

THE PUBLIC - PRIVATE PARTNERSHIP: A PERSPECTIVE FOR THE 80s

A PAPER PREPARED FOR THE
NATIONAL FORUM ON A COMMISSION ON VOLUNTEERISM

MARCH 26th to 28th, 1980

BY JACK MOSKOWITZ* AND ELLEN WITMAN**
UNITED WAY OF AMERICA

There was a time when government was not a very large part of our lives. Most people went about their daily activities unaffected by public policy decisions. When they needed help it was not to the government they turned, but to a local private charity. Groups of religious or civic volunteers took care of the hungry and the homeless, visited the sick and aided the victims of natural disasters. The fire companies, schools, libraries and museums were all operated by volunteers. Almost every citizen contributed to his or her community through volunteer activity of one sort or another.

Today government plays a far larger role in our lives than ever before. The individual citizen finds public policies increasingly influencing his everyday life. Each year billions of tax dollars flow into the kinds of health, cultural and social service programs that once were nearly the sole domain of the voluntary sector.

This trend toward increasing government involvement in traditionally private ventures has raised questions about whether or not the pluralism that has distinguished this nation for the past 200 years can be preserved. Are the taxpayers willing to support both public and private institutions? Should they do so?

A major struggle of the 1980s will be between the proponents of a strong voluntary sector and the advocates of government dominated services. The former argue that the private, nonprofit sector must continue to be a viable alternative to government. Competition, they believe, will force improvements in social services just as the competitive marketplace stimulates innovations in business. A strong voluntary sector can also provide a balance to the power of government and respond to local community needs as opposed to national priorities.

Yet, it is precisely the power of government and its national scope that appeals to those in support of greater government involvement in social welfare issues. Food stamps, welfare and housing programs, job training and employment projects, medicaid and other services to poverty populations need the power and resources of the federal government. The private sector simply cannot deliver services on so large a scale. In addition, it is argued that public funds are better accounted for and more easily controlled.

The argument is not new. Nor is America the only nation to question the value of supporting both public and private service systems. Many countries have already witnessed the demise of pluralism. In several Western European countries where they once flourished, philanthropy and volunteerism are today considered elitist and patronizing. Providing services for the citizens is deemed the duty of the state -- and only the state. That is an example we could follow. Some would argue that we are well on our way.

There is good reason to be fearful of allowing this country to go the way of Europe's socialist states. Throughout our history, the one factor that has separated our society from other nations is the value Americans place on the individual. We are more concerned with individual rights, individual freedoms, individual potential, and individual responsibility than almost any other people in history. Only a pluralistic society made up of many kinds of institutions fostering initiative and experimentation, many conflicting beliefs and means of expressing them, and many avenues for dissent and competition can perpetuate that value. The diversity that by definition must exist in a pluralistic society guarantees that no single ideology, no single institution and no single sector of society will go unchecked or unchallenged.

Volunteerism is perhaps the finest example of our regard for individual citizens. Within our pluralistic society, and especially within the non-profit sector, anyone who wishes to pursue his or her interests, promote beliefs -- popular or unpopular -- or fulfill a desire to serve others can do so alone or by participating in an organized association, civic group or church. Whether driving a senior citizen to the doctor or marching in the streets for civil rights, the individual can contribute to, and in many instances lead, his community and his country. Virtually every far-reaching change in our history has come from innovations in the private sector. From child labor laws to ERA the impetus for government to act has come from a private sector push.

It is easy to understand, therefore, why the growing involvement of government in traditionally private efforts is creating concern and controversy in the voluntary sector. Public and private agencies are becoming inextricably interdependent. As social programming expanded, government came to rely, in large part, on private volunteer agencies to deliver publicly supported services like Meals-on-Wheels, Title XX, Juvenile Justice and Low Income Energy Assistance, thus avoiding duplications, greater expense and bureaucracy.

Many private organizations now rely heavily on government funds, raising questions of control and regulation and creating budgets precariously dependent on government grants and contracts. A recent survey of United Way member agencies indicated that on the average over 40 percent of agencies' budgets comes from government programs. Most of this funding represents federal programs administered through state and local governments. In addition, the intricate relationship between federal and state spending and voluntary agencies' budgets means that virtually all public policy decisions involving tax revenues and expenditures affect the private sector directly or indirectly.

The voluntary sector also benefits from these joint ventures. There is no doubt that in this time of high inflation hundreds of voluntary organizations would fail without the influx of public dollars, and those that survive would be able to provide far fewer services to far fewer people. The needed infusion of public funds enables the private sector to broaden the spectrum and enhance the quality of services offered.

The relationship between the public and private sectors developed with two great bursts of government activity -- in the 1930s during the Depression and again in the 1960s during President Johnson's Great Society years. This partnership, however, has not developed smoothly. The growth of this system was not well planned. No clear definition of the voluntary role has evolved. It has been a matter of flying by the seat of our pants -- responding by instinct without any structured means of evaluating the kind of response required or appropriate. Neither the voluntary sector nor the various levels of government gave sufficient thought to sorting out how this new relationship would affect voluntary organizations and volunteers or the delivery of services through government programs.

Some voluntary agencies, for example, expanded their services through government funding without adequately calculating the attendant costs and problems. The accountability requirements of government grants impose administrative burdens on small voluntary agencies that are unrealistic given their limited resources and staff. On the other side, governmental units sometimes establish duplicative, competitive agencies wasting dollars and nearly putting voluntary service providers out of business. Governments-- federal, state and local-- frequently make policies on issues such as taxes, budget priorities and disclosure that have enormous impact on the private sector without sufficient study or consultation with voluntary representatives to mitigate negative consequences.

Problems like these in a rapidly changing society are inevitable, but there are ways to prepare, to anticipate and to alleviate difficulties. The voluntary sector is just beginning to master these skills. We plunged into public policy debates in an ad hoc fashion, concerned primarily with protecting ourselves from the intrusion of government and secondarily with benefiting from federal largess. Now we are being asked direct, hard questions, and we find we have only soft answers. There is no reliable statistical information, for instance, on the relative overhead and effectiveness of the voluntary dollar compared to the federal dollar. Sound methodology is only now being developed to determine where the voluntary dollar comes from and where it goes, who volunteers, for what reasons, in what capacity, and what the relationship is between those factors. In general, sources of information on the voluntary sector are meager and undeveloped.

Having enumerated our weaknesses, I hasten to add that the voluntary sector today is stronger, more organized, more unified and more knowledgeable about the basic issues and problems that confront it than ever before. Relationships are developing between segments of the nonprofit sector that did not recognize until now their common concerns. On March 5, 1980 an event took place that would have been unthinkable 20 years ago. One hundred and thirty-three voluntary organizations from the Audubon Society to Zero Population Growth came together as charter members to inaugurate Independent Sector, Inc., an organization created to encourage and enhance the traditions of private initiative, charitable giving, and volunteering. The organizing committee's report, entitled "To Preserve an Independent Sector," stated as a general conclusion:

Despite how very real the obstacles are, they are balanced by a growing conviction that if the independent sector is to continue to serve society well, it must be mobilized for greater cooperation and impact. Despite all the differences, antipathies and antagonisms which may exist in this quarrelsome, competing and truly independent sector, there are even stronger forces pulling it together.

What force is so strong that it can unite social welfare, health, environment, education, community, minority, religious, and women's organizations? Self-preservation. All of these groups are aware that private giving is eroding, the giving base narrowing, and the value of the contributed dollar shrinking rapidly. Tax policies detrimental to philanthropy have been enacted. Laws regulating solicitations exist in 36 states and the District of Columbia. Energy costs and inflation are crippling voluntary agencies while at the same time, cutbacks in public services are increasing the need and the expectation for service from private organizations.

We have been hurt not only by public policies, but also by our own deficiencies. For too long private organizations viewed the government as an adversary to be resisted at all costs. Lack of early cooperation led to the enactment of numerous laws detrimental to voluntarism, laws we are now attempting to change. Government regulation of fund-raising practices grew out of scandals and poor accountability among private organizations. Although sound accounting standards are now utilized by most nonprofits, the public is demanding greater accountability for the contributed dollar. They are entitled to know where their money goes, how much is collected, what services it provides and who benefits from them. If voluntary organizations do not voluntarily provide this information, government regulation will be even worse in the future.

These are serious problems and the voluntary sector is in serious trouble, but we are far from extinct. Forty billion dollars was contributed by Americans to charitable organizations last year and millions of people donated their valuable time to provide services to others, protect the environment, bring symphony music or theater where it had never been before and myriad other volunteer activities. This vitality is the best guarantee that the voluntary sector will survive.

But survival is not enough. Voluntarism must be effective, strong and vital in this society or it will exist here only as it does in those Western European states where it is an avocation of the wealthy elite. Preserving and protecting voluntarism in the 1980s will require not only increased dollars and volunteer assistance, but also a renewed commitment to the philosophy and practice of voluntarism. We must define our role and make a convincing case for pluralism in this country. The philosophical undergirding of voluntarism needs to be shored up. Too many of those now assuming leadership positions in government, academia and business grew up in an era of big government with little or no association with organized philanthropy. They are not committed to the private sector or the concept of pluralism. They may be concerned about a balanced federal budget, but not about a balance of power and responsibility between the public and private domains.

Fortunately, there is opportunity in adversity. The present economic trends offer an appropriate climate for advocating a strong voluntary sector. It is time to bring into the public debate on economic policy the value of private,

voluntary activity and the contributions made by volunteers to improving the quality of life in America. It is time to focus attention on ways to stimulate new activity and support the continuing efforts of established charitable organizations. It is time to look at the history of this country and understand the indispensable role voluntarism played -- and continues to play -- in shaping the institutions, values and policies by which we live.

The purpose of this dialogue is twofold. First, it must reacquaint Americans with the crucial concept of pluralism and rekindle the belief in individual commitment and responsibility -- not just for oneself, but for one's neighbors and community. Secondly, it must lead to the development of a different kind of partnership between the public and private sectors. The nonprofit sector must actively participate in public policy decision-making from beginning to end. It is no longer enough that voluntary agencies receive federal funds to provide services. The distribution of grants is the last and weakest stage of public policy decision-making. Partnership -- equal partnership -- means having significant input in the formulation of policy and insuring that its implementation will strengthen and encourage the work of volunteers and voluntary organizations.

We are making progress. Volunteers and organizations in the independent sector are gaining confidence in themselves and the respect of those in the public sector as they become more experienced and politically sophisticated. Evidence is everywhere of the growing effectiveness of voluntary organizations. Many voluntary agencies are working with the Vice President's Task Force on Youth Employment, the White House Conference on the Family and other administration initiatives. The executive departments frequently consult with nonprofit organizations before issuing new regulations or implementing new programs. Our ability to influence legislation is also improving. At local, state and federal levels voluntary organizations are beginning to understand the legislative process and how to intervene in it.

Perhaps the most valuable lesson the voluntary sector has learned is that it has the right -- and indeed the obligation -- to initiate legislation, to act where appropriate to enhance and strengthen voluntarism, and to protect and preserve the independence of private organizations. One example of a legislative initiative is the unanimous voluntary sector effort to secure passage of the Fisher-Conable/Moynihan-Packwood legislation allowing all taxpayers a deduction for their charitable gifts whether they itemize or not. This proposal will provide additional revenues to voluntary organizations and a much needed tax cut to lower and middle income givers. Equally important is the fact that for each dollar contributed, charities receive an equivalent amount in volunteer time. People who give money to a cause, candidate or organization are far more likely to become involved in the activities associated with it than are those who do not give. Therefore, changing the tax code to provide an incentive for giving to lower and middle income people will also encourage the volunteering of time. To date there are 180 cosponsors in the House of Representatives and 40 in the Senate due to an effective lobbying campaign by the independent sector. When a tax cut is enacted, Fisher-Conable/Moynihan-Packwood proposal will be in the running for inclusion.

There are numerous ways the government can encourage and support volunteering and voluntary organizations. During the recent Title XX reauthorization hearings a coalition of voluntary organizations urged Congress to allow the use of training funds for volunteers as well as paid staff in voluntary organizations providing Title XX services. The proposal was not adopted, but the issue will undoubtedly be raised again. Governments at all levels should set an example to employers by giving job and education credit for significant volunteer experience. Another means of encouraging volunteering is to institute flex time so that employees can schedule convenient times to volunteer in community activities while still maintaining full time jobs. As the dialogue continues between the public and private sectors many innovative ideas will emerge for fostering commitment and involvement among employees and dedication and cooperation among public sector employers. The same ideas, of course, can be applied to private sector employers in both profit and nonprofit organizations.

More important than the specific suggestions, however, is the dialogue itself. Volunteer leaders must take every opportunity to make the case for supporting the private sector. Public officials must take a long hard look at what will happen if voluntary organizations fail. If solutions to many of the problems confronting the voluntary sector are not found in the 1980s, we may find America looking very much like Western Europe's socialist countries by the 1990s. Clearly the challenge of this decade is tremendous, but so is the opportunity. Should we succeed in meeting the challenge our pluralistic society will be far stronger than it has been for years and both voluntarism and government will be enriched.

* Jack Moskowitz is Senior Vice President for Government Relations, United Way of America. Prior to joining United Way of America in March 1977 he was principle lobbyist for energy and tax matters at Common Cause. He also has served as executive director, National Committee on Tax Justice.

** Ellen Witman is a Legislative Assistant for Government Relations, United Way of America. Prior to joining United Way of America in July 1977 she was a senior staff associate for the National Community Development Assoc.