nonprofit experience (the history, values, philosophies and ethics of nonprofits; the legal structure of nonprofits; financial management; and governance).
 - Skills not unique to nonprofits, but that generally take different shape in nonprofit organizations (budgeting and resource management; theories of philanthropy; advocacy and external affairs; inter-organizational and inter-sectorial relations; changing environment; quantitative analysis, information technology, and nonprofit management and policy).

In examining the curricula of the eight schools offering a nonprofit management concentration, very few meet all of the criteria outlined above. The majority of these programs focus on the management aspects of nonprofit organizations yet fall short in comprehensively preparing students with the skill and knowledge base unique to this sector. More specifically, only three of these eight schools offer classes on the history, values, philosophies and ethics of nonprofits, a critical area of learning is a student wishes to receive instruction on the unique nature of nonprofit organizations. Only four of the eight programs offer classes on the legal structure of nonprofits. According to the guidelines, these are two essential areas that a graduate program concentrating on nonprofit management should have. Financial management was the only subject area that was sufficiently covered by all eight schools. However, none of the course materials explicitly mentioned fund management (the ability to manage differentiated funds devoted to capital, development or donor-specified functions) as an aspect of their financial management coursework. This distinctive skill is specifically important to the future nonprofit manager.

The curricula of the public administration schools surveyed generally fell into two categories, either conceptual or application-based. Schools with conceptual studies of nonprofit entities, offered courses such as the history of philanthropy, the development of the nonprofit sector and volunteerism. These schools offered a clear viewpoint on the distinctness of the sector, provide students with the “big picture” of the role of nonprofits in society and provide instruction on possible future trends in the field. However, many were quite lacking in the development of important skills for nonprofit managers. Many offered only one or two functional courses such as nonprofit financial management or strategic planning for nonprofits. None of the conceptually based curricula seemed to prepare students for hands-on

management experience upon graduation. These schools may instead be preparing graduates for further nonprofit studies at the Ph.D. level. It seems unlikely that graduates from conceptually based programs would be prepared to step into any sort of operational or programmatic role, unless they obtained skills elsewhere in the curriculum or had substantial prior work experience.

Application based curricula tend to depend on a variety of general management courses, some or most of which are taught in other professional schools. There are obvious advantages to this model - it allows for schools to rely on existing coursework to fill gaps in their own. However, some literature argues that this is a poor substitute for nonprofit-focused management applications. Robert F. Leduc and Terry W. McAdam argue in "The Development of Useful Curricula in Nonprofit Management" that "basic models of management may be transferable to the nonprofit sector, it is also true that general management principles alone are not sufficient for management education in the nonprofit sector. Generic management models must be taught in conjunction with the culture of the nonprofit sector" (pg.2).

This additional criterion reduces the number of application-based schools that can be considered to successfully train nonprofit managers. Many schools rely on their Business or Law Schools to offer general management skill courses. Many of these courses are not focused directly on the nonprofit sector, thus leaving the student to adapt the general management model to a useful nonprofit tool. This value adaptation is different than the adaptation that Young writes about in "Nonprofit Management Studies in the United States: Current Developments and Future Prospects". While most students are obviously capable of bridging the gap, and have been doing so for quite some time, consideration of the different shapes these management models may take when utilized in nonprofit organizations should be taken. The value adaptation of management tools for nonprofits should include balancing

financial consideration with mission-driven operations. Another consideration is human resources management when unpaid volunteers, beholden only by belief in the agency's mission may do a majority of the agency's work.

While not a problem limited to the non-profit management curricula, a number of the top public policy schools have not made fully the transition to the form of the professional school. Unlike business, law and medical schools, some policy schools retain a more purely academic or conceptual orientation and are reluctant to take on the skill-training dimension associated with a more dominantly professional school mission. The perspective of these more academically-oriented policy schools is that the job of the masters program is to teach students how to think about public policy and public management, and that the training to actually do those tasks will come at the workplace, or somewhere else. The more professionally oriented approach, which we advocate, calls for an integration of the theoretical and applied. Professionally oriented, application-based programs teach technical skills needed on the job, emphasize learning by doing, and use problem-solving exercises to teach thinking and doing. This learning model allows students to more readily adapt management tools across sectors, to use them in creative and innovative ways.

3.0 CURRICULUM NEEDS

In our view, MPA curricula must address nonprofit issues in both a concentration that prepares people to work in the nonprofit sector, and also in the core curriculum. Even students who are not planning to work in the nonprofit sector will frequently interact with that sector during their professional career. The success of these government-nonprofit relations will have a profound effect on the success of public programs and on the career trajectories of our graduates. These partnerships are likely to be most important in service delivery at the local level, the locus

of most government employment in the United States. Our core curriculum must be adjusted to reflect that reality.

Nonprofit Concentration

A model concentration in nonprofit management must include course work in financial management, the legal and political context of nonprofit management, external relations and public private partnership. These courses should include treatment of the following topics:

- *Nonprofit Financial Management*

This course should outline accounting practices specific to nonprofits, enable students to analyze financial statements of nonprofit organizations, as well as discuss tools for evaluating the fiscal health of a nonprofit organization. Funding diversification and revenue streams are also important topics when preparing students for a future in nonprofit organizations. Students should exit these courses with a clear understanding of the function of and interplay between general, restricted, temporarily restricted and endowment funds and with the ability to analyze and assess the fiscal health of a nonprofit. The issue of nonprofit capital planning, borrowing and expenditure must be discussed along with the treatment of financial control systems and their crosswalk to performance measurement systems.

- *Nonprofit Law & Policy*

Coursework in nonprofit Law and Policy should illustrate legal attributes of nonprofit entities while demonstrating what these differences mean in terms of actual organizational operation. What specific legal guidelines must a nonprofit adhere to? This could include segments on incorporation, income reporting (particularly unrelated business income), transparency in nonprofits and legal responsibility for the actions of the organization.

- *Nonprofit Fundraising, Media, Development*

These courses should include coverage of traditional development strategies, but also should offer students the ability to think critically about the planning of these strategies. When is it appropriate to hold a capital campaign, endowment drive, and other outreach activities? Other critical issues that will allow students to excel in the development field such as crisis planning, donor development, and media relations and communications skills should be stressed in these courses. Well-rounded and talented development officers are in constant demand, however, as the field becomes more competitive, all students preparing for management careers in the nonprofit sector should be prepared to take on responsibilities for development. Courses should discuss the management of development by nonprofit CEOs and the integration of development and operating functions. How far should an organization adapt its mission and function to pursue a promising source of incremental revenues?

- *Nonprofit Management*

This course should cover traditional functional management tools such as human resource and financial management as well as innovation tools such as Total Quality Management and benchmarking. Beyond standard management techniques, this course should include management issues germane to the nonprofit sector, including volunteer recruitment and management, mission planning/revision and board development. Succession and other aspects of strategic planning in an uncertain environment should be discussed as a critical part of nonprofit management. Government relations and the specific management requirements of mission driven organizations should also be discussed in this class.

- *Public/ Private Partnerships*

This coursework should explore the complexities of contractual and grant-based relationships between nonprofits and the public sector. Criteria for evaluating the prudence of entering into

such contracts should be taught, as well as grant proposal planning and writing skills. Students should learn from case literature about successful and failed partnerships and be able to develop and assess partnership proposals.

The MPA Core

In addition to offering our students the opportunity to concentrate their studies in nonprofit management, we need to begin to include treatment of nonprofit and private organizations in our core MPA curriculum. Nonprofit organizations are important players in the formulation and administration of public policy. Their importance continues to grow and if our MPA programs are truly concerned about *public* and not simply *government* administration, our curricula must expand to discuss the role and methods of the nonprofit sector. Similarly, although beyond the focus of this discussion, public administration must also embrace the study of private for profit organizations when they are centrally involved in the development or management of public programs.

Specific courses in the MPA core curriculum can be modified to include treatment of nonprofit issues. In public management courses nonprofits can be discussed from the perspective of the government manager- how can nonprofits be used by government to implement public policy? They can also be discussed from the perspective of the nonprofit manager: In what ways is managing a nonprofit similar to and different from running a public or private profit making enterprise? What do nonprofit managers need to know about government organizations to successfully interact with them? In our view, a core MPA public management course that omits nonprofits is leaving out a critical area that today's public manager must understand.

MPA budgeting and financial management courses can include sections on nonprofit accounting and finance. They can make use of case studies on internal issues in nonprofit

financial management and on methods that government managers should use to successfully track nonprofit expenditures of government funds. Courses on economics and statistics can use nonprofit organizations and the problems they face as examples when teaching fundamental quantitative principles as well. Courses on the development of public administration should address the growing role of private organizations in the implementation of public policy. In our view, Each course in the MPA core curriculum should be reviewed to identify where they might benefit from exposure to cases and concepts from the nonprofit sector.

4.0 CONCLUDING THOUGHTS

The change of the definition of public sector to include the nonprofit sector is welcomed by some and resisted by others. In our view it is an empirical reality. While it is not clear that public policy was ever the preserve of government alone, it is obvious that contemporary public policy extends beyond government. As public administration educators we need to think about how these new facts about American governance structures, political economy and political culture change our customer's needs, our mission, and our programs. While government remains at the center of the public sector, it is surrounded by a dynamic and rapidly changing world of new organizations, and new partners. These networks of organizations present problems and opportunities for government managers and decision-makers. Our students must learn how to analyze and recognize these problems and exploit these opportunities. It is our job to teach them how to do this.

The challenge to our programs is to expand our mission without losing our identity. A large number of NASPAA programs are located in state capitals and provide in-service, mid-career education to state government officials. A number of our programs in the Washington D.C. area are specifically oriented toward federal service. All of our programs see their roots in training

people for government. Cohen distinctly remembers his response to a student inquiry about nonprofits at a town hall meeting with 100 Columbia MPA students in the late 1980s. Cohen said that: “Nonprofits are just private organizations that follow different accounting practices—the study of nonprofits belongs in the business school. Public policy is about the behavior, direction, rules and structure of government.”

Several facts changed that view in the 1990’s. First, the culture of business schools seemed inhospitable to the other-regarding, mission-driven orientation of nonprofits and students seeking to learn about these organizations. Students interested in the nonprofit sector were attracted to public policy studies and deliberately avoided business schools. A second factor, which changed our thinking, was the degree to which public policies in New York City that had once been implemented directly by government were now being implemented by nonprofits. Graduates of our MPA program that wanted to manage direct service delivery to AIDS patients and homeless families found that to pursue this work they had to seek employment in nonprofit organizations. Finally, the National Performance Review and the reinventing government principle of a government that “steers but doesn’t row” (Osborne and Gaebler, 1992), convinced us that the operational definition of the public sector had changed and now included the nonprofit sector and parts of the for-profit sector.

This makes the problem of our identity more complicated, but the world of public policy is not as simple as it once was. Our central concern remains public service and an understanding of the public sector. We continue to focus on public policy- the expression of our collective values toward our common community. The way that we study these topics has changed as our profession has changed. While the change to implementation networks of government and non-governmental organizations creates problems of accountability and public ethics, it also creates opportunities for creativity. Nonprofits are often deregulated, agile and community based. While

they are also frequently poorly managed, that too is an opportunity for those with the skills and knowledge we work to impart to our graduates.

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Need for nonprofit management curriculum: