
Week 7 review · Mon Oct 5 & Wed Oct 7, 2026

Where does the money come from, and go?

SPEA-V221 Nonprofit and Voluntary Sector · Ji Ma · O'Neill School, Indiana University

Week 7 at a glance

- **Monday: who can decide?** Follow one publicly funded meal through different providers. Apply the same governance questions to your startup.
- **Wednesday: why would a payer support it?** Explain a funding relationship, name a candidate model, and use evidence to test it.
- **Read:** Marwell and Brown, pp. 231–243 (skim the rest); Foster, Kim, and Christiansen, seven pages; the Urban summary and The Conversation on 2025 funding disruptions.
- **Bring to lab week:** your organization's 990 PDF and different-subsector comparison candidates. Nothing new is due Sun Oct 11; A3 is due Sun Oct 18.

Public money, provider decisions, and accountability

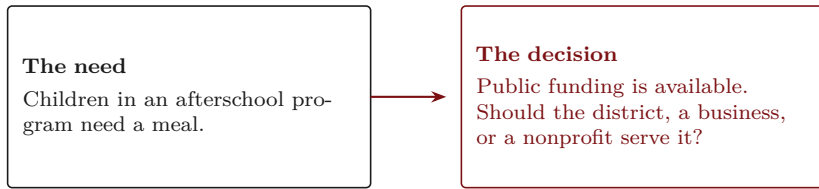
Who should provide it?

Ji Ma · O'Neill School, Indiana University

Monday, October 5, 2026

Who pays does not settle who provides

A public service can be funded by government and delivered by a nonprofit.



Judge a provider by the decisions it can make and whom it must answer to.

Marwell and Brown, pp. 232–234; the meal scenario is hypothetical

The case: a meal after school

An invented school using a real funding program

- **The school** runs an afterschool enrichment program. Assume its site and operators meet the program's requirements.
- **The funding** comes from the USDA afterschool meals program, administered by states.
- **The rules** include a site in a school attendance area where at least half the children qualify for free or reduced-price meals. Parents do not submit meal application forms.

Keep the need and public funding source fixed. Compare how the service is organized.

USDA, "Afterschool Meals: FAQs," fna.usda.gov/cacfp/afterschool/faqs, eligibility and administration; checked 2026-10-03

USDA United States Department of Agriculture

One public funding source, three arrangements

Our case assumes these eligible operators; arrows below trace the money.

Arrangement	After the state reimburses...	Who serves?
District	district → its food-service operation	district staff
Contractor	district → food-service contract	business staff
Nonprofit	nonprofit sponsor → its meal program	nonprofit staff

The contractor answers to the district as its customer. The district still has a public role.

Hypothetical arrangements using the USDA program; Marwell and Brown, pp. 233 and 239–240, on relationships and formal rules. Same funding source does not imply identical costs or budgets. USDA United States Department of Agriculture

Governance: who can decide what?

***Governance** is the relationships and rules through which public goals are set and services delivered.*

Who pays?

Separate the funder from the organization serving the meal.

Who decides?

Separate program requirements from choices the provider keeps.

Who answers?

Who explains a decision? Who can require a change?

Marwell and Brown, pp. 233–234, paraphrased; these three questions are our way into the framework

What would make the arrangement worth choosing?

Marwell and Brown's four concerns, applied to the meal

Concern	Ask about a specific arrangement
Fairness	Who gets a meal, and who is left out?
Effectiveness	Can it serve the promised meals?
Accountability	Who must explain a decision, and who reviews it?
Legitimacy	What would give families reason to accept its authority?

A sector label alone cannot tell you whether any of these conditions holds.

Marwell and Brown, pp. 234–235; meal questions are our application

Choose an arrangement and explain its rules

Ten minutes with your team; each person writes on sheet 1.

1. **Who pays and provides?** Pick an arrangement. Trace the money to the people serving the meal.
2. **Who decides?** Name one decision fixed by the program and one choice you propose leaving to the provider.
3. **Who answers?** A family says the meal service is failing them. Propose a route to someone who can respond, and one safeguard.

IN CLASS

Compare with a nearby team. Which rule or safeguard gives you a reason to prefer an arrangement? Use one of the four concerns.

Marwell and Brown, pp. 233–235; proposed rules and safeguards are your designs, not facts about a real school

Our reading: public rules, provider choices

Compare your answers first. This is one worked arrangement: a nonprofit sponsor.

Question	Our answer
Who pays?	Government reimburses the eligible program; the nonprofit operates it.
Who decides?	The program sets site eligibility. We propose that staff choose meals within its nutrition standards.
Who answers?	We propose a named program manager for family concerns, with unresolved concerns reviewed by the nonprofit's board.

Answering to the funder does not by itself give families a way to be heard.

USDA, “Afterschool Meals: FAQs,” checked 2026-10-03; Marwell and Brown, pp. 233–234. Menu authority and the family-review route are hypothetical design choices.

USDA United States Department of Agriculture

A rule still leaves someone to apply it

Street-level discretion: decisions made where people receive a service

The situation

A parent says a child cannot eat the meal offered. The server must decide what to do next.

The governance question

What can the server change?
When must a manager decide?
Who hears the parent?

BRING YOUR OWN

Where you grew up, who would a family approach about a school meal? What would make that route work?

Look for authority at the serving counter as well as in the funding agreement.

Marwell and Brown, pp. 242–243; the parent and meal are hypothetical

What if the public money stops?

The same funding relationship can support a service and make it vulnerable.

a third

reported a government funding disruption in the 2025
nonprofit survey

- **Back to the meal:** if reimbursement is delayed, who covers the next food purchase? Mark that as an unanswered question in your arrangement.
- **Back to the mission:** a funder's priorities can shape whom a nonprofit serves. Marwell and Brown call this concern **vendorism**.

A funding plan needs both a decision about control and a plan for interruption.

Urban Institute, “How Government Funding Disruptions Affected Nonprofits in Early 2025,” summary, prevalence section, checked 2026-10-03; a survey of public charities, not all nonprofit institutions. Marwell and Brown, p. 237: vendorism is a concern, not an inevitable outcome.

Your startup: the same questions

Twelve minutes with your team; each person writes on sheet 2.

1. **Who pays and provides?** Name a plausible main funder and the service your team proposes.
2. **Who decides?** Name one condition that funder might set and one decision your team needs to keep. Label an unverified condition as an assumption.
3. **Who answers?** Give the people you serve a route to someone who can respond. Name one safeguard for their voice.

IN CLASS

Then name what changes first if this funding stops. A private funder is fine if no government program fits. Bring a source to test your funding assumption in B2.

Marwell and Brown, pp. 233–234 and 237; **B2 funding lab**

Check the decisions in a neighbour's plan

Five minutes; exchange sheet 2 with someone from another team.

- Can you tell the **funder** from the **provider**?
- Is one **funder condition** separated from a **decision the team keeps**?
- Can a person receiving the service reach someone with **authority to respond**?

IN CLASS

Write one question beside the plan. Return it; its author makes one clarification. Keep both worksheets to develop your report and startup plan.

Marwell and Brown, pp. 233–234; both sheets are today's in-class work

Before you go

- **Wednesday: who will fund your service, and why?** Read Foster, Kim, and Christiansen, “Ten Nonprofit Funding Models,” seven pages. Have the table on p. 37 and your startup concept with you.
- **We will test funding explanations against a Form 990.** Its revenue lines are the bridge to lab week.
- **Nothing new is due Sun Oct 11.** For Monday Oct 12, bring your organization’s 990 PDF and one or two comparison candidates in a **different subsector**. A3 is due Sun Oct 18.

Week 7 · Week 8 · A3

A funding model, and the evidence to test it

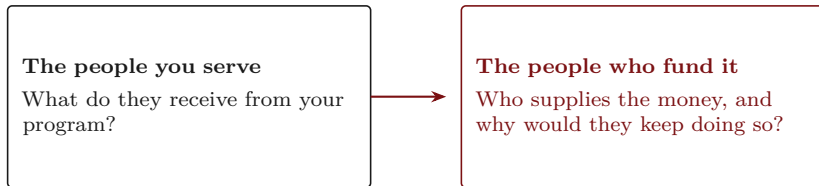
Who will pay for the service?

Ji Ma · O'Neill School, Indiana University

Wednesday, October 7, 2026

A service needs a reason someone will pay

Monday: what the funder can require. Today: why the funder would say yes.



A beneficiary and a payer can be different people. Your plan needs to identify both.

Foster, Kim, and Christiansen, p. 34

Watch: What happens to donated blood?

American Red Cross · 2019 · 3 minutes 20 seconds

Play the video

- Follow one donation from the donor's arm to a patient.
- Notice what the video leaves out: who pays for each step.
- Keep the donor, the organization, and the patient separate in your notes.

American Red Cross, What happens to donated blood?, published 2019-04-25 and still embedded on redcrossblood.org; title, channel, and duration checked 2026-10-01.

The blood is donated; the processing has a payer

Evidence to use with the video

- **The Red Cross's hospital guide** describes invoices for products purchased and services performed.
- **Its Form 990** reports \$2.31 billion in biomedical products and services revenue for the year ended June 2025: Part VIII, line 2a, PDF p. 10.
- **The line covers all buyers.** It does not tell us every buyer's identity or reason for purchasing.

The gift, the service, and the payment are separate parts of the explanation.

American National Red Cross, EIN 53-0196605, FY2025 Form 990, Part VIII line 2a, PDF p. 10; Hospital Partner Resource Guide, "Billing"; checked 2026-10-03

EIN Employer Identification Number

A funding model explains the relationship

The article uses three questions to distinguish its ten models.

Source

Who supplies money
or donated resources?

Decision maker

Who can approve, re-
new, or stop that sup-
port?

Motivation

What makes support-
ing this work worth-
while to them?

Explain the relationship first; use the card to find the closest model.

Foster, Kim, and Christiansen, pp. 34–35; the model card is sheet 3, based on their table, p. 37

Explain how the blood service is funded

Eight minutes with your team; sheet 1, questions 1 and 2.

1. **Follow the blood.** Who gives it, who processes it, and who receives it?
2. **Follow the money.** Who pays the Red Cross, who decides to buy, and why? Find the closest model on sheet 3. Cite the evidence and name what it leaves unknown.

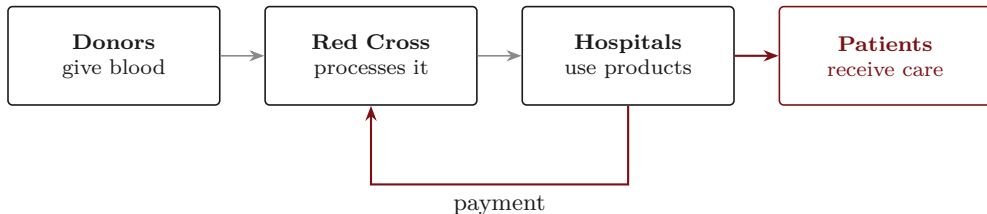
IN CLASS

You can name two candidate models if you explain what would distinguish them. Leave the startup section for after the filing walk.

Foster, Kim, and Christiansen, table p. 37; American National Red Cross, FY2025 Form 990, Part VIII line 2a, PDF p. 10; Hospital Partner Resource Guide, “Billing”

Our reading: two flows, one blood service

Your answers first; then compare the model and its evidence.



Closest model: **Market Maker**. The article pairs a blood donor with a health system buying blood.

A donated input does not mean donations pay for the whole service.

Foster, Kim, and Christiansen, table p. 37 and p. 39; our reading of the Red Cross blood service, not a classification of all its programs. Payment evidence: Hospital Partner Resource Guide, “Billing.”

The Blood of Yingzhou District

Ruby Yang, 2006: blood selling and the families left needing care

- The film follows children in Anhui, China, who lost parents to AIDS.
- The distributor describes families selling blood for income and becoming infected through unsafe collection practices.
- Stigma leaves children struggling to find care and a home.

Film on IMDb Filmmaker's page

Trace who receives the money, then ask who bears the risk.

Ruby Yang, film synopsis; [Cinema Guild, film description](#); checked 2026-10-07. Brief case discussion from these accounts.

AIDS acquired immunodeficiency syndrome

Who pays, who bears the risk, who funds care?

Yingzhou discussion: note a funding proposal and safeguard on sheet 1's back.

1. **Payment and incentives.** Red Cross donors give blood; here, families sold it. How could paying the supplier change people's reasons for participating?
2. **Responsibility.** Who should pay for safe collection and care after harm? Propose a role for government, a nonprofit, or a business, and one safeguard.
3. **Funding care.** Suppose your nonprofit serves children who cannot pay. Name a source, decision maker, motivation, and candidate model. What evidence would test it?

A funding model does not establish that a service is safe or accountable.

Our questions and hypothetical care proposal; Foster, Kim, and Christiansen, pp. 34–35, 37; Marwell and Brown, pp. 233–234. Case: Cinema Guild's film description, checked 2026-10-07.

The same service can have a different payer

American Red Cross

Donors give blood. Hospitals buy products and services. Our reading: Market Maker for this service.

Canadian Blood Services

A registered charity. Most financial support comes from provincial and territorial governments except Quebec.

BRING YOUR OWN

Where you grew up, who collects blood? What source would you use to check who pays?

Classify the funding relationship in its setting, rather than the activity alone.

Canadian Blood Services, “About us,” funding section, blood.ca/en/about-us, checked 2026-10-03; American Red Cross, Hospital Partner Resource Guide, “Billing,” checked 2026-10-03

Which revenue line would test your explanation?

Part VIII of Form 990: amounts first, then questions about the payer

Line	What it reports	What to investigate
1h	Contributions and grants, total	Who gives, and why?
1e	Government grants, within 1h	Which public program or award?
1g	Noncash gifts, included in 1a–1f	What was donated, and by whom?
2a–2f; 2g	Program revenue details; their total	Who pays for which service?
12	Total revenue	How large is each source's share?

A line can narrow the candidates. The payer's identity and motivation may need another source.

IRS Form 990, Part VIII, and instructions for lines 1e, 1g, and 2: government payments for services can be program revenue. Do not add 1e or 1g to 1h.

IRS Internal Revenue Service

Test a funding explanation on local organizations

Twelve minutes on sheet 2; then a two-minute neighbour check.

1. For each row, use the revenue mix and the model card to name a **candidate model**.
2. Name a **Part VIII line** to inspect next. If the mix leaves two models possible, write both.
3. On the back, choose one uncertain row: **what else must you learn about its payer?**

IN CLASS

The card describes patterns found among large nonprofits. A small organization may fit none exactly. Your neighbour checks for a candidate and a useful next check, not a single correct label.

Foster, Kim, and Christiansen, pp. 34–35 and table p. 37; sheet 2's ProPublica figures. "Gifts" includes grants; "Fees" means all program service revenue, including any public service payments.

Open the filing and follow one funding question

Hoosier Hills Food Bank, FY2023: what is inside contributions and grants?

Part	What to check in the live PDF
I: summary	Confirm the organization and tax year.
VIII: revenue	Locate 1h; then inspect 1e and 1g. Revise your candidate model.
III: programs	Read what the organization says it does; does that explain the revenue?
IX; VII	Locate expenses and compensation for next week's comparison.

Record the part, line, and your PDF's page so someone else can repeat the check.

Hoosier Hills Food Bank, EIN 31-1051402, FY2023 Form 990, via ProPublica. Write the actual PDF pages on sheet 2; inserted pages can change them.

EIN Employer Identification Number

Your startup: why would this payer say yes?

Ten minutes with your team; finish sheet 1's startup section.

1. **Source, decision maker, motivation.** Name each for your proposed service. Use Monday's funding idea if it still fits.
2. **Closest model.** Use the card, or explain why none fits. Find a question in the article that your team still needs to answer.
3. **Evidence and risk.** Name a comparable organization or source to check. What changes first if this payer stops?

B2 will test this first funding explanation against real organizations' filings.

Foster, Kim, and Christiansen, model questions on pp. 35–39; **B2**, a different real comparable organization per teammate

Before you go

- **Lab week starts Monday.** Bring your organization's 990 PDF, open, and one or two candidate comparison organizations in a **different subsector**, each with its EIN. A3 is built Monday and due **Sun Oct 18**. Visit still ahead? The filing is public, so A3 keeps its date; the visit has to happen before A4 is due on Sun Nov 15.
- **Monday's reading:** Gregory and Howard, "The Nonprofit Starvation Cycle," five pages, and the Overhead Myth letter, two. Skim the 990 Lab how-to on the site.
- **Wednesday Oct 14 starts B2.** Each teammate needs a different real comparable organization to freeze and verify; today's sort is a place to start looking. Keep all three worksheets for lab week and your plan; share a copy of the team sheet.

IN CLASS

Progress check-in, thirty seconds per team: visits done, or booked with the confirmation uploaded to A2 by Oct 4; the filings you will bring Monday; your plan's next plank. No visit and no uploaded booking? Stay after class.

EIN Employer Identification Number

v221.jima.me/week/w08 · v221.jima.me/assignments/990-lab

Week 7 review

test yourself before lab week

Can you define these without looking?

Governance

Term	You should be able to explain
Governance	Relationships and rules shaping public goals and delivery
Payer and provider	Why government money can pay for nonprofit delivery
Four concerns	Fairness, effectiveness, accountability, legitimacy: a question each asks about the meal
Street-level discretion	A decision frontline staff make when applying a rule
Vendorism	How a funder's priorities could redirect a nonprofit's work

Marwell and Brown, pp. 233–234 (framework and concerns), 237 (vendorism), 242–243 (discretion)

Can you define these without looking?

Funding models and evidence

Term	You should be able to explain
Beneficiary and payer	Who receives the service versus who supplies the money
Funding model	Source, decision maker, motivation
Market Maker	Why the article pairs a blood donor with a health-system buyer
Contributions and grants	Part VIII line 1h; what lines 1e and 1g tell you within it
Program service revenue	Part VIII line 2g; why it does not identify who paid

Foster, Kim, and Christiansen, pp. 34–35, 37, and 39; IRS Form 990, Part VIII, and instructions for lines 1 and 2

IRS Internal Revenue Service

Six questions you should be able to answer

1. Government pays for an afterschool meal. Why does that leave the provider decision open?
2. For a nonprofit meal provider, separate a funding requirement from a provider choice. Propose a way for families to challenge a decision.
3. How could a funding condition shape a startup's mission? Why is that a concern to test rather than an inevitable outcome?
4. In the Red Cross blood case, separate the donor, beneficiary, and payer. Why do we classify this service as a Market Maker?
5. A food bank reports mostly contributions and grants. Which lines would you inspect next, and what might the filing still leave unknown?
6. What evidence would let someone repeat your check of a revenue figure? Why might a PDF page differ from the printed form page?

Answer locations: Q1 Marwell and Brown, pp. 232–233; Q2 pp. 233–234 and the worked meal frame; Q3 p. 237 (mixed evidence: p. 246, in the skimmed pages); Q4 Foster, Kim, and Christiansen, pp. 37 and 39, and the two-flows frame; Q5–6 the revenue-line and live-filing frames.

Numbers worth remembering from the cases

a third

of surveyed nonprofits reported a
government funding disruption in early
2025

\$2.31 billion

Red Cross biomedical products and
services revenue, year ended June 2025

- **Survey scope matters.** The first figure concerns surveyed public charities, not all nonprofit institutions.
- **A filing line has a scope too.** The second covers all buyers on Part VIII line 2a. It does not prove every dollar came from hospitals.

Urban Institute, 2025 funding-disruptions summary, prevalence section; American National Red Cross, EIN 53-0196605, FY2025 Form 990, Part VIII line 2a, PDF p. 10. Both checked 2026-10-03. EIN Employer Identification Number

Carry into Week 8

- **Monday Oct 12 builds A3:** your organization's filing and a different-subsector comparison. Bring both candidate identities and the PDFs you have. Cite figures to part, line, and PDF page.
- **A3: Sun Oct 18**, 15 points, credit or no credit. Visit still ahead? The filing is public, so A3 keeps its date; the visit must happen before A4 is due on Sun Nov 15.
- **Read** Gregory and Howard, "The Nonprofit Starvation Cycle," and the Overhead Myth letter. Skim the 990 Lab how-to; it explains the parts we located Wednesday.
- **Wednesday Oct 14 starts B2.** Bring Wednesday's funding worksheet (sheet 1) and a candidate comparable. Each teammate verifies a different organization; B2 is due Sun Oct 25.

For a proposed funding source, name who decides, why they would pay, and what evidence you need.