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Jonathan L. Cole  
jcole1@macalester.edu

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With Heart-Strings Attached:  
Funding Decisions as Identity Work in Nonprofit Organizations

by  
Jonathan Cole

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Department of Sociology  
Macalester College

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**Abstract**

Resource dependency theory states that nonprofit organizations' acceptance of public monies is acceptance of government control. Through detailed grants, government agencies can enact their priorities through willing or unwilling nonprofit organizations that need government grants to survive. To complicate the extant literature on nonprofit autonomy, this study uses an expansion of Viviana Zelizer's connected lives theory (2005) to ask, How do nonprofits select sources of funding for specific services in reference to their relationship with granting agencies? Using qualitative interview methods the study concludes that nonprofits are agents in relationships with government grant agencies, and that nonprofits use funding decisions as opportunities to reinforce organizational self-identities.

**Keywords**

*nonprofit, nonprofit organization, resource dependency, nonprofit autonomy, connected lives, social movement, grant cycle, funding relationship.*

In the United States, 501(c)3 nonprofit organizations perform a variety of important social services, essentially acting as the subcontractors of Federal and State governments (Garrow, Nakashima, and Mcguire 2011: 268). The advantages of nonprofit organizations are that they are small and responsive compared to larger government service departments. Nonprofits are formally autonomous; as a result, some tend to be further from the political mainstream on policy issues (Garrow et al. 2011: 267). They can take different approaches to the same issue, which might serve the diverse needs of different clients. For example, feminist abortion clinics and Christian crisis pregnancy centers both accept government funding to work in the field of women's sexual health, each pursuing their particular ideals and methods for service.

Despite this formal autonomy, nonprofits require operating funds. Given the means through which funds may be raised, many nonprofits rely on large grants from the government, private foundations, or corporations. These large funding sources make it difficult for nonprofits to be autonomous. Management of nonprofits therefore faces competing pressures from its base and its funders. Many nonprofit organizations still acquire the majority of their funding from the government, which tends to support the status quo through the specifics of their grant requirements. Many ideologically motivated nonprofit organizations, including secular and Christian nonprofits, wish to create programs with more radical aims than the ones for which they are funded (Spade 2009: 21).

There is a contradiction between the funding practices and the core principles of ideologically motivated nonprofit organizations in the United States. It is not clear whether nonprofit organizations are in control of their programs and services, or if they

are controlled by their funders. This study asks, How do nonprofits select sources of funding for specific services in reference to their relationship with granting agencies? I will investigate this question using an expansion of Viviana Zelizer's Connected Lives theory, applied to the level of organizations. Zelizer's theory states that active negotiation of monetized relationships is the norm for US society (Zelizer 2005: 24). With this analysis, I hypothesize that organizations modify programs based on their ideologies and relationship to government, acting as if money has meaning rather than being a mere source of funding. The key addition this paper makes to the qualitative literature on nonprofit autonomy is a focus on nonprofit organizations' relationships to their funders. In order to approach the research question and hypothesis I interviewed managers of two nonprofit organizations that provide social services for intravenous drug users, one Christian and one secular, about their organizations' acquisition and use of funds. This study approaches the autonomy of nonprofit organizations from the angle of qualitative meaning. Nonprofit managers' experiences as data provides analysis as to the changing nature of the nonprofit field today. In order to approach the ways that nonprofit organizations make funding decisions in relationship to granting agencies, I will explain the strengths and weaknesses of current theories about nonprofit organizations.

## **Literature Review**

Much literature on nonprofit organizations makes sense of their budgeting decisions through resource dependency theory. Resource dependency theory holds that the more an organization relies on external funding the more it becomes controlled,

through the resources, by that funding agency. This is because funders are able to create very specific grants that transmit their priorities through the actions of nonprofit organizations. For example, a San Francisco clinic in the late 1990s practiced one-for-one needle exchange to appease government funders, despite the fact that the clinic's ideology of harm reduction meant that it desired to give away as many needles as intravenous drug users needed (Kelley, Lune, and Murphy 2005: 369). This process of top-down control by funders implicates nearly all nonprofit organizations that grants from the state or federal government except for charities, whose network of contributing funders is so large and disorganized as to be unable to exercise the power it holds. The resource dependency analysis of funding as control allows insight into bureaucratization and professionalization of organizations, specialization of funding streams, and distrust of government funding.

The specialization of funding streams in nonprofit organizations is symptomatic of top-down control by granting organizations. It is in the advantage of granting agencies for the nonprofits they support to become increasingly dependent upon them, because the granting agency will have increased control of the nonprofit. Large quantitative studies on nonprofit organizations support this claim of resource dependency theory. In line with resource dependency theory, studies show that nonprofits tend to specialize in one type of funding, be it government or private donations (Ebaugh, Chafetz, and Pipes 2005: 456). Nonprofits become committed to their specialized funding streams, rating their majority funding source most highly on surveys. (Ebaugh et al. 2005: 462). Funding sources are rated similarly by nonprofits of multiple ideologies; in a study of 434 Christian and secular nonprofits, the organizations expressed similar levels of

satisfaction about receiving government funding (Garrow et al. 2011: 276). Implicit in resource dependency theory is the idea that government granting agencies will pressure nonprofit organizations to become further dependent on government, in order to increase the influence of granting agencies. This leads to a pattern where beginning to accept government funding leads to increased resource dependency on government, and therefore to increased control by government.

If a nonprofit organization wants to receive government or foundation grants it must, almost without exception, expand and professionalize its staff to some degree (Ebaugh et al. 2005: 462). Professionalization is nonprofit organizations' response to pressures of becoming part of a bureaucracy. An increased division of labor means that nonprofits will be more competitive for government grant money. This process bureaucratization also increases the control of government granting agencies over nonprofits because many interactions are stabilized, formalized, and rationalized (Kelley et al. 2005: 363). As a result of the predictability growing from bureaucratization, nonprofit organizations no longer ask their activist members to attend rallies, asking only for their name through email or their donations from afar (Zirakzadeh 2009: 458). An organization that is ready to solicit grants from the government is less systematically suited to recruiting and mobilizing members of communities. Bureaucratization, in addition to funding specialization, makes the opportunity cost of choosing another funding source that much greater.

Because of the power that funders have, nonprofit organizations often distrust government funding for fear of being controlled (Scheitle 2009: 816). Nonprofits' reactions to the possibility of being controlled through funding has led to

misunderstandings of the nature of a formal relationship with government granters. For example, nonprofit organizations funded by the government are prohibited by law from using those funds to lobby, though they may lobby with funds from nongovernment sources. However, a 2004 survey found that 68% of executive directors believed that their nonprofit organizations were prohibited from lobbying at all if part of their funding came from the government. Even if organizations believe they are legally allowed to perform actions that engage with the system of electoral politics, many believe they will face retribution via declined request for grants if they do so (Chaves, Stephens, and Galaskiewicz 2004: 297). If an organization is committed to engaging with the system of electoral politics they may shy away from government funding due to these misconceptions.

The analytical framework that resource dependency theory brings to the understanding of nonprofit organizations is powerful, but it is not universally supported by the literature. We might consider the idea that dependency can work both ways, where the government is dependent on nonprofits to complete the distribution of social services. In this way, nonprofits that are completing important tasks on behalf of the state are in a position of power relative to other grant recipients, showing that the government's ability to control nonprofits is not completely unchecked (Chaves et al. 2004: 299).

Another critique of resource dependency addresses its assertion that if ideologically motivated nonprofits accept government funding, and therefore control, it is inviting a stressful contradiction between ideology and funding practice into the organization. In survey of 300 nonprofits, 25% responded that they had altered

organizational priorities to acquire a specific donation (Ebaugh et al. 2005: 452). That study was with regard to significant individual donations, but there is the possibility that a similar percentage of organizations alter priorities to acquire institutionalized funding. For example, we might consider the fact that religious nonprofits which receive government funding have more secularized projects and services than those religious organizations which do not (Scheitle 2009: 831). However, no causality has been determined conclusively. It could be that government grants begin a process of bureaucratization that results in the organization favoring further dependence on government contracts. However, it is just as likely that organizations are undergoing an internal realignment process of secularization and choose to cap that experience by applying for more government grants.

Resource dependency holds that interaction with public money corrupts and controls the morals of nonprofit organizations. This aspect of resource dependency can be deepened and expanded by an application of theory from Viviana Zelizer, in her book *The Purchase of Intimacy* (Zelizer 2005). For this paper, Zelizer's work is expanded to apply to nonprofit organizations driven by ideology. Zelizer's work points out and contests the idea of "separate spheres," that money corrupts and emotion is pure (2005: 24). To replace the separate spheres notion, Zelizer advances the concept of "connected lives" which states that intimate relationships and caring work are completed within and around monetized relationships almost constantly in US society (2005: 32). Ideologically-motivated nonprofit organizations have connected lives as well in the relationships they form with government funders. This paper attempts to apply

Zelizer's analysis about relationships of intimacy, work, and economic transaction to the level of organizations.

Relationships between nonprofit organizations and funders have far reaching effects on the organizations, up and to including effects on its identity. For example, when a San Francisco needle exchange acquired government funding for the first time, volunteers at the exchange reported feeling displaced in their roles, even though the day to day content of their work did not change. The volunteers had drawn meaning for their own activist identities from the organization's illegal status (Kelley et al. 2005: 375). When the organization acquired public funding and a quasi-legal status, the shifting relationship between the organization and the government destabilized the organizational identity to which volunteers had come to align themselves.

Organizational identity is also extremely salient in relationships with funders. Like individual identity, most of the time organizational identity remains in the background of an organization's work and services, but it comes to the forefront in times of crisis or during interaction with other groups or agencies (Scheitle 2009: 821). Many interaction events with funders would fall under these criteria, such as grant applications and budget negotiations, even as the funding relationships persist or become normative for both parties. Though Zelizer's theory only addresses relationships between individuals, the funding relationships between organizations have similar traits of monetization and emotional investment.

Another key concept to come out of Zelizer's work is the idea that relationships are actively negotiated by both parties. Specifically, the appropriate role of money is a contested issue. In order for a monetized relationship to work all parties need to have

some degree of shared understandings about relations, transactions, media, and boundaries. Zelizer names these four aspects as part of every monetized relationship, which refer to the practices and taboos that define the relationship (2005: 37). For nonprofit funding relationships, these would include the form exchanged money takes, organizations considered acceptable and unacceptable to have a relationship with, and the nature of the transaction itself. The key concept is that the relationship, as it is understood by both parties, is tied to an exchange of money; if one party can control the meaning of money in the relationship they have also successfully defined the nature of the relationship, and vice versa. A way that organizations can attempt to control a relationship is by using the notion of separate spheres as a tool. For example, the way trusted business associates interact is much different than the way that a charitable contributor and a service organization would interact, which would have ramifications on the monetary part of the relationship. In this example, an organization could take direct control of relations and boundaries, therefore taking indirect control of transaction and media in the exchange. Controlling the interactions in a relationship could have ramifications on identity, as identities are constructed socially as a result of interactions in individuals as well as organizations (Patriotta and Spedale 2009: 1229). It could be that the funding relationship between government and nonprofits depends on the active engagements of both parties in maintaining the monetary relationship through the matching of relations, transactions, media, and boundaries.

This qualitative study uses an expansion of Zelizer's connected lives to thickly describe the processes theorized about by resource dependency theory. Whether or not nonprofit organizations are constrained by the factors that resource dependency theory

describes has not been conclusively determined by the extant literature. The majority of studies investigating resource dependency theory in organizations do so with a large quantitative sample. Quantitative studies do not reveal the processes through which nonprofit organizations assign meaning. Based on what we already know about the beliefs of managers in nonprofit organizations about lobbying while receiving government funding, I contend that nonprofit organizations can be constrained through the perceptions that managerial staff hold about the field of nonprofit work. Expanding Zelizer's work to apply to resource development theory on nonprofit organizations, this paper investigates the qualitative meanings that individual managers make from funding decisions, in order to approach relationships between organizations. This study asks, How do nonprofits select sources of funding for specific services in reference to their relationship with granting agencies? Are nonprofits able to control relations, transactions, media, and boundaries in their relationships with grant agencies?

## **Methods**

The unit of analysis for this paper is at the level of organizations, specifically a comparison between two nonprofits, called God's Hands and No Silence, in a major Midwestern metropolitan area. Both of these organizations are ideologically motivated, each is interested in transforming society. Ideologically-motivated organizations are interested in social change that is not widely accepted in mainstream society. This social change can be either from a traditionally political stance of opposition to dominant powers through the existing system or outside it. Such organizations tend to have a relatively specific vision of the society they wish to create, as well as defined methods

for doing so, communicated in their annual reports. No Silence advocates for a world free of HIV. God's Hands serves homeless communities in an effort to change lives with a Christian message.

I selected these organizations for their prominence in the local community, each being a significant player in their chosen domain of social service. I also chose them for this project because despite both being nonprofits, their differences mirror one another at multiple levels. For example, No Silence is secular while God's Hands is Christian. God's Hands actively avoids direct government funding while No Silence courts State and Federal funding. No Silence runs the Safe Shooters mobile needle exchange based on the principles of harm reduction; the Holy Healing Center at God's Hands approaches addiction with a sobriety program for men.

This study focuses on a comparative analysis between Christian and secular organizations that interact with government funding. Before the second Bush administration, secular nonprofit organizations had a significant advantage over religious nonprofits in competing for federal funding. After the creation of an Office of Faith Based and Neighborhood Partnerships by the executive branch, the ways that Christian organizations could acquire money from the state for their programs were clearer and more accessible (Ebaugh et al. 2005: 453). Because of this legislation more Christian organizations are accepting government funding than ever before. The relationship between Christian nonprofits and government funding is changing, creating an excellent opportunity to learn about formation and maintenance of funding relationships.

The conclusions of this paper are based on semi-structured interviews with informants employed by God's Hands and No Silence completed in 2011, supplemented by a qualitative analysis of the nonprofits' annual reports to funders and IRS Form 990s<sup>1</sup>. Just like their organizations, the individuals interviewed are identified pseudonymously. The informants were selected based on their knowledge of the organization and its budgetary practices. I initially contacted each organization with a recruitment call asking for managerial staff whose work involved budgeting for programs. After the initial interviews, I contacted other managers in the organization based on the recommendations of the first informants. In order to compare the organizations effectively, this approach was necessary given the different divisions of the responsibilities of managerial staff between the two organizations.

The method of interviews to learn about an organization as a whole is the result of a compromise. Most literature about the budget practices of nonprofit organizations use surveys. This has yielded a splendid body of literature that describes what nonprofits do and some ways they react to funding. However, in order to investigate the subjective relationship between organizations and their funders a qualitative method was required. I first considered ethnography, but discarded it based on time constraints and the temporal rarity of direct budgeting considerations occurring in nonprofits during any given week for me to observe. The method of semi-structured in depth interviews, contextualized with organizations' own financial statements, provides supreme data on the meanings the organization has created around relationships with grant agencies.

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<sup>1</sup> Research methods approved by Macalester College Social Science Institutional Review Board: #11-12-08-SOCI

Management level employees are uniquely familiar with the acquisition and use of grant money in their organization and how their organization relates to granting agencies.

## **Analysis**

In order to compare God's Hands and No Silence, I acquired the most recent IRS 990 tax forms and annual reports I could find for the organizations. No Silence has these documents on their website while the form for God's Hands files is hosted by a third party (Philanthropic Research 1998). Neither 990 forms nor annual reports disaggregate organization's programmatic spending in sufficient detail to provide data on relative spending on the Safe Shooters and Holy Healing Center programs in their respective organizations. They do not disclose how many clients have accessed their services. What can be gleaned from the federal documents is that God's Hands has approximately 2.5 times the budget of No Silence. Given that these organizations are both 501(c)3 nonprofits, I will be making comparisons between them, even though the scope of their interventions into society are of very different sizes.

God's Hands is classified by the government as "A church, convention of churches, or association of churches." It gets 90% of its funding from private donations that it solicits by direct mail and other means from a large donor base. From the form 990, God's Hands receives no direct funding from the state or federal government. In contrast, No Silence receives over 75% of its revenue from government grants. No Silence receives the majority of these grants from the state's Department of Health, which in turn applied for grants of its own from the Centers for Disease Control.

Nonprofits also have the option of applying directly to the CDC for number small of grants; No Silence won a grant from the CDC for the first time in 2010.

### *God's Hands*

God's Hands is a Christian service organization that serves homeless individuals. Its mission is to transform the lives of impoverished people through services that are indirectly funded by the government. Indirect funding refers to the vouchers for services that impoverished people are given by the state. If voucher recipients choose to receive social services from God's Hands, the organization is reimbursed by the government. Managers at God's Hands think that the most important part of their mission is the administration of a particularly Christian type of services. God's Hands does relational and boundary work in order to control its monetized relationship with the government. The nonprofit uses the relationship to define its identity as an independent organization committed to Christian service.

God's Hands is committed to providing services and spiritual teaching to people who are homeless. For managers at God's Hands, their programs transform lives because of the services provided, but more importantly because of the spiritual power of Christianity that is imbedded in the service. In explaining the successes of the Holy Healing Center, Gloria, the director of the accounting department, explains, "The foundation of all our programs is sharing our faith in Jesus Christ with our clients, and having their lives change because of the power of Christ and him being at work in them." In describing the successes of their programs other managers credited the "spiritual piece" of programs as well as the community formed by clients.

As God's Hands considers a Christian message to be at the core of what it does, most federal funding is too confining for its purposes. God's Hands does not want to receive government funding for a number of reasons: Charitable choice legislation would dictate the content and presentation style of their programs, and nondiscrimination legislation would prevent them from hiring exclusively Christians. However, based on the descriptions given by managers of God's Hands, both of these outcomes are perceived as negative because of the way they will undermine the organization's mission and modus operandi.

Managers at God's Hands think that if the organization accepted government funding that the Christian teaching aspect of their program would be threatened. Tori, the director of communications, is not an expert on the charitable choice legislation, but convinces herself of the secularizing effects of government funding as she speaks:

Even here in the Adult Learning Center, we have a reading comprehension program but it's based on a book out of the Bible. It's an online program, it's a computer software program but it uses the written word from the Bible. Now that probably, if this was funded- If this education program was funded by the government, I don't know that that- I know that that- Yes I do know, that that probably wouldn't be what I would be using to teach people the comprehension. (Tori)

Tori seems to think that government funding, by its very nature, has the risk of secularizing the way God's Hands provides services. Indeed, if God's Hands were to begin receiving federal funding, under current Charitable Choice legislation, the organization would be required to segregate funds for exclusively religious programs/services from other funds. This would affect the nightly church service that all

men in the Emergency Shelter are required to attend. If receiving federal funds, God's Hands would be required to provide a secular alternative for any religious or quasi-religious programming, if a client requested an alternative. The reading program has religious content that a client might conceivably opt out of. The ways that an educational program is taught to clients could also come under government scrutiny. Because the "soft skills", taught through a Christian from of self-reflection, are the real focus of the reading program, a client being able to request a secular alternative would disrupt God's Hands ability to follow its mission of distributing a Christian message.

They teach them reading, math, computer skills, things like that. But at the core of it they're working with them of their soft skills: how to be able to deal with correction. Just working with them on how they respond rather than getting angry and blowing up at somebody because somebody told them that they did something wrong, working with them with the feelings that they get. They might pray with them and talk to them about what's really going on in their heart, and so there's a Christian element that goes into all of our programs... (Tori)

Furthermore, many government grants include an employment nondiscrimination clause. While people of any faith can use their services, Gloria explains how God's Hands discriminates in order to hire exclusively Christians:

I feel really strongly then you might have somebody who really does well in the programming who doesn't have Christian faith at all. Or they might have another faith and because they do really well at their job, if there's an opening within our organization, would somebody decide well we'll make an exception and hire this person in this position? And then depending how that person works in that position they might get promoted and then they might be in a hiring position. And then their standard for hiring

somebody as a Christian might not be the same. And so I just see what could be the worst case scenario in things, and I want to make sure we're protecting the organization so that we don't become another nonprofit that is just providing social services, but that we're still a Christian organization. (Gloria)

Gloria thinks that a non-Christian would be unable to defend the organization's religious ideals, and therefore supports a systemic solution, a hiring practice that selects only professed Christians.

Managers at God's Hands are distrustful of government funding even while receiving government funding through indirect client vouchers. It is true that accepting new government grants would change programs, but what the organization actually opposes is a modification of the relationship between God's Hands and government granting agencies. In the following quotes, managers at God's Hands perform boundary work to define their organization as other to the government, regardless of how much God's Hands has received from the public coffers. The organization's most recently available form 990 indicates that they received no direct government funding in the 2009 fiscal year. Each of the times I was told about God's Hands' history of government funding in an interview, the information about it came almost as an afterthought, attached incidentally to their statement on another subject.

That's what we want, to be able to have the right to continue sharing [our Christian message] with people. And we think probably the safest way to do that is to not take government funding. Not rely on it. (Tori)

There's the STAR grant, some of those actually are more government funded. Now the STAR grant I believe that is—but I'm not a grant writer so

I don't know what exactly they require. I think there are some requirements for the recipient of the funds for the STAR grant, again I'm not sure. I believe we received some monies from STAR grants before, so apparently it must not be anything that would affect our programming. (Herb)

We have received some money from the city, a 49 thousand dollar grant, because we're allowed to continue on with our religious hiring practices where we can discriminate based on religion. We've chosen not to receive more than a certain dollar amount. We will take government money if it doesn't restrict us from doing what we what we do. (Gloria)

The details of how much money God's Hands received, if any, from the government is not clear. However the *relationship* between God's Hands and government funding bodies is very clear, and contextualized in light of the organization's identity. Each manager positioned God's Hands as an outsider to federal funding, as being in no way controlled by government grants. In order to defend this interpretation of the funding relationship, God's Hands performs boundary work to show that it is not intimately connected to the government. Tori distrustfully names an implicit secularizing threat in government funding when she mentions the limited funding policy as the "safest way." In addition to this boundary work, God's Hands does relational work to describe the monetary transactions it does have with the government as distant and necessary. Finally, God's Hands carefully chooses transactions when applying for government money, as Gloria describes above. In another example, the organization's new culinary arts program considered accepting state funding before eventually rejecting the idea.

God's Hands works to control its relationship with government, and therefore the flow of funding in that relationship, with the notion of separate spheres. Separate spheres is the idea that monetary exchange and caring service are part of two distinct and hostile worlds, and that combining the two will lead to the corruption of caring service (Zelizer 2005: 21). God's Hands believes the acceptance of government funding outside of the particular bounds of the existing funding relationship would undercut the Christian ideology central to the organization's mission. Consider Gloria's words about government funding again, "We've chosen not to receive more than a certain dollar amount. We will take government money if it doesn't restrict us from doing what we do." Gloria's stance, as well as the organization's, is one of caution towards any government funding. The managers of God's Hands would be hard pressed to say that their ideology or services are fragile, but Tori is willing to talk about how the organization spurns government funding because it "will come with handcuffs now or later." By using the tool of separate spheres, God's Hands is able resist efforts of the government to control it through the funding relationship by defining the relationship as distant and untrusting.

The relational and boundary work that God's Hands performs with the idea of separate spheres is also identity work for God's Hands. As an organization in a distant relationship with the government, God's Hands shows itself to be independent and strongly committed to its Christian ideals. If there is a continuum between "business" and "pleasure" for doing a particular care activity, God's Hands is attempting to state that they belong firmly in the realm of pleasure. That they are a charity not a business. God's Hands fights to describe itself as outside of the and politics-driven and secular

world of government funding. It does this identity work through its relationship with government funding, and reaffirms their Christian identity with every government-resisting funding decision on a new project and every donation drive from Christians throughout the state.

### *No Silence*

No Silence does prevention work around HIV as well as serving impoverished people with HIV. The organization receives more than 20 different direct government grants, as well as receiving indirect government funding for its work with indigent populations. No Silence considers itself an ally and business partner to the government, and takes steps to reinforce this interpretation of the relationship through funding decisions and policy choices. When government threatens the relationship through a modification of normative transactions, the organization attempts to control the relationship by performing boundary work and relational work. In order to support these claims, I will explain the context of the organization's work in the field of HIV prevention and service.

#### Multiple Government Grants

No Silence is funded directly and indirectly by the government to do prevention work around HIV as well as provide services for impoverished people with HIV. The direct funding comes from the state's Department of Health and a grant from the Centers for Disease Control. The indirect government funding comes from clients with vouchers for services such as public housing or medical care. As for the prevention programs, for at least 7 years No Silence has been committed to a bevy of community

level HIV interventions enacted by the Safe Queers and Safe Shooters programs. The Safe programs seek to address behavior: The Safe Queers program asks men who have sex with men to minimize their risks by choosing their partners and safer sexual practices mindfully. Safe Shooters targets men who have sex with men who are intravenous drug users with a similar message of thoughtful selection of sexual and drug-use behaviors. Damian, the director of Safe Queers, explains the culture-wide focus of the Safe programs' behavioral interventions:

...community level interventions, where you're targeting a whole general population. You can do individual level interventions where you're targeting individuals. So obviously if you're targeting individuals you're not reaching as many people. So the idea is you're spending more money reaching more people, I guess is why we're spending the money hopefully.  
(Damian)

The director elaborates that the Safe programs are expensive, but the organization is committed to creating community-wide cultures of safer sex between men and of careful drug use.

No Silence is challenged by the task of funding the Safe programs with multiple grants, even though the all the funding brought in supports just two programs. This is because grants given by the Department of Health target specific demographics, such as men who have sex with men who are under 25 years old, but the Safe programs serve all demographics of men who have sex with men. Damian finds that the series of organizational contortions necessary to keep the Safe programs running as they were quite difficult:

Researcher: ...How was that? That sounds tough.

Damian: Yeah it sucked, it made things like very hard to implement but also just to track because you're supposed to be doing one intervention. So you're doing something under this intervention but you have to like always be splitting everything up into like, "Are we working under this grant like right now?" or "Are we working under like the other grant right now?"

In Damian's quote it is clear that No Silence, like God's Hands, segregates their billing by program but for an entirely different reason. Damian describes this process of planning, executing, and writing reports on programs for Safe Queers as "shuffling between grants." As a result he has to do his prevention work both holistically, as a part of the Safe programs' aims for the target community of at-risk men, while simultaneously working under the sometimes mutually exclusive expectations of three separate grants from the Department of Health.

#### Resistance is Relationship Maintenance

No Silence has engaged in relational and boundary work in order to preserve its funding relationship with the government when the status quo of the relationship changed. For example, Damian and other managers at No Silence "shuffle between grants" because of a policy implemented around 2007, a cap on the amount that can be paid out of a Department of Health grant to a single organization. The capping policy threatened the Safe programs' services, because at that time both programs were paid for by a single large grant.

Melissa, the chief financial officer of No Silence, wasn't sure whether the State or Federal government was responsible for the grant capping policy, "but it was, of course, people way high up the food chain." She continues to explain the origins of the capping

policy, and the effects it had on the relationship between No Silence and the Government:

Melissa: They [Department of Health] did not have a change in what in the services they needed. They still needed all these things to happen that we were doing. What they had to do is to break our contracts into these small pieces... So they were creative and they put these little pieces together... They wanted us to keep doing it [Safe programs] so they made it work. But it's frustrating for them too, the people like me that are their day-to-day people. And I think one motivation for that change was there were certain... they have a couple of bad eggs out there and then you change it for everybody... which ended up sort of taking care of their problem with the one agency. ...But if you're running a good shop, a good nonprofit, it just ends up being a lot of busy work.

In the above quote, Melissa describes how a change in the transaction, many grants as opposed to one grant, threatened the funding relationship between the Department of Health and No Silence. A change as small as a different form of transaction becoming the norm is enough to modify a relationship (Zelizer 2005: 37). No Silence was threatened by the transaction change and undertook boundary work to attempt to control the relationship.

Melissa's narrative gives evidence of the boundary work that No Silence performed in order to reacquire funding for the Safe programs. The people that she blames for the danger to the Safe programs are "people way high up the food chain" but also "bad eggs" who intentionally or unintentionally misuse government funds. This is essentially the boundary work being performed: the bad eggs are set up in contrast to the "good shop" run by No Silence. This boundary work is an attempt to control the

relationship between the government and No Silence, by defining who qualifies as a trusted business partner and who does not. If No Silence can control the monetized relationship, the organization has indirect control of the funding stream. The relationship and boundary work associated it has reflected back on Melissa: when sympathetic allies of No Silence in the Department of Health created multiple grants intended for No Silence, Melissa accepts this favored treatment for her organization as good and right; after all, No Silence is a “good nonprofit” that has a relationship of trust with the Department of Health.

Melissa also comments upon the relational work done by individuals in the Department of Health who are attempting to normalize the funding relationship that was destabilized by a modification of transactions. Relations are, “durable, named sets of understandings, practices, rights and obligations that link two or more” organizations (Zelizer 2005: 37). Managers at the Department of Health made sure that No Silence would still get the same amount of funding for the Safe programs by creating multiple grants. This affirmed the expected rights and obligations pertaining to funding between the two organizations. That is, they found a way to make the modified exchange of money match up with the largely unchanged expectations for the relationship. If managers at the Department of Health had not done relational work, the relationship between No Silence and the government might have changed to no longer be one of mutual trust between business partners.

In her narrative of events Melissa is at once sympathetic to government’s need to prevent the malpractice of bad eggs and disappointed in the actions taken to prevent it. Still, she registers discontentment with what she sees as excessive auditing paperwork

from the artificial creation of multiple grants. I hypothesize that Melissa wanted an exception to be granted for No Silence based on the status of the organization's relationship with the government as a trustworthy business partner. After all, No Silence performs intimate care work for impoverished people living with HIV on the government's behalf. When the government chose to assert the business aspects of the relationship, No Silence's self-image as a business confidant to the Department of Health was wounded. However, the funding relationship was repaired somewhat by boundary work on the part of No Silence and relational work by Department of Health employees.

Part of the reason that No Silence has a privileged relationship with the government is because it is the largest HIV prevention and service organization in the city it calls home. It is also one of the longest running organizations of its type; because of this the organization carries considerable clout. For example, Melissa told me about how the state's two Senators lobbied on behalf of No Silence at the CDC in order to help the organization get a Federal grant. Other managers explain the organization's monetary relationship with the government less tactfully:

Researcher: Could you tell me about this grant you applied for in 2008?

What was it? How was it getting that grant?

Damian: Yeah, I mean, I honestly sometimes think it kind of doesn't matter what NS writes in their grant proposals. Because NS is the biggest AIDS service in the state and they have a lot of power and influence over everything related to HIV and AIDS. So they basically get what they want. Hah. To be honest. So, the process is... (Damian)

The managers at No Silence think, for good or for ill, that their organization is entitled to a steady rate of finance through easy-to-acquire grants from the government. When the flow of easy money became impeded by more grant paperwork caused by the funding caps, Melissa registered her understanding as well as discontentment at the change. To maintain the same level of service the Safe programs had provided before the manager, Damian, applied for multiple smaller grants from the Department of Health in 2008 for specific community interventions for men who have sex with men of specific ages, races, and levels of drug dependency. These multiple grants lead to the current “shuffling” situation in the safe programs.

#### Acquiescence is Relationship Maintenance

No Silence is preparing to reduce or eliminate the Safe programs in response to a change in Federal HIV prevention policy. In 2010 the Obama administration released a new plan for combating HIV in the United States that calls for biomedical interventions against HIV (Office of National AIDS Policy: 23). As a result of this plan, the CDC has changed the requirements for their grants that will be distributed as part of a new grant cycle in 2013. Organizations that are funded by the CDC, such as No Silence and the state’s Department of Health, will need to reformulate their programs or prepare to launch new biomedical intervention programs if they want to receive similar levels of funding to before. In short, the federal government is rapidly changing its direction on HIV and advocacy organizations that wish to continue to receive similar levels of funding must change also.

No Silence does not resist every change that the government makes to their relationship, in fact is gladly accepts some changes. This is because the funding

relationship between No Silence and the government is actively negotiated. When No Silence changes its plans to continue receiving government funding it is reaffirming an organizational identity as an effective and scientifically up-to-date partner to government.

Biomedical intervention relies on the knowledge and theory from the medical system to reduce the risk of HIV transmission. It might include immunizations, surgeries, or medicines for at-risk populations. Of course, there is no pure biomedical intervention because the degree to which a medicine works depends on the degree to which patients accept and adhere to the regimen. In line with the National HIV Prevention Strategy, No Silence will aggressively test to find people who do not know that they are HIV positive and put them on an anti-viral regimen that will decrease their transmission rate. Damian explains,

Damian: The new prevention strategy is based off this idea that you're going to have a 96% decrease in transmission if you get everyone on HIV medications. Doing the empowerment intervention was never that good, it was never 96%, the results are not the same from the start. If you do the empowerment project...

Researcher: At peak performance.

Damian: yeah, peak performance. And you are getting just as good of results, or even better results than what was scientifically proven to, it's not as good as 96%. Nothing's as good as 96%. So, we want to stay relevant to what's proven to actually work.

The 96% statistic is from, as Damian put it, a “groundbreaking study that came out earlier this year that showed that if you're HIV positive, adherent to a medication schedule, and your viral levels are undetectable then you're 96% less likely to transmit

HIV.” In line with this, Damian also mentions that biomedical interventions have already been put into practice in San Francisco, where the transmission rate of HIV has been halved in the last 5 years.

With the coming changes to the 2013 grant cycle it is likely that No Silence will shift funding away from the Safe Programs to better support its growing biomedical programs. Melissa, the chief financial officer, explained that No Silence could maintain the Safe programs at their current level, but that it would require, “just more fundraising in general—raising more money to continue what we're doing, so then something probably has to give. Yes, it definitely would affect our programs.” For that reason, No Silence will likely reduce the size of the Safe programs. In some ways, the choice to shrink the Safe programs is a foregone conclusion for the organization: in order for the budget of No Silence to not be dramatically reduced in 2013, the organization will have to incorporate the federal government's priorities. No Silence's organizational choices seem to be in line with resource dependency theory. I had thought that this sudden and involuntary change would produce a negative reaction in management staff, like the grant capping policy did. Instead, managers were uniformly positive about the impending changes. Damian, the manager of a program targeted for reduction is enthused, “I'm looking forward, everything is changing. I'm really excited to be going through this process.” Even though the changes to the Safe programs are not until 2013, the interim executive director of the organization will not be relieved by a new director until next year, and the organization's current strategic plan does not address the new HIV Prevention Strategy, all the managers interviewed at No Silence were

confident that the organization would fully support the biomedical initiative by reorienting their prevention priorities.

Managers at No Silence are satisfied with the coming changes because the monetized relationship of their organization to the government will remain unchanged. Despite sweeping changes in programs the fundamental parts of the funding relationship are static; relations, media, boundaries, and transactions will remain largely identical to the grant cycle of years before.

In order to support the previous assertions, we can consider this quote by Damian, as he describes why No Silence is preparing for programmatic changes in the 2013 grant cycle:

Damian: We want to be relevant and fundable.

Researcher: "Relevant," what's that?

Damian: We could just continue, Safe Queers could just continue as it is, which isn't bad. But it's not relevant to the new HIV prevention strategy. It's not relevant to what funders want you to be doing anymore, and based on new scientific evidence it's not relevant as far as efficacy.

In the above quote, Damian justifies the dramatic choices of No Silence with a rationale of scientific efficacy. The use of science as an external justifying force is a tool that allows No Silence to disclaim decision-making in the face of a supposedly objective outside assertion. Managers at No Silence do not bring up their own experiences to either support or oppose the paradigm shift to biomedical intervention; only arguments seated in science are used to debate this measure.

No Silence will comply with the policies of the federal government in part because doing so will reaffirm its relationship to government funding. That the

managers at No Silence narrate their upcoming choice as if it has already been made in the past characterizes the relationship that No Silence has, and would like to continue to have, with their government funders. No Silence chooses to define their relationship to the government as a trusted business alliance. Because of this, managers at No Silence seem to completely accept the power that the government has to define their operations, so long as the proper respect is paid to the funding relationship that is shared between the organization and the Department of Health. This is to say, so long as the monetary relationship operates through expected media, relations, boundaries, and transactions No Silence is content. The 2013 grant cycle will change many programs at No Silence, but the ways the organizations receives grants and the parties to the grant process are unchanged. Melissa describes the course of a current grant that specifies elements of programming, "We were working with the department, we worked with the Department of Health indirectly and had success. We liked what they were about, too, so we're comfortable with the funder." Here Melissa feels that No Silence is respected by the Department of Health, because of that longstanding relationship, No Silence is positive about undertaking changes for 2013.

The funding relationship between No Silence and the government allows the nonprofit to claim the identity of an effective, technologically advanced organization. Identity meaning can be constructed in mundane life through relationships, decisions, and the exchange of money (Kelley et al. 2005: 375). The same holds true for organizations. Part of the utility for No Silence to be found in a relationship with government grant agencies is what participation says about the organization. The government contracts with technologically cutting edge mainstream political

organizations. Each action that No Silence takes to maintain its relationship with government granters reaffirms, to No Silence and other nonprofits, the identity that is constructed through the relationship. The alternative interpretation of resource dependency theory, that this research cannot rule out, is that managers at No Silence are controlled by government funding and choose to comfort themselves with frames of scientific efficacy.

The utility of an expansion of Zelizer's connected lives provides more complete insight into the dynamics of No Silence's plans for the future than a strict resource dependency analysis. Without an analysis of a relationship wherein both parties actively negotiate its meaning, we would be left to question the reason for No Silence's compliance. Does No Silence comply because the organizational ideology has become effectively controlled by the government, the organization feels it has few choices to continue to aid their client populations, or because the its ideology happens to coincide with the government on this one instance? Implicit in the idea about coincidentally compatible ideologies is the notion that ideologies are held in isolation from one another until they contact briefly in the formation of a plan. However, the ideologies of No Silence and the government have been in continuous contact for more than a decade as part of a funding relationship. The priorities of both No Silence and the government have been affected by one another and will continue to affect one another. For that reason, my analysis of No Silence is strengthened by both resource dependency theory and Zelizer's connected lives.

## **Conclusions**

Nonprofit organizations in the United States face the issue of acquiring funding each year. Because of a continuous grant cycle and the nature of charity, nonprofits cannot cease searching for sources of funds. For nonprofits with strong ideological motivation the task of selecting funding is difficult, because the goals of the funders exert some control over the organization's course. In part because of this, nonprofits tend to build relationships with a network of funders. In order to investigate how nonprofit organizations selecting funding streams with regards to their ideology, this study used qualitative interview methods to compare two nonprofit organizations in a major Midwestern metropolitan area. Using interview data on important moments about funding decisions, I conclude that God's Hands and No Silence's identities' as nonprofits have become enmeshed with the relationship and money they receive or refuse from government grant agencies.

For managers at God's Hands, their relationship with government funding serves to illustrate their ideology of Christianity. God's Hands creates and reinforces their own identity as a caring Christian service organization by using the notion of separate spheres to demarcate itself from the secular world of politics. No Silence's relationship with government funding demonstrated its willingness to change tactics in order to maintain long-standing alliance with the federal and state governments. No Silence is able to control the meaning of its relationship with the Department of Health, and therefore obtain preferential treatment in the grant process. No Silence's ambitions for expansion and effective service are intertwined with the context of their relationship with government, where each funding decision is another opportunity to affirm its identity as a technologically advanced partner to government.

This study was not expansive enough in terms of number of organizations to be able to generalize about funding relationships. Further research into the other half of a granting relationship, the government agency, is crucial for the development of this topic. So it is discovering if there are ideologically-motivated nonprofit organizations that abjure government funding yet think positively of the government and vice versa. In addition, a larger study will be able to compensate for some of the subjective foibles of qualitative research: Christian nonprofits have been known to misjudge their clients' responses to faith-based services in interview research (Kissane 2007: 112). The design of this study ameliorated only some of this issue by focusing on budgets and funding rather than services. An unavoidable weakness in this work at this time is the discussion of how No Silence intends to act during the 2013 grant cycle. Because this has not yet come to pass, the analysis is less valid. Of course, analysis of No Silence's intent was focused on the meaning that managers make of intention, over their actions. The fact that managers in both organizations informed me that their nonprofit is continually committed to a process of self-reinvention plainly contradicts the meanings they spoke of about relatively static identities maintained through boundary and relational work on funding relationships. Indeed both organizations were embarking on new types of projects this year, though these projects were paid for with resources from the same funding streams as usual.

To enhance the validity of this paper's findings, further research could be completed on the topic of nonprofit identities affected by relationships with grant agencies. Both nonprofit organizations and government grant agencies would be excellent subjects for researching both sides of a government sponsored grant

relationship. Of special interest would be cases where a nonprofit organization that receives little or no funding from the government but uses that relationship to draw themselves closer to government funders, or a nonprofit that receives a lot of government funding and uses that relationship to distance themselves from the government. The investigation of such cases could further complicate the simple idea that financial dependence equals control from resource dependency with rich information about the role of funding relationship in nonprofit identity maintenance.

This paper's analysis of nonprofits' relationships to government relies upon an expansion of Zelizer's theories about intimate relationships, applied to the level of organizations. Zelizer's work is used to complicate the current quantitative literature on resource dependency theory, which tends to conflate accepting public funding with accepting government control. This paper attempts to show that two organizations are constrained by their particular relationships with government, not merely by presence of public dollars. The case study of God's Hands and No Silence reveal that nonprofits can actively engage with their funding relationship to government to attempt to control how they are funded and to perform identity work for the organization. That is, nonprofit organizations are agents in the funding relationship, able to resist and exert control of funding through the particular arena of relationships. Resource dependency theory and the body of research on nonprofit autonomy have the potential to gain much from a focus on relationships as part of the "connected lives" of nonprofit organizations.

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