

Economics 29
Political Economy of Non-Profits
Fall 2011: Tu/Th 2:40 pm to 3:55 pm
Lewis house 104

Prof: Jennifer Olmsted

Web page: <http://www.users.drew.edu/jolmsted/>

Office Hours: Tu 11:00 am to 12:00 pm

Tu/Th 12:30 pm to 2:30 pm

Th 4:00 to 5:00 pm

or by appointment

Drew University

Dept. of Economics

Office: Lewis 103

(973) 408-3417

E-mail: jolmsted@drew.edu

WELCOME TO POLITICAL ECONOMY OF NON-PROFITS

This is a servicing learning or civic engagement course and it is therefore a requirement that all students conduct service in the form of working on and preparing a report that addresses a question being posed by a local non-profit.

The main goals of this course are to:

1. Provide an overview of the non-profit sector both in the US and internationally;
2. Gain an understanding of the types of economic decisions non-profits make;
3. Provide a hands-on experience working with a non-profit on a current challenge or question with which they are grappling;
4. Develop the analytical skills to apply the various economic concepts learned in class to the non-profit project upon which you are working;
5. Hone presentation skills, by presenting material to classmates, the non-profit with which you were working and the Drew community more broadly;
6. Hone writing skills, through the writing of a final report, based on your research/analysis, which will be presented to the non-profit with which you are working, as well as submitted to me for a grade.

MY ROLE AS INSTRUCTOR IS TO:

1. Provide you with some introductory readings, so that you can familiarize yourself with the literature on the political economy of non-profits; 2. Provide introductory lectures based on the economic theories we will find most useful in this class; 3. Provide examples of empirical case studies that can be used as models for the report you will be preparing; 4. Guide you through the process of gathering and analyzing the information you need to collect from the non-profit with which you will be working; 5. Assist you in maintaining contact with the non-profit with which you will be working; 6. Facilitate the group process, by helping you arrange meetings, and work together to produce your final report; 7. Evaluate and comment on your written and oral assignments.

YOUR ROLE AS STUDENTS IS TO:

1. Do the reading before class, so that you can participate in discussion; 2. Utilize your analytical skills to address a research question of interest to the non-profit with which you are working; 3. Work diligently with your group members to assure that the project you are working on is carried out in a professional and careful manner; 4. Act professionally during your interactions with the

non-profit, as well as your class mates; 5. Coordinate your contact with your non-profit partners through Caitlin Kennedy, my student assistant. 6. Participate in in-class discussions, in particular by reporting back to the class concerning the progress you have achieved in terms of your group project and your group's findings; 7. Draw on your previous classes to provide insight into the group project; 8. Assess the group experience and your own as well as your team mates' contributions.

THE ROLE OF THE STUDENT ASSISTANT:

1. Assist you in maintaining contact with the non-profit with which you will be working; 2. Facilitate the group process, by helping you arrange meetings; 3. Help coordinate transportation and reimbursement issues; 4. Help plan the various evening events and the field trip associated with this class.

ACADEMIC ACCOMMODATIONS:

Should you require academic accommodations, you must file a request with the Office of Educational Affairs (BC 114, extension 3327). It is your responsibility to self-identify with the Office of Educational Affairs and to provide me with the appropriate documentation from that office at least one week prior to any request for specific course accommodations. There are no retroactive accommodations.

ACADEMIC HONESTY:

Drew University's standards for academic conduct are available on-line at http://www.drew.edu/catalog/cla/academic_regulations.html. All students are expected to adhere to these guidelines. Appropriate disciplinary action will be taken if violations of these guidelines occur. If you are unfamiliar with these rules, please be sure to read them.

TEXTS:

1. Lester Salamon, *America's Nonprofit Sector: a primer* (2nd edition), New York: The Foundation Center, 1999.
2. Peter Frumkin, *On Being Nonprofit: A Conceptual and Policy Primer*, Cambridge, MA: Harvard University Press, 2002.
3. Harvard Business School Case studies (HBSC)
4. Readings on Moodle

GRADING:

	%
Preliminary data collection (group)	8 %
Cost benefit analysis (group)	8 %
Consultant report (group)	25 %
Three in-class presentations (group)	15 %
One public presentation (group)	15 %
Six pop quizzes (individual)	24 %
Peer and self evaluation (individual)	5 %
TOTAL POINTS	100 %

ASSIGNMENTS:

The assignments in this course are structured with the objective of improving students' oral, writing, reading and critical thinking skills. The assignments will include:

1. pop quizzes; unannounced pop quizzes will be carried out, drawing on the readings.
2. short writing assignments (a. preliminary data collection and b. cost benefit analysis)
3. A consultant report;
4. three in-class presentations (two to present your preliminary data analysis/one to practice your final presentation)
5. one presentation to the non-profit and broader Drew community;
6. a group evaluation.

Missing class is strongly discouraged, because of the nature of the class, which is very intensive. We will be covering the relevant theoretical material very quickly at the beginning of the semester, in order for you to begin your non-profit projects. Missing class will make it difficult for you to complete your project.

Non-profit partners:

A. Neighborhood house, Morristown, NJ – carrying out an analysis of their child care facilities, to determine how cost-effective their current structure is. This project will involve visiting child care centers, learning about the fee schedule currently charged, examining various alternative pricing schemes, exploring marketing options, and writing a report based on your findings.

See <http://www.neighborhood-house.org/> for more information about the organization.

B. Pathways to Work, Morristown, NJ – examining the cost involved in opening up a separate location to service immigrant workers (right now they are provided a small amount of space at Neighborhood house.) This project will involve visiting similar facilities as well as Neighborhood house's current facility to get a sense of space needs, talking to workers who use the program, looking into the cost of retail space, identifying the costs involved in maintaining a separate space, exploring various financing options and writing up a report based on your findings. See <http://www.pathwaystoworkers.org/> for more information about this organization.

C. 10,000 girls, Senegal -- Building off the YAAKAAR project, started by a group of Drew students, this project will be more of a classic 'development economics' project and will involve drafting a plan to help African girls develop entrepreneurial skills and ideas. See <http://10000girls.wordpress.com/> for more information about this organization.

D. Yaa Samar dance troupe, New York City – This project will involve working with a dance theater group, to help them do outreach/design an educational strategy. The focus will be on looking at how Yaa Samar can expand their audience to include students, and will involve figuring out a strategy for reaching out to universities, developing a cost benefit analysis, determining how financially and logistically feasible the proposed expansion plan is. See <http://ysdt.org/> for more information about this organization.

**TENATIVE COURSE ORGANIZATION –
CHANGES MAY BE ANNOUNCED IN CLASS OR VIA MOODLE:**

Aug. 30 Introduction to the course.

I. Defining the non-profit sector

Sept. 1: Chapters 1 & 2 in Frumkin

Sept. 6: Chapters 3 & 4 in Frumkin

Sept. 8: Chapters 1 – 3 of Salamon

Sept. 13: Chapter 4 & 5 in Salamon

First group report due. Contact the nonprofit with which you will be working, in order to collect information needed to fill out the form attached to the syllabus

Sept. 15 What types of Economic decisions must non-profits make?

1. HBSC, [Harlem Children's Zone: Driving Performance with Measurement and Evaluation](http://cb.hbsp.harvard.edu/cb/web/product_detail.seam?E=15827&R=303109-PDF-ENG&conversationId=740817)
Allen Grossman, Daniel F. Curran,
http://cb.hbsp.harvard.edu/cb/web/product_detail.seam?E=15827&R=303109-PDF-ENG&conversationId=740817 \$6.95

2. Stephanie Strom, “Mission Accomplished, Nonprofits Go Out of Business, *New York Times*, April 2, 2011, B1 & 6.

I. Cost benefit and other types of economic analysis

Sept. 20 HBSC, Jumpstart [Allen Grossman, Arthur McCaffrey,](http://cb.hbsp.harvard.edu/cb/web/product_detail.seam;jsessionid=027161EFC1CD99A0C39B649A33D2DF53?E=15306&R=301037-PDF-ENG&conversationId=740571)
http://cb.hbsp.harvard.edu/cb/web/product_detail.seam;jsessionid=027161EFC1CD99A0C39B649A33D2DF53?E=15306&R=301037-PDF-ENG&conversationId=740571 \$6.95

Sept. 22 **Guest speaker: Wendy Swart**

HBSC, Mozilla: Scaling Through a Community of Volunteers

Hayagreeva Rao, Robert I. Sutton, David W. Hoyt,

http://cb.hbsp.harvard.edu/cb/web/product_detail.seam?E=1985161&R=HR35-PDF-ENG&conversationId=740658, \$6.95

Sept. 27 WHO Guidelines for conducting cost-benefit analysis

<http://www.who.int/indoorair/publications/guidelines/en/index.html>

Sections 1.2 – 1.7, 2 & 3

Sept. 29 WHO Guidelines Section 4 & 5

Oct. 4 HBSC Transferring ‘Marketing Knowledge’ to the Non-profit Sector, Andreason, Goodstein and Wilson,
http://cb.hbsp.harvard.edu/cb/web/product_detail.seam?E=64368&R=CMR317-PDF-ENG&conversationId=740739 \$6.95

Oct. 6 HBSC, Hurricane Island Outward Bound School
Thomas V. Bonoma, Bruce H. Clark,
http://cb.hbsp.harvard.edu/cb/web/product_detail.seam?E=33677&R=588019-PDF-ENG&conversationId=740959 \$6.95

Oct. 11 Reading day

Oct. 13 HBSC, Hanson Production: Pricing for Opening Day
June Cotte, Peter Famiglietti,
http://cb.hbsp.harvard.edu/cb/web/product_detail.seam?E=2497171&R=910A11-PDF-ENG&conversationId=741071

Oct. 18
Second group report due. Provide a written and oral report that discusses what the relevant deliverables and costs of your non-profit are. In this report be sure to make use of any relevant readings we have done so far.

II. What type of economic model should non-profits follow?

Oct. 20
1. Chapter 12 in Salamon and
2. Chapter 5 in Frumkin

Oct.. 25
1. Chapter 6 in Frumkin
2. Stephanie Strom, “A Marriage of Different Missions,” *New York Times*, Oct. 26, 2010, B1 & 8
3. Doreen Carvajal, “‘This Space for Rent’: In Europe, Arts Now Must Woo Commerce,” *New York Times*, January 24, 2011, C1 & 7.

**Oct. 26 Michael Edwards will give a guest lecture at 7 pm.
This is REQUIRED of all students.**

Oct. 27 Michael Edwards, Just Another Emperor? The Myths and Realities of Philanthrocapitalism, The Young Foundation
http://www.nonprofitquarterly.org/images/fbfiles/files/Just_Another_Emperor.pdf

III. Nonprofits in the International context

Nov. 1 Lester Salamon and Helmut Anheier, Defining the Nonprofit Sector: A cross-national analysis, Manchester UK: Manchester U Press, 1997 Chapters 1 – 3.

Nov. 3 Salamon and Anheier, Italy, Egypt and Ghana

Nov. 8 David Hammack and Steven Heydemann, Globalization, Philanthropy, and Civil Society: Projecting Institutional Logics Abroad, Bloomington: Indiana University Press, 2009, Foreword and Chapter 1.

Nov. 10 **Bringing it back home - Drew as a case-study – President Bob Weisbuch will be our guest speaker.**

TBA

First draft of written report due.

Nov. 15 Practice presentations

Nov. 17 Practice presentations

First draft of powerpoint presentation due.

Nov. 22 Group meetings to discuss final report/presentation

Nov. 24 Thanksgiving holiday

Nov. 29 Final wrap-up

TBA

Dec. 1 Group meetings to finalize presentations

Dec. 5 Evening presentation to non-profit and Drew community

To be determined: Field trip to the Metropolitan Museum of Art/Harlem

Preliminary report on the Non-profit Organization with which you are working:

During the first two weeks of class you are required to collect the following information on your non-profit and to present this information to the class, as well as to provide me with a written copy.

I. Name and Capsule History of Organization

- A. Name (and former names), address, telephone, fax, email, WWW site.
- B. How founded, by whom and why. Major events in its history.
- C. Mission Statement & Original purpose if different from the current goals.

II. Organizational Form and Decision-Making

- A. Legal status: e.g. an informal association created by citizen initiative; legal charitable nonprofit--i.e. IRS 501(c) (3) status.
- B. Governance system:
 - (1) Sovereign body (e.g. Annual General Membership Meeting) and subsidiary organs of the organization; or the legally accountable body in non-membership- based organizations (e.g. Board of Directors)
 - (2) Who elects/selects the members of the governing body and other parts of the organization (e.g. Self-selection by existing Board)
 - (3) Does the organization have formal requirements about the make-up of the Board or other parts of the organization? (e.g. 1/3 of Board must be from the low income community it serves).
- C. Operations and executive: Who runs the organization on a day-to-day basis.
 - N.B. (This section (B & C) should include a diagram of organizational structure and decision-making roles in administration and governance)
- D. Affiliations of this nonprofit with local, regional, national associations or federations of similar organizations (include discussion of rights and responsibilities both the local organization and the higher-level federation)

III. Activities of Organization

- A. Target of activities (who/what is being served by the organization);
- B. Nature of activities (what goods, services are provided);
- C. Justification/reason for the work of the organization (e.g. mission statement; filling in 'gap' in needed services, etc.

IV. Finances and Resources:

- A. What are the sources of revenues (& other kinds of resources)?
 - ==>Be sure to distinguish the proximate sources and ultimate provider (e.g. funds--direct government funding vs. entitlement payments for services to individuals; out-of-pocket payments by recipients of service; e.g. volunteers--coordinated by a church; or who come to fulfill requirements in public schools; or who volunteer on paid time from private businesses; individual volunteers)
 - (1) Financial Contributions and Fees. (e.g. contributions from the general public; fees for services; government subsidies to organizations or to clients; grants from other nonprofits--foundations or churches; etc.)
 - (2) Materials, In-kind services or goods.

(3) Volunteer Labor

(4) From subsidiary operations (from unrelated/related business).

B. What are the uses made of these resources

(1) Expenditures (categories and quantities/percentages)

(2) Allocation of personnel (time and/or money) and volunteers

C. If possible, historical evolution of totals in both B and C above. What have been the trends in the different categories --sources and uses--recently and if possible, over a longer period;

D. Tax status and Effect on Organizational Budget

(1) Tax Deductibility of contributions (i.e. from donors' taxable income).

(2) Tax exemption: organization income (organization's income).

V. Volunteers and Full-time paid Workers

A. What is the share of each (both numbers of individuals and percentage of total labor time activity) in both administration and direct service provision.

B. Who manages/supervises the volunteers?

C. Are volunteers effectively used? Could the organization effectively use more than the current number of volunteers?

STUDENT INFORMATION (fill out this form in the first class and turn it in).

1. Name (with
nickname) _____

2. Telephone _____

3. Major _____ Minor _____ (possible choices if undecided)

4. Previous Econ. Courses. (Brief titles or numbers, teachers):

5. Other relevant previous courses.

6. Favorite/best courses at Drew (any subject matter) so far.

7. Which courses (ever) did you learn the most in? Explain why, briefly.

8. Expected career(s) during the next 5, 10, and 25 years: