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The Quest for Public– Private Partnerships

Looking a Gift Horse in the Mouth: Challenges in Managing Philanthropic Support for Public Services

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Collaborations between nonprofit and public sector organizations have become an increasingly important phenomenon in state and local public service delivery since the publication of the Winter Commission report in 1993. This article focuses on one of the less studied types of public–nonprofit collaborations, those in which philanthropic support from nonprofit organizations supplements the resources and activities of public agencies. Drawing on the case of “nonprofit-as-supplement collaborations” that support park services in New York City, this article documents the benefits and drawbacks associated with such collaborations. While they can provide increased resources and encourage management innovations, they also can lead to inequities in the availability and quality of services, the preponderance of particularistic goals over the broader public interest, and the politicization of previously bureaucratic decision making. The authors offer two strategies for public managers to realize more effectively the benefits yet mitigate the shortcomings of these collaborations.

The old adage “Don’t look a gift horse in the mouth” may be familiar to most contemporary public servants, but its origins are likely obscure for many. In days when “horsepower” had a more literal meaning than a measure of the power of combustion engines, prospective purchasers of a horse often engaged in careful inspection of the animal, and close examination of the mouth for possible disease and other defects was a critical part of the prepurchase ritual. In contrast, when a horse was given as a gift, it was considered rude to conduct such inspections before accepting the benefactor’s generosity—it questioned their motives and competence.

Today, public sector managers are often engaged in collaborative arrangements with nonprofit organizations, many of which can be a source of philanthropic support for public services. The Winter Commission report (1993) largely overlooked the role of such collaborations and the challenges they pose for leaders of state and local governments. Since the publication of the Winter Commission report in 1993, these

partnerships have become even more important in terms of scale and breadth of responsibilities (Klitgaard and Treverton 2003). Accordingly, these partnerships are a suitable topic for a retrospective on the commission. This article focuses on a subset of the now vast public–nonprofit collaborations, those in which philanthropic support from nonprofit organizations is intended to supplement the resources and activities of public agencies engaged in the direct delivery of services to the citizenry. Our major theme is that such philanthropic support can yield significant benefits, but that it also poses dangers in the form of promoting inequities in the availability and quality of services, enabling particularistic goals of nonprofit boards to override a broader public interest, and facilitating the politicization rather than rationalization of decision making in public agencies. An appropriate response is for managers to develop techniques for obtaining the benefits while minimizing the associated risks—to be willing and able to look the gift horse in the mouth before taking it home.

The remainder of this article is organized in five sections. The first reviews the literature on nonprofit–public collaborations in order to put the subset of arrangements on which we focus into a broader framework. The second section focuses on the model of “nonprofits-as-supplements” and their application in a range of public services. The third and fourth sections use evidence from partnerships of this variety intended to benefit parks in New York City to describe in more detail the nature and diversity of these arrangements, and then to assess their benefits and dangers. The final section offers suggestions to public managers on how to structure these arrangements in order to strike an appropriate balance between the potential gains and risks.

Overview of Public–Nonprofit Relationships
Since the release of the Winter Commission report, students of public administration have given considerable attention to the growth of the nonprofit sector and its relationship with government. The research is of

three general types. The first, largely empirical and descriptive, describes the scale and growth of the nonprofit sector and its links, primarily fiscal, to the public sector. The second, largely theoretical, seeks to explain the origins of links between the public and nonprofit sectors and the forms these collaborations take. The third, more prescriptive, seeks to identify the characteristics of “successful” collaborations and to suggest practices to be applied in managing these arrangements.

Among the empirical work, the most comprehensive description of the nonprofit sector is found in the Urban Institute’s National Center for Charitable Statistics. The center’s statistics are drawn principally from Internal Revenue Service (IRS) 990 Forms, which are available publicly on Web sites such as Guidestar.com and through other services. In 2004, the approximately 300,000 nonprofit organizations that reported with the IRS raised more than \$1 trillion in revenues (NCCS 2006). The center organizes these nonprofits into nine major groups, based on their field of work (e.g., health care, arts and culture, and human services). Human service organizations made up the largest share of the reporting public charities, with 103,000 organizations, or 35 percent of the 300,000 total. However, health care organizations earned the largest share of revenues, with more than \$616 billion.¹

Additional studies describe the resource flows between the nonprofit and public sectors. This work has focused almost exclusively on government payments to nonprofits, through contractual and other arrangements, with little attention to philanthropic support from nonprofits to public agencies. For example, Salamon reports (1995, 99) that government support of the nonprofit sector is extensive and provides more revenues to nonprofit service organizations than do private donations. A study by Steuerle and Hodgkinson (1999) found that over a recent 30-year period, public expenditures to nonprofits (especially human service–based nonprofits) increased, while private contributions to nonprofits remained relatively flat. Given the notable rise in public support for nonprofits, some researchers have investigated how this public support affects private charitable giving; for example, Brooks (2000) found evidence suggesting that government funding of the nonprofit sector discourages philanthropic giving.

A relatively rich theoretical literature addresses the questions of why the public and nonprofit sectors collaborate and what forms these interactions take. Perhaps the most influential explanation is the resource dependency theory (Cho and Gillespie 2006; Grønbjerg 1993, 32; Saidel 1999). It hypothesizes that collaborations arise when individual organizations lack needed resources and, therefore, interact with other organizations to attain those resources. Applying this theory to nonprofit–government collaborations, Salamon (1995) suggests that nonprofit organizations often lack sufficient

resources to pursue their mission adequately and turn to government for financial support because government has better access to financial resources given its power to tax. Public leaders are willing to collaborate and provide funds because they believe nonprofits can respond to social problems with greater facility, agility, and local sensitivities than can government. In some instances, nonprofits may have organizational capacity such as expertise or physical facilities that public agencies lack. A similar “social issues platform” theory stipulates that actors from different sectors collaborate when the issues they face are too large in scope for their organizations to address individually (Selsky and Parker 2005).

Another conceptual approach to nonprofit–government collaborations categorizes the form of the relationship. Young (1999) identifies three types: adversarial, complementary, and supplementary. In the adversarial model, nonprofits serve as agents or advocates, attempting to persuade government to reform public policy. In the complementary model (attributed to Salamon 1995), nonprofits serve as partners with government, helping to deliver public services, primarily with government support (Young 1999, 33). In the supplementary model, nonprofits satisfy niches in the delivery of public services that are otherwise unfulfilled by government. First advanced by Weisbrod (1997a), this theory assumes that governments face a multitude of policy objectives and must choose among them based on their budget constraint, which is a product of the public’s tolerance for taxation. Citizen preferences differ, and when the government makes one policy choice at the expense of another, inevitably some citizens’ preferences will not be satisfied. If these citizens are well organized and have sufficient access to private resources, then a nonprofit organization will fill the niche in the delivery of public services.

Much of the growing literature on nonprofit–government collaborations has focused on the complementary model and the implications of its widespread adoption. An early and influential book, *Nonprofits for Hire*, traced the history of growth in nonprofit dependence on public funds and identified the consequences for the ways in which these entities function and are managed (Smith and Lipsky 1993). This book claims that government’s reliance on the nonprofit sector dilutes accountability in the provision of public services and compromises the flexibility in operations of nonprofit organizations. Weisbrod (1997b) has highlighted the interconnectedness of the public and nonprofit private sectors and suggests that it is leading to a “commercialization of the nonprofit sector” and increased likelihood of competition between public and nonprofit agencies for particular roles.

A third genre of literature on nonprofit–government collaborations is analyses of the conditions for their

success. Shaw's review of this literature (2003) identifies eight features of collaborations that nonprofit and government actors must negotiate in order for partnerships to succeed: trust, flexibility, understanding, balance of power, shared mission, compatibility, communication, and commitment. Thomson and Perry (2006) offer a more parsimonious model of successful collaborations, describing five factors that must be addressed: governance, administration, organizational autonomy, mutuality, and norms of trust and reciprocity. Others stress the importance of negotiating networks of cross-sector actors to produce successful nonprofit-government collaborations (Agranoff 2006).

An important concern gaining increased attention among public administration scholars is the role of performance contracting in creating and sustaining successful partnerships, particularly those of the complementary variety. Ingraham and Moynihan (2001) note that using performance information in the contracting process allows public managers to hold nonprofit and for-profit contractors accountable for results. However, they caution that public managers need to ensure that performance metrics used in contracts align with program goals and that contracts are flexible to adjustments in compensation to reflect success or failure in reaching performance targets.

The Neglected Model: Nonprofits Providing Philanthropic Support to Public Agencies

As the foregoing literature review indicates, greatest attention has been paid to nonprofit-public collaborations in which the public sector contracts with nonprofits for services that otherwise would have been produced directly by public agencies. This is understandable given the rapid growth of this model, the large sums of public funds involved, and the formidable challenges they raise for public administrators and nonprofit managers. However, another model is also becoming increasingly important and warrants greater attention from researchers and practitioners. This is a model in which the nonprofit agency serves as a source of funding for the public agency, with the money derived from philanthropic sources, typically individual contributions. The nonprofit seeks to supplement the role of the public agency, which remains ultimately responsible for the basic role and most direct service delivery. We call this the *nonprofit-as-supplement collaboration*, or NSC.

This model is not identical to the "supplementary" model described in the previous section. In that model, the nonprofit takes a major role in raising resources (from philanthropy and/or other sources) and for direct service delivery in a unique niche that fills a gap in the activities of a public agency. In the model we describe, the nonprofit is raising private

resources for a role that is already assumed by a public agency.

The NSC models have diverse forms. Their support to public agencies can be direct financial grants, but it often also takes the form of in-kind support, through paid or volunteer staff and other resources. This support may be for ongoing operations or for capital campaigns for the purchase or rehabilitation of major assets. In most cases, NSCs are arranged so that the nonprofit has no operational responsibility for a service, but in some instances, they assume some administrative role normally provided by government. NSCs also differ in their governance. Many nonprofits engaged in NSCs have boards that include government officials serving *ex officio*; others have boards consisting entirely of private members.

NSCs are becoming more important, but they are not new. Perhaps the arrangements most familiar to readers are those relating to educational services. At the elementary and secondary level, most public schools have nonprofit parent-teacher associations that raise money to support supplementary activities in schools. Similarly, many public universities have nonprofit alumni associations that raise money to supplement tax dollars and tuition in support of designated activities. According to the Urban Institute's National Center for Charitable Statistics, about 13,000 parent-teacher groups raise \$753 million annually, and 1,800 alumni associations raise \$715 million annually. Some public libraries have "friends" associations that support the library financially or by providing in-kind services such as programming or volunteer staff.

Sometimes NSCs have a prominent role in the support of public cultural institutions. For example, the Philadelphia Museum of Art is an art collection and a building owned by the city of Philadelphia, but the museum is operated by a nonprofit organization on whose board the Pennsylvania governor and Philadelphia mayor sit. Although the museum received \$10 million in capital and operating grants from governmental sources in fiscal year 2005, nearly 60 percent of its \$91 million revenues came from philanthropic sources (Philadelphia Museum of Art 2005).

Similar collaborations are used to support the performing arts. For example, the Brooklyn Academy of Music (BAM) is a performance arts facility owned by and receiving funding from the city of New York. However, BAM is operated by a nonprofit organization that supports the organization with philanthropic resources. In fiscal year 2006, roughly \$14 million or 67 percent of its \$21 million total revenues came from private sources (Brooklyn Academy of Music 2006).

NSCs are emerging in the social services as well. New York City mayor Michael Bloomberg's Commission for Economic Opportunity, a blue ribbon commission charged with finding ways to reduce poverty in New York City, made several controversial recommendations in 2007. Programs recommended by the commission are funded by a \$100 million Innovation Fund; roughly one-quarter or \$25 million of the fund is derived from philanthropic sources. That private money is earmarked to support one of the most controversial programs recommended by the commission, a conditional cash transfer program that rewards adults and children with money (\$25 to \$500) for "good behaviors" such as perfect attendance at school, parent-teacher conferences, or obtaining a library card. In response to criticism from poverty advocates and newspaper editorial boards, the Bloomberg administration defended the program on the grounds that it is funded through philanthropic sources and creates no burden on the city's taxpayers (Thompson 2007).

NSCs also play an important role in park services. The Project for Public Spaces described 16 nonprofits that support the work of their local parks or park system (Madden et al. 2000). The project organizes these nonprofits into five categories: assistance providers, catalysts, comanagers, sole managers, and citywide partners (Madden et al. 2000, 17). Assistance providers, such as the Friends of Buttonwood Park in New Bedford, Massachusetts, are generally small groups of volunteers that provide supplementary maintenance and programming services in parks and have no formal role in the operations of the park's facilities.

Catalysts are advocacy organizations that rally political pressure for the government to build or rehabilitate parks. These organizations often coordinate the design of new parks facilities by engaging key stakeholders and raising private money to fund design fees. In this way, catalysts have both an adversarial and complementary relationship to government; they combine the carrot of fiscal support with the stick of political pressure to accomplish their goals. An example is the National AIDS Memorial Grove, which rallied political support to build an AIDS victim memorial in Golden Gate Park in San Francisco, California.

Comanagers collaborate with local governments in the funding and implementation of capital projects and often take responsibility for some of the operational costs associated with the completed capital project. For example, the Louisville Olmsted Parks Conservancy raises private funds to supplement capital improvements and maintenance costs in three parks in the Louisville Park System.

Sole managers take full or near-full responsibility over the day-to-day operations in parks. One example is the

Maymont Foundation, a nonprofit organization that is the primary care taker for Maymont, a publicly owned historic house and estate in Richmond, Virginia.

The final category is citywide partners; these organizations supplement the work of a jurisdiction's parks department on a citywide basis. One example is the Philadelphia Green in Philadelphia, Pennsylvania. This organization works with Philadelphia's parks department to support the revitalization of small neighborhood parks and community gardens by organizing community volunteers and raising philanthropic money for capital projects and additional maintenance staff (Madden et al. 2000).

In addition to the local park NSCs, the National Park Foundation (NPF) supports the parks owned and operated by the National Park Service. The NPF was created by an act of Congress and raises philanthropic resources to support national parks, often in the form of grants for capital projects or programs. The NPF has a 22-member board, of which two members are public officials; the chair of the board must be the secretary of the Department of the Interior, and the secretary of the board must be the director of the National Park Service. In 2005, the NPF raised over \$35 million in private money and had net assets of \$63 million (National Park Foundation 2005).

New York City Parks: A Laboratory for NSCs

As the NSC model expands and becomes more important in the provision of diverse public services, it is increasingly important to learn how to manage them well. Toward this end, the public parks in New York City can be a useful laboratory because the model has proliferated there. While it is not clear how typical these cases are, their diverse arrangements and large number make them an informative model to study.

A recent report by the Citizens Budget Commission identified 51 park-related nonprofits in NSC-type relationships with the city's Department of Parks and Recreation (DPR) (Brecher and Wise 2007). As shown in table 1, 42 such organizations work in one park; 9 provide citywide park-related functions. The citywide organizations include advocacy organizations such as New Yorkers for Parks, as well as organizations that provide specialized services for multiple parks. The park-specific nonprofits spend a total of about \$89 million annually. However, not all of this money directly benefits the city's park system. About 20 percent was spent on overhead, fund-raising, and other nonprogrammatic activities; the net amount devoted to services in the parks is about \$72 million annually.

The largest and arguably most influential park-related nonprofit organization is the Central Park Conservancy (CPC). The CPC accounts for about \$32.8 million in spending, more than one-third of total spending by

Table 1 Spending by Nonprofit Parks Organizations in New York City (dollars in thousands)

Organization	Year Founded	Program Spending	Total Spending
Central Park Conservancy	1981	\$28,630	\$36,454
Other Park Conservancies			
Asphalt Green	1972	\$9,350	\$11,251
Randall's Island Sports Foundation	1992	7,160	7,747
Prospect Park Alliance	1987	5,165	6,486
Battery Park City Parks Conservancy Corporation	1988	4,597	5,694
Bryant Park Corporation	1988	4,693	5,350
New York Restoration Project	1995	2,503	4,113
Friends of the High Line	1999	1,176	1,814
Madison Square Park Conservancy	2002	1,328	1,398
Battery Conservancy	1994	870	1,289
Riverside Park Fund	1986	939	1,136
Brooklyn Bridge Park Conservancy	1987	656	836
Fund for Park Avenue New York	1999	749	828
Bronx River Alliance	2001	727	802
Sustainable South Bronx	2001	626	690
Socrates Sculpture Park	1986	471	653
Friends of Hudson River Park	1999	509	619
Green Belt Conservancy	1989	263	596
Broadway Mall Maintenance Fund	1983	269	374
Friends of Alice Austen House, Inc.	1985	207	221
Friends of Van Cortlandt Park	1992	165	214
Forest Park Trust	1997	115	154
Carl Schurz Park Association	1974	100	145
Jefferson Garden Market	1974	121	131
Washington Square Park Council	2002	NA	103
Rev. Linnette C. Williamson	1994	57	57
Memorial Park Association, Inc.			
Friends of Blue Heron Park	1980	46	50
Friends of Washington Square Park	1985	29	45
Friends of Fort Tryon Park	1983	29	33
Friends of Morningside Park	1981	25	31
Fort Greene Park Conservancy	2001	17	29
West 181st Street Beautification Project	1986	NA	26
Eib's Pond Education Restoration Program	2003	21	22
East Village Parks Conservancy	1995	16	21
Gowanus Canoe Club/Gowanus Dredgers	1999	17	18
Friends of St. Catherines Park	1997	9	10
Astoria Residents Reclaiming Our World (ARROW)	1991	1	5
Flushing Meadows Corona	1998	NA	5
Park Improvement Fund			
Cobble Hill Association	1964	**	**
Sixth Street and Avenue B Community Garden	1982	**	**
Mariners Marsh Conservancy	1995	**	**
Flushing Meadows Conservancy	2002	**	**
Total Expenditures in Parks		\$71,658	\$89,449
Others Parks Related Nonprofits			
The Trust for Public Land (New York City Program)	1978	NA	\$7,950
City Parks Foundation	1989	\$5,510	7,014
Council on the Environment of New York City (joint City/nonprofit organization)	1970	2,435	2,973
New Yorkers for Parks	1908	1,114	1,412
Historic House Trust of New York City	1989	447	667
New York City Street Tree Consortium	1976	246	399
Green Guerillas	1973	312	368
Out2Play	2005	27	51
Turnaround Friends	1994	19	21
Grand Total		\$81,164	\$109,465

Source: IRS 990 forms for each of the organizations, accessed through Guidestar.com. Expenditures are from the most recent fiscal year available, mostly fiscal years 2004 and 2005.

Note: **Indicates that these organizations raised less than the \$25,000 threshold requiring them to file an IRS 990 form.

NA=Not Available.

nonprofit parks organizations, and is often cited as the leading example of a successful parks-related NSC.

The CPC was created in 1981 in the aftermath of New York City's mid-1970s fiscal crisis. The city had

cut its operating budget drastically and operated with virtually no capital budget to repair or improve physical assets including its parks (Brecher and Horton 1980). Consequently, by 1981, the parks system, including the centerpiece of the system, the 845-acre

Central Park, had become rundown, dangerous, and little used. Gordon Davis, the city parks commissioner, and Elizabeth Barlow Rogers, a private citizen and parks advocate, designed the CPC as a fund-raising body with a board consisting of 30 private members, largely wealthy citizens living near the park, and six governmental members, including the parks commissioner and the Manhattan borough president. During the early 1980s, the CPC dedicated its efforts to designing and raising private funds for major capital improvements in the park, supplementing a very thinly stretched city capital budget. Such capital improvements included restoration of the Belvedere Castle (a scenic lookout building located next to the Great Lawn), the Dairy (a visitor center), the Sheep Meadow (a 15-acre meadow in the south end of the park), the Bethesda Terrace (a terrace overlooking the lake), Grand Army Plaza (a military monument in the south end of the park), Shakespeare Garden (a 4-acre garden located by Belvedere Castle), and Cedar Hill (a lawn close to the Great Lawn).

As the CPC finished more and more capital projects, it began to take responsibility for their maintenance. Between fiscal years 1991 and 1995, the DPR, facing a budget crisis, eliminated 41 percent of its full-time positions, including several assigned to Central Park (Brecher and Wise 2007, 49). To make up for this shortfall in staffing, the CPC hired workers to fill the vacancies, creating a situation in which more than half of the fieldworkers in Central Park were CPC employees.

In recognition of its growing role, the CPC in 1993 sought and obtained an agreement in the form of a memorandum of understanding with the DPR defining the working relationship between the two entities. The memorandum formally established a dual role for the president of the CPC; she was both head of the non-profit and designated as the DPR's Central Park administrator with authority over DPR employees in the park. However, her salary was funded entirely by the CPC's philanthropic sources. The DPR commissioner retained control over events in the park and approval of the design for all capital investments in the park. Also significant in 1993 was a \$17 million gift from CPC trustee Richard Gilder; it was a grant to be matched by city capital funds for further renovation of the park.

In 1998, as the city's fiscal picture continued to improve, the CPC board sought and obtained a more comprehensive contractual agreement with the city. The contract did

more than specify roles; it established a financial relationship between CPC and the city that the CPC board felt would ensure its philanthropic efforts supplemented the city's tax-based support rather than substitute for it. Under the contract, the DPR pays CPC \$1 million per year so long as CPC privately raises and spends \$5 million per year on parks programs. The \$1 million payment increases to a maximum of \$2 million, based on a 1:2 match from the city as the CPC increases its fund-raising to \$7 million. The contract also entitles the CPC to a portion of the net concession revenues earned in Central Park. Concessions include food stands, souvenirs, and rent from Tavern on the Green, a restaurant in the park. The CPC receives an annual payment from the city equal to 50 percent of concession revenues above a \$6 million baseline, with a cap on the payment of \$2 million. (Concessions in Central Park yielded about \$6 million in revenues in 1997, the base year. This revenue flows to the city's general fund.) This contract offered the CPC annual support from the city that ranged from a likely minimum of \$1 million to a maximum of \$4 million.

In 2006, the CPC and the city renegotiated another eight-year contract. Most of the provisions remain the same, but the CPC was given more generous city support. The payment relating to private fund-raising remains capped at \$2 million, but the cap was removed from the payment related to concession revenues. With the concession for Tavern on the Green scheduled to expire at the end of 2009 and a new one expected to be awarded on a much more profitable basis for the city, this modification is significant.

As shown in table 2, the CPC has thrived under its arrangement with the city. In the 1990s, contributions grew from about \$7 million to \$13 million annually, and in 2006 exceeded \$38 million. In fact, CPC revenues in recent years have been greater than expenses, and the organization's net assets at the end of 2006 totaled \$166 million, or about triple its annual expenditures.

The widely perceived success of the CPC has led to numerous efforts to replicate its achievements by creating or enhancing similar organizations working in other parks. However, the evolving arrangements have a variety of forms and differ in significant ways from the CPC model.

The widely perceived success of the CPC has led to numerous efforts to replicate its achievements by creating or enhancing similar organizations working in other parks. However, the evolving arrangements have a variety of forms and differ in significant ways from the CPC model. Table 3 describes the variability among nine of the largest parks-oriented NSCs in New York City on five dimensions that appear significant to the authors: support from the city, access to concession revenue, responsibilities in capital projects, maintenance responsibilities, and governance structures.

Table 2 Financial Trends for the Central Park Conservancy (dollars in thousands)

	1981	1986	1991	1996	2001	2002	2003	2004	2005	2006
Revenues	\$1,027	\$4,069	\$9,762	\$21,988	\$18,188	\$21,186	\$32,804	\$39,514	\$45,033	\$62,810
Expenses	\$999	\$3,777	\$9,406	\$16,738	\$24,232	\$22,107	\$22,203	\$24,515	\$29,172	\$36,454
Net Assets	\$112	\$1,598	\$8,138	\$57,201	\$99,861	\$98,940	\$109,591	\$124,708	\$140,567	\$166,925

Sources: Central Park Conservancy, *Annual Report*, fiscal years 1981–2006 editions.

Direct support from the city. The CPC is the only NSC with, in effect, a maintenance of effort requirement from the city. Some of the nonprofit partners have relationships with the DPR whereby the executive director of the nonprofit holds a nominal title within the DPR, and in many of these cases, the DPR provides support in the form of office space, equipment, or staff. Such is the case with Randall's Island Sports Foundation and the Prospect Park Alliance. However, some nonprofit partners—for example, the New York Restoration Project—receive no support from the DPR. The Bryant Park Corporation used to receive some capital and operating aid from the DPR, but now it relies entirely on its own earned revenues and on assessment fees levied on surrounding property owners by its sister organization, the Bryant Park Management Corporation, which is a Business Improvement District.

In an unusual arrangement, the Madison Square Conservancy reimburses the DPR for 1.5 full-time equivalent employees that the DPR assigns to Madison Square Park. The DPR provides other staff to Madison Square Park, including security officers, plumbers, electricians, and other technical staff that are not reimbursed.

Access to concession revenue. The CPC's arrangement for benefiting from concession revenue generated in its park is also unique. Citywide policy for all departments, including the DPR, is that concession revenue is not dedicated to the agency's operations; instead, it is deposited into the city's general fund and allocated through the budget process in the same manner as tax revenue. The CPC's contract fits that model, but it makes payment to the nonprofit based on the scale of concession revenue received by the city. Other nonprofits have worked out arrangements that give them more direct access to concession revenues.

A more entrepreneurial model was developed with the Bryant Park Corporation. It receives no payments from the city, but it was given the right to award concessions in the park and keep the revenues generated by these concessions. These revenues (including restaurant rent and event fees) have become the dominant source of support for the organization, yielding about \$4.6 million annually (Bryant Park Corporation 2006).

In other models, the nonprofit partner has been given a concession by the DPR, and it shares the revenues with the city. The Madison Square Park Conservancy holds the concession for the Shake Shack, a popular restaurant in that park. It pays 8 percent of the gross revenues to the city's general fund, and the remainder is kept by the Madison Square Park Conservancy. Similarly, the New York Restoration Project holds the concession for the New Leaf Café in Fort Tryon Park; it pays 10 percent of the gross revenues to the city and keeps the remainder. The Prospect Park Alliance holds the concession for the boathouse and picnic house in Prospect Park; all revenues from these concessions are retained by the alliance.

Responsibility for capital projects. The NSCs vary in their responsibility for funding and designing capital projects in their parks. The CPC designs and manages all capital projects in Central Park and funds them with philanthropic contributions and city appropriations. In contrast, the Bryant Park Corporation designs, manages, and fully funds all capital projects in Bryant Park. In another model, the Battery Conservancy pays for the design of capital projects, but the funding comes almost entirely from city, state, and federal sources.²

Maintenance responsibilities. Many organizations, such as the CPC, began by raising capital money to restore parks. However, once these parks are renovated, the nonprofits assume some responsibility for maintenance and operations. At one extreme is the Bryant Park Corporation, which is solely responsible for operations in that park. In most other parks, nonprofit and DPR staff are jointly responsible for maintenance. Like the CPC, the Prospect Park Alliance and Randall's Island Sports Foundation have city-funded staff and privately funded staff reporting to the executive director of the nonprofit. The practice of public employees reporting to a privately funded, nonprofit executive who also has a public agency title is an unusual form of public–nonprofit collaboration. However, the Battery Conservancy and the Madison Square Park Conservancy have only privately funded staff reporting to the nonprofit director; city-funded staff report to separate DPR managers.

Governance. Most of the nonprofits have boards composed of mostly private members, but they also have public officials who sit on the board *ex officio*.

Table 3 Summary of Nonprofit-as-Supplements Collaborations in New York City Parks

	Central Park Conservancy	Prospect Park Alliance	Randall's Island Sports Foundation	Bryant Park Corporation	The Battery Conservancy	New York Restoration Project	Battery Park City Parks Conservancy	Madison Square Parks Conservancy	Asphalt Green
Concessions	DPR awards concessions. CPC receives a contract payment from the DPR equal to 50 percent of the concession revenues earned over a \$6 million baseline.	DPR awards concessions. The PPA is awarded some of the concessions, some from sole source contracts and others from competitive bidding process. PPA keeps revenues it earns in the concessions they operate.	DPR awards concessions. RISF keeps revenues on Icahn Stadium.	BPC awards concessions and keeps all revenues earned on concessions inside Bryant Park.	Battery Conservancy subleases concession contracts to vendors in several kiosks. BC receives 3 percent of gross revenues. In any year where the BC over \$280,000, makes the remainder of revenue is submitted to DPR.	NYRP operates the New Leaf Café concession located in Fort Tryon Park. 10 percent of the gross profits go to the DPR; the remainder is retained by the NYRP.	Battery Parks City Authority, not the BPCPC awards concessions, but the BPCPC is usually given a payment equal to the value of the concession. BPCPC does issue permits for events and collects revenue directly.	MSPC subleases the concession on the Shake Shack, the largest grossing concession in the park. 6 percent of the gross revenues (and 3.5 % in later years) from the concession is submitted to the MSPC to support its activities in the park.	All fees earned by Asphalt Green goes to support their activities. In turn for nominal rent for operating the space, Asphalt Green must make a portion of their program free to the public.
Support from City	Support from City receives no overhead support from DPR, but is allotted \$2 million per year so long as CPC raises and spends more than \$7 million per year in Central Park. This is in addition to the payment formula linked to concession revenue.	Support from City receives overhead support from the DPR along with staff.	Support from City receives overhead support from the DPR along with staff.	Support from City receives no DPR funds or staff.	Support from City receives no DPR operating fund but does receive in-kind support, such as free rent for buildings.	Support from City receives no DPR funds or staff.	Support from City receives no DPR funds or staff. Does receive "civic assessment fees" levied on Battery Park City property owners.	Support from City receives no DPR funds or staff. Does receive "civic assessment fees" levied on Battery Park City property owners. MSPC reimburses DPR for an additional 1.5 FTEs.	Support from City receives roughly \$750,000 in support from the DPR per year.
Capital	Privately raises money for capital projects which are supplemented by City funds. CPC is responsible for design and construction.	Acts in a sole source contract to design and manage DPR-funded capital projects. Projects are sometimes supplemented with private resources raised by the PPA.	Raises private money for capital to supplement public dollars. RISF designs and manages capital projects.	All capital projects are privately funded, designed and constructed.	Design money for capital projects is financed by BC. Capital funds come from the City, State and Federal government.	Capital projects are privately funded, designed and constructed.	Capital projects are funded by the Battery Parks City Authority.	Raised \$3 million in private money which the City matched during the late 1990s. Capital improvements were designed by the Madison Square Conservancy.	Asphalt Green was created with private capital. Subsequent capital improvements (such as the pool) were partially funded by the DPR.

Table 3 Continued

	Central Park Conservancy	Prospect Park Alliance	Randall's Island Sports Foundation	Bryant Park Corporation	The Battery Conservancy	New York Restoration Project	Battery Park City Parks Conservancy	Madison Square Parks Conservancy	Asphalt Green
Maintenance	Solely responsible for day-to-day operations in one park and work with DPR staff in other parks.	Responsible for day-to-day operations in the park. Private workers work along side some DPR employees.	Responsible for day-to-day operations in the park. Private workers work along side some DPR employees.	Solely responsible for day-to-day operations in the park.	Responsible for day-to-day operations in the park. Private workers work along side some DPR employees.	Solely responsible for day-to-day operations in the park.	Solely responsible for day-to-day operations in the park.	Responsible for day-to-day operations in the park. Private workers work along side some DPR employees.	Responsible for all day-to-day operations of the facility.
Governance	Large, majority board with several Mayoral appointees, and the DPR Commissioner and Manhattan Borough President serving ex-officio. Privately funded president is also the DPR's Central Park Administrator.	Large, majority private board with the DPR Commissioner, local City Council member and Brooklyn Borough President serving ex-officio. Privately funded president is also the DPR's Prospect Par Administrator.	Large, majority private board with three Mayoral appointees, and the DPR Commissioner and Manhattan Borough President serving ex-officio. Privately funded president is also the DPR's Park Administrator.	Jointly operating boards, one for the nonprofit organization, and one for the BID. Board has representation from the Comptroller, the DPR Commissioner, the City Council Speaker, and the Manhattan Borough President.	Private board, DPR commissioner, Manhattan Borough Commissioner, and council member serves ex-officio.	Private board, DPR commissioner serves ex-officio.	Eight-member board, seven of whom are the seven governor-appointed members of the Battery Park City Authority. The eighth member, who chairs the board, is also a gubernatorial appointee.	Private board with the Manhattan Borough Commissioner serving ex-officio.	Private board.

The principal exception to this is the Battery Park City Parks Conservancy. This is a state-created public authority with a board appointed by the governor; the eight members of the conservancy board are also appointed by the governor and are, in fact, the same individuals as the authority board plus one other gubernatorial appointee.

Lessons from the New York City Laboratory

The experience in New York City demonstrates that reliance on NSCs in the provision of park services leads both to positive outcomes and unintended negative consequences. The most obvious positive outcome of NSCs is that they result in more resources for parks. Table 1 indicates a total of about \$81 million spent by nonprofits on parks; however, this total includes about \$8 million of public funds transferred to the nonprofits, so the actual net total addition to parks is about \$73 million. This sum should be viewed in the context of fiscal year 2006 operating expenditures by municipal government for parks of about \$534 million³ and another \$246 million in municipal capital investments in the parks (Brecher and Wise 2007). Thus, the collective philanthropic effort represents about a 9 percent increase in resources going into the municipal park system.

The nonprofits participating in NSCs also bring innovations to the management of the parks. Historically, the DPR was seen as a rigid and traditional agency. A 1991 report by the Citizens Budget Commission analyzing the agency's response to fiscal stress characterized it as follows: "DPR is a fifth uniformed service, resembling in its hierarchical organization the other uniformed services—police, fire, sanitation and corrections. The leadership is promoted almost exclusively from within the ranks, and long-standing work practices limit productivity. There has been little change in operating procedures in response to the staff reductions" (Brecher and Mead 1991). In contrast, the NSCs initially brought some innovation to the design of capital projects; more significantly, when they began assuming maintenance responsibilities, they brought in new leadership and changed operating practices. For example, the CPC's shift from a set of hard-to-supervise "roving crews" to a zoned system of maintenance with designated staff with clear responsibility for specific areas of the park has been adopted by the DPR for other facilities. NSCs also are vehicles for community volunteering in the parks, which serves the dual purpose of improving park conditions and fostering a sense of local civic pride in parks.

The benefits of NSCs are typically significant and visible. But they are accompanied by three drawbacks that are less obvious, yet sufficiently important to require attention by public managers. Each of these shortcomings is evident to some degree in public

management even in the absence of NSCs, but the examples in New York suggest that the partnerships make them more problematic.

Exacerbating neighborhood inequities. Equity is widely valued in public service delivery, with the concept defined in terms of process, outputs, and outcomes. In the case of parks, the concept is typically operationalized in terms of outputs. Rich and poor individuals and neighborhoods are expected to receive services of equal quality designed to meet their needs. The leaders of New York's DPR have sought to deal with inequities in park services as reflected in the condition of neighborhood parks in areas of varying income levels.

Since the 1980s, the DPR has conducted a Park Inspection Program to obtain regular information about the condition of its facilities. The techniques have been improved over time, and it is now a sophisticated system with trained inspectors using handheld computers (Harnik 2003). Under this program, parks are judged as either "acceptable" or "unacceptable" on 17 different features such as lawns, benches, and playgrounds. If at least 13 of the 17 features are considered acceptable, then the park as a whole is considered acceptable.

The overall condition of parks has improved markedly over the past 15 years: Whereas only 39 percent of parks inspected in 1994 were considered acceptable, in 2006, 88 percent were deemed acceptable. Only 70 percent of parks were acceptably clean in 1992; in 2006, 93 percent were considered clean. A similar trend is evident in nearly all the features inspected in the program (Brecher and Wise 2007, 37).

However, the improved conditions are not uniformly evident across neighborhoods. Table 4 summarizes a correlation analysis for the 59 community districts in the city among two measures of parks conditions—the percentage of small and neighborhood parks rated acceptable for all conditions and the percentage of small and neighborhood parks rated acceptable for cleanliness—and two measures of economic conditions—median household income and the percentage of individuals living in poverty. The results confirm a statistically significant (yet modest in magnitude) correlation between acceptable park conditions and median household income.⁴ A significant, yet slightly weaker, correlation exists between cleanliness in parks and median household income. Similarly, a significant negative correlation exists between acceptable park conditions and the percentage of individuals living in poverty. A weaker negative correlation exists between park cleanliness and the percentage of individuals living in poverty.

Table 4 Descriptive Statistics and Correlation Coefficient for Economic Indicators and Park Quality and Cleanliness by Community Board in New York City, Fiscal Year 2006

	Citywide Mean	Standard Deviation	High	Low
Descriptive Statistics				
Percent of Small and Neighborhood Parks Rated Acceptable for Conditions (2006)	85%	9%	100%	52%
Percent of Small and Neighborhood Parks Rated Acceptable for Cleanliness (2006)	93%	6%	100%	72%
Median Household Income (2002)	\$40,000	\$15,901	\$80,000	\$15,000
Percent of Individuals Living in Poverty (2000)	21%	12%	46%	5%
Correlation Analysis				
Pearson's R (1.0 = Perfect positive correlation, -1.0 = perfect negative correlation)				
	Median Household Income (2002)		Percent of Individuals Living in Poverty (2000)	
Percent of Small and Neighborhood Parks Rated Acceptable for Conditions (2006)	**0.361		**-.344	
Percent of Small and Neighborhood Parks Rated Acceptable for Cleanliness (2007)	**0.261		*-0.229	

Source: City of New York, Mayor's Office of Operation, My Statistics Website: <http://gis.nyc.gov/ops/mmr/address.jsp?app=MMR>. City of New York, Department of City Planning; and Citizen's Committee for Children, *Keeping Track of New York City's Children*, 2006.

Notes: **Statistically significant at the .05 level. *Statistically significant at the .1 level.

The advocacy group New Yorkers for Parks (NY4P) has drawn attention to the pattern of inequity. Since 2003, it has conducted annual independent inspections and ratings of parks. Its ratings tend to be harsher than those of Park Inspection Program but confirm improved conditions in recent years (New Yorkers for Parks 2003–5). However, this organization notes that the pattern of improvement is not evident for parks in the worst condition. A recent supplementary report to its annual report card found that all 10 of the parks rated F in 2005 also received an F grade in 2006 (New Yorkers for Parks 2006).

The pattern of inequity is related to the growth of NSCs. While it is important to stress that the inequities predate the growth of the partnerships and have been reduced somewhat over time, NSCs do inevitably lead to greater resources for some parks than others. These disparities can be substantial. Table 5 shows the average philanthropic revenues per acre in nine parks with NSCs. The per square foot revenues range from more than \$5 at Madison Square Park to 13 cents at Prospect Park, with the Central Park Conservancy raising more than \$1 per square foot. These amounts, which are intended as supplementary revenue, should be seen in the context of average per square foot spending of public funds by the DPR. If the baseline of public support is calculated based on total acreage and total DPR spending, then it is about 62 cents per square foot.⁵ An alternative calculation, excluding all the parkland that is not developed or that is not maintained by the DPR, increases the figure to about \$1.72 per square foot (Linn

2007). Based on this range, the more successful conservancies are able to increase the resources available to their park relative to other areas of the city by between about 50 percent and 100 percent.

The parks benefiting from these significant supplemental resources generally are those least in need. Nonprofits engaged in NSCs tend to be funded by philanthropists or businesses located in proximity to the park. Parks located in wealthy neighborhoods tend to be able to attract greater private resources than parks in poorer neighborhoods. To illustrate, contributions to the CPC come heavily from the residents of the adjacent apartment buildings. The median family income in 1999 in the 28 census tracts bordering on Central Park was \$90,627, more than double the citywide average of \$40,232 (New York City Census Fact-Finder 2000). More revealing is that six of the tracts bordering the park were among the 10 wealthiest in the city, with each having average household incomes in excess of \$200,000 annually. This pattern is consistent with findings of a Twentieth Century Fund paper on national patterns of philanthropy that found substantial geographic variations and concluded that they “can be highly prejudicial to low-income people in the less generous places” (Wolpert 1993, 26).

The different level of service available in rich and poor neighborhoods, and the message it conveys about public service values, is not lost on those who benefit least. The city council member who chairs the legislature's committee overseeing the DPR also represents

The parks benefiting from these significant supplemental resources generally are those least in need.

Table 5 Per Square Foot Contribution Revenue of Select Nonprofit Parks Organizations

Organization	Private Contribution Revenue per Square Foot
Central Park Conservancy	\$1.04
Randall's Island Sports Foundation	0.80
Prospect Park Alliance	0.13
Battery Conservancy	2.29
Riverside Park Fund	0.79
Madison Square Park Conservancy	5.16
Friends of Hudson River Park	0.19
Brooklyn Bridge Park Conservancy	1.61
Asphalt Green*	8.17

Sources: IRS Form 990 for each of the nonprofit organizations. Revenues are from the most recent fiscal year available, mostly fiscal years 2004 and 2005. Park square footage data is from the City of New York Department of Parks and Recreation.

Note: *Asphalt Green is a recreation center located on a 4.35 acre plot of land owned by the DPR.

a poor area; she passionately tells the true story of a child from her neighborhood who was astonished to see an ornate and well-maintained drinking fountain for dogs in Central Park, when the drinking fountain for children in her neighborhood park had not been repaired in months (Foster 2007).

Particularistic versus public interests. A distinguishing feature of many nonprofit organizations is their mission to promote the well-being of a particular subgroup of the population rather than the entire population or even a majority of them. This characteristic enables them to protect and enhance the condition of their primary constituency, but when such a group has significant influence or control over a public asset or service, the consequences may conflict with a broader public interest.

A recent controversy involving the role of the Randall's Island Sports Foundation (RISF) illustrates the dilemma. Randall's Island is located between the East River and Long Island Sound. It is the home of several public facilities placed there in large part because it has no residents who might complain—a sewage treatment plant, a mental hospital, and support structures for the Triborough Bridge. It also has 273 acres of parkland, including ball fields and a stadium for track and field events. Because the island has no noninstitutional residents and no access via mass transit, the park facilities are often underutilized. For many years, major user groups have been private schools on the Upper East Side of Manhattan (serving a wealthy set of families), who hire buses to bring their student teams to the fields for practice and games, and athletic leagues established by employees of downtown financial firms, who often hire ferries to bring their teams and fans to the island from Lower Manhattan. In addition, Bloomberg LLC, the firm founded by New York's current mayor, has used the park for its annual firm

picnic since before Bloomberg's election to the mayoralty.

The RISF was founded in 1992 with the CPC as a model. In the period after the city's fiscal crisis, Randall's Island park facilities had become run down with little regular maintenance. Parents of the private school children who were regular users became concerned about their children's safety and the continued availability of the sports facilities. An active philanthropist named Karen Cohen assembled friends (many with children in the private schools) to form the board and set out to raise money to restore the sports fields. They were successful in improving those facilities and then launched a drive to renovate the stadium. Entrepreneur Carl Icahn, an RISF board member, made a \$10 million donation and had the stadium named for him.

Like other NSC partners, the RISF moved from raising money for capital improvements to assuming maintenance responsibilities. In an arrangement with the DPR, the RISF hires an executive director who also serves as DPR park administrator, overseeing both DPR and foundation employees working in the park. The RISF manages the stadium and retains all income generated from events in the facility. In an effort to broaden the constituency served by the park, the RISF also raises about \$380,000 annually to fund a summer camp program for more than 14,000 children from poor neighborhoods in the South Bronx and Harlem (Randall's Island Sports Foundation 2005).

None of these arrangements drew much attention until 2006. In that year, a consortium of 20 private schools sought to negotiate a contract with the DPR that they viewed as an enhancement of the arrangements with the RISF. Under the proposal, the DPR would build 65 new sports fields. The schools would pay the city \$2.45 million annually for 20 years, a sum estimated to be sufficient to cover the debt service costs on the improvements plus about \$400,000 annually for maintenance. The schools would be guaranteed access to two-thirds of the fields during the hours of 3:00 to 6:00 p.m. during the school year. Park advocates, such as New Yorkers for Parks, claimed that the deal set a dangerous precedent for limiting public access to public parks and amounted to the sale of public parkland to a wealthy organization (New Yorkers for Parks 2007). Some elected officials also objected, arguing for amendments that would guarantee access for public school students and funding for public bus service to the island. In 2007, city officials approved the contract in a form close to that originally proposed. However, in 2008, a state court judge annulled the contract because it had not been subject to the city's land-use review process (Williams 2008).

Another proposal from the RISF seen as in conflict with the public interest also won initial city approval but did not come to fruition. The board proposed the construction of a water park on the island. Under the plan, the facility would be financed and operated by a private firm, which would pay the RISF an annual fee of at least \$1 million. The estimate was that in order to be financially viable, the facility would require an admission fee of at least \$30 (and more likely \$50), placing it out of the range of affordability for many nearby children and families. The RISF justified the proposal on grounds that the revenue would support the maintenance of public facilities and that many local families who could afford the admission fee now must travel long distances to reach a similar facility. The city did grant a concession to a developer for the park in 2006, but the contract was subsequently cancelled, as the firm failed to meet its obligations to secure written financial commitments for total project funding. It is not expected that a new developer will be selected, and the water park now may not be built.

The tensions between the RISF and advocacy groups and some elected officials illustrate an important challenge posed by relying on NSCs for public services. Nonprofit board members may have goals that match the needs of selected, narrow constituents, but their ideas and projects may not be consistent with broader public service goals. Their ability to control needed resources may give them an edge in critical investment and programmatic decisions that lead to a distortion of basic public service objectives.

Politicization of previously bureaucratic decisions. By definition, public bureaucracies develop rational rules for making decisions. Of course, agency managers may be pressed to deviate from the rules by elected officials in the legislature or at the top of the executive branch, but the bureaucratic norms are often a successful defense and help minimize “political” interference. However, nonprofit partners in NSCs often become another actor in this picture, creating additional political pressures to deviate from bureaucratic rules.

In the New York City parks system, the most frequent form of such politicization is in the annual budget process. In both its operating and capital budget, the DPR traditionally receives appropriations for relatively broad purposes, and agency managers have discretion over how to allocate the funds. They use objective criteria such as park size and use and the condition of facilities to allocate the funds. In the operating budget, they receive funds and lines for

operation and maintenance, but the senior staff decide how to allocate those resources among park districts and facilities. Similarly, in the capital budget, funds may be allocated for specific large projects, but additional funds are provided for more general purposes involving repair and replacement of equipment and facilities.

The active participation of nonprofits has altered this pattern. As summarized in table 3, several of the groups have negotiated arrangements that allocate fixed sums or numbers of personnel to their parks. With respect to the capital budget, philanthropic grants for specific projects requiring matching funds from the city can create incentives for those projects that give them a higher priority than do the criteria otherwise used for selecting projects. Equally important, the nonprofit organizations become a vehicle for legislative “earmarking” of funds for specific projects or parks, removing the DPR managers from decisions over how to set priorities. The city council, responding to lobbying efforts from the numerous nonprofits, now often designates these groups as recipients of grant or contracts and thereby limits the ability of DPR leaders to allocate the funds.

Similar pressures arise in the granting of concessions in the parks. Traditional practice, following well-developed rules, is to award concessions based on competitive bidding. However, nonprofits have sought arrangements under which they are given a concession in their park on a noncompetitive basis and use the revenues to support activities in their parks. As summarized in table 3, such arrangements have been developed with the Prospect Park Alliance, Bryant Park Corporation, Battery Conservancy, and Madison Square Park Conservancy. These concession deals have the advantage of retaining some or all of the net revenue for parks purposes, but they may not be maximizing revenue from the

concession opportunity because of the lack of competition.

Finally, politicized deviations from established rules arise in the granting of permits for park use by private parties. All the arrangements with nonprofit partners require that the DPR commissioner approve the use of the parks for public events such as concerts and rallies; the principle is that politically accountable officials, not nonprofit boards, should control the use of the parks. However, the leaders of nonprofit partners can and do become involved in these decisions.

The most widely followed of these controversies was the treatment of the application by an organization

Nonprofit board members may have goals that match the needs of selected, narrow constituents, but their ideas and projects may not be consistent with broader public service goals.

called United for Peace and Justice to hold a large protest on the Great Lawn in Central Park during the 2004 Republican National Convention in New York City. The executive director of the Central Park Conservancy recommended that the city deny the permit on grounds that the expected attendance at the protest would overwhelm the park facilities and deteriorate the lawn (Berger 2004). The permit was denied. However, following a lawsuit brought against the city in the aftermath of the controversy, the DPR agreed in a settlement to revise their policies to allow for greater public use of the Great Lawn for large events (Feuer 2008).

Observers make two competing interpretations of these events, but both indicate a politicization of the process involving the nonprofit partner. One interpretation is that the city bowed to the self-serving interests of a powerful, wealthy nonprofit organization—that is, the narrow interests of the CPC as caretaker of the park trumped the city's broader interest in providing public spaces for organized assemblies. An alternative interpretation is that the CPC was pressured to make its argument by the mayor and DPR commissioner, who did not want to grant the permit for their own political reasons. They obliged the CPC to take the heat for an unpopular decision.

Options for Addressing the Challenges of Philanthropic Support

There are no easy answers for how to secure the benefits of philanthropic support for public services while minimizing the associated risks. However, two strategies can be suggested based on the experience of New York City parks. The first addresses the danger of exacerbating inequities, and the second seeks to limit the influence of particularistic interests.

Limit the amount and purposes of earmarked private support. The great success of the CPC in philanthropic fund-raising and of the Bryant Park Corporation in securing earned revenues has raised the standard of service in those facilities to a level well above that found in most other public parks in New York. In fact, when asked how he benchmarked the quality of service for his bathrooms, the head of Bryant Park Corporation replied, “The Four Seasons Hotel” (Biederman 2007). At the same time, the DPR was closing some of its bathrooms because they could not be kept in safe and sanitary condition. This degree of disparity raises the question of whether there should be limits on philanthropic and other private revenues for public services.

The limits can be on amounts and/or purposes. With respect to amounts, a cap could be placed on supplementary revenues based on the level of public support available more generally. In the parks example, an NSC partner could be limited to raising revenue per

square foot (or some other measure of capacity) that does not exceed 150 percent of the average public support citywide. Such limits would both curb excessive disparities and provide some incentive for supporters of a specific park to keep pressure on public officials to raise the baseline amount for all facilities. Another option is to impose a “luxury tax” on contributions exceeding some threshold, requiring a significant portion of those funds to be diverted to a pooled fund. These funds could be appropriated to other facilities with little or no philanthropic support.

Limits on the purpose or use of philanthropic support address the threat that private funding for some facilities, notably those in wealthier areas, undermines the political support for decent standards of service in less fortunate areas. The limits would apply to using private funds for basic activities and programs that are expected to be available on a citywide basis with some uniformity; donations would be applied only to special enhancements or projects that are not part of a standard package of services that should be available citywide.

Deciding what constitutes a basic service package and what is an acceptable enhancement is a difficult judgment for public managers to make. One precedent for such a judgment arose when Rudy Crew, chancellor of the New York City Department of Education, prohibited a parent–teacher association from raising private funds to hire an additional teacher for a school in Greenwich Village in order to reduce class size (Hartocollis 1997). The additional teacher would have allowed class sizes in the school to be smaller than the citywide average. In defending his decision, Crew said, “The Board of Education needs to establish a policy that ensures that this practice does not adversely affect the opportunity for equity in the teaching of the core curriculum throughout the New York City public schools” (Hartocollis 1997). A similar policy for parks might prohibit nonprofit partners from hiring their own maintenance staff and limit their activities (in ways analogous to a parent–teacher association) to programs not defined as part of the core mission of the DPR.

Ensure stronger public representation on the boards of nonprofits in NSCs.

In order to limit the particularistic focus and zeal of nonprofit partners in NSCs, their boards could be required to include substantial representation of elected officials. Currently, like most other nonprofits, these groups' boards are dominated by members who are self-selected based on their commitment to the mission and their capacity for fund-raising. As summarized in table 3, some boards include the mayor, DPR commissioner, a borough president, and/or designees of these officials, but a large majority of each boards' members are individuals with no public accountability.

New standards could be set for the composition of boards of nonprofits in NSCs. A minimum share of the board might be required to be designated by public officials. Arguably, current arrangements that give the DPR commissioner the right to approve all capital projects and events in the parks provide sufficient protection, but this has not proved to be the case. Mechanisms for promoting boards that take a broad perspective in their activities seem an appropriate standard for the creation of NSCs.

These two strategies are only suggestions; as they are tried, they should be carefully evaluated. More broadly, additional research is needed on the scope and experience of NSCs in areas beyond parks and on the ways public administrators are seeking to use them most effectively. The relations between the public and nonprofit sectors have become more extensive and complex since the Winter Commission report, and the management of these relationships would benefit from expanded research on their forms and workings.

Notes

1. These figures include charitable organizations that are required to complete IRS 990 forms. This data comes from IRS 990 forms filed within 24 months of fiscal year 2007 and represents the most recent available data. The data were accessed on the National Center for Charitable Statistics' Web site on December 31, 2007: http://nccsdataweb.urban.org/tablewiz/tw_bmf.php.
2. Part of Battery Park includes a monument owned by the National Park Service.
3. Operating expenditures include \$288 million allocated directly to the DPR plus \$88 million in fringe benefits expenditures, \$16 million in pension contributions, \$5 million in legal services, \$18 million for judgment and claims, and \$199 million in debt service costs for DPR capital projects.
4. Significance is established at the .05 (95 percent confidence) level.
5. The citywide estimate is based on total acreage of 29,025 and total spending of \$780 million.

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