



How Foundations and Nonprofits Can Respond to Urban Crises and Bolster Governments in Decline

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In 2016, ten foundations, businesses, and different nonprofit organizations based in Michigan came together to provide nearly \$125 million to deal with the ongoing water crisis in the city of Flint – a public health crisis that unfolded after the state of Michigan switched the water supply from the Detroit water system back to the Flint River in early 2014, quickly overwhelming a local government run by a state-installed crisis manager. The herculean corrective effort in 2016 is one step in recovery for city residents from the effects of lead exposure in tainted water, and perhaps a contributor to the city's long-term economic and community revitalization.

The Flint announcement came just over two years after 12 foundations committed \$366 million to Detroit's grand bargain – a compromise reform plan resulting from the city's bankruptcy proceedings that salvaged the Detroit Institute of Arts and helped fund the city's pension plans. In both of these Michigan cities facing devastating economic and governmental crises, the philanthropic and nonprofit sector stepped in to provide support.

Political Failure and Issues of Governing Under Stress

I am working with my research partner, Michigan State University political scientist Sarah Reckhow, to better understand when and how nonprofits respond to crises in places like Flint and Detroit with weakened local governments. How do disasters, whether natural or manmade, lead to collaborations between local government and nonprofit organizations that may enhance governing capacities even after the crisis?

Urban crisis and political failure are terms often used to describe cities with significant economic deficits and leadership problems. Such cities are usually described as suffering from substandard housing conditions, inadequate city services, and a shrinking tax base, along with persistent poverty, racial tensions, and violence. Reform prescriptions range from urban renewal projects to raze substandard housing in urban cores, to the privatization of public services to relieve public budgets, and the creation of new incentives for home construction and business relocations from suburbs to central cities.

Detroit and Flint, the two cities under exploration here, experienced decades of white and middle-class flight, and a series of misapplied policy prescriptions. Rounds of cost-cutting by local and state governments, exacerbated by the financial crisis of the mid-2000s, further eroded local governing capacities. This laid the groundwork for Detroit's municipal bankruptcy and the Flint water crisis. Both of these crises also happened after the governor of the state of Michigan had installed emergency managers to assume budgetary and administrative powers in place of local elected officials. What happens, we asked, when stressed cities such as these experience an additional crisis? Can a crisis response that includes nonprofit engagement rebuild local government capacity? Or does this "swooping in of support" supplant local government? Our survey of Flint August 23, 2018 <https://scholars.org>

and Detroit probed three sets of issues: What kinds of resources, support, or leadership did nonprofit organizations provide for the recovery process in each city? Did crisis responses provide an opportunity for nonprofits to improve the futures of local governments in distress? And, what can be learned about the interactions of nonprofits with local governments in disaster recovery?

Findings and Implications

Regardless of the nature of the disaster and the composition of the nonprofit sector in each city, we find, responses had a direct, positive impact on local governance capacity. In Detroit, nonprofits and foundations provided the essential financial support needed to stem the financial crisis in the city, but have since mostly resumed their previous roles. In Flint, coordinated efforts from the nonprofit community were integral to providing direct aid – and also led to significant program developments in city nonprofits that promise long-lasting, positive impacts for residents. In both cases, nonprofit organizations were reliable partners throughout each crisis. But when we asked leaders if local governments were reliable partners, survey respondents responded differently in the two cities. In Detroit, nonprofits viewed the city as one their most important partners in dealing with the bankruptcy crisis and carrying out the grand bargain plans, while in Flint, nonprofit organizations reported instability in local and state government, which hindered their ability to develop cooperative plans.

Overall, we observed that nonprofits were able to fill gaps in service quickly and were more nimble than public agencies in rapidly changing environments. However, these findings should be viewed with caution. In Detroit, the infusion of resources provided a lifeline, but the city still faces many underlying challenges related to population growth, erosion of its tax base, and vacant properties – the same trends that contributed to the bankruptcy crisis in the first place. Nonprofits helped address these difficulties at a crisis moment, but only time will tell if the operations of local government in Detroit can continue to be self-sustaining. In Flint, nonprofit organizations of all shapes and sizes provided a lot of the "boots on the ground" response to the water crisis and continue to do so. But the city of Flint continues to have weak capacity due to the after-effects of emergency management and underinvestment in public services.

In the state of Michigan as a whole, the weakening of the public sector and tenuous financial solvency plague the local governments. Although nonprofits and foundations should be lauded for the herculean efforts in stabilizing Flint and Detroit during times of crisis, the long-term financial and governing challenges of Michigan cities cannot be resolved by nonprofit and foundations acting alone. State and local policymakers must address capacity shortfalls for local governments in cities with a weak local tax bases.

Over the long run, stronger local governments will be more capable of cooperating with local nonprofits to address broader policy challenges. Findings from our research can inform the ongoing debate about nonprofits working with the public sector. We provide snapshots of how, in moments of extraordinary crisis, nonprofits can work with local governments; and we consider how such emergency collaborations can create new opportunities for coordination around long-term solutions to address festering declines in governing capacities. Public authorities must pitch in, too, to make enduring improvements possible.

Read more in “Unnatural Disasters: Can Nonprofit Governance Promote Recovery in Detroit and Flint?” (working paper, 2018).

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