

states or the federal government should require firms for a limited time to offer PAYD, with drivers free to choose PAYD or traditional policies, to demonstrate its benefits and feasibility and further overcome barriers to its adoption.

Unlike frequently proposed policies like gas taxes and congestion charges that raise the cost of driving in aggregate, PAYD represents a win-win policy—good for society and good for most drivers—that makes significant progress on climate change, congestion, and other driving-related harms and is more equitable at the same time, all while reducing insurance costs for the majority of drivers. ▀

An SBA for Non-Profits

Shirley Sagawa

The nonprofit sector is America's best hope for solving the pressing problems facing its communities. Devolution and downsizing have left the federal government increasingly reliant on nonprofits to deliver important services. Ninety percent of these nongovernmental agencies serve at least some poor clients, and one out of four serves primarily low-income populations. These organizations are often centers of the community, and they provide essential services to educate, train, and improve the well-being of families in need. Nonprofits also profoundly impact the way that we solve social problems, even those that are delivered in large part by the government, acting as laboratories for innovative policy solutions.

Unfortunately, too many nonprofits are high on mission and passion but weak on resources and strategy. As a result, they struggle to achieve the impacts they seek, operating inefficiently, with limited use of technology, and without access to the expertise they need to achieve greater results. To help small businesses in a similar situation, we have the Small Business Administration (SBA).

Yet, for struggling non-profits, there is no help. The Internal Revenue Service focuses on tax compliance, and the Corporation for National and Community Service supports volunteer programs. No agency, however, counts nonprofit health or capacity as central to its mission. Nor does the private sector fill this gap. Foundations provide minimal support, and over the last five years almost all of the leading funders have either cut programs or decreased their size significantly. A federal response is the answer; the General Accounting Office has recommended that "providing assistance to improve [nonprofit] capacity may be

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one area where the federal government could employ a more strategic approach.” What is needed, specifically, is an SBA for non-profits—a government agency that can provide both funding and guidance to the nonprofit sector.

Like small businesses, nonprofits range in size and sophistication, and they have many of the same needs addressed by the SBA. For example, the agency helps minorities and women launch small businesses and provides training and technical assistance to small-business owners. Nonprofits need the same sort of help (some modest assistance is available through the Compassion Capital Fund, but it is needed on a larger scale). The SBA also provides critical training in technology implementation, something nonprofits could use both internally and in serving clients.

The SBA also helps finance small-business growth; since 1958 it has given more than \$30 billion to small-business owners through its venture capital program. Even for successful nonprofits, growth and R&D capital is scarce. A “nonprofit SBA”-supported network of social-investment funds could leverage private contributions, make investments in organizations that get results, fuel innovation, and address the inequities of for-profit philanthropic asset distribution that leave vast parts of the country under-resourced. Moreover, because those nonprofits serving low-income communities often face greater demand during economic downturns—times when private-sector donations typically diminish—a counter-cyclical fund, run through a nonprofit SBA, could help offset lost revenues.

Yet another relevant function of the SBA is disaster assistance. While affected nonprofits often need help recovering after crises, they also play a critical role in recovery efforts. A “nonprofit SBA” could support a national volunteer reserve list of AmeriCorps alumni and other skilled Americans ready to help when needed. It could also provide critical financial support that would enable nonprofits to rebuild or scale up quickly after a crisis.

Finally, the SBA advocates for small businesses within the federal structure, a service badly needed by the nonprofit sector. The “nonprofit SBA” could conduct a hearing process to identify improvements to federal policies to foster accountability and make government funding more results-focused. It could encourage cross-sector partnerships, fund research, streamline processes for federal grants and contracts, and remove barriers for smaller nonprofits to participate in government programs.

Today’s nonprofit sector has reached record size, with the number of charities tripling in two decades. Employing one out of every 10 individuals, the sector is the nation’s fastest-growing employer. Nonprofits engage one in four Americans as volunteers and two out of three families as donors, and account for more than

five percent of our gross domestic product. Given the growing size and importance of the nonprofit sector, it's time for the federal government to find a role that supports its health and capacity. An "SBA" for the nonprofit sector—adapted to today's fast-changing environment—is the right response. ■

After-School Coupons

Andrew Rotherham

A major political and substantive divide in education policy is the question of what to do for kids stuck in persistently low-performing public schools. Republicans are generally quick to see the market as a powerful change agent. But to date, the evidence indicates that it takes more than market forces to improve public schools. While choice plans have sometimes resulted in modest gains in achievement for participating students, they have not yet generated the transformational changes that advocates promise. Democrats, on the other hand, favor various public initiatives to "turn around" failing schools. Yet these efforts have an inconsistent record, too, and, even in good circumstances, lengthy timelines make them almost meaningless for parents.

The No Child Left Behind Act contained the seeds of a compromise, requiring low-performing schools to offer students tutoring at public expense. Called "Supplemental Education Services," or SES in Washington jargon, the idea gave Republicans an education marketplace and Democrats a school-improvement strategy other than vouchers. But SES has been hamstrung because the same low-performing school districts it ostensibly is intended to hold accountable are also expected to administer it. Predictably, the districts have proven sluggish about enforcing a program that essentially redirects money they would otherwise control entirely. A Department of Education analysis found that in 2004-2005, of the 2.4 million students eligible for tutoring during that school year, only 19 percent actually participated. Further, the Bush Administration left quality control up to the states, and while some providers are excellent, and evaluations of the program have found some modest results, even supporters say quality is wildly uneven and states are not rigorously policing quality.

At the same time, the federal government spends about \$1.2 billion annually on after-school programs, up from just \$1 million about a decade ago. In practice these programs include anything from effective academic enrichment

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