SOL PRICE SCHOOL OF PUBLIC POLICY

UNIVERSITY OF SOUTHERN CALIFORNIA

PPD 371: The Nonprofit Sector and the Public Interest

Proposed Syllabus

Professor Cara Esposito

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By appointment

**Course Description:**

Theories of the nonprofit sector in society and its relationship to government and philanthropy.

**Purpose**:

The course will touch on some of the history of philanthropy and the non-profit sector by way of introduction to institutionalized philanthropy, and the historical evolution of modern philanthropy and the non-profit sector, and the policies affecting the non-profit sector. Through guest speakers and panels, case study methods as well as readings, students will learn about different styles of philanthropy and effective nonprofit management; how to think about and evaluate impact as a philanthropist; how to read nonprofit financials and assess nonprofit organizational health and potential; sources of philanthropic news, and thinking; and trends in philanthropy and nonprofit management.

Working with a $10,000.00 grant, students have the opportunity to practice philanthropy by serving as a grant-making board to award $10,000 to local nonprofits in the city of Los Angeles.

Class will be taught in a Socratic style, encouraging students to learn together through discussion and projects. A number of community philanthropists and nonprofit leaders will join our class discussions, offering the opportunity to learn directly from those in the field.

At the conclusion of the class, students will have a working knowledge of foundation and grant management, as well as a clear understanding of the grant proposal process and board management aspect of executive leadership of private foundations.

**Texts and Resources:**

Ott, J. Steven, and Dicke, Lisa A. (Eds.). (2012). *The Nature of the Nonprofit Sector* (2nd

ed.). Boulder, CO: Westview Press.

Available on Amazon.com: <https://www.amazon.com/Nature-Nonprofit-Sector-Steven-Ott/dp/0813344913/ref=sr_1_2?ie=UTF8&qid=1466189699&sr=8-2&keywords=ott+and+dicke>

Tierney, J., and J Fleischman. (2011). *Give Smart: Philanthropy that Gets Results.* New

York:Public Affairs.

Available on Amazon.com: <http://www.amazon.com/Give-Smart-Philanthropy-that-Results/dp/1610391462>

* + **ISBN-10:** 1610391462
  + **ISBN-13:** 978-1610391467

Baily, Elizabeth, and Smith, Nancy. (2016). *Step Up! How to be an Excellent*

*Nonprofit Board Member.* Manhattan Beach, CA: Latitude 33 Publishing.

Available on Amazon: <https://www.amazon.com/dp/0990734919>

Additional readings will be available on **Blackboard.** Many of the readings are also available on the internet and links are provided when available.

**GRADING**

The course grade will be computed as follows:

* Paper 1 10%
* Paper 2 10%
* Mid-term 10%
* Paper 3a 10%
* Paper 3b 10%
* Presentation 3c 20%
* Final 20%
* Participation 10%

100%

Computation of Grades:

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**Use of Technology in Class**

The use of cell phones in class is not permitted. Use of phones will be reflected in class participation grades. The use of laptops for the purpose of taking notes is permitted. However, if this privilege is abused and distracting to others, all will lose the privilege.

**Statement for Students with Disabilities:**

Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me as early in the semester as possible. DSP is located in STU 301 and is open 8:30 a.m.–5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776.

**Statement on Academic Integrity:**

USC seeks to maintain an optimal learning environment. General principles of academic honesty include the concept of respect for the intellectual property of others, the expectation that individual work will be submitted unless otherwise allowed by an instructor, and the obligations both to protect one’s own academic work from misuse by others as well as to avoid using another’s work as one’s own. All students are expected to understand and abide by these principles. *Scamps,* the Student Guidebook, contain the Student Conduct Code in Section 11.00, while the recommended sanctions are located in Appendix A: <http://www.usc.edu/dept/publications/SCAMPUS/gov/>. Students will be referred to the Office of Student Judicial Affairs and Community Standards for further review, should there be any suspicion of academic dishonesty. The Review process can be found at: <http://www.usc.edu/student-affairs/SJACS/>.

**Assignments**:

Paper 1: Reflection Paper

**Due: In class, August 23, 2017**

Please respond to the following:

If you had $10,000.00 to give away, to which non-profit would you give it? Why? How would you want your money to be used by that non-profit?

Please write a one page, double spaced paper, 12 point font, and hand in a hard copy at the beginning of class.

10%

Paper 2: Prospecting and Initial Analysis

**Due: In class, September 27th, 2017**

See topic explanation at the end of syllabus

10%

Midterm

**In class: October 11, 2017**

10%

Paper 3a: Group Organizational Analysis

**Due: In class, October 18, 2017**

See topic explanation at the end of syllabus

10% of Group Project total (40% total)

Paper 3b: Program Evaluation and Site Write up

**Due: In class, November 8, 2017**

See topic explanation at the end of syllabus

10% of Group Project total (40% total)

Paper 3c: Final Project and Grant Presentations:

**Due: In class, November 20 & 27, 2017**

Format and contents to be discussed in class

20% of Group Project total (40% total)

Final

**In class: December 6th, 2017**

**4:30 – 6:30 (Please note time change from class time)**

20%

Class Schedule

Week 1: **Introduction and Overview of Philanthropy and the Nonprofit Sector**.

Week Objectives: What problems can philanthropy solve and what trade-offs are acceptable? What’s most important—triage, stop-gap funding or trying to solve the root cause of a problem? Who is philanthropy accountable to? Whose authority does it operate under?

Class 1: August 21, 2017

* No readings
* Introductions
* Review Syllabus

Class 2: August 23, 2017

**Reflection Paper 1 Due**: If you had $10,000.00 to give away, to which non-profit would you give it? Why? How would you want your money to be used by that non-profit?

Please write a one page, double spaced paper, 12 point font, and hand in a hard copy at the beginning of today’s class period.

Readings:

* Salamon, Lester M. (2012). *America’s Nonprofit Sector, A Primer* (3rd ed.). Foundation Center.
  + Chapter 1, 2 & 5 (On Blackboard)
* Ott, Steven & Dicke, Lisa, *Nature of the Nonprofit Sector* (2nd ed.). Boulder, CO: Westview Press.
  + pp 108 – 116
  + pp. 1 - 16

Week 2: **Policy and Regulatory Issues in the Nonprofit Sector**

Class objectives: What are the core issues and tensions in the practice of philanthropy? Viewed through the lens of the policy framework around philanthropy and history of tax incentives for giving. Pending tax implications, legislative policy surrounding philanthropy and legal requirements for foundations and grant management. Donor intent and changes in circumstances.

Class 3: August 28, 2017

Readings:

* Reid, Andrew. “It’s About Freedom, Not Finances.” *Philanthropy Magazine*, Summer 2013.
* Reich, Rob,“[A Failure of Philanthropy](http://www.ssireview.org/articles/entry/a_failure_of_philanthropy),” *Stanford Social Innovation Review*, Winter 2005.
* Ott, Steven & Dicke, Lisa, *Nature of the Nonprofit Sector* (2nd ed.) Boulder: Westview Press.
  + pp. 49 – 62
* Barkan, Joanne. (2016). *Charitable Plutocracy: Bill Gates, Washington State, and the Nuisance of Democracy*. Retrieved on April 11, 2016 from:
  + [https://nonprofitquarterly.org/.../**charitable**-**plutocracy**-bill-gates-washington- state-and-the-nuisance-of-democracy/](https://nonprofitquarterly.org/.../charitable-plutocracy-bill-gates-washington-%20state-and-the-nuisance-of-democracy/)

Class 4: August 30, 2017

Readings:

* Salamon, Ch. 3
* Ott, Steven & Dicke, Lisa, *Understanding Nonprofit Organizations* (2nd ed.). Boulder: Westview Press.
  + pp 149 – 157
* Ostrower, Francie. (2016). Perpetuity of Spend Down: Does the Notion of Lifespan Matter in Organized Philanthropy? Retrieved on March 31, 2016 from:
  + [https://nonprofitquarterly.org/.../**perpetuity**-or-**spend**-**down**-does-the-notion- of-lifespan-matter-in-organized-philanthropy/](https://nonprofitquarterly.org/.../perpetuity-or-spend-down-does-the-notion-%20of-lifespan-matter-in-organized-philanthropy/)

Group Assignments

Individual and Group Values Assignment

Week 3**: Fundamentals of Grant making**

Class Objective: Learn the fundamentals of grant proposal preparation. Investigation and on the ground engagement of potential non-profit investees.

Class 5: September 4, 2017; ***Holiday***

Class 6: September 6, 2017

Reading:

* Tierny, Tom & Fleishman Joel. Give Smart. Introduction & Ch. 1 - 3.
* Hobbes, Michael. How Mark Zuckerberg Should Give Away $45 Billion. *The Huffington Post.*
  + <http://highline.huffingtonpost.com/articles/en/how-to-give-away-45-billion/>
* Bradrick, Erin. (2016). *The Ongoing Overhead Myth and the Dangers of Overly Zealous State Legislators*. Retrieved on April 14, 2016 from:
  + [https://nonprofitquarterly.org/.../the-**ongoing**-**overhead**-**myth**-and-the- dangers-of-overly-zealous-state-legislators/](https://nonprofitquarterly.org/.../the-ongoing-overhead-myth-and-the-%20dangers-of-overly-zealous-state-legislators/)
* Masaoka, Jan. Foundation-Nonprofit Partnerships: Fact or Fiction? *National Committee for Responsive Philanthropy Quarterly Journal.* Summer 2011.
  + <https://www.ncrp.org/files/rp-articles/Responsive_Philanthropy_Summer2011.pdf>

In Class: “[Dan Pallotta: The way we think about charity is dead wrong](http://www.ted.com/talks/dan_pallotta_the_way_we_think_about_charity_is_dead_wrong)

Week 4**: Financial Assessments**

Class Objective: Understanding the 990 and the financial assessments that govern strategic granting.

Class 9: September 11, 2017

Reading

* McLaughlin, Thomas A. (2009). Financial Basics for Nonprofit Managers (3rd ed.). New Jersey: John Wiley & Sons, Inc.
  + pp. 3 –65.

***Guest Speaker: Melissa Harman, Partner, Moss-Adams***

Class 10: September 13, 2017

Reading:

* McLaughlin, Thomas A. (2009). Financial Basics for Nonprofit Managers (3rd ed.). New Jersey: John Wiley & Sons, Inc.
  + pp. 67 – 110
* Polanco, Hilda H. and Summers, John. (2016). Keep It in Reserve: Grantmaking for a Rainy Day. Retrieved on May 2, 2016 from:
  + [https://nonprofitquarterly.org/.../**keeping-it-in-reserve**-grantmaking-for-a- rainy-day/](https://nonprofitquarterly.org/.../keeping-it-in-reserve-grantmaking-for-a-%20rainy-day/)

*990 In Class Exercise*

Week 5: **Strategic Philanthropy: Giving with Impact**

Class Objective: What does it take to make a difference? How can this sector solve community problems? Understand how to think about strategy as an individual giver or in a role as a foundation executive. General Operating, program directed, multi-year and endowed grants. Innovative grant making and risk assessment.

Class 7: September 18, 2017

Reading:

* Tierny, Tom & Fleishman Joel. Give Smart. Ch. 4 – 6.

Class 8: September 20, 2017

Reading:

* Porter, Michael & Kramer, Mark. (November – December 1999.) “Philanthropy’s New Agenda: Creating Value, *Harvard Business Review*.
* Eckhart-Queenan, Jeri, Etel, Michael, & Pradad, Sridhar. (Summer, 2016). *Pay-What-It-Takes Philanthropy.* Stanford Social Innovation Review.
  + <http://ssir.org/articles/entry/pay_what_it_takes_philanthropy>
* Bielefeld, Wolfgang. (2014) *The Challenges of New Nonprofits*, Retrieved on December 31, 2014 from:
  + <https://nonprofitquarterly.org/2014/12/31/the-challenges-of-new-nonprofits/>

***Guest Speaker: Guest Speaker: William Ahmanson, President, The Ahmanson Foundation***

**Week 6: Program Assessment and Management - Measurement and Evaluation**

Class objectives: How do you know if an organization is performing as expected? The fundamentals of grant measurement and evaluation.

Class 11: September 25, 2017

Reading:

* Sawhill, John and Williamson, David. “Measuring What Matters in Nonprofits.” *McKinsey Quarterly,* May 2001.
* Gugerty, Mary Kay & Karlan, Dean. Measuring Impact Isn’t for Everyone. *Stanford Social Innovation Review,* April 2, 2014.
  + <http://ssir.org/articles/entry/measuring_impact_isnt_for_everyone>
* Schifrin, Debra & Brest, Paul. Magnolia Community Initiative: A Network

Approach to Population Level Change. Stanford Graduate School of Business, Case SM226, March 12, 2014.

Class 12: September 27, 2017

**Paper 2 Due:** **Individual Assignment: Prospecting and Initial Analysis Due**

Reading:

* Cunningham, K. and Ricks, M. (2004). Why Measure. *Stanford Social Innovation Review*, Summer 2004
  + <http://ssir.org/articles/entry/why_measure/>

**Group’s Non-profit organizational selection due**

**Week 7: Effective Investment: Capacity building and strategic PRIs and MRIs, multi-year grants, leveraged investment in growth.**

Class 13: October 2, 2017

Reading**:** None!

***Guest Speaker: Sam Polk, Founder, GroceryShips & Everytable***

Class 14: October 4, 2017

Reading:

* Simon, Morgan. (2016). Where’s the Community Accountability in Impact Investing? Retrieved on May 5, 2016 from:
  + [https://nonprofitquarterly.org/.../**wheres-the-community**-**accountability-in- impact**-**investing**/](https://nonprofitquarterly.org/.../wheres-the-community-accountability-in-%20impact-investing/)
* Takagi, Gene. (2012) Program-Related Investments: Will New Regulations Result in Greater and Better Use? Retrieved on May 12, 2016 from:
  + [https://nonprofitquarterly.org/.../**program**-**related**-**investments**-**will**-**new**- **regulations**-result-in-greater-and-better-use/](https://nonprofitquarterly.org/.../program-related-investments-will-new- regulations-result-in-greater-and-better-use/)

***Guest Speaker: Shamya Ullah, Morgan Stanley***

**Week 8: Researching Non-profits & Midterm**

Class 15: October 9, 2017

SITE VISITS

Class 16: October 11, 2017

***MIDTERM – in class***

**Week 9: NonProfit Management, Board Governance and Ethics in Grant making**

Class objectives: Understanding board engagement, governance and ethics that govern private foundations and their boards and employees.

Class 13: October 16, 2017

Reading**:**

* Bailey, Elizabeth & Schmidt, Nancy. *Step Up! How to be an Excellent Nonprofit Board Member*. Pages 1 – 105.
* Dayton, Kenneth N., "Governance is Governance" (2001). *NELLCO Consortium Research and Information Series.* Paper 1.
* *The Source: Twelve Principles of Governance that Power Exceptional Boards.* Washington, DC: Boardsource: 2005.
* Sbarbaro, C, Harrison DS, and Smith, SR, “Social Partners Replication”, University of Washington, The Electronic Hallway, 2002. (Case)

*Discussion*: Sbarbaro, C, Harrison DS, and Smith, SR, “Social Partners Replication”, University of Washington, The Electronic Hallway, 2002. (Case)

Class 14: October 18, 2017

Reading:

* Chait, Richard P., Ryan, William P & Taylor, Barbara E. Governance as Leadership: Reframing the Work of Non Profit Boards. BoardSource 2005. Chapter 1, pp. 1-10, Chapter 7, pp. 137-161.
* Allison, Michael, Misra, Susan & Perry, Elissa. Doing More with More: Putting Shared Leadership into Practice. April 21, 2014
  + <https://nonprofitquarterly.org/2014/04/21/doing-more-with-more-putting-shared-leadership-into-practice/>
* Bell, Jeanne. Beyond Financial Oversight: Expanding the Board’s Role in the Pursuit of Sustainability. April 26, 2011.
  + [https://nonprofitquarterly.org/.../**beyond**-**financial**-**oversight**-expanding-the- boards-role-in-the-pursuit-of-sustainability/](https://nonprofitquarterly.org/.../beyond-financial-oversight-expanding-the-%20boards-role-in-the-pursuit-of-sustainability/)

**Assignment 3a Due: Group Organizational Analysis**

***Guest Speaker: Elizabeth Bailey, 2 B Communications***

**Week 10: Understanding Public Problems and the Causation and Theories of Change.**

Class Objective: How do non-profit organizations conceptualize the challenges they are organized to address? How can philanthropy assist in this process? How should this conceptualization influence the way these organizations structure their services and philanthropy funds them?

Class 17: October 23, 2017

Readings**:**

* Brest, Paul. “The Power of Theories of Change.” *Stanford Social Innovation Review*, Spring 2010.
  + <http://ssir.org/articles/entry/the_power_of_theories_of_change/>
* W.K. Kellogg Foundation. *Logic Model Development Guide.* Battle Creek, MI: W.K. Kellogg Foundation, 2004.

Class 18: October 25, 2017

Readings:

* Frumkin, Peter, Strategic Giving: The Art and Science of Philanthropy, Chapter 6: Logic Model: Theories of Change, Leverage, and Scale, pp. 174-216.

*Guest Speaker: Amelia Williamson, CEO & Chief Strategist*

*AWA Consulting*

**Week 11: State of the Non Profit Sector**

Class Objective: What are the challenges faced by Non-profits and how can philanthropy enhance or detract from sector advancements?

Class 19: October 30, 2017

Readings**:**

* Ott, J. Steven and Dicke, Lisa A., editors*, The Nature of the Non profit Sector,* 
  + Chapter 9: History and Theories of Nonprofit Organizations, pp. 108-116,
  + Chapter 19: Communities, Networks, and the Future of Philanthropy, pp. 215 – 225.
  + Chapter 30: The Future of the Nonprofit Sector: Its Entwining with Private Enterprise and Government, pp. 348-357.
* Grossmanm Allen & Kind, Liz. “Palotta TeamWorks.” Harvard Business School. Case 9-302-089, April 12, 2002.
* Case Discussion: Grossmanm Allen & Kind, Liz. “Palotta TeamWorks.” Harvard Business School. Case 9-302-089, April 12, 2002.

Class 20: November 1, 2017

Readings:

* Salamon, Chapter 12.
* Kaplan, Larry. Charitable Giving in Los Angeles Declines Considerably as Big Dollars Go Elsewhere
  + <https://nonprofitquarterly.org/2016/06/06/charitable-giving-in-los-angeles-declines-considerably-as-big-dollars-go-elsewhere/>

**Week 12: How successful is the Non Profit sector in addressing wicked problems?**

Class 21: November 6, 2017

Reading:

* Ott, J. Steven and Dicke, Lisa A., editors, *The Nature of the Nonprofit Sector,*
  + Chapter 3: The *Idea of a Nonprofit and Voluntary Sector,* pp.17-28;
  + Chapter 7: *The Impact of the Voluntary Sector on Society*, pp. 71-79;

Class 22: November 8, 2017

Reading:

* Ott, J. Steven and Dicke, Lisa A., editors, *The Nature of the Nonprofit Sector.*
  + Chapter 12: Government Failure Theory, pp. 151 – 153
  + Chapter 13: Contract Failure Theory, pp. 154-157

**Group Assignment 3b: Program Evaluation and Site Visit Write up Due**

**Week 13: Philanthropic Institutions**

Class 25: November 13, 2017 (Corporate Philanthropy)

***Guest Speaker: Leslie Lassiter, JP Morgan***

Readings:

* Ott, J. Steven and Dicke, Lisa A., editors*, The Nature of the Nonprofit Sector,* 
  + Chapter 30: The Future of the Nonprofit Sector: Its Entwining with Private Enterprise and Government, pp. 348-357.
* Porter, Michael E. & Kramer, Mark R. The Competitive Advantage of Corporate Philanthropy. Harvard Business Review. December 2002.
* Galaskiewicz, Joseph and Colman, Michelle Sinclair. (2006). Collaboration between Corporations and Nonprofit Organizations, in The Non-Profit Sector A Research Handbook.

Class 26: November 15, 2017 (Community Philanthropy)

***Guest Speaker: John Kobara, EVP & COO, California Community Foundation***

Reading:

* Salmon, Chapter 4

**Week 14: Project Presentation**

Class 27: November 20, 2017

Presentations Round 1

Class 28: November 22, 2017

Thanksgiving

**Week 15: Project Presentations**

Class 29: November 27, 2017

Presentations Round 2

Class 30: November 29, 2017

**Grant Awarding, Conclusion and Evaluation**

December 6, 2016

**FINAL – in class**

Paper 2: Individual Prospecting and Initial Analysis Due

**DUE September 27,2017 in class**

1. Based on the focus area you chose and submitted on September 7th, go to Guidestar ([www.guidestar.org)](http://www.guidestar.org)) to search for nonprofits that align with the program area your group selected IN THE COUNTY OF LOS ANGELES. Take note of the following: What were you able to find in your initial search (e.g. number of results, types of organizations, etc)? How did these results seem to fit with your stated giving focus?
2. Depending on the number of results you get, you can refine your search to narrow the field or remove criteria to expand it. Click on each of the organizations in the search list and review their information. You will see tabs for Summary, Financials, Form 990s & Docs, People, Programs and News.
3. Narrow down the list to three. In no more than a page, answer the following questions:
   1. Why did you choose these three organizations for comparison?
   2. How well do they fit with your group’s giving focus?
   3. What is it about these organizations, by comparison with other that you looked at, that made you want to examine them more closely?
4. Conduct additional research on the three nonprofit organizations you identified in your initial search by reviewing the organization’s website, new media, and third party evaluations from online resources (e.g. Charity Navigator, Better Business Bureau for Charity, Great Nonprofits, Give Well) Try to gather materials such as mission statements, brochures, newsletters or annual reports, newspaper, magazine, journal and other online press about the organizations, form 990s, evaluations and reports. Take note of what you are able to find and what types of information the different documents provided and challenges along the way for discussion in class.
5. Bring assignment to class (hardcopy) for discussion on September 27th.

Paper 3a: GROUP Organizational Analysis

**DUE October 18, 2017 in class**

Using your group’s nonprofit organization, develop an organizational profile based upon the following questions. The format should be in prose, not a mere outline. Please bring one copy for each group to class on October 18, 2017.

**Basic Information**:

* Name
* Legal Status
* Year Established
* Purpose/function
  + Service delivery; policy; advocacy; community building
* Mission
* Nature of its Activities

**Governance**:

* Form of Governance:
  + Board of Trustees; how many; how appointed; length of service
* Who are the stakeholders?

**Finances**:

* Source of Revenue:
  + Fees; Endowment Income; Government Grants; Private Gifts.
* How are the funds used? Essentially, what is the nature of the expenditures?
* What is the percentage of annual funds used for administration?
* What is the amount of funds used for fundraising? What is the yield?

**Comparative Analysis** (Use Information from Paper 1)

* Similar Organizations
  + In the for profit sector? In the public sector? In the nonprofit sector?
* What theory (theories) explains its existence (why was it created)?
* How has it developed, and why does it continue to exist?

**References and Methods**:

Please be sure to document all sources of information, including interviews and website, and include your source for their Form 990. How much did you learn from the 990 and how much did you learn from other sources?

Paper 3b: GROUP Program Evaluation and Site Write up

**DUE November 8, 2017 in class**

Using your group’s nonprofit organization, develop an organizational profile based upon the following questions. The format should be in prose, not a mere outline. Please bring one copy for each group to class.

**Project**

* What is the grant for?
  + Specific project/program
  + General Support
* Need the program is intended to meet
* Ultimate goal of the project
* Measurable Objectives (what?)
* Key activities (how?)
* Evidence to support efficacy of intervention
* Evaluation indicators/benchmarks for success
* Risks and limitation
* Partners

**Site Visit**

* What did you learn from the site visit?
* What did you want to learn?
* What do you still need to understand about the organization in order to make a sound decision about a potential grant?
* Is the organization clear about the problem they are trying to solve or impact?
* Is there a better way to help, apart from the potential grant?
* Can they be specific about what they propose to do?
* Is their approach feasible?
* Strengths of the organization?
* Weaknesses of the organization?
* Perception of the interview?