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## The United States Nonprofit Sector as an Alternative Delivery System

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The United States Nonprofit Sector  
as an Alternative Delivery System

A Thesis  
The Honors Program  
College of St. Benedict/St. John's University

In Partial Fulfillment  
of the Requirements for the Distinction "All College Honors"  
and the Degree Bachelor of Arts  
In the Department of Government

By Jennifer L. Rexroat  
April, 1994



PROJECT APPROVAL

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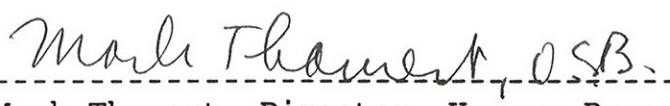
  
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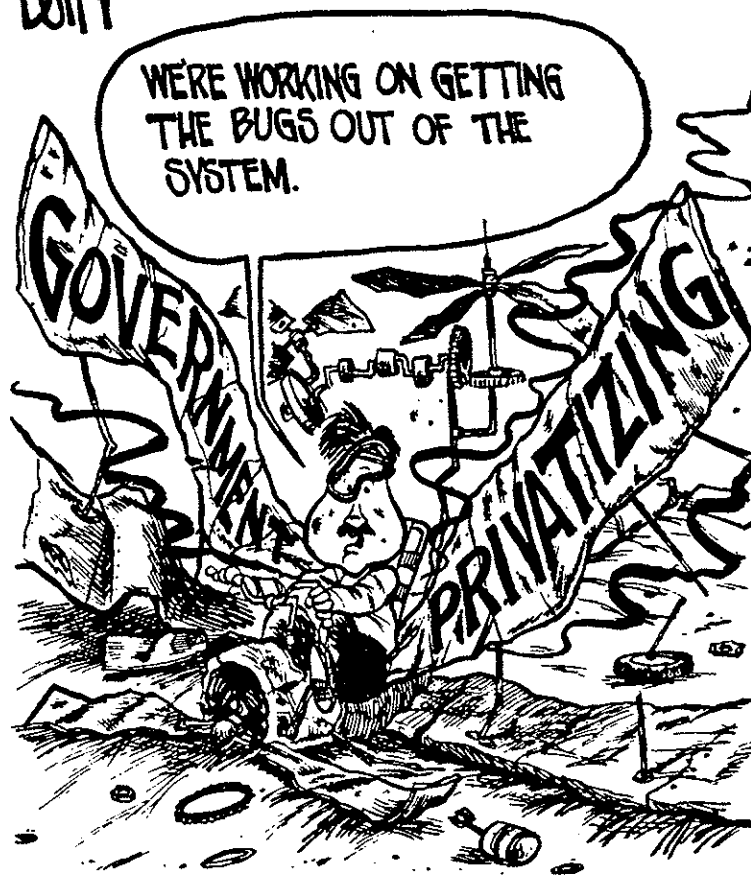
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Nonprofit Education

## DUFFY'S VIEW

**DUFFY** THE DUFFY NEWS SERVICE  
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## INTRODUCTION AND ANATOMY OF NONPROFIT ORGANIZATIONS

Their existence pervades our nation: from schools to churches, hospitals, museums, advocacy and civil rights campaigns, to trade unions, mutual insurance companies, country clubs, farm bureaus, chambers of commerce, and fraternities and sororities, nonprofit organizations command an increasing share of the service delivery market. Nonprofit organizations comprise an entire sector of service provision which permeates the daily lives of American citizens. The nonprofit sector is instrumental not only in its delivery of health care, education, human services, and the arts, but also in its unique relationship with federal, state, and local governments. Whether we realize it or not, most of us have had some degree of involvement with a nonprofit organization, for the nonprofit sector is experiencing exponential growth as a provider of formerly "public" or "private" services.

What is a nonprofit organization? Why are nonprofit organizations establishing themselves as permanent competitors in the service delivery market? What differentiates a nonprofit organization from a "public" or "private" organization? The answers to these and more questions concerning nonprofit organizations can be summarized in one word: quality. Nonprofit organizations succeed in providing services which are superior in quality



to those provided by their public or private counterparts; the consequence of this success is the emergence of the nonprofit sector as a viable, credible, permanent service delivery mechanism.

The nonprofit sector is the subject of an immense literature which explores its definition, composition, and capability of "quality" service delivery. Quality is an issue upon which I intend to focus throughout my thesis; after formulating a definition of what the nonprofit sector is, I will construct a working definition of quality, which is, ideally, what the nonprofit sector provides. Quality is a buzzword which, without caution, can be thrown around loosely--its ambiguity makes quality a word which is often assumed rather than questioned. It is my intention to probe the numerous and varied interpretations of "quality" in order to construct a standard against which the nonprofit sector can be compared.

An exploration of the impact of quality upon nonprofit organizations commences with a discussion of the definition of nonprofit organizations and nonprofit organizational theory.

The nonprofit sector is composed of a body of individuals who associate for any of three purposes: 1) to perform public tasks that have been delegated to them by the state; 2) to perform public tasks for which there is a demand that neither the state nor for-profit organizations

are willing to fulfill; or 3) to influence the direction of policy in the state, the for-profit sector, or other nonprofit organizations (Hall 3--NP Handbook). It is important to note that nonprofit organizations have a pronounced relationship with government, for they perform tasks and deliver services that were formerly of a strictly public nature, and they are instrumental influences upon policy formation. The frequent interaction of government and nonprofit organizations has enabled the nonprofit sector not only to gain momentum and notoriety, but also to establish itself as a respected entity in public policy.

The nonprofit sector is a tripartite system composed of service organizations, advocacy organizations, and mutual benefit organizations. "Service organizations" are those nonprofit organizations that deliver health care, social services, education, research, artistic performances and exhibitions, etc. "Advocacy organizations" are those nonprofit organizations normally funded without government or business support and which exist to promote a social cause of some kind. "Mutual benefit organizations" are those nonprofit organizations whose purpose is to promote the interests of their members. Although examples of each type exist, most nonprofit organizations are "service organizations" (O'Neill 15).

Three characteristics of nonprofit organizations distinguish them from proprietary, or for-profit, firms and

affect their actions in major ways: 1) no one owns the right to share in any profit or surplus of a nonprofit organization; 2) nonprofit organizations are exempt from taxes on corporate income; 3) some nonprofit organizations receive a variety of other subsidies--donations to them are tax deductible, and they are exempt from many other forms of taxation in addition to the tax on corporate profits (Weisbrod 14).

It is important to note that the tax deductions afforded to nonprofit organizations and their contributors are, in effect, subsidies; they are provided based on the assumption that, without public support, there would be too few of the services provided by nonprofit organizations. The subsidization of nonprofit organizations through tax deductions, then, is of paramount importance to the prevention of quality service shortages.

The three characteristics of nonprofit organizations listed above are of consequence because they affect organizational incentives; they act as incentives toward the increased efficiency and improved competition of nonprofit organizations. And, as will be demonstrated later, increased efficiency and improved competition are catalysts to the superior quality of nonprofit service delivery.

Two predominant theories exist which ascertain the role of nonprofit organizations in public policy. The first, the "public goods theory," maintains that nonprofit

organizations serve as private producers of public goods. A second, perhaps more prominent theory, the "contract failure theory," maintains that nonprofit organizations of all types "typically arise in situations in which, owing to the circumstances under which a service is purchased or consumed or to the nature of the service itself, consumers feel unable to evaluate accurately the quantity or quality of the service a firm provides for them" (Hansmann 28-29, NP Handbook). This contract or market failure leads to diminished consumer confidence in the quality of services delivered by strictly private firms; it is during these periods of market failure that nonprofit organizations emerge as alternative service providers, because they offer the consumer the quality that private firms fail to provide. The failure of private markets, "perhaps because of external effects or informational asymmetries, or of governments, perhaps because of great diversity of consumer demands for collective action, may be justification for nonprofit enterprises" (Weisbrod 7).

Nonprofit organizations are funded by three sources of revenue: government subsidies, user fees, and philanthropy. Three models have been developed from these sources of revenue. The government-dominant model represents those nonprofit agencies for which the government is the primary source of funding; this model is the most common of the three. The fee-dominant model represents those nonprofit

fees. The charity-dominant model represents those nonprofit agencies whose largest single source of income comes from private giving, whether from individuals, corporations, or foundations (Salamon 105--NP Handbook). A discussion of each source of nonprofit revenue is to follow.

Government subsidization of nonprofit organizations occurs in the form of cash grants, purchase of service contracts, or loans and loan guarantees. These subsidies reach nonprofit organizations in one of three ways: through direct financial dealings between nonprofit organizations and federal agencies, through state and local governments who receive federal grants and "contract out" service delivery opportunities to nonprofit organizations, and through payments to individuals or financial agents acting on the behalf of nonprofit organizations (Salamon 105-106, NP Handbook). The direct route of nonprofit subsidization is the least common form used; the federal government instead affects the funding of the nonprofit sector indirectly.

User fees, or payment by recipients for partial costs of services rendered, are vital sources of revenue for nonprofit organizations. Because government subsidies cannot fully absorb the operating costs of nonprofit organizations, user fees are also necessary to ensure their continued funding. Even the combination of user fees and government subsidies does not, however, provide sufficient

operating monies for nonprofit organizations. As a result, philanthropic donations must also be solicited.

Nonprofit organizations are unique in that they are the beneficiaries of private giving, or philanthropic donation. Nonprofit organizations appeal to those citizens who benefit from their services for funds, hoping that they value the continued provision of their services enough to contribute to their funding. Nonprofit organizations, "unlike most proprietary firms, are limited by public policy in the kinds of activities they may engage in; at the same time, these restrictions enhance their ability to generate resources-- particularly donations of money and volunteer labor"

(Weisbrod 89). Philanthropic aid is the third essential form of revenue for nonprofit organizations. In fact, it is the combination of government subsidies, user fees, and philanthropy which is required for nonprofit service delivery; without contributions from all three sources, a nonprofit organization will eventually become financially incapacitated.

The nonprofit sector, although alternatively termed the "independent sector," has occasional encounters with federal, state, and local governments. "Independent" though it is, the nonprofit sector does not exist in a vacuum. It makes sense that nonprofit organizations interact with bureaucracies, as it is in times of bureaucratic market failure that the nonprofit service delivery mechanism

generates widespread support. In addition, the "contracting out" of formerly bureaucracy-monopolized services to nonprofit organizations necessitates communication between the nonprofit and public sectors. The relationship between bureaucracy and nonprofit organizations has proven to be relatively civil at minimum, with intermediate periods of actual amicability. The bureaucratic/nonprofit relationship can be a cooperative venture, as demonstrated in seven areas of federal activity in which nonprofits are also active:

1. Social welfare: including social services, employment training, and community development.
2. Education and research: consisting of elementary and secondary education, higher education, and research and development.
3. Health care: including health financing and health services.
4. Income assistance: including housing, cash, food, and other income assistance programs.
5. International relief and assistance
6. Culture and the arts
7. Conservation and the environment (Salamon 25).

Nonprofit organizations and the public sector coexist in a market environment. As a result, they are subject to the influences of competition. The nonprofit and public

sectors need not view this competitive spirit as a "survival of the fittest" sector, however, as there is a place for both nonprofit organizations and bureaucracy in the realm of public policy. Nonprofit organizations and public agencies can be competitive not for sheer existence, but for quality; they can be competitive in the enumerated areas above without acting as competitors, for "in point of fact, government and the nonprofit sector are not so much competitors in these fields as partners jointly serving community needs" (Salamon 53).

Nonprofit organizations have a niche in public policy. They exist as predominantly independent, yet on occasion nonprofit organizations interface with bureaucracy concerning issues of government subsidies and service delivery contracts. This interaction does not detract from the independence, viability, or quality of nonprofit organizations and their services in the least; in actuality, there is nothing novel about extensive interaction between government and the voluntary sector in this country. No wonder one close student could conclude that 'collaboration, not separation or antagonism, between government and the Third Sector...has been the predominant characteristic throughout most of our history'" (Salamon 101--NP Handbook).

With the realization that there is a niche for both bureaucracy and nonprofit organizations within public policy



bureaucracy and nonprofit organizations within public policy (rather than the confused "one or the other" mentality that has for so long been the norm), nonprofit organizations can be allowed the autonomy to achieve their objective: the delivery of quality services. Instead of being treated as threatening adversaries whose existence must be terminated, nonprofit organizations would be afforded the ability to act as "third parties to help government carry out its expanded responsibilities in an elaborate pattern of 'nonprofit federalism'" (Salamon 54). If the public and private sectors came to the realization that there are simply some services which the nonprofit sector delivers better--and then let nonprofits deliver those services-- the peaceful coexistence of the three sectors would yield an overall increase in the efficacy, effectiveness, and efficiency of public policy.

Are nonprofit organizations really different from their public or private counterparts? Can nonprofit institutions succeed where public and private markets fail? The answer to these questions "depends partly on whether nonprofits are more likely to provide certain socially valuable but privately unprofitable services than are proprietaries" (Weisbrod 145-146). Nonprofit organizations provide services that are of social value because they are of superior quality to those provided by public agencies or private firms. The truth is, quality costs more--not only

upon time, dedication, mission, and pursuit of excellence. Quality also costs more in terms of opportunity. Quality costs more because it requires a large investment of belief in the social benefits of the services delivered, as well as an enormous expenditure of collective energy to ensure that the services delivered are in adherence with the organization's mission.

For many private and public firms, quality costs too much--both in financial and normative terms. As a result, quality becomes personally and financially cost-prohibitive, and it is grossly neglected in service delivery. Nonprofit organizations see the value in the delivery of quality services, however, in spite of its financial and personal costs. It is because nonprofit organizations are inherently willing to sacrifice profits in the pursuit of quality services aimed at the maximization of social benefit (both literal financial profits and theoretical personal gains) that they are truly different from--and superior to--their counterparts in the public and private sectors.

The increased popularity of the nonprofit sector is due, in part, to the deterioration of quality within the public and private sectors. Quality remains ill-defined for public and private service providers; consequently, nonprofit organizations have come to prominence as alternative service delivery providers. An examination of quality--its definitions, manifestations, and successes--

within nonprofit organizations is a necessary point of departure in understanding the widespread appeal of the nonprofit sector.

**THE PURSUIT OF QUALITY IN  
THE NONPROFIT SECTOR**

As stated previously, the nonprofit sector is composed of a body of individuals who associate for any of three purposes:

1. To perform public tasks that have been delegated to them by the state;
2. To perform public tasks for which there is a demand that neither the state nor for-profit organizations are willing to fulfill; or
3. To influence the direction of policy in the state, the for-profit sector, or other organizations (Hall 3).

To interpret Hall's summation, then, would be to label three of the basic roles of the nonprofit sector as 1) bureaucratic player (to an extent); 2) substitute/replacement (of the private/public sectors); 3) interest group (or a combination of many cooperative nonprofits). These roles are an integral aspect of the identity of the nonprofit sector, for they indicate the emergence of the sector as a viable third delivery system which exists as an alternative to the private and public mechanisms of service delivery.

Roger Lohmann offers a more specialized definition of nonprofit organizations in his book, The Commons. He uses a list of nonprofit characteristics (interpreted from Anthony and Young, 1984) which consist of the following:

Characteristics of Nonprofit Organizations

1. Absence of a profit measure
  2. Tendency to be service organizations
  3. Constraints on goals and strategies
  4. Less dependence upon clients for financial support
  5. The dominance of professionals
  6. Differences in governance
  7. Differences in top management
  8. Importance of political influences
  9. A tradition of inadequate management controls
- (Lohmann 25).

With these fundamental characteristics as a given, Lohmann categorizes nonprofit organizations (whose methods of operation satisfy the above requirements) into six general categories:

1. Health care organizations
2. Educational organizations
3. Membership organizations
4. Human service and arts organizations
5. Federal government
6. State and local governments

This classification of nonprofit organizations seems to me to be a comprehensive one which is representative of the scope I would like my thesis to address.

The nonprofit sector has evolved to its current state of existence (outlined above) and, as a result, has carved

for itself a prominent position in public policy. The nonprofit sector, formerly "'the sore thumb of public administration policy' has thus become the core of the nation's human delivery system and the financial mainstay of the nation's private nonprofit sector" (Salamon 99--NP Handbook).

Nonprofit organizations have become the cornerstone of choice in American public policy, as their existence fills the gap between the limitations of the private and public sectors. Choice among service delivery options is essential, as it fosters competition for clientele; competition for clientele in turn spawns the active pursuit of quality services, for it is ultimately the quality of the service delivered which determines the rate of clientele retention. The onslaught of nonprofit organizations within public policy has not only turned political attention to the favorable qualities of the nonprofit sector, but also of the inadequacies of the private and public sectors. For

although the purely private enterprise and the government institution have many virtues, they also have serious limitations...In the United States, the limitations of both government and private enterprise are drawing attention to nonprofits. Although they, too, have drawbacks, nonprofits have unique features that might enable them to serve important social aims that neither the private sector nor the government can

fulfill very well (Weisbrod 5).

Nonprofit organizations foster competition as well as evaluations of quality and performance among their counterparts, the private and public sectors. The existence of the nonprofit sector as an alternative delivery system is of paramount importance because its burgeoning legitimacy replaces its former marginality.

Three competitive service delivery mechanisms exist in the United States: public, private, and nonprofit. There is a burning question which, when asked, acts as a "litmus test" of sorts for the aggregate success or failure of each mechanism of service delivery: does it work? A rather elementary inquiry, yes, but one which probes at the nature of the beast, nonetheless. It is easy to complicate discussions of service delivery beyond general comprehension, in part because academics are taught (many are convinced) that educated discourse must be hard, or it isn't scholarly. I disagree. Public policy analysis asks some hard questions, but their answers need not be inflated beyond recognition. A discussion of the nonprofit sector is, for me, no exception; the purpose of the theory and data involved in nonprofit literature is really nothing more than a scholastic attempt to figure out what works, how it works, and why it works.

I am asking the bottom-line question, then, of nonprofit organizations: do they work? My objective is to

argue that yes, they do, and often nonprofits operate in ways preferable to their public and private counterparts. And the reason for their success lies in the quality of their services.

The nonprofit sector exists in the form of a third-party government whose platform is quality maximization of service delivery. Nonprofit organizations often emerge as an outcome of dissatisfaction with the actions or inactions of the public and private sectors. Nonprofit organizations do not appear to represent an ultimate objective of power monopoly:

Instead of the hierarchic, bureaucratic apparatus pictured in conventional images of the American welfare state, third party government involves an extensive sharing of responsibilities among private and public institutions and a pervasive blending of public and private roles...It makes it possible to set priorities for the expenditure of societal resources through a democratic political process while leaving the actual operation of the resulting public programs to smaller-scale organizations closer to the problems being addressed (Salamon 110--NP Handbook).

It is because of the blending of private and public roles that the boundary lines of responsibility have become blurred; confusion exists as to which mechanisms, public or



private, should be accountable for providing attractive, quality-centered services. This confusion results in public and private inaction and apathy; left to their own devices, then, nonprofit organizations have entered the arena of service delivery with organized and effective means for providing services that are mission-driven, with maximum quality as the desired outcome.

Roger Lohmann outlines nine ways in which nonprofit institutions pursue their objectives (and, assuming that quality is one of the objectives of nonprofit organizations, then it can be inferred that these methods apply to their pursuit of quality as well):

1. Social Action
2. Affluence
3. Authenticity
4. Continuity
5. Rationality
6. Near-universality
7. Autonomy
8. Intrinsic Valuation
9. Ordinary Language (Lohmann 47-54).

Nonprofit institutions pursue quality through social action; this heightens awareness not only of the various social maladies of the United States, but also of the shortcomings of the current service delivery mechanism in the United States. Nonprofit organizations require revenue;

they rely upon the affluence of their philanthropic contributors as an essential source of revenue to accomplish their social objectives. The nonprofit sector is advantaged because its independence from the complications of either bureaucratic or private loyalties and obligations allows for its authentic, autonomous, and continuous pursuit of rational decision-making with regards to the quality of its services. In addition, the nonprofit sector is advantaged because it is dedicated to the people it serves; nonprofit organizations have actualized this dedication by transmitting their intrinsic valuation of quality in ordinary language to as universal an audience as possible. In these ways, nonprofit organizations are both cognizant of the dire need for the continued pursuit of quality service delivery and prepared to face its challenges.

It is my argument that three "ways of seeing" quality exist in the field of public policy, and that these perspectives of what quality is invariably affect the ways which it is pursued within the public, private, and nonprofit sectors. Quality is both identified and pursued from the "customer-driven perspective," the "evidence of quality perspective," and the "value-added perspective." An exploration and evaluation of each perspective is to follow.

What I consider to be an insightful (if somewhat "flashy") discussion of quality in service delivery is contained in Osborne and Gaebler's recent offering,

Reinventing Government. Their contention that the principles of government need to be "reinvented" are based upon five underlying beliefs:

1. Belief in government
2. Belief that civilized society cannot function effectively without effective government
3. Belief that the people who work in government are not the problem; the systems in which they work are the problem
4. Belief that neither traditional liberalism nor traditional conservatism has much relevance to the problems our governments face today
5. Belief in equity--in equal opportunity for all Americans

One of the major outcomes of Osborne's and Gaebler's above belief system is customer-driven government. Osborne and Gaebler argue that, if instituted and adhered to, customer-driven service delivery systems would result in improved quality. The merits of such a customer-driven system of service delivery are outlined by Osborne and Gaebler:

1. Customer-driven systems force service providers to be accountable to their customers.
2. Customer-driven systems depoliticize the choice-of-provider decision.
3. Customer-driven systems stimulate more innovation.

4. Customer-driven systems give people choices between different kinds of services.
5. Customer-driven systems waste less, because they match supply to demand.
6. Customer-driven systems empower customers to make choices, and empowered customers are committed customers.
7. Customer-driven systems create gender opportunities for equity. (O&G 181-185)

Osborne and Gaebler argue that the way to institute a competitive customer-driven system of governance is through the practice of Total Quality Management. TQM "stresses the constant measurement and improvement of quality...It says that the customers are the most important people for an organization; those who serve customers directly are next; and management is there to serve those who serve customers" (O&G 172-176).

What do the customer-driven perspective of quality and Total Quality Management mean for service delivery? If engaged, will they improve quality? In theory, they should, and it is my belief that, to an extent, they already do--but not enough. My contention is that if a service provider is "customer-driven," that service provider is not "mission-driven." In a customer-driven system of service delivery, "the entire process of is a series of 'quality-related' service transactions between a supplier and a consumer"

(Seymour 49). When an organization is customer-driven, its measure of quality becomes consumer satisfaction at all costs. When the customer comes first, mission must come second; the organization's mission is forced to give in to consumer demand.

Customer-driven service delivery and Total Quality Management are perfectly reasonable if one is buying a shirt or staying at The Ritz; then, we, as consumers, should expect to be accommodated at all costs. If I am going to buy a shirt, both the shirt and the purchasing services provided to me had better be of top quality, or I will buy the shirt from another department store. If I stay at The Ritz and the hotel services are not pleasantly accommodating, I will choose to stay at The Hilton next time. In customer-driven transactions such as these, quality "becomes something to be pursued merely because of its strategic implications vis-a-vis the competition" (Seymour 80).

The customer-driven perspective of quality, in and of itself, is inappropriate when the services delivered increase in magnitude of importance (i.e., education), because an organization's reason for existence--its mission--is forced to continually succumb to the pressures of supply and demand. When "the customer is always right," missions become wrong, and customer-driven organizations are forced to compromise their reason for existence in the name

of customer satisfaction.

A second "way of seeing" quality is from the "evidence of quality" perspective. Institutions who practice this method view the existence of quality to be inherent to their organization simply because of what and who they are. Quality is assumed to exist, and it is routinely listed in terms of facts and statistics: i.e., faculty credentials and research interests, institutional awards, test scores, placement records, national recognition and acclaim, etc. This perspective takes quality as an organization's given point of departure, proclaiming its institutional "shining stars" as perpetual examples of the evidence of the existence of quality.

The "evidence of quality" approach is flawed, however, in that it is irrelevant. It misses the point because it boasts solely what an organization is, not what an organization does. The true evidence of quality is "in the doing, and that requires work, not grandiose declarations...You need to engage in quality deeds, not just quality words" (Seymour 57 & 72).

The optimal "way of seeing" quality is from the "value-added perspective," which realizes that quality ultimately deals with the achievement of results. This perspective views quality as the additional value added to services delivered; it does not view quality as trivial, passive, or automatic, but instead as a constant process. The "value-

added" approach to quality says, "Let's view quality as a verb, rather than as a noun...Quality as a verb does not describe an outcome, it describes a reinforcing circle. To 'quality' something is to target a process for continuous improvement" (Seymour 94).

The "value-added" approach to quality differs from the "customer-driven" and "evidence of quality" approaches because it says, "We do not always do what you want, but we do what is good for you." Institutions who practice value-added quality know that there is more at issue than the basic forces of supply and demand, or of the proclaimed evidence of quality; they know that their clientele places its trust in an unwavering mission and a continuous organizational relationship that yields viable, successful results. For the "value-added" approach to succeed, however, organizations must be mission-driven, and their missions must be aimed at a particular niche in the market whose clientele they wish to cultivate.

Nonprofit organizations practice the "value-added" approach to quality because they are mission-driven. While the private sector is profit-driven and the public sector is bureaucracy-driven, the nonprofit sector concerns itself primarily with those people it serves. Focus upon the individual, dedication to mission, and commitment to superior service quality are nonprofit commandments which are actively enforced by the third sector.

Today's consumer is demanding. With the existence of competition, he/she can afford to be; gone are the days of complete government service monopoly. For

we live in an age of niche markets, in which customers have become accustomed to high quality and extensive choice. In this environment, bureaucratic institutions developed during the industrial era--public and private--increasingly fail us. Today's environment demands institutions that are extremely flexible and adaptable. It demands institutions that deliver high-quality goods and services, squeezing ever more bang out of every buck. It demands institutions that are responsive to their customers, offering choices of nonstandardized services; that lead by persuasion and incentives rather than commands; that give their employees a sense of meaning and control, even ownership. It demands institutions that empower citizens rather than simply serving them (O & G 15).

In an era of deep-seated public concern about skyrocketing service costs and plummeting service quality, Americans desperately continue to search for an alternative. Nonprofit organizations have carved a niche for themselves in public policy by promoting quality-maximization over



profit-maximization, and this has proven to be an effective method of positioning themselves as the viable alternative Americans so desperately need.

The nonprofit sector carves a niche for itself in the service delivery market because it manages to make quality available to those citizens for whom it may not be otherwise. An illustrative example of this statement can be demonstrated in a discussion of youth programs, namely youth sports programs. The following example is an excerpt from an intensive discussion between myself and Dr. James T. Murphy, chairperson of a nonprofit youth tennis foundation in St. Cloud, Minnesota.

Bureaucratically-operated youth programs, such as those provided by the Parks and Recreation Department, are often run on shoestring budgets, minimal facilities, and a mediocre staff. The recreational programs provided by this rule-driven bureaucratic agency are directed predominantly toward children of low-income families, most of whom cannot afford private lessons. Parents send their children to receive government-funded sports lessons which may be mediocre, but are better than no lessons at all. Government-funded youth programs such as these stagnate in their mediocrity because parents literally cannot afford to complain; they cannot afford to express their dissatisfaction by providing their children with private, quality lessons instead. As long as kids are enrolled in

the Parks and Recreation Department's programs and as long as there are no vocalized parental complaints (regardless of how dissatisfied both children and parents may be), the bureaucracy remains satisfied with giving low-income children mediocre services. Because demand for second-rate services exists, there is no incentive for the bureaucracy to improve the quality of its services.

Private service delivery provides limited quality, but only when it is purchased. Affluent citizens can afford to buy the quality which satisfies both their service delivery expectations and the profit margins of private firms. The children of affluent citizens, for example, will have sports lessons of the caliber that will train them to win athletic awards--but only because the quality of those lessons has been purchased privately by their parents.

Let a nonprofit organization teach your child to play tennis, however, and quality services will be provided to the masses not because of status or means, but because a democratic society should provide access to quality for all its citizens. Nonprofit organizations act as an equalizer in this regard, for they provide a way for both low and high income citizens to receive services of uniform quality, creating a more equitable service distribution.

The niche for nonprofit organizations within the service delivery market, then, can be said to work well only where serious questions of public and private productivity

exist. Bureaucratic agencies have limited service production because they are rule-driven; their limited budgets constrain access to quality, for they are only allocated so many dollars per fiscal year. Private firms also have limited service production, because they are profit-driven; their desire to maintain adequate profit margins constrains access to quality, for providing quality costs more and profits less. Nonprofit organizations, however, can overcome these budgetary and profit constraints by fund-raising; their ability to disregard the aforementioned constraints allows nonprofit organizations to provide services to a market of talented, deserving citizens, regardless of their socioeconomic status. Nonprofit organizations bring quality to the non-affluent who may never have known its benefits otherwise, creating an invaluable niche for themselves in both service delivery and public policy.

"Quality" is an elusive notion that many agencies assume exists within their organizations; as has been illustrated here, this assumption is often false. Public and private organizations pursue quality, perhaps even with good intentions, but bureaucracies and profits stand in their way of its actualization. Nonprofit organizations, however, are empowered by their missions instead of constrained by them; they attain the essence of value-added quality that has allowed the nonprofit sector to emerge as

an alternative service delivery provider.

**THE EMERGENCE AND IMPORTANCE OF  
THE NONPROFIT SECTOR**

In recent years, public policy has been invited to expand its focus from the dualistic boundary lines of "public versus private" to include a third emerging contender in the service delivery race: nonprofit institutions. Nonprofit institutions are becoming more of a cornerstone in public policy, and their viability as an alternative provider of services to Americans cannot be ignored. Due to their exponential growth in number, influence, and quality, nonprofit organizations are establishing themselves as the third player in an "iron triangle" of sorts among public, private, and nonprofit forms of service delivery.

The realm of public policy is a unique playing ground which often awards success based not only on the merits of one contender, but also because of the marked failure of the competition. This is the scenario in which nonprofit organizations flourish, as their ability to deliver quality services warrants recognition based on their merits; in addition, however, nonprofit organizations are enabled to rise above the competition due to the failure of the strictly "private" or strictly "public" sectors to provide services which both attract and retain clientele. For although the purely private enterprise and the government institution have many virtues, they also have serious limitations...In the United

States, the limitations of both government and private enterprise are drawing attention to nonprofits. Although they, too, have drawbacks, nonprofits have unique features that might enable them to serve important social aims that neither the private sector nor the government can fulfill very well (Weisbrod 5).

Nonprofit institutions embody the delicate balance between "public" and "private" that neither alone can achieve; their unique composition allows nonprofit institutions to mold the most beneficial characteristics of the "public" and "private" sectors into an attractive, alternative form of quality service delivery.

Dissatisfaction with the status quo has led our government to look for a better way of delivering services in the United States. Experience has shown that a strictly bureaucratic mechanism does not work to the satisfaction of Americans; anyone who has waited two hours in line at the Department of Transportation, called ten case workers to get an answer to a welfare benefits question, or completed piles of health care paperwork can attest to the inadequacy of a strictly "public" form of service delivery.

On the other hand, a completely private form of service delivery has proved ineffective in many cases as well. Telephone, railroad, and trucking deregulation are three prime examples of the existence of oligopoly (in some cases,

monopoly) in the provision of services. Price inflation, predatory pricing, and cutthroat competition have led to decreased consumer confidence about the potential success of a strictly "private" service delivery mechanism in the United States. Fearful of monopoly, an American apprehension about placing a nation's eggs into a strictly "private" service provider basket is beginning to emerge.

As President Clinton begins the "reinventing" of our government, the days of categorically "public" or "private" government may very well draw to a close. Instead, we will see the dawn of an era of "public" and "private" government--an entity soon to be known as "nonprofit." We will witness the emergence of a bureaucratic

'welfare state' that will take a peculiar form in the American context, a form that involves not simply the expansion of the state but also an extensive pattern of government reliance on private nonprofit groups to carry out public purposes (Salamon 99--NP Handbook).

As the bureaucracy begins to realize the preferable quality of nonprofit agency services, it will rely upon them much more heavily to provide formerly "public" services to the nation; soon, "the nation's private nonprofit sector--formerly the 'sore thumb of public administrative policy'--will become the core of the nation's human service delivery system" (Salamon 99--NP Handbook).

Although nonprofit institutions have existed for many years, their importance in public policy is only beginning to be acknowledged by scholars. For years, nonprofit organizations were the irritating pea under the princess' mattress; although they existed, their viability was ignored. Today, however, nonprofit institutions have become too big a pea to remain under the bureaucratic covers; their burgeoning permanence in public policy deems them a force to be reckoned with. Nonprofit organizations are emerging players; with them,

important policy issues are at stake. Should there continue to be unrestricted entry, exit, and size of individual nonprofits? How innovative are they? And what is the increased competition from the growing nonprofit sector doing to the proprietary part of the economy? Although the answers are unknown, public policy proceeds apace, on the basis of an apparent faith in the virtue of competition--even for an economic sector that has been chosen explicitly to interfere with the ordinary competitive process of the for-profit market (Weisbrod 87).

The emergence of the nonprofit sector is automatically accompanied by the issue of competition. Nonprofit organizations have come to both prominence and sustenance within the realm of public policy because of the pronounced



need for competitive service delivery within the United States. It is due to the need for competition that nonprofit organizations came into existence; it is due to their unique ability to compete with both the private and public sectors that nonprofit organizations have grown exponentially in their importance as service providers.

## COMPETITION AND THE NONPROFIT SECTOR

Nonprofit institutions are viable alternatives to strictly "public" or strictly "private" forms of service delivery; as such, however, they are not immune from a fierce competition among these sectors for the opportunity to deliver services. Nonprofit institutions view competition as a healthy atmosphere in which to exist, however, as it provides them with the necessary incentives to improve the quality of their services. For "when society uses a particular form of institution--for-profit, governmental, nonprofit--to provide output it is implicitly rewarding certain types of behavior" (Weisbrod 47); nonprofit agencies wish to be rewarded for their efforts at quality management by a society that frequently utilizes their services. Through competition, nonprofit institutions can demonstrate their superior ability over the "public" and "private" sectors to provide top-quality services to Americans.

Nonprofit institutions have become more competitive in areas of public policy due to the changing nature of service delivery. As the United States revises its public policy needs, it simultaneously reevaluates who would be the most efficient, highest quality provider of formerly "public" services. Over time, nonprofit agencies have emerged as the most qualified provider of many services, and thus have become a pronounced competitor in the nature of service

delivery. As a result of the changing nature of service delivery and the methods of funding services, "there has been a change from a collaborative model between nonprofits and government to a competitive model among all three sectors" (Hodgkinson 10).

This competition among the public, private, and nonprofit sectors stems from a shifting of service delivery responsibility from the government to the market. The shifting of responsibility

has been a major cause of competition between nonprofit and for-profit service delivery providers. Thus, nonprofits have moved increasingly to charging fees to derive more revenues, and this shift to fees for service has led nonprofits to behave more like their for-profit counterparts (Hodgkinson 10).

In order to remain competitive in the service industry, nonprofit organizations have been forced to charge user fees to ensure cash flows; without this added revenue, nonprofit organizations would no longer be able to provide quality, competitive services to their recipients. In a market setting, competition creates a "survival of the fittest" situation; in order to remain alive, nonprofit institutions have adopted some private, for-profit methods in their provision of formerly "public" services; in no way, however, does this compromise or negate the superior quality of their

services. If nothing else, competition merely makes nonprofit institutions better.

What, then, is the effect of competition between nonprofit, public, and private organizations?

In one sense, the answer is clear: nonprofits enter into competition with proprietaries only when they expect to be able to compete effectively and, when it is revenue that they are seeking, to do it profitably (Weisbrod 122).

The above explanation may portray nonprofit organizations as advantaged competitors who enter the ring only when they are certain to win the fight; this is, however, a fallacy. Competition involves risk, and nonprofits are no more insulated from competitive risks than are their public or private counterparts. Perhaps an underlying difference between the nonprofit sector and its public and private counterparts is the increased willingness of nonprofits to take such risks in their provision of quality services.

A second explanation of the effect of competition between nonprofit, public, and private organizations centers on the fact that

the nonprofit sector is not isolated from the rest of the economy. Because of the interdependency of all three sectors, public actions directed at nonprofits affect other parts of the economy as well; conversely, actions directed at for-profit

firms and governmental agencies affect nonprofits, frequently in quite unanticipated and even undesired ways (Weisbrod 84).

Consequently, the competition among these three sectors affects them equally. The competitive edge in public policy is laced with both the threat of extermination and the promise of success; for the public, private, and nonprofit sectors, competition acts as a powerful catalyst to improve the quality of their service delivery. Although the nonprofit sector is not immune from competition, it has managed to channel it into a proactive force which continually inspires the improvement of the quality of its services.

The success of nonprofit organizations bears witness to the idea that "competition that is structured carefully...can produce more equitable results than service delivery by a public monopoly" (Osborne & Gaebler 104-105). The competition between the public, private, and nonprofit sectors provides an atmosphere of healthy self-improvement; when the choice becomes "compete or die" (O & G 107), the results of this continual re-evaluation are increased efficiency and superior service delivery.

The "contracting out" of formerly government-provided services to nonprofit organizations provides mutual benefits and is simply good business sense. Enabling nonprofit institutions to provide services of superior quality not

only injects competition into the service delivery system,  
but also

this form of "third-party government" uses government for what it does best--raising resources and setting social priorities through a democratic process--while utilizing the private sector for what it does best--organizing the production of goods and services. In the process it reconciles the traditional American hostility to government with recent American fondness for the services that modern society has increasingly required government to provide (O & G 30).

Delegating the provision of formerly monopolized government services to the nonprofit sector enables both the public and the third sectors to benefit in the realm of service delivery, as it allows each sector to act in the manner it knows best without detracting from the other. It makes good business sense for the government to entrust the nonprofit sector with the delivery of many public services, for in doing so the government can achieve more effectiveness, efficiency, equity, and accountability. As a result, the third sector is increasingly voted as "society's preferred mechanism for providing collective goods" (O & G 44).

Competition creates an environment which spurs its

participants to be better. In the race for superior service delivery, nonprofit organizations emerge victorious due to their delicate balance of effectiveness, efficiency, and quality. Nonprofit institutions have manifested themselves as viable and successful providers of quality services through both competition and efficiency; it is to an examination of the efficiency of nonprofit services which we now turn.

### EFFICIENCY WITHIN THE NONPROFIT SECTOR

The development of the nonprofit sector as a viable, alternative form of service delivery in the United States has been confusing due, in part, to a disagreement on semantics. Public policy experts have a myriad of choices when collectively referring to nonprofit organizations: "the nonprofit sector," "the voluntary sector," "the independent sector," "the not-for-profit sector," and "the third sector" all seem to be interchangeable.

The above terminology proves, however, to be inadequate. The terms "voluntary" and "nonprofit" are incomprehensive, as many nonprofit organizations employ salaried professionals. The phrase "not-for-profit" is inaccurate because some nonprofit organizations earn millions of dollars in "gains" and are indistinguishable in behavior from for-profit businesses. The "third sector" is a seemingly viable term, as it is composed of organizations that are privately owned and controlled, but that exist to meet public and social needs, not to accumulate wealth (Osborne and Gaebler, 44). The "third sector" is flawed, however, as its name alienates and marginalizes itself from the "mainstream"; namely, the public and private sectors.

Roger Lohmann constructs a more appropriate, cohesive, and all-encompassing language for nonprofit organizations in his book, The Commons. Lohmann defines the "commons" as "an explicitly interdisciplinary concept that links under a



single rubric the separate concerns of the nonprofit organization and the voluntary labor perspective" (Lohmann 59). Lohmann creates an inclusionary definition which bridges the gaps between the various organizational structures of different nonprofit organizations, creating a common membership among them.

The definition of the "commons" is founded upon the Greek term, "koinonia." For "koinonia" to exist, five conditions must be met:

1. Participation must be free and uncoerced;
2. Participants must share a common purpose, whether major or minor, long-term or short-term;
3. Participants must have something in common that they share, such as jointly held resources, a collection of precious objects, or a repertory of shared actions;
4. Participation involves philia (a sense of mutuality, often inadequately translated as friendship);
5. Social relations must be characterized by "dikiaon" (fairness) (Lohmann 58-59).

When "koinonia" exists, contends Lohmann, the "commons" also exists. Taken singularly, "common" is defined as any set of related social acts characterized by uncoerced participation, common purpose, shared resources, mutuality, and fairness. The "commons" is defined as being those

social organizations and institutions in which such norms predominate (Lohmann 59). Those nonprofit organizations who meet the necessary prerequisites of "koinonia," then, gain membership into the "commons." Lohmann's characterization of the "commons" provides an atmosphere where barriers to entry are few and inclusion and mediation of interests are primary objectives.

If the cooperation of "koinonia" is presumed to exist among the nonprofit organizations of the "commons," then why are these nonprofit organizations so fiercely competitive? A primary reason for the competitive atmosphere among nonprofits is "contract failure." In summary, contract failure occurs when governmental objectives are not met in a timely, quality fashion: bureaucracy fails to deliver the services which it agrees to in its governance "contract" with the American citizenry. An atmosphere of cynicism, doubt, and mistrust emerges from this relationship, and citizens begin to look for alternative forms of service delivery.

It is during this period of "uncertain searching" that nonprofit organizations enter the arena of service delivery. Nonprofit organizations offer a fresh, trustworthy alternative when compared with the repeatedly unsuccessful bureaucratic attempts at service delivery; the dissatisfaction caused by contract failure results in open season for consumers and nonprofit service providers.

Nonprofit organizations must market themselves to appeal to dissatisfied consumers, and competition for clientele becomes a primary objective. Cooperation, the fundamental principle of "koinonia," lies dormant once competition enters the nonprofit arena.

Competition among nonprofit organizations inevitably leads to issues of efficiency, for those organizations who maximize the efficiency of their operations yield economic success in a competitive, market-driven service delivery system. How well do nonprofit organizations deliver services? Are they superior, inferior, or equal to their public and private counterparts? Do nonprofits maximize their resources in an efficient, cost-effective manner? Does the efficiency of nonprofit organizations impair or enable the third sector to compete as a worthy opponent among the public and private sectors?

Answers to these questions are without easy resolution. The realization that nonprofit organizations are inherently inefficient, is however, an essential beginning. One line of behavioral theory argues that, whatever objectives nonprofits may pursue with respect to quantity or quality of output, they are inherently subject to "productive inefficiency" (failure to minimize costs):

It is almost certainly true that nonprofit firms are productively inefficient in the sense that, in the absence of subsidies or a substantial degree of market

failure of some type (such as contract failure) in the product market, they will generally produce any given good or service at a higher cost than would a for-profit firm (Hansmann 38--NP Handbook).

In spite of its inherent inefficiency, the nonprofit sector, or "commons," is appealing because it attempts to minimize its inefficiency. According to Lester Salamon, who led a multiyear research project on nonprofit organizations at the Urban Institute, the "third sector" is actually society's "preferred mechanism" for providing collective goods (O&G 44). The rationality of this claim is based upon the notion that those who desire quality the most are also those who are most willing to overlook the higher costs and productive inefficiency of the nonprofit sector, for it is worth it to them to pay more for the added quality of nonprofit sector services.

Why do we look to the inefficient nonprofit sector as an alternative form of service delivery? Are higher prices (fees for service) really worth paying to obtain quality?

Some have their doubts. E.S. Savas, author of Privatization: The Key to Better Government, opines that

The word 'government' is from a Greek word, which means 'to steer.' The job of government is to steer, not to row the boat. Delivering services is rowing, and government is not very good at rowing (O&G 25).

Savas uses this analogy of "steering vs. rowing the boat" to

communicate his disappointment with the U.S. government, a bureaucracy which, due to inefficient operation, charges higher prices, but fails to deliver quality services. Savas argues that private nonprofit service delivery may cost more, but at least one receives quality as a result. Government is adept at service delivery delegation, but nonprofit organizations are even more adept at service delivery execution.

Lohmann issues a response to Savas' analogy which helps to explain why bureaucratic service delivery suffers from a lack of quality. Lohmann continues Savas' "rowboat analogy" in his sentiments that traditional governments become so preoccupied with rowing that they forget to steer. This lack of direction creates

enormous pressure for change, and leaders have to enforce the general interest over the special interests who want to preserve the status quo...Suddenly there is less money for government--for 'doing' things, delivering services. But there is more demand for governance--for 'leading' society, convincing its various interest groups to embrace common goals and strategies. This is yet another reason why our visionary public leaders now concentrate more on catalyzing and facilitating change than on delivering services--why they provide less government, but more governance (Lohmann 33-34).

Inefficiency is inherent to both nonprofit organizations and the U.S. government. The main reason for this inefficiency boils down to the fact that our government overextends itself by trying to row and steer the bureaucratic boat simultaneously. This leads to a confusion of mission, direction, and execution of tasks; inefficiency becomes cyclical and perpetual.

Adam Smith theorized in his 1776 Wealth of Nations that the division of labor into specialized units ultimately increases efficiency in production. This same time-honored principle applies to both nonprofit organizations and the U.S. bureaucracy. Steps must be taken to separate the "rowing" and "steering" functions of government into divided, specialized units if increased efficiency is to result. Entrepreneurial governments must be reminded that

freeing policy managers to shop around for the most effective and efficient service providers helps them squeeze more bang out of every buck. It allows them to use competition between service providers. It preserves maximum flexibility to respond to changing circumstances. And it helps them insist on accountability for quality performance (O&G 35).

Nonprofit organizations have made significant advances in the efficiency of their operations because their administrations do not make the futile attempt to "steer" and "row" at the same time. Instead, the delegation of

operational tasks is encouraged, creating a dichotomy among "management" (for nonprofits, boards of directors) and "staff" (for nonprofits, volunteers and salaried employees). This separation of responsibility enables each group to come to a more thorough awareness of its responsibilities and allows its members to perform their designated tasks while preserving the principles of efficiency, cost-effectiveness, and quality. Nonprofit organizations are found by some to be better administrators than public or private organizations, as "for-profits are in business to make money, and the public sector agencies have little interest in saving money" (O&G 42). Encouraging the sharing of power and responsibility enables nonprofit organizations to "steer" and "row" toward the delivery of quality services without breaking the oars.

Nonprofit organizations deliver quality services by practicing three principles: competitive government, adherence to a strong sense of mission, and accountability. These principles interact cohesively, and their synthesis yields significant advantage for the service delivery capability of the nonprofit sector. Each principle will be addressed individually, and a compilation of their contributions will be presented.

The competitive atmosphere in which nonprofit organizations exist yields better results, more cost-consciousness, and superior service delivery (O&G 79). This

competitive spirit exists not only among the various organizations which compose the nonprofit sector, but also among the public and private sectors and the "commons." The ominous possibility that an organization's clientele will search for substitute services, should quality suffer, is a powerful incentive for the organization to improve performance. Nonprofit organizations, having observed this fact, have risen to the occasion of providing quality services through competitive governance--and they have set a high standard for public and private organizations to follow.

Efficiency has not always had such optimistic connotations, however. A pejorative account of the competitive governmental mechanism which produces efficiency states that

in government, of course, monopoly is the American way. When the Progressives embraced service delivery by administrative bureaucracies, they embraced monopoly. To this day, we deride competition within government as 'waste and duplication'...Yet we know that monopoly in the private sector protects inefficiency and inhibits change. It is one of the enduring paradoxes of American ideology that we attack private monopolies so fervently but embrace public monopolies so warmly (O&G 79).

In an age where "reinventing government" is portrayed as a



dire need, competition must be utilized. Competition must also be used as a method of advancement, not as a wasteful and duplicated impairment to governance.

Nonprofit organizations actively engage in the competition for service delivery by participating in the "contracting out" of government services. Churches adopt the administration of religious-affiliated schools; hospitals are privately operated and affiliated; human service organizations (i.e. the Red Cross, Salvation Army, United Way) provide assistance and relief when needed. These nonprofit organizations deliver some of the same services as the U.S. government; unlike the "jack of all trades and master of none" approach of the U.S. bureaucracy, however, the scope of their work is narrow enough to promote the delivery of mission-driven, competitive, quality service which attempt to satisfy consumers as completely as possible.

"Contracting out" previously government-monopolized services can be beneficial to all sectors: public, private, and nonprofit. For "it makes sense to put the delivery of many public services in private hands (whether for-profit or nonprofit), if by doing so a government can get more effectiveness, efficiency, equity, or accountability" (O&G 47). Whether the government runs an efficient operation is an issue beyond the scope of this analysis; however, the important point should be made that, regardless of its

impact upon the bureaucracy, "contracting out" formerly "public" services to nonprofit organizations has resulted in the increased efficiency of nonprofit service delivery.

Osborne and Gaebler detail four advantages of competition which yield efficient governance. I propose to extend their classification to include "the efficient governance of nonprofit organizations," as their ideas are both universal and appropriate to this analysis. The advantages of competition include the following:

1. The most obvious advantage of competition is greater efficiency: more bang for the buck.
2. Competition forces public (or private) monopolies to respond to the needs of their customers.
3. Competition rewards innovation; monopoly stifles it. Competition in service delivery favors 'the survival of the helpful.'
4. Competition boosts the pride and morale of employees (O&G 80-84).

Competition is a permanent fixture in service delivery. The choice for the public, private, and nonprofit sectors, then, is "compete or die" (O&G 107); if one of the sectors fails to deliver quality services, its customers will undoubtedly search for alternatives. The nonprofit sector exists as a mainstream alternative form of service delivery, proving that "competition that is structured carefully...can produce more equitable results than service delivery by a

public monopoly" (O&G 104-105).

Quality is the fundamental mission of nonprofit organizations, and adherence to this objective is the means to the success of the nonprofit sector. Leaders of nonprofit organizations build an organizational culture around their missions; this creates a united front which members utilize as a vehicle toward their common goal.

Nonprofit organizations whose missions are rooted in quality of service delivery have five significant advantages over their public and private counterparts. First, mission-driven organizations are more efficient than rule-driven organizations. Second, mission-driven organizations are also more effective than rule-driven organizations: they produce better results. Third, mission-driven organizations are more innovative than rule-driven organizations. Fourth, mission-driven organizations are more flexible than rule-driven organizations. Fifth, mission-driven organizations have higher morale than rule-driven organizations (O&G 113-114). Nonprofit organizations achieve results because their vision focuses upon providing real people with quality services rather than allegiance to rigid bureaucratic constraints.

Nonprofit organizations create pride in the production of quality services by encouraging participatory democracy. The administration of nonprofit organizations is not an intimidating bureaucratic monster, for power-sharing and

cooperation are encouraged within the cadres of nonprofit organizations. The existence of community within the "commons" gives Americans "...more control over matters that directly affect their lives...It is precisely here that participatory democracy is becoming real within American governments," (Lohmann 59) especially the "governments" of nonprofit organizations. The nonprofit sector emphasizes the value of member participation from the local to the national level; it is this comfortable atmosphere of community which constructs lifelong allegiance to the mission of the organization. Nonprofit organizations have discovered that a "laissez-faire" mentality impedes success, for all members of the organization must be considered not only active, but also valued participants if quality services are to be delivered.

Community cannot be ignored by the competitive nonprofit organization. "Community-owned" organizations have desirable characteristics which must be emulated by the quality-driven nonprofit organization:

1. Communities have more commitment to their members than service delivery systems have to their clients
2. Communities understand their problems better than service professionals
3. Communities solve problems
4. Institutions and professionals offer 'service';

communities offer 'care'

5. Communities are more flexible and creative than large service bureaucracies
6. Communities are cheaper than service professionals
7. Communities enforce standards of behavior more effectively than bureaucracies or service professionals
8. Communities focus on capacities; service systems focus on deficiencies (O&G 66-70).

An atmosphere of community brings public policy to a local, individual level. More importantly, it makes public policy personal. Nonprofit organizations embody a "people first" approach, and this perspective enhances their abilities to empathize with and satisfy the sensitive needs of their customers. For the public sector, being personal equals being liable; for the private sector, being personal equals being unprofitable. For the nonprofit sector, being personal equals being a leader in the providence of quality services.

Competition, mission, and participation are the ingredients in the recipe for efficiency in the "commons." In combination, these forces act to create a nonprofit sector whose permanence is indicative of a "third-party government." "Third" does not mean "minor" in this case, however, as "the heavy reliance on third parties to carry out public objectives has, in fact, become virtually the

standard pattern of federal operation in the domestic sphere" (Lester Salamon, O&G 30).

The existence of the nonprofit sector as an alternative delivery system becomes increasingly mandatory due to the expanded activity of the sector in public policy. The acknowledgement of the nonprofit sector is a movement toward its acceptance, for

once we adjust our conceptual lenses to take account of the reality of third-party government it becomes clear why nonprofits play so important a role...Given a welfare state that is characterized by an extensive pattern of third-party government, widespread government reliance on nonprofit organizations is thus not an anomaly but exactly what one would expect (Salamon--NP Handbook, 111).

Reliance upon nonprofit organizations occurs within many service-oriented disciplines. I have chosen the field of nonprofit education to illustrate the manifestations of quality within nonprofit service delivery; the following educational case study will demonstrate the capacity of the nonprofit sector to capture an increasingly large share of the education market because of its quality differentiation from the private and public sectors.

**NONPROFIT EDUCATION: IN PURSUIT OF QUALITY**

Nonprofit education is an individual model which can be used to illustrate the success of nonprofit organizations as alternative providers of superior quality services. In particular, my analysis here will provide a design scheme not only for the successful provision of nonprofit secondary education, but also for the general provision of nonprofit services. The following aspects of nonprofit institutional operations will be addressed in the context of nonprofit education: organizational structure, mission, effectiveness, leadership, personnel, choice, service outcomes, and quality. The emphasis upon the quality of each of these subsets leads to an emphasis upon the quality of the whole of nonprofit service delivery, for it is through quality service which nonprofit organizations become the components of an alternative service delivery system.

Appendix E is an excerpt from Ernest L. Boyer's work, High School. It is a poignant example of the educational mediocrity that exists within the American public school monopoly; during "A Day at Ridgefield High," nothing terribly bad happens--but nothing terribly good happens, either. Boyer's account of the deterioration of quality within American public education illustrates the need for an alternative form of educational service delivery. Boyer's chapter highlights the pronounced need for the kind of quality services that nonprofit organizations can provide;

his analysis is pertinent not only to proposals of alternative nonprofit education, but also proposals of nonprofit service delivery in general. It should be read prior to the following sections in order to understand how nonprofit organizations overcome the deficiencies of public education.

## I. Organizational Structure

The structure of an organization is instrumental to the success of that organization. Nonprofit schools are no exception to this notion. There are, however, differences between high- and low- performance, public and private schools. (For the ease and familiarity of discussion, the terms "private" and "nonprofit" will be used interchangeably in the discussion of schools, as familiar discourse often terms "nonprofit" schools as "private.") The differences between public and private schools are both organizational and institutional. Public and private schools differ in the compositional structure and operation of their organizations; they also differ in their conceptions of institutional principles and values.

The organizational structure of private education in the United States is in stark contrast with that of public education, for

In U.S. higher education, organizational



distinctiveness and specialized niches are especially associated with the private sector...It is more difficult for public than private institutions to hold unusual missions; this helps explain why there are 'no public Amhersts, Oberlins, or Reeds.' Herein lies one of the major reasons for the large U.S. support for the private sector, which performs 'a function in our society that we cannot afford to lose' (Levy 267--NP Handbook).

The organizational structure of private, nonprofit education in the United States is more flexible, autonomous, and specialized than its public counterpart because, in part, it simply can be. Without the shackles of bureaucracy, nonprofit education can flourish beyond public boundaries.

Institutional differences between public and private schools are inherent at the outset due to their diametrically opposite composition. Public, private, and nonprofit education differ institutionally because they differ conceptually:

America's public schools are governed by institutions of direct democratic control, and their organizations should be expected to bear the indelible stamp of those institutions. They should tend to be highly bureaucratic and systemically lacking in the requisites of

effective performance. Private schools, on the other hand, operate in a very different institutional setting distinguished by the basic features of markets--decentralization, competition, and choice--and their organizations should be expected to bear a very different stamp as a result. They should tend to possess the autonomy, clarity of mission, strong leadership, teacher professionalism, and team cooperation that public schools want but (except under very fortunate circumstances) are unlikely to have (Chubb & Moe 67).

The nature of the beast is the causality for its behavior; as such, public schools reflect their bureaucratic influences, and nonprofit schools reflect their market influences. To expect otherwise would be to deny the real conceptual and institutional variations among public and nonprofit education.

A second method of contrasting public and nonprofit education involves an analysis of "high performance" and "low performance" schools. Chubb and Moe provide definitions of each type. High-performance, or "academically successful" schools have focused and ambitious goals, they are headed by purposeful educational leaders, and they are staffed by teachers and professionals who form a close-knit team. Low-performance, or "academically

unsuccessful" schools have lower and more ambiguous expectations of students, they are managed rather than led, they are staffed by teachers who are lacking in the requisites of professionalism and effective interaction, and they look less like professional teams and more like bureaucratic agencies (Chubb & Moe 91).

This characterization does not absolutely maintain that "high-performance" schools are necessarily private nonprofit schools, nor does it absolutely maintain that "low-performance" schools are necessarily public schools. There are, after all, "high-performance" public schools and "low-performance" private schools. However, if both the availability of economic resources and school organization are used as measures of school quality, an argument will be made that most private nonprofit schools deliver the service of education in a superior fashion as compared to public schools. For the preferable organization of nonprofit schools can compensate for their often insufficient economic resources, whereas the operating budget of public schools alone, no matter how sufficient, cannot bring about quality organization. This is why many economically functional public schools fail to deliver educational services comparable in quality to those of their private nonprofit competitors; because these public schools are organizationally dysfunctional, quality education cannot be bought.

The inadequate organizational and institutional structures of public education build a strong case for alternative, nonprofit education. Gone are the days when public education was the solitary option; dissatisfaction with the public monopoly has led consumers of education to look elsewhere. Although "public schooling has so often been regarded as the bulwark of democracy and the nation's chief source of social cohesion and equal opportunity" (Arons 190), alternative forms of education which meet and exceed these same standards are, indeed, possible. For "the concept of schooling can be reconceived without endangering the principle of universal, compulsory education and without sacrificing the right of equal education opportunity" (Arons 190).

In order to reconceptualize education, we must circumvent the public system and turn to a viable alternative: private nonprofit education. As long as "the school that flies the flag is, in the long run, accountable to that flag and to the power and values which it represents, this is...the ultimate hang-up of all ventures which aspire to constitute...a radical alternative within the system" (Kozol 14-15). As long as public schools are governed by the bureaucracy, no radical changes will be achieved within the bureaucratic system. Alternative education must result from a rethinking of organizational and institutional structure; this is made possible only by

the circumvention of the public monopoly. Nonprofit education offers educational service delivery in this manner, and its organizational and institutional prowess cannot be negated.

## II. Mission

Once the organizational structure of an institution is determined, its members can actively pursue its objectives, or mission. Constructing a mission is essential to the success of any organization, as it helps to answer the question, "why are we here?". The construction of a mission is, however, more than a mere statement of purpose; it is the construction of an identity and a common belief system. A sense of organizational mission centers participants around a shared set of goals that, when actively and commonly pursued, champion the quest for quality service delivery.

A sense of mission empowers an organization's participants through participatory democracy. Sharing in the construction of common objectives enables participants in an organization to feel a sense of place--a sense of "ownership" of their contributions to the institution. In a bureaucratic sense,

few Americans feel that they 'own' or 'control' their governments...What Americans do hunger for is more control over matters that directly affect their lives...It is precisely here that participatory democracy is becoming real within American governments (O & G 73-75).

Participatory democracy is gradually becoming a reality

for the bureaucracy; it has, however, existed for nonprofit organizations since their creation, in the form of mission. Nonprofit organizations are well educated in the advantages of a sound mission:

1. Mission-driven organizations are more efficient than rule-driven organizations.
2. Mission-driven organizations are also more effective than rule-driven organizations: they produce better results.
3. Mission-driven organizations are more innovative than rule-driven organizations.
4. Mission-driven organizations are more flexible than rule-driven organizations.
5. Mission-driven organizations have higher morale than rule-driven organizations (O&G 113-114).

Not only does a sense of mission provide the above benefits, but it also infects the members of nonprofit organizations with a spirit of dedication and loyalty which spurs them to continue in their determined provision of quality education.

The faculty and staff of nonprofit private schools succeed because their sense of mission is their inspiration. The goals of a sound mission are the commandments quality educators abide by in their fierce dedication to academic excellence. A sense of mission is not a limitation; instead, it is the liberation private nonprofit education

utilizes in its movement toward community-owned education. Just as participatory democracy invites the active involvement of government officials in the determination of bureaucratic direction, so participatory education invites active community involvement in its decision-making process. An emphasis upon community provides numerous advantages in the delivery of private nonprofit education, for

communities have more commitment to their members than service delivery systems have to their clients. Communities understand their problems better than service professionals. Communities solve problems. Institutions and professionals offer 'service'; communities offer 'care'.

Communities are more flexible and creative than large service bureaucracies. Communities are cheaper than service professionals. Communities enforce standards of behavior more effectively than bureaucracies or service professionals.

Communities focus on capacities; service systems focus on deficiencies (O&G 66-70).

Private nonprofit education exists within an atmosphere of community that provides these benefits, benefits that are paramount to the delivery of a quality education. Nonprofit schools, liberated by their mission and enabled by their communities, far exceed the rule-oriented, dogmatic design of most public schools. Constrained education cannot be



education of maximum quality; private nonprofit schools have long had this knowledge, evidenced by their success in providing an alternative, decidedly more attractive system for the delivery of education.

In the private nonprofit sector, schools do not have to be all things to all people. The beauty of private education is its diversity; private schools are not forced to conform to the dictates of the bureaucratic mold. To be successful, private schools "need only find their niche--a specialized segment of the market to which they can appeal and attract support..." (Chubb & Moe 55). Once private schools establish their individual emphases and educational objectives, they can offer highly specialized services to their students--services founded upon "a coherent mission, a coherent set of practices, a close and productive fit between the two--a professional dynamic that continuously seeks to maintain their intellectual integrity" (Chubb & Moe 60).

Examples of actual educational missions will be offered here to illustrate the pronounced dedication of private nonprofit schools to quality. The missions of the following nonprofit institutions emphatically convey a vision of both the present and future of nonprofit education.

(See Appendixes for mission texts)

1. **Mankato Catholic Schools**

The mission of the Mankato Area Catholic Schools is "to

educate students in a Christ-centered environment"; its impact does not stop there, however. Mankato's mission is upheld by its five goals and their supporting objectives, all of which contribute to the execution of the organization's mission.

Since the Mankato nonprofit organization is a Catholic one, its mission and goals necessarily revolve around the Catholic tradition. There are, however, some general attributes of Mankato's mission that are endemic to most nonprofit organizations. The Mankato Area Catholic Schools focus on community, both within and outside of their school environment; the schools emphasize the value of the individual, whether students or staff; the schools stress the need to deliver a quality education which will "motivate and educate the whole person"; and the schools encourage providing service to each other and to those outside of their organization. These directives of the Mankato Area Catholic Schools are not uncommon among nonprofit schools whose primary objective is the delivery of a quality education. The autonomy which enables private nonprofit schools to choose distinctive, superior missions is "often related to private governance and therefore freedom, leaving public institutions, tied to the state, at a relative disadvantage" (Levy 267--NP Handbook). The ability to determine a quality organizational mission is priceless; in nonprofit education, its value can be readily seen in the

lives of the students who benefit from private nonprofit, quality education.

## 2. The City, Inc.

The City, Inc. is a nonprofit organization with many human service agencies, one of which is an alternative secondary school for the inner-city, urban youth of Minneapolis, Minnesota. The City, Inc. describes itself as "an agent of healing, growth, and advocacy participating in the building of culturally pluralistic communities through relationships with inner-city young people and families." Its mission is a compelling example of the success a nonprofit organization can attain in the improvement of the quality of people's lives; The City, Inc. reaches troubled youth and their families by their fierce dedication to the eradication of racism, poverty, and ignorance.

The mission of The City, Inc. is another blend of characteristics which pervade the missions of not only nonprofit schools, but also nonprofit organizations in general. The City is committed to providing services to inner-city youth at risk; it is centered upon an atmosphere of community-building; The City, Inc. is committed to personal relationships with the individuals it serves; and The City, Inc. is committed to a perpetual exchange of learning opportunities. These characteristics are the foundation not only of a solid mission, but also for the

formulation of stable young people who, with the help of nonprofit schools such as The City, Inc., will be better able to prevent themselves from succumbing to socially deviant behavior.

In the case of educationally disadvantaged youth, such as those of the inner-city, "observers of effective schools have often said that good schools succeeded because they have a mission" (Chubb & Moe 83). These private nonprofit schools do not succeed, however, because their mission is constructed for the benefit of the organization; they succeed because their missions are constructed to touch the lives of real people. Their missions are lived by their staffs, who empower others in their provision of quality educational services.

### 3. Minnesota Institute for Talented Youth

The mission of the Minnesota Institute for Talented Youth centers upon the provision of "challenging hands-on summer education programs for talented students." Its goals are also common to those of other nonprofit organizations; the Institute desires quality teachers, quality students, a quality educational program, and money enough to implement the above goals. The goals of the Minnesota Institute may seem simplistic in nature, yet they are far from simple-minded; their goals, like those of so many of their fellow nonprofit organizations, merely end the bureaucratic

mentality of making things difficult. With the knowledge that the delivery of a quality education is its end, the Minnesota Institute (and other private nonprofit schools like it) can considerably ease the complexity of the means to that end and wholeheartedly pursue its objective, free from the shackles of constraint caused by a bureaucratic fear of decision-making.

#### 4. Mounds Park Academy

The mission and goals of Mounds Park Academy are impressive representatives of the common threads which pervade the missions of nonprofit organizations as a whole. The school itself emphasizes the importance of a quality educational environment, the importance of the individual student, the recruitment of a quality staff, and an atmosphere of community in which both equity and equality thrive. The students of Mounds Park Academy are encouraged to actively participate in their educations, to have confidence in themselves, to become positive influences on others, and to become actively aware of their environments. The emphasis on community, service, awareness, and participation are catalysts to the growth of exponential benefits that can be enjoyed in a quality education; the success of private nonprofit schools such as Mounds Park Academy rests in their confident ability to develop these catalysts and allow them to flourish within an atmosphere

which embraces the common pursuit of quality service delivery.

A cohesive mission statement is essential to the survival of any organization--public, private, or nonprofit. A mission is, however, more than merely an "order," or a "directive,"; when effectively constructed, a mission provides a reason for existence, an atmosphere of community, and the collective pursuit of a common goal. An effective mission is not a set of rules that bind, but rather a set of ideas that liberate the members of an organization to actively and freely pursue a common venture. The success of a whole depends upon the successes of its parts; a strong sense of mission provides members of an organization with a sense of belonging, a sense of place, and a sense of real contribution. These ways of seeing a mission are currently practiced by countless nonprofit organizations, all of whom view missions as the vehicle through which they can not only perform the impersonal task of service delivery, but also touch the personal lives of real people in the process. This is what constitutes the "quality" aspect of "quality service delivery"; any organization can provide a service, but the ones who do it well integrate the personal into all that they do. Because nonprofit organizations are acutely aware of these ideas, they have managed to maintain quality service delivery despite the existence of a rule-oriented, sterile bureaucratic climate. Why? Simply because they do

it better. And sometimes being better is enough to be recognized. Government needs a refresher course on its mission; perhaps it should take lessons from the nonprofit sector.

### III. Effectiveness

It is not an unfounded estimation that most, if not all, schools aim to be effective; the truth is, however, that the lessons offered to students of many public schools are lost due to their inadequate, inefficient, low-quality methods of service delivery. An effective school is not automatic upon its creation; effectiveness is an elusive state of being which can only be achieved through dedication and considerable amounts of hard work. In other words, good intentions do not constitute an effective school.

How does a school become "effective"? Chubb and Moe argue that "the way to get effective schools...is to recognize that the problem of ineffective performance is really a deep-seated institutional problem that arises from the most fundamental properties of democratic control" (Chubb & Moe 191). An effective school, Chubb and Moe argue, "is one that is especially successful in placing students in academic programs and keeping them there" (Chubb & Moe 134). Effective schools, then, must overcome the institutional problems of democratic (read: bureaucratic)

control, and they must deliver an education which is of high enough quality to both attract and retain academically successful students. these, ironically enough, are requisites which can be easily filled by private nonprofit schools.

Chubb and Moe argue that seven required elements must exist within a school in order for it to be deemed "effective". An effective school must have the following:

1. Academic focus
2. Strong educational leader
3. Sharing of decision-making
4. High level of professionalism and cooperation among teachers
5. Respect for discipline among students
6. Tightly knit community or team
7. Student achievement standards

The mission statements of the private nonprofit schools discussed previously have these seven requirements (although worded differently) as their common goals; these attributes are implemented by nonprofit schools through their emphasis on community, service, the importance of the individual, and quality. Nonprofit schools whose primary focus is the delivery of quality educational services, then, are deserving of recognition as "effective schools."

In addition, it can be argued that private nonprofit schools are effective due to their organizational



structures, and that public schools, due to their organizational structures, simply are not. For

bureaucracy vitiates the most basic requirements of effective organization. It imposes goals, structures, and requirements that tell principals and teachers what to do and how to do it--denying them the discretion they need to exercise their expertise and professional judgment, and denying them the flexibility they need to develop and operate as teams. The key to effective education rests with unleashing the productive potential that is already present in the schools and their personnel (Chubb and Moe 187).

Bureaucracy injures the substance and quality of an effective organization because its regulatory constraints impede organizational progress; private nonprofit organizations are effective because they simultaneously unleash and utilize the productive potential that lies within their organizations. For these reasons, private nonprofit schools are considerably more effective than their public counterparts, and this effectiveness is a desirable trait which warrants the recognition of private nonprofit schools (and, in a general sense, nonprofit organizations) as preferable, alternative providers of service delivery.

#### IV. Leadership in Schools

Students do not attend a school solely on the basis of its campus; they attend a school because of the people that are to teach them. No matter how well-intentioned an organizational structure a given school has, it is ultimately the people there who deliver the service of education. Without an educational staff of impeccable quality, a school is nothing more than an impersonal building. In addition, the staff of a quality nonprofit, private school must have leaders whose actions are consistent with the mission, values, and goals of the school, for without supportive and effective leadership, the quality of the educational experience dissipates.

The leadership of a high-performance, quality, nonprofit school does not consist of a ruler versus the governed; instead, leaders of these schools achieve the best results by practicing power-sharing. The leaders of quality nonprofit private schools do not divorce themselves from their element, as they remain in close contact with both teachers and students. Quality academic leaders do not forget how it is to teach; they remain actively involved in the educational process, and they integrate community desires into their decisions. Quality academic leaders remain ever-sensitive to the needs of those whom they guide toward a superior education, because they are both conscious

of and dedicated to their schools' missions. Educational leaders--those who become friends and mentors in their academic communities--know that

success does not call for a power struggle. Nor does it call for a supreme administrator. It calls for effective leadership--which, in turn--calls for a firm anchoring in the profession, culture, and everyday experience of teaching (Chubb & Moe 57).

Private nonprofit schools provide quality education because the members of their communities--parents, teachers, administrators, and students--join in a cooperative pursuit of the academic ideal. Leaders of quality educational institutions provide the vision needed to work toward the common goal of a beneficial education. Principals of high performance schools

tend to show a greater propensity to know what kind of school they want--to value innovation and new ideas, and to keep the school apprised of where it should be going...High performance schools are more likely than low performance schools to be led by principals who are above average in vision (Chubb & Moe 86).

Leaders of high-performance nonprofit schools envision an institution that both meets and exceeds its potential; it is their encouragement and inspiration which fosters a drive

within their educational communities toward excellence and superior quality in education.

#### V. Personnel: Teachers and Quality

Two kinds of teachers exist within academia: those who teach, and those who educate. It is the differences between these two types of teachers which best illustrate the disparity between apathy and quality in education.

Everyone has had a teacher who taught not because he/she wanted to, but because he/she had to. For these people, the teaching profession is a required monotony which is the vehicle to their success in research, publication, etc. Years of regurgitated lesson plans, archaic examples, and pat answers become "teaching" for these people who may have physically remained in the educational profession, but who mentally left it long ago. Their task consists not of education, but of "teaching"--the transmission of facts by rote memorization from one disinterested individual to an even more disinterested student. Mission, dedication, and quality education mean nothing to these "teachers," for they do not live their profession.

The antithesis of those who "teach" is those who truly "educate." Just as we have all had teachers with low achievement motivation, we have all had one or two teachers along the way who have revealed to us the mysterious

excitement of knowledge. Educators give their students life lessons which remain engraved upon their character. They do more than "teach" their students--they learn from them as well. For educators, the school day never ends; they live their profession. Educators expect academic excellence; they have a subtle way of inspiring their students not only to rise to the academic occasion, but also to set the academic standard. Those women and men who truly educate are the reasons why quality education thrives in private nonprofit schools, for they will settle for nothing less.

A substantial difference exists, then, between those who "teach" in a low-performance school and those who "educate" in a high-performance academic institution: the difference between these teaching staffs "has much more to do with the quality of teacher service than with its quantity" (Chubb & Moe 88).

## VI. Choice in Education

There is an undeniable need for educational choice in the United States. The fading triumphs of public schools exacerbate the urgent desire for a viable alternative which will restore quality education for the youth of America. Gone are the days when the public school monopoly was enough; the glory of public education has been overshadowed by bureaucratic apathy. The children of the United States need not sacrifice a quality education in the name of tradition; inadequate public schools need not be their only option. Private nonprofit education is a viable, preferable alternative to the public school monopoly because of its superior quality.

Choice in education is an absolute necessity, as it provides an alternative to the failing public schools. Why are America's public schools failing? An insightful theory is presented in the following:

the key to understanding why America's public schools are failing is to be found in a deeper understanding of how traditional institutions of democratic control actually work. The nation is experiencing a crisis in public education not because these institutions have functioned perversely or improperly or unwisely, but because they have functioned quite normally. Democratic

control normally produces ineffective schools.

This is how it works (Chubb & Moe 227).

The public schools are failing America's students because, for them, failure is endemic. Because they are institutions under bureaucratic and democratic control, public schools are constructed to behave ineffectively. Public schools continue to operate, stagnating in inefficiency and mediocrity, because their sustenance comes from their enabling parent, the bureaucracy. Ultimately, the children are the only ones who will suffer from this educational system of bare necessity--but only if we let them.

The "crisis" in education is not really that--it is a crisis in public schooling. For

numerous surveys and studies have shown that satisfaction in non-public schools, on the part of students, parents, teachers (despite their low pay) and everyone else is much higher than in the public schools. Strikes are virtually unknown. Yet the nonpublic schools, as a group, have less of almost everything and what they have is of a poorer quality--older buildings, textbooks, etc.--in comparison to the public schools. The reason for the satisfaction seems to stem from the condition of choice (Kirkpatrick 142).

In the face of failure, the need for choice is both obvious and paramount. Most Americans do not continue to purchase

products that are unsatisfactory; why, then, are we content to continue purchasing unsatisfactory education? The tradition of public education, safe and familiar though it may be, cannot be upheld in its current condition simply for tradition's sake; if it no longer suits the needs of the people, it must be replaced. The mechanism which provides the most viable alternative to public education is educational choice.

Nancy Paulu presents several convincing advantages of educational choice in her U.S. Department of Education report, "Improving Schools and Empowering Parents: Choice in American Education." Her argument provides sound evidence of the many benefits of choice in education. Paulu's condensed argument consists of the following:

1. Choice can bring basic structural change to our schools. "Schools will not improve until the balance of power shifts, and programs of choice provide the best avenue to making this happen...Schools of choice help to create organizations in which educators, parents, and students cooperate with one another and become more involved in their schools. And this encourages them to invest more of themselves."
2. Schools of choice recognize individuality. "Programs of choice recognize differences not only among students, but also among teachers and



educators."

3. Choice can improve educational outcomes. "Family background, economic status, and residence all matter a great deal in determining whether a youngster will succeed in school--but it is possible that the particular school attended and whether he or she is there by choice matter even more."
4. Schools of choice can keep potential dropouts in school and draw back those who have already left. "Many studies have found that low achievers make remarkable gains when moved to a new and different school; their academic records, behavior, attendance, and attitude toward school all improve."
5. Schools of choice increase parents' freedom. "Choice programs place the decision of which school a child should attend where it rightly belongs--within the family. And in doing so, they allow the close relationship that once existed between parents and schools to be recreated."
6. Choice plans increase parent satisfaction and involvement in the schools. "Freedom to choose may generate a sense of power that itself enhances commitment."

7. Schools of choice can enhance educational opportunities, particularly for disadvantaged parents. "Schools of choice provide an equal point of departure for students' education."

## VI. Choice in Education, continued

The benefits of educational choice are numerous, yet the bottom line remains: educational choice yields quality education. Why is this the case? As will be demonstrated, choice yields autonomy for the recipients of the service of education; this autonomy drives service providers to compete for a clientele who can patronize any of a number of different service providers. This market-driven atmosphere of competition results in the development of mission-driven, quality services which both attract and retain a recurrent clientele. How, then, can choice be promoted and adopted in American education? The most effective method of institutionalizing a medium of educational choice involves the creation of an educational voucher system for elementary and secondary students.

What is an educational voucher? How does it work? Must gives a succinct definition of vouchers in the following:

A unit of government, whether local, state, or federal, provides parents with a voucher or chit to pay for their child's education at the school of their choice. The parents then give the voucher to the school when the child is enrolled. The school returns the voucher to the government, which in turn sends the school a predetermined

amount of publicly raised tax dollars. In most plans, the dollars follow the child; therefore, the school receiving the child gains the voucher dollars, while the school losing the child also loses money (Must 222).

The proposed implementation of a nationwide educational voucher system is accompanied by a grocery list of objections by its most vocal critics. Of the objections to the voucher system, five are the most prevalent: 1) How will children be transported to schools of their choice in a system of open enrollment? 2) Will the voucher system lead to the racial segregation of youth? 3) What specialized programs will schools offer under the voucher system? 4) How will parents be educated about their choice of educational options, so that theirs will be the most beneficial educational choice for their children? 5) Will parents be only selectively informed of their educational choices, in order for certain schools to gain an advantage in the educational market?

Professor Joe Nathan, of the Humphrey Institute for Public Affairs, succinctly answers these five objections to the voucher system and illustrates how an educational voucher system can be properly implemented on a national scale. Dr. Nathan lists the following criteria as the five preconditions of a system of educational choice:

1. Free transportation to facilitate participation by all families
2. Implementation of racial-balance procedures to prevent segregation
3. A wide range of programs at many schools rather than a limited number of programs at a few selected schools
4. Provision of information and counseling to facilitate parental selection
5. Avoidance of selective criteria for participation in options (Young 123-124).

With these conditions as prerequisites to the implementation of a national educational voucher system, the formerly problematic procedural concerns regarding the mechanics of the voucher system would be abated. Public policy need not always be reactionary; with the necessary foresight, preventative measures can be instituted which can better ensure the success of a program. The voucher system is such a program; with the adoption of Nathan's preconditions to the voucher system, American educational policy can be proactive rather than reactive--and it can break new ground for the nonprofit sector in the process.

Educational vouchers for elementary and secondary school children need not be an ominous, intimidating means of injecting choice into education. Educational vouchers already exist at the college level; college students receive

federal and state grants as well as federal loans, which are then remitted to the schools of their choice, public or private, as payment for the service of education. The grants and loans received by college students are "vouchers of a different color"--yet they remain vouchers.

The voucher system used by higher education can be adapted in the same form by elementary and secondary schools; state governments would issue "voucher checks" to parents, who in turn would "shop" for the most appealing school in their area and enroll their children, using the "voucher check" as payment. The end result, as is the current norm, would be the delivery of educational services; the difference would, however, lie in the process of the service delivery. With a voucher system in place, children would still be educated; the system would, however, promote competition among schools for students, and this competition would yield a drive toward improved educational quality.

Competition among schools would allow nonprofit schools to enter the arena, eligible for previously withheld federal dollars if they are both innovative and exemplary in their efforts to attract students. The governance and formation of schools of choice could easily be accomplished through the establishment of each school as

an individual nonprofit corporation with a charter spelling out its independent power and duties. The terms of that charter would have to

attend to a variety of different matters, and all schools need not have the same charter (Coons 163).

Under a voucher system, nonprofit schools could emerge as victorious contenders in the race for educational success; in a competitive environment, the superior quality of nonprofit education would undoubtedly be the determining variable that differentiates nonprofit schools as alternative, preferred providers of education. And, as Coons argues, each nonprofit school "need not have the same charter"; meaning, each nonprofit school would have the autonomy to specialize, emphasize its unique mission, and strive to provide the excellence in education that attracts, retains, and yields students of sterling academic caliber.

Senator Daniel Moynihan (D-New York) once said that the United States "is the only industrial democracy in the world that does not routinely provide aid to nonpublic schools as part of its educational system." Why? Fear of change and a resolute reverence to the stagnant educational status quo are prevalent reasons for our abhorrent denial of funding to nonpublic education. For many authorities on nonpublic education, adherence to the inadequate, yet "traditional," status quo is an age-old stumbling block to educational innovation:

that much of the educational establishment opposes even limited testing of vouchers, or other

forms of educational choice, is not surprising...Professions are rarely changed from within. Experts are experts of the status quo, of what is rather than what can be or what should be. They benefit from the status quo, or think they do, and they don't want to risk losing what they have for promises of a better way (Kirkpatrick 164).

Public education, in its dilapidated state, cannot be enabled to maintain its inadequate "status quo" of educational service delivery merely in the name of tradition. Vitality, freshness, and life are desperately needed in education--in both its quality and its delivery. Educational "experts" who refuse to give nonprofit schools and a voucher system the opportunity to prove their effectiveness are experts of the past, not the present. A pronounced demand exists for educational change; an institutional voucher system would be the catalyst to the educational improvement that the American public yearns for.

In order to support choice, nonprofit schools, or the voucher system, we must first support education. Americans must renew their dedication to academic excellence if any educational reforms are to materialize. We must actualize, rather than proselytize, our commitment to the many facets of education, for

most advocates of education are in actuality



only advocates of schooling. There are supporters of government schools and supporters of nongovernment schools. What is too often lacking are supporters of education, those concerned with our children and their education, rather than with specific institutions. So it is that we have compulsory schooling, not compulsory education (Kirkpatrick 166).

Diversity and competition in education not only makes moral sense, it makes economic sense. Milton Friedman makes an insightful case for educational choice and the voucher system in his classic work, Capitalism and Freedom. In it, Friedman argues that

Governments have, in the main, financed schooling by paying directly the cost of running educational institutions. Thus this step seemed required by the decision to subsidize schooling. Yet the two steps could readily be separated. Governments could require a minimum level of schooling financed by giving parents vouchers redeemable for a specified maximum sum per child per year if spent on "approved" educational services. Parents would then be free to spend this sum and any additional sum they themselves provided on

purchasing educational services from an "approved" institution of their own choice. the educational services could be rendered by private enterprises operated for profit, or by nonprofit institutions. The role of the government would be limited to insuring that the schools met certain minimum standards, such as the inclusion of a minimum common content in their programs, much as it now inspects restaurants to insure that they maintain minimum salary standards (Friedman 91).

In an analysis of Friedman's arguments, Kirkpatrick concludes the following:

Milton Friedman noted that subsidizing institutions unavoidably means subsidizing various activities they undertake, whether or not the government providing the funding had that in mind. State governments can hardly oversee every decision and action taken by a local school district. He also noted that mandating and providing a service can be separated, and recommended that this be done in education...Whether this service was provided by a public or private agency, or on a profit or nonprofit basis, should not be of concern to the government, as it was not for

the millions of GI's who furthered their education with the equivalent of a voucher system. The government would only be interested in any school's meeting minimum standards (Kirkpatrick 50).

"Whether the service of education is provided by a public or private agency, or on a profit or nonprofit basis, should not be of concern to the government." If education can, and, according to Friedman, should be separated, and if this separation should not be perceived by the government as injurious, then a case exists for the emergence and continued viability of nonprofit education. Nonprofit schools should, on moral and economic grounds, be encouraged to prosper; with the aid of the voucher system, a competitive spirit would rejuvenate the lackadaisical method of education, awakening public schools to their very real nonprofit contenders.

The implementation of an educational voucher system leads to educational choice. Educational choice leads to competition. Competition leads to the conscious improvement of service delivery. Improved service delivery leads to the pursuit of quality in education. Transitively, then, the implementation of vouchers and educational choice leads to the pursuit of educational quality. And

what the mid-20th century demands more than anything else is quality. If we are to survive,

educators must leave the mediocrity of 'life adjustment' behind and undertake the intellectual development of our children and youth to their highest potential (Blum 143).

Nonprofit education can, if afforded the opportunity, withstand the competitive arena and emerge as the organizational entity most qualified to develop the intellectual integrity of our nation's children to the highest potential.

In order for nonprofit education to succeed in an environment of educational choice, it must, in fact, be an option. Nonprofit schools must be players on equal footing with their public counterparts if they are to have the opportunity to exhibit their superior service delivery abilities. For nonprofit schools to be players, they must be competitive:

we must appeal to the competitive spirit of free enterprise. We must bring to the education of the young the challenge of competition...In a nation that is dedicated to free enterprise, education below the college level has been almost completely socialized. It is almost completely state-owned, operated, and controlled. This eliminates the challenge of competition from an area in which challenge is of vital importance. This removes from our educational system the challenge of

equaling and surpassing the quality and excellence of competitors' products. Government monopoly in education, as in business, destroys that initiative, ingenuity, imagination, and enterprise that, in the American competitive system, have enabled business to produce and market goods of unsurpassed quality in the open world market...(Blum 144-145).

Careful analysis reveals that issues of competition and educational choice are synonymous with issues of liberty. Whether we, as a nation, a culture, and an intellectual body, have the liberty to choose where, when, and how we are educated is a question of fundamental importance. Freedom of choice does not become null and void in light of the public school monopoly; Americans deserve both assurance of and access to an educational system which delimits constraint and liberates thought. For

as General Motors would be the last to advocate monopoly in the auto industry as the best guarantee of quality in the production of cars, so also, it may be hoped, a large number of public school teachers and administrators would be the first to advocate free enterprise in education, based on freedom of choice, as the best guarantee of quality in the education of our children and our young men and women (Blum 150).

## VII. Outcomes of Education

Evidence of the superior service delivery by private nonprofit institutions of education exists not only in its procedural aspects, but also in its outcomes. Ultimately, the success of nonprofit institutions in providing top-quality education is reflected in the products of their endeavors: the students. Coleman and Hoffer maintain in their study of secondary education, High School Achievement, that

there are at least two important ways in which private schools produce higher achievement outcomes than public schools. First, given the same type of student (that is, with background standardized), private schools create higher rates of engagement in academic activities...The indication is that more extensive academic demands are made in the private schools, leading to more advanced courses and thus to greater achievement. Second, student behavior in a school has strong and consistent effects on student achievement (Coleman 178).

Engagement in academic activities, coupled with the extensive academic demands placed upon students in private nonprofit schools, lead to the accelerated achievement of students enrolled in these institutions. Students achieve

success in private nonprofit schools because self-improvement, excellence, and quality are minimum standards in these institutions; the drive toward academic achievement is fostered by the lofty, yet attainable objectives that are at the foundation of nonprofit education.

Coleman and Hoffer provide a summary of their conclusions regarding the differences between public and private schools:

1. Private schools produce better cognitive outcomes than do public schools.
2. Private schools provide better character and personality development than do public schools.
3. Private schools provide a safer, more disciplined, and more ordered environment than do public schools.
4. Private schools are more successful in creating an interest in learning than are public schools.
5. Private schools encourage interest in higher education and lead more of their students to attend college than do public schools with comparable students.
6. Private schools have smaller class size, and this allows teachers and students to have greater contact.

7. Private schools are more efficient than public schools, accomplishing their task at a lower cost (Coleman 179-183).

Coleman and Hoffer are supported in their favorable view of private nonprofit education by experts on the nonprofit sector such as Daniel Levy, who writes that "accumulated, if scattered, evidence often suggests an average edge in the academic level of private over public educational institutions" (Levy 268--NP Handbook). The importance of these findings is becoming widespread throughout not only the private nonprofit sector, but also the public sector as well. Favorable research conclusions such as these regarding nonprofit educational outcomes provide invaluable support for the continued advancement and expansion of private nonprofit education as an alternative and competitive form of service delivery.



### VIII. Educational Quality

Organizational structure, mission, effectiveness, leadership, personnel, choice, and service outcomes are solitary components which coalesce in the formation of educational quality. Quality is both the objective and product of nonprofit education, for it is what nonprofit education is all about. Educational quality

includes both the goal that all schooling meet minimum standards and the goal that the system as a whole exhibit as high a degree of quality as possible. Quality includes not only instructional effectiveness (what is learned) but responsiveness (what is taught and to whom), and resource allocation and efficiency (the amount of resources devoted to schooling and how efficiently they are used) (Levy 35).

Nonprofit education pursues instructional effectiveness in its emphasis upon organizational structure and effectiveness; nonprofit education pursues responsiveness in its promotion of educational choice and service outcomes; and, although imperfect in its efficiency, nonprofit education allocates its limited resources in an efficiency-maximizing fashion. It is in these respects, with the aid of a strong mission and dedicated personnel, that nonprofit

schools satisfy the criteria necessary to become not only providers of education, but also the catalysts to the proliferation of quality young people in the United States.

Nonprofit schools are characterized as having certain advantages over their public counterparts, advantages which give them the lead in the provision of quality education. Successful private, nonprofit schools encourage positive student-teacher relationships; their curriculum is student-centered; various institutional roles for teachers exist; noncompetitive classrooms are deemed essential; the existence of a clear mission is paramount; and school size is small (Young 45). When these traits are allowed to act in cooperation with each other, the magical emergence of quality occurs.

As illustrated earlier, quality education requires the existence of educational choice. without it, quality is stifled due to the lack of competition. Strides are, however, being made in the recognition of the importance of educational choice, for

one of the major factors that distinguishes today's debates from those of the 1920's is the greater attention paid to the impact of private schools on the quality of education. Proponents of tuition tax credits and voucher systems often assert that private schools are more effective, efficient, and responsive than

public schools, and that they serve as a competitive spur to improved public school quality (Levy 34-35).

Educational choice is beneficial not only to nonprofit schools, but to the whole of education, as it is the impetus to the improvement of public as well as private nonprofit educational standards.

What, then, constitutes a good nonprofit school of quality? Nancy Paulu conducted an analysis of secondary education, and she concluded the following information whose relevance embraces the entire composite of nonprofit education:

Good secondary schools--middle, junior high, and high schools--are vital and dynamic. They have an identity. They pursue clear goals. They tackle obstacles that might deter others. They set high standards, which they take the risks to meet...Good schools face the same problems many schools do: inadequate facilities, declining enrollments, not enough money. Many have low-income or minority student populations. Any school, despite the hurdles, can strive for excellence (Paulu 2).

In summary, then, Paulu's components of a good, quality nonprofit school consist of the following: good principles who are committed to student welfare, dedicated teachers who

know their subject well, formal and informal teacher rewards and recognition, positive student-teacher relationships, high expectations which foster both a "can do" attitude and the motivation to succeed, proactive problem-solving techniques, parental involvement within the school community, and the constant pursuit of goals. The mixture of these ingredients will vary among exemplary schools, however, as there is no one correct way to run a school.

Quality education is no longer a mere possibility within the nonprofit sector; it is a reality. Why? Perhaps the distinction between the merits of public and private schools is best illustrated in the words of William J. Bennett, U.S. Secretary of Education, who once said, "If we focus on failure, we might get it. And if we focus on success, we might get it."

## CONCLUSION

The system of service delivery in the United States is changing. Americans are beginning to give validity to their claims of dissatisfaction with the currently predominant service providers, namely those within the public and private sectors. Citizens are beginning to realize that they have a choice about such things as the doctors they see and the schools their children attend. Choice is an empowering and liberating thing, as it spurs people to search for alternatives among the competition. In the field of service delivery, specifically, nonprofit organizations are positioning themselves as this alternative service provider--and they are proving more and more that they are often competitive with, if not superior to, their public and private counterparts.

Public and private service providers cannot (and should not) be eliminated from the American market. Why? Because they are necessary. There are services that both public and private service providers deliver very well (i.e.--taxation and goods production, respectively), and they should continue to do so. Both public and private service providers have a niche in public policy, and they deliver the services in their respective niches very well.

The nonprofit sector also has a niche within public policy. It works the best when private and public attempts at service delivery fail--and it, too, delivers the services

within its respective niche very well. The nonprofit sector has evolved to be what might be best described as the "alternative sector," as it has often been the exact choice American service consumers are looking for.

The nonprofit sector differentiates itself from its public and private counterparts because of its perception of quality service delivery. A primary reason for the success of the nonprofit sector is its practice of "value-added" quality, which focuses upon a strong sense of mission and viable, successful service outcomes. "Value-added" quality creates a continuous clientele who believes in the services provided by an organization. It is by practicing the pursuit of "value-added" quality that the nonprofit sector has built up such a following, ensuring its stability and continued patronization as a service provider.

Nonprofit secondary education has been used throughout this analysis as a case study which illustrates both the occasional inadequacies of public and private service delivery and the successes of nonprofit service delivery. Nonprofit education is an individual form of service delivery which has been used to illustrate the characteristics of the nonprofit sector as a whole, for nonprofit education and the nonprofit sector itself share the same general characteristics.

In summary, nonprofit education is a preferable form of service delivery because its organizational structure values

a sense of strong mission, institutional effectiveness, participatory leadership, dedicated personnel, freedom of educational choice, outstanding service outcomes, and the pursuit of "value-added" quality. The emphasis upon the quality of each of these subsets leads to an emphasis not only upon the quality of the whole of education, but, in a larger context, upon the quality of the whole of nonprofit service delivery. Regardless of the specific service provided, a sense of strong mission, institutional effectiveness, participatory leadership, dedicated personnel, freedom of choice, outstanding service outcomes, and the pursuit of "value-added" quality are implicitly valued by the nonprofit sector.

It is my hope that the nonprofit sector continues to ascend within the ranks of service delivery, that it continues to achieve notoriety for its manifestations of "value-added" quality within public policy. The nonprofit sector practices quality, yet it simultaneously exhibits its integrity. Integrity is a rare trait within our contemporary government; we must welcome and invite it wherever it exists. May the nonprofit sector receive the recognition it deserves, for within it lies the ability to preserve the integrity of future service delivery in the United States.



Mankato Area Catholic Schools

**1993 - 1994****CALENDAR**

## The Catholic School

Christian education is intended to 'make our faith become living, conscious and active, through the light of instruction.' The Catholic school is the unique setting within which this ideal can be realized in the lives of Catholic children and young people.

Only in such a school can they experience learning and living fully integrated in the light of faith. The Catholic school 'strives to relate all human culture eventually to the news of salvation, so that the life of faith will illumine the knowledge which students gradually gain of the world, of life, and of mankind.' Here, therefore, students are instructed in human knowledge and skills, valued indeed for their own worth but seen simultaneously as deriving their most profound significance from God's plan for His creation. Here, too, instruction in religious truth and values is an integral part of the school program. It is not one more subject alongside the rest, but instead it is perceived and functions as the underlying reality in which the students' experiences of learning and living achieve their coherence and their deepest meaning.

More than any other program of education sponsored by the Church, the Catholic school has the opportunity and obligation to be unique, contemporary, and oriented to Christian service: unique because it is distinguished by its commitment to the threefold purpose of Christian education (doctrine, community, and service) and by its total design and operation

which fosters the integration of religion with the rest of learning and living; contemporary because it enables students to address with Christian insight the multiple problems which face individuals and society today; oriented to Christian service because it helps students acquire skills, virtues, and habits of heart and mind required for effective service to others. All those involved in a Catholic school -- parents, teachers, pastor, students and administrators -- must earnestly desire to make it a community of faith which is indeed 'living, conscious, and active.'

(excerpts from paragraphs 102-106)  
TO TEACH AS JESUS DID, 1972

## Mankato Area Catholic Schools

### Mission Statement, Goals and Objectives

#### Mission Statement

The primary mission of the Mankato Area Catholic Schools is to educate students in a Christ centered environment.

#### Philosophy and Goals

All education in the Mankato Area Catholic Schools will strive to integrate the message of Jesus through the dimensions of community, academics, worship, and service.

#### A. Goal 1

To accept as central and spread the Gospel message of Jesus Christ.

#### Objectives

1. To hear the message of Jesus Christ in religion classes and throughout our schools.
2. To integrate the Gospel message through all of our learning and activities.
3. To live the Gospel message by showing respect for ourselves and others.
4. To share the Gospel message with those beyond our school communities.

#### Goal 2

To build a community of love.

#### Objectives

1. To encourage students and staffs to work together in a variety of activities.
2. To teach students to care for one another.
3. To recognize the accomplishments of all within the community.
4. To emphasize the value of each individual as a valuable part of the community.

#### Goal 3

To provide a quality academic program which will motivate and educate the whole person.

#### Objectives

1. To bring each student to his or her potential through a developmental student centered curriculum.
2. To allow for a variety of learning styles to meet the needs of each student.
3. To promote academic excellence through a diverse curriculum which provides a challenge for each student.
4. To develop skills for lifelong learning.
5. To encourage students to become aware



of and to develop their talents and abilities.

#### **Goal 4**

To promote a faith centered environment through a variety of religious experiences.

##### **Objectives**

1. To involve students in planning liturgical and paraliturgical experiences.
2. To promote active participation by students in these experiences through music and prayer.
3. To provide opportunities for students to participate in the Eucharist, Reconciliation and the devotional prayers of the Church.
4. To pray, both formally and informally in the classrooms.
5. To teach students how to pray.

#### **Goal 5**

To foster an awareness of the opportunity to serve others in the school, the community, and the world.

##### **Objectives**

1. To serve each other within our school communities.
2. To encourage students to share talents with others in their parish communities.
3. To reach out to the local community through projects and established organizations.
4. To show concern and reverence for our natural environment and to work to protect all of creation.
5. To become involved in service to the global community.

## OUR MISSION

For almost 25 years, The City, Inc. has served people of many cultures and their communities in the inner-city of Minneapolis. Through the relationships it has nurtured with at-risk young people and families, The City has earned a reputation as an agency that is uniquely qualified to understand the inner-city experience, and one that has developed innovative, effective and need-driven programs to help the people of the inner-city cross over the barriers of racism and poverty and lead productive lives. The City is an agency that values and respects diversity and the history and efficacy of all cultures and is motivated by a vision of community building.

*Directors, staff and Friends of The City, Inc. share several common commitments:*

**A COMMITMENT to serving the most at-risk young people and families.**

The City serves inner-city young people and families on the near north and south sides of Minneapolis. It represents populations that are chronically poor and isolated and frequently involved with the criminal justice system. Most of The City's staff resides in the neighborhoods the agency serves, and the agency has a history of hiring from those neighborhoods.

**A COMMITMENT to community building.** Because of its relationship over time with the inner-city of Minneapolis, The City, Inc. is able to resolve actual or impending conflicts between individuals and groups and contribute to stability in urban neighborhoods. It also provides a safe gathering place for the young of the inner-city and contributes to the building of self-sustaining, culturally pluralistic communities equipped to achieve economic equity in our society.

**A COMMITMENT to effective programming.** The City, Inc. creates opportunities for positive change in families and individuals through the effective and innovative programming of three dynamic and interdependent clusters of activity – HEALING (family and individual counseling, day treatment programs, The City's group home and chemical abuse counseling); GROWTH (junior and senior high schools, developmental day care and parenting classes and employment programs for youth and adults) and ADVOCACY (At Risk Youth Services and legal advocacy). The City also provides drop-in recreation and after-school educational and social programs at both locations.

**A COMMITMENT to relationships.** The City, Inc. cultivates relationships over time with the young people and families it serves; and preserves and honors the trust of those young people and families.

**A COMMITMENT to advocacy.** The City, Inc. stands behind the inner-city communities it serves and advocates with them in public policy debates involving basic human rights and the economic and social well-being of inner-city young people and families, and in the court system.

**A COMMITMENT to being a crossroads.** The City, Inc. is a "crossroads place" where opportunities for learning are perpetual; where people of many cultures come together to exchange ideas and information.

# The Twin City Institute

for talented youth

Macalester College • 1600 Grand Avenue • St. Paul, Minnesota 55105 • 696-6590

November 5, 1993

Jennifer Rexroat  
PO Box 927  
College of St Benedict  
St. Joseph MN 56374

Dear Jennifer,

Enclosed are the materials you requested.

In July of this year the Board of Directors voted to change the Institute's name to Minnesota Institute for Talented Youth. This reflects our growing numbers of students who come from the entire state to attend the Institute. Our new stationery is being printed as I write.

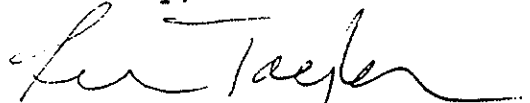
The following is our mission statement:

The mission of Minnesota Institute for Talented Youth is to provide challenging hands-on summer educational programs for talented students. In order to accomplish this mission, the Institute will:

1. Attract and retain a teaching staff of esteemed, experienced teachers who provide intensive hands-on courses.
2. Attract a student body which is diverse geographically, economically, and racially.
3. Provide a program that is integrated academically, socially and developmentally.
4. Raise sufficient funds to cover the Institute's operating and scholarship costs.

If you have any questions, please give me a call.

Sincerely,



Lucienne J. Taylor, Director

LJT:ens

## *MISSION AND GOALS*

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Revised and Adopted as Part of a Long-Range Plan 9/22/86  
Revised 8/24/89

### *MISSION*

Mounds Park Academy is an independent, coeducational, nonprofit, college preparatory school teaching students in kindergarten through twelfth grade. The school seeks to enable students to maximize their potential for productive and satisfying lives and to be responsible citizens, capable of dealing with the problems each will face in an ever-changing world.

### *GOALS*

To achieve its mission, Mounds Park Academy has adopted the following goals for itself and its students.

#### *Goals for the School*

- To develop an educational environment that holds high, yet attainable, expectations for all students.
- To foster an atmosphere of academic excellence.
- To provide methods of instruction that best meet students' individual needs and enhance the development of good study skills.
- To recruit and support the professional development of the highest quality teachers. These are teachers who evidence creativity in teaching, a love and respect for students, and a willingness to participate in the school's programs.
- To counsel and guide students in selecting the college and/or other post-secondary education most appropriate to their needs
- To develop a supportive, cooperative, educational community of students, families, faculty, and administration diverse in religious, ethnic, racial, and socioeconomic composition.

#### *Goals for the Students*

- To acquire both knowledge and the problem-solving techniques to apply their knowledge.
- To develop the tools to live a responsible and productive life.
- To become actively involved in their own intellectual, social, physical, and moral growth.
- To have confidence in their strengths and strategies to deal with their weaknesses.
- To become positive influences on others' growth and to appreciate differences among individuals.
- To become actively aware of their relationships to the larger world.

## APPENDIX E

From Boyer, Ernest L. High School: A Report on Secondary Education in America. New York: Harper & Row, 1983.

### "A Day at Ridgefield High"

It is eight in the morning. The doors of 16,000 public high schools open. More than 13 million students begin to arrive for the start of another school day.

In a small midwestern town, about 1000 students go to Ridgefield High. Hundreds are deposited by bus at the front door of the two-story brick building built in the 1930s, now showing its years and lack of care. Ridgefield has cracked sidewalks, a shabby lawn, and peeling paint on every window sash. Some students walk to school; others park their cars on a gravel lot just beyond the macadam-covered spaces reserved for teachers.

The front foyer of the building leads off in three directions. To the right there is a large cafeteria with long rows of narrow tables and chairs. Straight ahead is a large hallway lined with bright-colored lockers. To the left is the main corridor.

The office also is to the left, with a front wall of glass. On the brick wall opposite the office is the weekly activity board, announcing sporting events, assemblies, and the message, "Happy Birthday, Linda Gutowski."

Very little decorates the walls--a few posters here and there. One handwritten announcement of Teenage Christian Fellowship meetings. No graffiti. Fairly clean.

Inside the building there is much milling about. The halls are crowded. Students meet with friends. They noisily stuff possessions into lockers. Boyfriends and girlfriends have already met. The bell rings. The public address system warns the students not to be late for "first-hour" class.

Students at Ridgefield High are predominantly white, the families working class. For boys, normal dress consists of running shoes, jeans (without designer labels), and T-shirts (football and rock group). Some girls wear feminine versions of this "uniform." Others wear either conservative dresses or imitations of the latest fashions, too much makeup or none at all, long straight hair or bouffant curls.

The office has a pleasant atmosphere: popular music plays on the radio; lunch tickets are sold; students and teachers wander in and out. A student comes in to pick up a form from the attendance secretary and regales her with a story about seventeen busboys being fired from a nearby country club restaurant for "getting into the beer."

The office walls contain posters of teachers' assignments, a schedule of events, and a Nike shoe poster of marathon runners after the race.

The principal, Tom Moss, is accessible to students.

Almost immediately, several sophomore girls walk in and ask to see him. These four cheerleaders are upset about a conflict between their sponsor, Ms. Johnson, and the volleyball coach, Ms. Plummer. Janice, the fifth member of their squad, is both a cheerleader and a volleyball player. Both groups practice at the same time, and Janice was benched the previous night during cheerleading because a schedule conflict caused her to miss a practice session. An apparent compromise solution (splitting the time) had been ignored by Ms. Johnson.

Mr. Moss has already discussed the issue with the superintendent, the cheerleader's stepfather (who is a Ridgefield High School teacher), and Ms. Johnson. Moss now spends forty minutes with the girls, assuring them that he will speak to all the concerned parties once again. The communication has been direct and caring.

By now, the day's activities are in full swing. At the beginning of the second hour, the main office secretary makes announcements over the school-wide public-address system. Her tone is informal as she runs down the schedule for yearbook pictures, and promises that tomorrow's special assembly will be good, "so don't forget your twenty-five-cent admission."

Physical education classes, a favorite of most students, are going on in the gym and out back. Study hall for this hour is in the cafeteria. There, students are quiet--either sleeping or reading.

In the library, a group of students learn how to locate books, others help the librarian; still others study quietly; a few read magazines from the library's large collection (for example, "Outdoor Life," "Guitar Player," "Family Circle," "American History").

Down the hall, in the cramped teachers' lounge, four or five people are drinking coffee, eating snacks purchased from the vending machine, and chatting.

In English classrooms, students pick out verbs and subjects from worksheets. In history classes, they are listening to lectures on Indians, Vikings, and the religions of China. Trigonometry students work independently, solving problems in the text.

In "functional" math, several "slow" students work individually, but not seriously. They have been given packets that have catchy titles--Prime Time, Wit Kit, Math Path, Skill Drill, and Game Frame--and include equipment such as headphones, tapes, and projectors. The students, however, are not caught up in the materials; they talk and wander around while the teacher works with one student at her desk.

Biology II students listen to a lecture on the coloration of fall leaves, while Biology I students look at exhibits on an overhead projector and then have a lively debate about pollution. In Spanish class, students watch slides of the teacher's stay in Peru. Conversation in Spanish is interspersed. In Home Economics, students do a

"seek-and-find" worksheet on sewing terms, and wait while the teacher helps one student with a sewing pattern at her desk.

In Introduction to Business, students listen and follow directions as the teacher gives step-by-step instructions, in a loud and precise voice, related to the use of a new instructional packet:

First, put your names and second period on the outside of the packet, then take out every item in the packet and put your name on each of the items (she waits). After your names are put on all materials, put all of them back except for the booklet entitled "Instructions". Now, look at me, please. I will go slowly and you can put what I say into your own words, but these statements are to be written inside of your instructional manual. One: These packets may not leave the classroom. Two: If absent from school, you need to come before school, during study, or after school, to make for time that you've missed in class. Three: Pay attention. If you don't pay attention, you may get lost and, since we are going to be working on this for three weeks, you'll be lost for all three weeks...Now let's go back to page one of the instruction booklet. Pages one, two, and three are introductions to the packet. On pages four and five is the actual beginning of the packet and page nine is where you actually start working on your packet.

As students move from class to class, the routine is predictable. For the first half of the period, they mostly sit and listen, occasionally taking notes. During the last portion, students discuss material, fill out worksheets and study guides while their teacher circulates to give individualized assistance.

It is lunchtime. Groups of student shuttle in and out of the cafeteria. There is much half-serious complaining about the food and the meager choices on the menu. Students in one small group eat hurriedly and make their way out the back door to the smoking area, where they visit with one another or smoke cigarettes or dope.

A security guard monitors the area during lunch. He does not like what is going on, but his problem is similar to that of other adults who might be upset about the use of drugs. He does not know how to stop it. A student explains: "Teachers don't like it, but what are they going to do about it? When we see them coming, we flip the joint away and that's that." Around school, these kids are called "burnouts"--in contrast to the "jocks" or the group called "socs."

Two boys caught fighting in the washroom are in the principal's office. Their statements are taped by Mr. Moss. All such conferences are recorded so the affected students and parents hear the same story. The two boys spend most of

the time arguing about who won the fight; each seems desperately in need of winning.

When the boys are questioned individually, John starts crying because the expected suspension means he will not be able to play football. Athletics are exalted at Ridgefield High; the jocks are the heroes of students, administrators, and parents. The coach is in on the meeting, assuring John that if he takes the punishment "like a man" he may be allowed to regain status and rejoin the team.

Lunch is over. Some Ridgefield High students take a school bus to Burr Community College to participate in a vocational program. A few leave early to work; most return to class. The corridors begin to clear.

It is two in the afternoon, now. The school day is almost over at Ridgefield High. Students who have broken one rule or another are herded into the library for "eighth-hour" detention time. Usually, they are punished for coming late.

Students on athletic teams head for buses. Others take a final class or study hall before the day ends. Some linger after school for a club meeting. Still others drive around or just hang out with friends before going home.

Some students hurry off to work. Many have chores to do at home. A few are heard complaining about too much homework, but they also claim that they can get away without doing it. One student is overheard saying, "Nothing much happens here."

Tomorrow is another day at Ridgefield High; it will probably be a lot like today.

Ridgefield High has much in common with most high schools from coast to coast. It is neither trouble free nor terrible. Classes are at times inspired, occasionally dreadful, and, most often, routine. A few students tackle ideas as if they were in a college seminar. Most graduate without being stretched to their potential. At Ridgefield and elsewhere, there is a kind of unwritten, unspoken contract between the teachers and the students: Keep off my back, and I'll keep off yours.

Ridgefield, along with most other high schools in the nation, falls somewhere in the middle ground of academic quality. Exceptional institutions are at either end. At one extreme are the very bad, trouble-ridden schools that hold few, if any, academic goals for students; at the other are outstanding institutions--supportive and demanding--where students receive a first-class education.



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Last, but not least, my heartfelt applause is extended to my roommates, friends, and family, all of whom lovingly tolerated my stress, anxiety, and periods of temporary insanity throughout the course of this project. To M.B., words fail.

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**RESOURCES CONSULTED FOR INFORMATION  
ON NONPROFIT EDUCATION**

Center for Policy Studies  
2221 University Avenue S.E., #134  
Minneapolis, Minnesota 55414  
(612) 623-4652  
Walter McClure, Executive Director  
Contact: Ted Kolderie

Center School (alternative jr./sr. high school)  
2421 Bloomington Avenue South  
Minneapolis, Minnesota 55404  
(612) 721-1655  
Ron Otterson, Executive Director  
Contact: Carrie Blevins

Chapel Hill Academy and Foundation (K-9 Christian school)  
17850 Duck Lake Trail  
Eden Prairie, Minnesota 55346  
(612) 474-5473  
Richard Case, Executive Director

City, Inc. (alternative urban school)  
1545 East Lake St.  
Minneapolis, MN 55407  
Contact: Tom Helgeson

First Call For Help: United Way  
166 East 4th St., #310  
St. Paul, Minnesota 55101  
(612) 340-7656  
Contact: Lael Tryon

Friends School  
3244 34th Avenue South  
Minneapolis, Minnesota 55406  
(612) 722-2046  
Mark Niedermier, Executive Director

Greater Minneapolis Daycare Association  
(612) 341-1177

Hamline University  
Public Administration Master's Degree Program  
(612) 641-2011  
Contact: Laura Savin

Heart of the Earth Survival School (operated by American  
Indian community)  
1209 4th St. S.E.  
Minneapolis, Minnesota 55414  
(612) 331-8062

Contact: Rosalie Brown Thunder, principal

Humphrey Institute of Public Affairs

301 19th Avenue South

Minneapolis, Minnesota 55454

(612) 625-0669

Edward Schuh, Dean

Contact: Professor Joe Nathan (612) 625-3506

Independent Sector

1828 L. Street N.W.

Washington, D.C. 20036

(202) 223-8100

Indiana University

Center for Nonprofit Management/Center on Philanthropy

(317) 274-4200

Contact: Janet S. Huttner, Librarian

Loring-Nicollet (alternative urban school)

1925 Nicollet Avenue South

Minneapolis, Minnesota 55403

(612) 871-2031

Contact: Jim Storm, Executive Director

Loyola High School

Mankato Area Catholic Schools Foundation

Good Counsel Drive

Mankato, Minnesota 56001

(507) 388-2997

Contact: Marion Welter, Executive Director

Minnesota Association of School Administrators

1884 Como Avenue

St. Paul, Minnesota 55108

(612) 645-6272

Contact: Dale Jensen, Executive Director

Minnesota Council on Foundations

425 Peavey Building

730 2nd Avenue South

Minneapolis, Minnesota 55402

(612) 338-1989

Jacqueline Reis, Executive Director

Contact: Elaine Arndt

Minnesota Council of Nonprofits

2700 University Avenue West, #250

St. Paul, Minnesota 55414

(612) 642-1904

Contact: Jon Pratt, Executive Director



Minnesota Council for Quality, Inc.  
2850 Metro Drive  
Bloomington, Minnesota 55425  
(612) 851-3181  
Contact: James Backman, Executive Director

Minnesota Department of Education  
(612) 296-6104

Minnesota Independent School Fund, Inc.  
336 Robert St., #1224  
St. Paul, Minnesota 55101  
(612) 297-6716  
Contact: James B. Field, President

Minnesota Institute for Talented Youth (for TAG secondary students)  
1600 Grand Avenue  
St. Paul, Minnesota 55105  
Contact: Lucienne J. Taylor, Executive Director

Minnesota Private College Council  
175 5th St. East  
401 Galtier Plaza, Box 40  
St. Paul, Minnesota 55101  
(612) 228-9061  
Contact: David Laird, Jr., Executive Director

Minnesota Private College Research Foundation  
400 Sibley Street  
St. Paul, Minnesota 55101  
(612) 228-9061  
Contact: David Laird, Jr., Executive Director

Montessori Learning Center  
816 Hubbell Avenue  
Mankato, MN 56001  
(507) 388-6859  
Contact: Nancy Blethen, Executive Director

Mounds Park Academy (college preparatory high school)  
2051 East Larpenteur Avenue  
St. Paul, Minnesota 55109  
(612) 777-2555  
Contact: Robert Kreischer, Executive Director

Nonpublic School Accreditation Association  
(612) 227-8777  
Contact: Eugene Piccolo

United Way Information Center  
(612) 340-7400  
Contact: Laurie Bach, Librarian

University of St. Thomas  
Center for Nonprofit Management  
52 10th St. South  
Minneapolis, Minnesota 55403  
(612) 962-4290  
Contact: Professor Ricki Littlefield (612) 962-4292

University of St. Thomas  
Graduate Education Program  
(612) 962-5289  
Contact: Karen Ristow

Urban Day School (alternative high school)  
1441 North 24th St.  
Milwaukee, Wisconsin 53205  
(414) 937-8400  
Contact: Dennis Fitzpatrick, President of Board of  
Directors