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## Editor's Note

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## **Abstract**

This first issue of 2012 comes at a time when the economy of Europe is still in turmoil and the presidential election contest is heating up in the United States. Both venues raise critical policy issues and concerns in which nonprofit organizations play a central part.

**KEYWORDS:** tax-exemption, policy, VAT, public schools, charter schools, government

This first issue of 2012 comes at a time when the economy of Europe is still in turmoil and the presidential election contest is heating up in the United States. Both venues raise critical policy issues and concerns in which nonprofit organizations play a central part. In the U.S., the size of government, tax policy and the means through which critical public services are provided remain front and center. In Europe, austerity is the order of the day in many countries including Greece, Italy and Ireland, raising the issue of how the third sector can be engaged to ameliorate hardships and help to put economic houses back in order. Significantly, developments on both sides of the Atlantic are interdependent and connected to the rest of the world through globalization.

The present issue weaves all of these themes together. Our first paper, by Margaret Roudebush and Jeffrey Brudney, focuses simply on the difficulties of making good public policy for the nonprofit sector because of the inadequate state of available data in the local context in the United States. In their efforts to provide critical policy information for decision makers in one community (Cleveland, Ohio) these researchers document the gaps and limitations of available data and develop important and practical policy recommendations to improve the accessibility, comprehensiveness and commensurability of data that can be used for nonprofit-related policy analysis nationwide.

Our second paper, by Gemma Donnelly-Cox, jumps across the pond to Ireland to examine more broadly government-nonprofit sector relations in that distressed country, and the nonprofit policy agenda that emerges from that context. In the present environment one of the key challenges for the Irish nonprofit sector is to find additional sources of funds without sacrificing its integrity or autonomy.

Our third paper, by Susanne Lundasen, extends the European focus by considering the tensions between nonprofit-related policy-making at the national versus the European Union level. The case in point is policy on the value-added tax (VAT), its impact on local nonprofit organizations and the friction between Europe's policy and that of a given country – Sweden in this case. The implications of this analysis go far beyond Sweden and the VAT, however, raising fundamental questions about harmonization (and standardization) of nonprofit-related economic and social policies across Europe, even where there is consensus about free markets and the value of local nonprofit organizations.

Our fourth paper continues on the theme of tax exemption policy, moving back to the U.S. context. Specifically, Beaufort Longest examines the experience of nonprofit hospitals and the evolving policy paradigm within which these hospitals are granted charitable status and tax exemption. Longest frames this analysis in terms of a social contract or quid pro quo under which nonprofit hospitals are expected to provide social benefit in exchange for tax privileges. The nature of this quid pro quo has changed over time and remains controversial even today. Its significance is clear, however, since hospitals constitute one of the largest

components of the U.S. nonprofit sector by some measures; hence policy towards these institutions as nonprofit organizations is likely to anticipate broader implications for the nonprofit sector as whole.

Our final full article, by Robert Silverman, examines a more emergent segment of the U.S. nonprofit sector – charter schools. These schools come in both nonprofit and for-profit organizational varieties, and they represent a special type of private school that is separately governed from traditional public schools but fully supported by government funding. Silverman observes, however, that charter schools increasingly favor the nonprofit form and that they can only be fully understood for policy purposes by viewing them through the lens of nonprofit theory and research. Some states, such as New York, now require all charter schools to be nonprofits, signaling a future in which Silverman’s analysis becomes ever more cogent.

Our feature article in this issue, by Alejandro Natal, is a case study of a local nonprofit-partnership called Pueblos Magicos in Valle de Bravo, Mexico. Sometimes the best lessons are learned from failure. In this case, the author citing lack of effective citizen participation as the root cause undermining success, dissects what went wrong and teases out the key parameters for both government and nonprofits required for successful local partnerships in community development.

We hope you enjoy the issue. Thanks for your interest and please let us know what you think!

Dennis R. Young, May 2012  
Editor-in-Chief