

## **POLS 549: Administration of Nonprofit Organizations (Spring 2008)**

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### **I. Purpose**

The purpose of this class is to introduce you to nonprofit organizations, presenting an overview of the nonprofit sector and the special administrative issues they encounter. The nonprofit sector in this country is quite extensive and has produced a wide array of organizations. There are those that deliver essentially public goods (subsidized housing, counseling, social services, etc.), many of which depend greatly on government contracts and grants for their livelihood. Then there are organizations that are much like business enterprises that sell essentially private goods, and receive much of their income from the sale of services (performance theaters, hospitals). There are several good reasons for learning about nonprofits. First, it is a growing sector, constituting a large share of the national economy; employment, income and services delivered are all increasing. Second, those who work in the government sector are likely to have some significant interaction with nonprofit organizations. Nonprofits are among the private enterprises government has contracted with in recent decades to design and implement public service programs. Expectations of the nonprofit sector have grown enormously in recent years as a result of governmental budget and policy decisions. Nonprofits have been expected to step into public policy gaps and take on more responsibility for caring for citizens. Finally, whether closely resembling a for-profit business or a public service agency, nonprofits share some unique administrative issues. These administrative concerns will be explored in class.

### **II. Required Readings**

1. Robert Herman & Associates, *Jossey-Bass Handbook on Nonprofit Leadership & Management, 2nd Edition* (you must read the 2nd edition)
2. Two articles are to be read, accessing them through the EBSCO service:
  - A. Dees, J. Gregory and Beth Battle Anderson. 2003. Sector Bending: Blurring Lines Between Nonprofit and For-Profit. *Society*, May/June, pp. 16-27.
  - B. Khoury, Amal, et. al. 2001. Ownership Type and Community Benefits of Women's Health Centers. *Medical Care Research and Review*, vol. 58 (1), pp. 65-99. [To locate click on Find it @ Morris and then OCLC First Search.]

### **III. Course Requirements**

You are expected to be an active participant in class and group exercises. Read assignments before class, be prepared to discuss topics and ask questions. You will be graded according to both individual and group performance as follows:

<u>Individual Performance</u>	Mid-term	20%
	Final	20%
	Contribution to the group	20%
<u>Group Performance</u>	Prospectus	30%
	Grant Presentation	<u>10%</u>
		100%

#### IV. Topic and Reading Schedule

		<i>J-B Handbook</i>
		<u>Chapter #</u>
<b>Jan. 15-24</b>	A. <u>Introduction</u>	4
	1. Overview of the Nonprofit Sector	
	2. Economic, Social, Political Models of Nonprofit Sector	1, 2
	3. Trends and recent developments	<b>two online articles</b>
<b>Jan. 29- Feb. 7</b>	B. <u>Organization Concept</u>	
(Organization Concept & Work Statement due <u>February 5</u> )		
	1. Types of Not-for-Profit Corporations	
	<i>Group discussions of organization concept</i>	
	2. Mission Statements	
	<i>Groups draft mission statements</i>	
	3. By-Laws	
<b>Feb. 12-26</b>	C. <u>Legal Framework</u>	
	1. Filing for State Corporation and Federal Tax Exempt status	3
	<i>Groups complete state form, identify state and federal categories and NTEE classification</i>	
	2. Taxation and Not-for-Profit Corporations	
	3. Regulation of Nor-for-Profit Corporations	10, 11
	4. Lobbying and Political Activities	
<b>Feb. 28-March 6</b>	D. <u>Organization Structure, Leadership, Management</u>	
(mid-term <u>March 6</u> )		
	1. Governing Boards	
	<i>Groups discuss potential board members; determine board size; board organization—officers, committees, meetings</i>	
	2. Chief Executive Officers (CEOs)	7, 8
	<i>Group discussions of CEO qualifications and qualities; discuss other staff needs</i>	
<b>March 18-20</b>		
	3. Volunteers	13, 22
	<i>Groups discuss volunteer needs and volunteer recruitment campaigns</i>	
<b>March 25-April 15</b>	E. <u>Financial Resources and Management</u>	
	1. Overview of types of financial resources	
	2. Applying for Grants	
	<i>Groups investigate potential fund raising opportunities</i>	
	3. Fundraising	17, 18, 19
	4. Enterprise Activities	
	<i>Groups discuss potential fund raising enterprise activities</i>	
	4. Budgeting and Accounting	
<b>April 17-24</b>	F. <u>Group Grant Presentations</u>	
<b>April 29</b>	G. <u>Program Management (ethics, contracts)</u>	9, 14, 15, 16
(Prospectus due)		
<b>May 1</b>	I. <u>International Dimensions</u>	5

## **V. Group Activity 1: Build a Not-for-Profit Corporation**

A major task you will accomplish during the semester is to work with fellow students to build a not-for-profit corporation—as least on paper. You and your group will first develop an organization concept—a nonprofit with a specific mission and serving a specific social need—and then develop a detailed prospectus defining the organization structure and resources. A complete prospectus document (outlined below) will be the product of the group and will result from your own initiative and the interactions of the group.

*The purpose for structuring the prospectus exercise as a group project is to simulate working in the kind of group environment you would encounter in many nonprofit and other organizational settings, whether it be staff group planning and problem solving exercises, working with volunteers in service and fund raising projects, or collaborating with others to form a new community organization. Being able to work effectively and responsibly in a group environment is essential to your professional career.*

For purposes of this exercise, the corporation you choose to organize must satisfy federal government requirements for 501(c)(3) charitable, tax exempt status and also state nonprofit corporate status (details to be discussed in class).

### **Prospectus Format:**

The prospectus must follow the format outlined below, containing all required information.

#### Title Page

#### **I. Executive Summary**

In 2-3 paragraphs describe the organization you are proposing to create, the services it will provide and who it will serve.

#### **II. Justification for State Nonprofit Corporation and Federal Tax Exempt Status**

A. *Name*: Choose an appropriately descriptive name for the organization.

#### **B. *Mission Statement*:**

1. Write a mission statement that conveys the essential goals and beliefs of the organization.
2. Write an interpretive paragraph explaining what the Mission statement itself is intended to say and mean to people within and outside the organization. What does it say about the purposes, services and philosophy of the organization? This is not a restatement of the mission but an explanation of what it is to mean to the public, staff and volunteers.

#### **C. *Statement of Purpose*:**

1. Describe the reasons for creating this organization, its long-term goals and future tasks the organization plans to conduct. Explain and document the need for this organization and discuss the societal needs and problems it addresses. Use appropriate data. *Why is this organization needed? What important societal benefits will it provide?*
2. Also, explain why the purpose qualifies the organization for both state nonprofit corporation status and federal 501 (c) (3) tax exempt status. Explicitly point to the provisions in the tax code it satisfies (for example, a charity or education institution).

3. Include the Illinois application for incorporation here.

### III. Organization Structure

Outline the initial management and volunteer structure.

#### A. *Governing Board:*

1. Describe the kinds of people you would recruit to serve on the governing board. You obviously cannot name individuals at this point, but describe what skills, abilities and other resources are you looking for in board members and explain why. Think in terms of who would best advance the mission. State approximately how many people will serve on the board.
2. Describe the basic governing board structure—officers, committees, meeting schedule and attendance requirements.

B. *Staff:* Estimate the number of staff and describe the types of positions **needed for the startup** of the organization. Make your expectations realistic and reasonable. Be sure to take into account likely financial resources. Describe the skills, education, experience, etc. required for these positions.

#### C. *Volunteers:*

1. Discuss how volunteers might be used by the organization. What will they do? What skills and abilities will they need? Be specific in describing the volunteer positions needed.
2. Discuss **three** strategies for recruiting volunteers. Relate these strategies to your volunteer skill needs. Why these strategies? How will they help you acquire the volunteer skills needed by the organization? Be sure to include active recruitment strategies, not just passive ones like advertising volunteer positions.

### IV. Initial Service and Organizational Plans

Focus on the **first two years** of the organization. Describe the *goals* your organization can realistically set for itself during the first two years. These goals are your vision of what you hope to accomplish in terms of:

1. delivering of services [*describe the specific services the organization will provide*];
2. obtaining community support;
3. securing staff and volunteers.

### V. Revenues and Finance

#### A. *Private Grants:*

1. Identify private foundations or corporations that might provide grant funding to your organization, and describe the activities they might fund. Identify and describe the foundation and/or corporate grant programs you think you qualify for.
2. On a separate page(s): (a) give the name and address of the grant agencies; (b) list the type of activities they typically fund; and (c) state their preferred method for making initial contact.

B. *Government Grants and Contracts*: Identify potential government sources of money—local, state, or federal—and discuss the activities government sources are likely to fund. Distinguish between grants and contracts.

C. *Self-generated Income*:

1. Describe three potential techniques for raising donations and other revenues for the organization.
2. Discuss the extent to which you will be able to derive income from fees for services, sales, or other enterprise activity.
3. Describe any other self-generated income sources—investments, endowments, etc.

D. Estimate the extent to which you will rely on each of the three types of income—government grants and contracts, private grants, and self-generated income. (Give percentage estimates and explain the distribution.)

## VI. Conclusion

Make a final appeal for establishing the organization, its value to society, and its necessity.

**The prospectus is due April 29**

### Additional Instructions:

1. The prospectus should contain a title page and is to be computer printed, double-spaced, use 12 point font, and include one-inch margins. Number the pages and include references and citations where appropriate, using the APA style. Do careful editing. *Override the Microsoft word automatic left justification accompanying numeric and alphabetical subheadings. It leaves too much white space.*
2. Place your prospectus in a ringed notebook and turn it in this way.
3. Late submissions will be penalized in final grading of the prospectus.

## VI. Group Activity 2: Grant Proposal and Grant Presentation

A. Grant Proposal: Your group will write a grant proposal consisting of a cover letter and a 4-5 page narrative asking for a grant to help pay for a service or activity of the organization you are developing. This proposal will be read by a panel of your classmates who will also hear your oral grant presentation. The format of the proposal will be explained in class. The proposal is due at class time **April 15**. Your group will need to provide multiple copies—one for Dr. Snavely and one for each funding panelist.

B. Grant presentation: Your group will make a formal presentation, using **powerpoint** technology, before a panel of fellow students who represent a community foundation that is hearing appeals for grant funding from nonprofit organizations. You need to sell this panel on your organization, convincing them that they should award your nonprofit a grant of money. There will be a maximum amount you can request (explained in class).

1. Make a formal presentation of approximately 15 minutes in length, describing your organization and pitching your grant proposal. Panelists will follow up your presentation with questions. You are encouraged to use handouts or brochures—anything to deliver a lively and informative presentation. Money for your organization hinges on **both** your written and your oral presentations!
2. Note that each group will also serve as a hearing appeals panel for funding. In this capacity the group will be responsible for evaluating an appeal for money. An evaluation form will be provided to each panel member which they fill out on the organization seeking funding. More details will be given in class.

Grading: Your group's grade on this assignment is not dependent on how much or whether or not the panel awards you grant money. The quality of the written proposal and oral presentation is what counts.

**Dividing up the workload in the group:** Each group will have to decide how to divide up the work for researching and writing the prospectus and preparing the grant proposal and presentation. Individuals within the group will be required to take the lead in writing sections of the prospectus and/or writing and presenting the grant proposal. How to do this will be decided by the group but it is expected there will be an even distribution of the workload. *Review and critique each other's work before turning in a final product.* Each member of the group is also expected to participate fully in the in-class group exercises.

Organization Concept and Work Statement: At class time on February 5 each group will need to turn in a brief description (1-2 paragraphs) of the organization it wants to create, explaining its purpose and giving it a tentative name. Each group will also need to declare how the work load will be distributed for preparing the prospectus and grant activities. In other words, who is taking the lead for what?