Poverty Mafia? Exploring the Contributions of Government-nonprofit Collaborations to Reduce Educational Inequality

Abstract

Despite the rhetoric of improving opportunities for poor children, critics argue that government-nonprofit collaborations tend to strengthen existing systems of inequality and create adverse outcomes. Although economic theories often depict government-nonprofit collaborations as either an unexpected consequence or, at their worst, a noteworthy and unfortunate deviation, this governance model has witnessed considerable global expansion. In the Global South, central governments often exhibit shortcomings in administrative capabilities and resource allocation for delivering public services, while simultaneously contending with corruption allegations. Nonprofits operating in the Global South emerge as a solution to reduce educational inequality. Our central hypothesis posits that government funding leverages nonprofit effectiveness at reducing educational inequality. Additionally, we theorize how the allocation of government funding to nonprofits is moderated by political ideology, thus exerting a discernible impact on the allocation of parliamentary amendments to these organizations and subsequently influencing their performance within the public educational network. We use panel data to explore the influence of government funding on the ranking of 'The Brazilian Index of Development of Basic Education.' Our research provides strong evidence of enhanced quality in the public educational network, suggesting a promising trend toward reducing educational inequality. The findings carry significant implications for educational policy and equity considerations, aligning with the demand for more extensive panel data analyses.

Keywords: government-nonprofit collaboration, nonprofit effectiveness, panel data analysis, education, ranking.

1 Introduction

Government-nonprofit collaborations have become a common governance model to address complex problems (Arya & Lin, 2007; Selden, Sowa, & Sandfort, 2006; Sowa, 2009; Valero, Lee, & Jang, 2021). Such collaborations offer both opportunities and challenges for nonprofits effectiveness (Claassen, Bidet, Kim, & Choi, 2023; Gazley, 2010; Gazley, LaFontant, & Cheng, 2020; Suárez, 2011). The rationale behind nonprofit engagement in policy areas like education frequently arises from the belief that incorporating attributes from the business and nonprofit sectors could enhance state-run public schools (Lubienski & Perry, 2019).

However, despite a rhetoric of improving opportunities for poor children, critics argue that government-nonprofit collaborations tend to strengthen existing systems of inequality and create adverse outcomes (Giridharadas, 2019; Saltman, 2010). Government-nonprofit collaborations can pose challenges stemming from market dynamics in the context of a public-good endeavor (Lubienski & Perry, 2019) and of a greater density of nonprofits when the benefits of the agglomeration are offset by the drawbacks of competition for government funding (Berrone, Gelabert, Massa-Saluzzo, & Rousseau, 2016).

Despite predominantly economic theories characterizing government–nonprofit collaborations as, at best, an unforeseen outcome and, at worst, a significant and unfortunate aberration, such governance model has experienced substantial growth globally (Salamon & Toepler, 2015). Particularly in the Global South, the central governments frequently manifest deficiencies in their administrative capabilities and resource allocation for the provision of public services, concurrently grappling with allegations of corruption (Brinkerhoff & Wetterberg, 2016). Nonprofits operating in Global South appears as a solution to address issues such as lower school performance and lack of accountability for private schools.

Government-nonprofit collaborations within Global South contend with an operational environment markedly distinct from that of their counterparts in the Global North,

typified by the existence of a fragile public infrastructure, the presence of limited regulatory frameworks, and the inherent unpredictability in government funding allocation (AbouAssi & Bies, 2018; AbouAssi, Wang, & Huang, 2021; Banks, Hulme, & Edwards, 2015; Brinkerhoff & Wetterberg, 2016; Haddad, 2017).

Particularly in Brazil, government funding allocation to nonprofits often depend on parliamentary amendments. Parliamentary amendments can be proposed either individually or collectively by groups of legislators. In a crisis situation produced by the budget scandals, the ability of legislators to continue amending the budget is under serious threat giving that individual amendments are seen as the major source of corruption that led to the scandal (Donadelli, 2020; Graton, Bonacim, & Sakurai, 2020; Junior, Pereira, & Biderman, 2015; Pereira & Orellana, 2009). Therefore, the political ideology of the current government has the potential to regulate the availability of funding to government-nonprofit collaborations.

In this paper we are particularly concerned with the theoretical foundations and anticipated outcomes of nonprofits engagement in public education systems, specifically focusing on educational innovations and enhancements through government-nonprofit collaborations. We also explore how political ideology triggers the structural opportunities, incentives, and obstacles influencing government-nonprofit collaborations.

Brazil represents a particularly appropriate case for this study because it possesses a complex mix of a federal system with multiple veto points, or points at which parliamentary amendments to nonprofits can bog down. We present an extensive examination of government-nonprofit collaborations, delving into the factors that influence their performance within the Brazilian public educational system. Data comes from five open government resources to create a unique dataset that captures the influence of government funding on nonprofits from 2009 to 2022.

Our findings demonstrate the pivotal role of government-nonprofit collaborations in enhancing educational outcomes within the public education network, thereby fostering more equitable access to education, particularly for poor children. Specifically, our

analysis of the "IDEB Gap" as a dependent variable underscores the significant impact of government funding on nonprofits in leveraging their capacity through government funding, consequently catalyzing positive educational outcomes within the public education network. Thus, our study offers compelling evidence of a positive association between government funding and educational outcomes.

In a distinct facet of our study, we probe the moderating effect of political ideology on the relationship between government funding and educational outcomes. Our findings elucidate that the introduction of the variable representing ideological leanings amplifies the reduction in the "IDEB Gap" achieved through the interplay of left-oriented political ideology and government funding. However, within the context of ideological convergence across the political spectrum, our results fail to confirm any significant impact of government funding on nonprofits operating within the public education network.

Our research contributes to a more nuanced understanding of the dynamics underpinning government-nonprofit collaborations and their outcomes in the Global South. In line with previous studies (Bowman, Donovan, & Burns, 2001; Brooks-Gunn, 2003; Essa & Burnham, 2019; Selden et al., 2006), our empirical findings offer compelling evidence of improvement in the quality of the public educational network. This positive trajectory holds promise to reduce educational inequality. Our study carry significant implications for educational policy and equity considerations while responding to calls for more panel data analyses (Coupet & Berrett, 2019; de Menezes & Peci, 2023).

2 Literature and Hypotheses

2.1 Government-Nonprofit Collaboration in Brazil

The third sector in education Historically, the third sector has been involved in education in two ways: through the creation and provision of educational inputs and, more recently, through support for or provision of education that is conceptualized as an alterna-

tive to public schooling. Throughout the history of schooling in the USA and many other countries, the third sector has played a large role in the creation and development of educational inputs, such as textbooks, curriculum materials, teaching and learning resources, and professional development opportunities. Indeed, many, if not most, educational inputs used in schools are developed by third-sector actors. On the other hand, the third sector's involvement in the funding, sponsorship, operation, and/or ownership of alternative forms of schooling in the USA – at least since the common school era reforms of the nineteenth century – has been a small but constant and significant presence, one which has been steadily growing in influence over the last few decades. In this paper, we are exclusively interested in third sector involvement in forms of education that compete with traditional forms of public schooling; our analysis does not include third sector involvement in the provision of educational resources or services.

Collaborative governance literature focuses on how the public sector is unable to address the current social, environmental, political, and economic challenges without the help of private actors. Such societal problems, ranging from biodiversity to poverty that were once seen as falling solely under the purview of governments are now being seen as a shared responsibility with the private sector (George, Fewer, Lazzarini, McGahan, & Puranam, 2023).

Specifically, government–nonprofit collaborations are strategic decisions to address problems that cannot be solved independently. Government-nonprofit collaborations have become a common governance model, especially in delivering local social services in the United States(Valero et al., 2021). Government-nonprofit collaborations allow collaborative governance to be employed as a decentralized practice of public service, whereby public authority is exercised per the expressed values and needs of a community (Alexander & Nank, 2009).

2.2 Government Funding and Nonprofit Capacity

Scholarship often assumes that the public sector initiates the collaboration (Ansell & Gash, 2008; Bryson, Crosby, & Stone, 2006; Vogel et al., 2022). In other words, the public sector is assumed to guide the collaboration process through government funding. Reliance on government funding is regarded as a critical determinant of collaborations and a possible outcome, as collaboration tends to result in more funding from government sources (Gazley & Guo, 2020; Suárez, 2011).

Government funding has significant effects on nonprofit capacity. Regarding capacity building, government funding enables nonprofits to engage in their activities (Yu, Shen, & Li, 2021). For example, nonprofits must adapt to the bureaucratic process to write well-structured proposals and adhere to technical guidelines to access government funding (de Menezes & Peci, 2023). Hence, nonprofits need to ensure that their staff is sufficiently skilled to address proposals' regulatory aspects and quality standards (Maier, Meyer, & Steinbereithner, 2016; Shaw & Allen, 2009).

Indeed, the flow of government funding on government-nonprofit collaborations is a factor that can affect nonprofits' capacity (Malatesta & Smith, 2011). Additionally, nonprofits that depend on government funding are motivated to advance the interests of third parties by facing the possibility of losing those funds (Froelich, 1999; Pettijohn, Boris, De Vita, & Fyffe, 2013).

However, government funding is the most recommended above all external resources and is capable of increasing nonprofit stability and facilitating the pursuit of important social objectives (Coupet, 2018). Even though there is evidence of the government's negative influence, other external agents tend to exhibit the same behavior, as pointed out by LeRoux (2009). Managing the demands of significant donors who might want to focus resources on their own goals or even scale back on them can be difficult for nonprofits. Therefore, the strategic management of nonprofits can be affected by both the government and donors.

On the one hand, excessive reliance on the government can lead to government controls and intervention, limiting nonprofit autonomy and independence (Froelich, 1999; Malatesta & Smith, 2011; Salamon, 1987). Political changes and budget cuts also can cause uncertainty and financial difficulties for nonprofits (Alves & Costa, 2020). On the other hand, government funding, through government-nonprofit collaborations, promotes the provision of efficient public services transparency and accountability (Coupet, 2018).

Despite the scholarly interest in government-nonprofit collaboration in public service provision (Gazley & Guo, 2020), existing literature in public administration focuses on the instrumental orientations of nonprofits' involvement in the delivery of public services. The key question here is how nonprofits can serve as a tool of government to more efficiently produce and deliver public services (Cheng, 2019).

Nonprofits are essential to the framework of civil society as a whole and cannot be reduced solely to their role in providing services. The expansion of the nonprofit sector is a sign of civil society's contribution to advancing democracy (Kim, Prakash, Stone, Williams, & Toepler, 2021). Often acting as agents of democracy, nonprofits encourage participation and act as stewards of the public interest (Langer & LeRoux, 2017). In other words, nonprofits play a crucial role in society, stepping in where they would be constrained by the public sector.

Recent research indicates the increasing roles of nonprofits in financing and influencing public service provision (Cheng, 2019; Cheng, Yang, & Deng, 2022; Gazley & Guo, 2020). These findings provide important lessons for practitioners as the equity concerns of relying on nonprofits to fund public service provision increase (Gazley et al., 2020; Nisbet & Schaller, 2020).

Nonprofit capacity leverages funding on support collaboration. Consistent with the literature on government-nonprofit collaborations, Cheng (2019) found that nonprofit capacity positively affects nonprofits' involvement in delivering public services. The findings show that government-nonprofit collaborations follow different patterns when nonprofits are involved in different stages of public service provision. Contrary to findings

in the context where nonprofits receive government funding and mainly engage with the delivery of public services, resource constraints of local governments open the door for the involvement of nonprofits in the planning and design of public services.

2.3 Hypotheses on the Impact of Government-nonprofit Collaborations in Early Care and Education Services

We primarily draw on policy studies on early care and education to develop hypotheses on the impact of government-nonprofit collaborations. Nonprofits have long been major in providing early care and education services. Literature reports that nonprofits have served in important roles since US colonial times, from the creation of Harvard College in 1636, to the public library movement boosted by Andrew Carnegie, to the Gates Foundation's efforts to improve K–12 education in recent years Cheng (2019).

Government funding may have significant implications for a nonprofit's depth of services offered. Nonprofits are driven by unmet demand for public services and the availability of funding on provide early care and education services (Paarlberg & Gen, 2009). Beyond direct classroom services, the availability of funding often translates into increased provision of other supportive resources to families in early care and education services (Selden et al., 2006).

In addition, higher-quality education and care are associated with better educational outcomes (Bowman et al., 2001; Brooks-Gunn, 2003; Essa & Burnham, 2019). From a resource-based perspective, better educational outcomes result from management actions in allocating available resources (Selden et al., 2006). Educational outcomes can be measured by educational indicators as they help monitor the level of quality of education, demonstrating students' performance through statistical values (Oliveira Júnior, Minori, & Frota, 2019). We therefore hypothesize:

H1: *Government funding is positively associated with educational outcomes*.

However, government-nonprofit collaborations encounter significant obstacles in the Global South. Nonprofits operate in unstable contexts compared to those of Global North countries, often characterized by weak public apparatus, limited regulatory mechanisms, and conditionality of and fluctuation in government funding (AbouAssi & Bies, 2018; AbouAssi et al., 2021; Banks et al., 2015; Brinkerhoff & Wetterberg, 2016; Haddad, 2017). The central government tends to be weak, lacking the capacity and resources to deliver public services, and attacked by corruption allegations (Brinkerhoff & Wetterberg, 2016).

As a result, the government becomes increasingly dependent on nonprofits to satisfy the community's fundamental needs, enabling room for nonprofits to operate, interact, and develop collaborations(AbouAssi et al., 2021). Particularly in Brazil, funding for nonprofit partners in the recent 20 years post-democratization has been largely fluctuating in the midst of major political turnovers. From the early 1990s to early 2010, there was increasing funding for government-nonprofit collaborations, with nonprofit partners becoming crucial for public service delivery in areas such as health, culture, and science among others (Mendonça, Alves, & Nogueira, 2018).

Yet, after some years of apparent optimism and excitement in Brazil, when the economy was growing in the late 2000s and early 2010s, major street protests irrupted in 2013 following a series of denounces and corruption scandals the Congress impeached President Dilma Rousseff due to unauthorized budget operations in 2015 (Marchesini da Costa, 2019). Since then, government-nonprofit collaborations have gone through a process of funding restriction, with growing distrust in the activities of nonprofit partners (Mendonça et al. 2016).

In such context of skepticism, Alves and Costa (2020) illustrate the advancement of governments (both in federal and state levels) with speeches hostile to nonprofits, elected in 2018, compromised the government-nonprofit collaborations. Additionally, Marchesini da Costa (2019) points out that speeches that were not favorable to the nonprofit sector, on the part of elected politicians, hindered the continuity of government-nonprofit

collaborations and increased distrust about the seriousness of nonprofit activities.

The political ideology of the current government has the potential to regulate the availability of resources. In Brazil, government funding allocation to nonprofits is frequently contingent on parliamentary amendments. These amendments can be introduced either individually or collectively by groups of legislators. Amidst a crisis resulting from budget scandals, the capacity of legislators to amend the budget is severely jeopardized, as individual amendments are perceived as a significant source of corruption that contributed to the scandal (Donadelli, 2020; Graton et al., 2020; Junior et al., 2015; Pereira & Orellana, 2009).

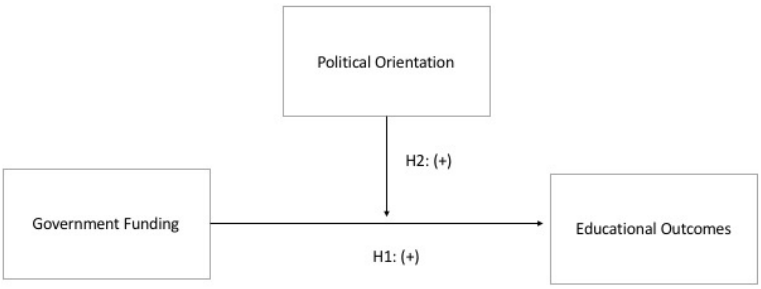
Government can adopt different approaches towards nonprofits, such as increasing or reducing funding on government-nonprofit collaborations, depending on the prevailing political ideology (Marchesini da Costa, 2019). Given the influence of the country's political moment as a significant factor in the dissemination of ideological currents capable of forming (un)favorable opinions about government-nonprofit collaborations, it is reasonable to wonder whether elected officials have enough popular beliefs to temporarily consolidate the qualification of what is relevant or not in society.

Such a perspective can be observed via the total amount of donations and funding from nonprofits in various political circumstances. In other words, the current government's political ideology, which is responsible for establishing government policies, is being tested to determine if it significantly impacts donors' willingness to contribute financially to nonprofits. Consequently, the relationship between the government's political ideology and the financial resources available to nonprofits emerges as a feasible analysis component to comprehend the financing mechanisms. As a result, we propose:

H2: *Government funding is moderated by political ideology affecting educational outcomes*.

Figure 1 displays the conceptual framework:

Figure 1: Hypothesis conceptual framework



3 Methods

To test the developed hypotheses, we adopted the following methodological procedures for data collection, processing, and analyses.

3.1 Sample

We developed an unique dataset by merging the following data from the sources listed below for the period from 2009 to 2022:

1. Institute of Applied Economic Research Nonprofits' Map *(Mapa das OSCs)*: available data on nonprofits operating in Brazil such as geographical location, funding, workforce, etc.

2. Atlas Brazil: demographic data such as total population, birth rate, etc.

3. Higher Electoral Court TSE: Data on elections of governors and presidents, as well as the year of the election, political party, and ideological ideology.

4. Index of Development of Basic Education *(Índice de Desenvolvimento da Educação Básica -IDEB)*: data on private and public education at the primary education level. IDEB is a composite index based on data on school approval, gathered from

the School Census, and performance averages in the Basic Education Assessment System (Saeb).The Portuguese and Mathematics examination is carried out with a periodicity of two years; therefore, we replicate the data in subsequent years.

5. Plataform + Brazil: data on government funding on nonprofits including parliamentary amendments.

Our dataset consists of 378 observations from 26 states and the Federal District. We aggregated data by state to capture a general and comparative analysis among states. Hence, the unit of analysis the state.

3.2 Variables

In order to measure educational outcomes such as the quality of basic education in Brazil, we selected IDEB as a proxy indicator. Such index is assessed by the National Institute of Educational Studies and Research Anísio Teixeira (INEP), responsible for applying performance assessments to elementary school students every two years, able to reflect the income of students in the tests of Portuguese and Mathematics, as well as the rate of school approval.

The calculation to measure the IDEB involves the combination of the average performance of students in the standardized tests and the rate of school approval and, therefore, allows the monitoring of the evolution of the quality of education over time, as well as serves as a basis for defining public goals and policies aimed at improving basic education in Brazil. All data from the IDEB can be found in the Appendix. Table 1 displays the variable's description.

<Insert Table 1 about here>

3.3 Empirical Strategy

To test hypothesis 1, we adopted a linear regression methodology in panel data. In parallel to the results of Coupet (2018), we isolated government funding from other revenues to capture the effect on the difference in the quality of education between the public and private school networks within the same state. Including the variable that represents government funding in the equation allowed us to measure the impact that the nonprofits can generate when it has the federal support to carry out social actions in the educational field. We also included additional variables in the model to control the influence on the IDEB values of each of the school networks and, thus the difference between them.

Therefore, we estimated the following model:

$$IDEBGap_t = B_0 + B_1 GovernmentFunding_1, t + \sum_{i=1}^{n} B_i \cdot X_i, t + \lambda_i, t + e_i, t \qquad (1)$$

$IDEBGap_t$ is the difference between the estimated IDEB of each school network in time t. $GovernmentFunding$ is a variable that measures the government funding on nonprofits that act in basic education in a continuous and categorical form. In addition, B_0 is a constant, and X_i, t's are the control variables of the IDEB Gap, with i = 1,..., N and t = 1,...,T. Among the control variables are: The estimated total population, the birth rate, and per capita income. In addition, e_i, t is the residue of the regression, and λ_i, t is the dummy variable of time.

To test hypothesis 2, we also adopted a linear regression methodology in panel data. According to Alves and Costa (2020), we inserted a binary variable to reflect the political ideology of the current government, able to measure the effect on the "IDEB Gap" when the ideological inclination to the left. Furthermore, the effect on the "IDEB Gap" has been measured when the political ideology converges at the state and country level. Thus, it

was possible to observe the impact of funding nonprofits when the political scenario of the period in question varied.

Hence, , we estimated the following model:

$$IDEBGap_t = B_0 + B_1 GovernmentFunding_{1,t} + B_2 Politicalideology_{1,t} + \tag{2}$$

$$B_3 Politicalideology_{1,t} * GovernmentFunding_{1,t} + \sum_{i=1}^{n} B_i \cdot X_{i,t} + \lambda_{i,t} + e_{i,t} \tag{3}$$

GovernmentFunding is a variable that measures the government funding on nonprofits that act in basic education, aggregated by state, in its categorical form. Thus, it is possible to measure the isolated impact of high levels of resource harvesting by nonprofits.

The second hypothesis is tested from two premises that measure political influence. The years of government in which the governors of the Brazilian states were part of political parties of left ideology were isolated, and, to this end, the effect on the "IDEB Gap" was measured by means of linear regression in the panel. Then, it was necessary to measure the convergence of the political ideologies of governments between the national and state spheres.

Similar to the construction process of the Hypothesis 1 equation, the parameters B_0, X_i,t's, e_i, and λ_i,t are referenced to the same variables.

In both models, linear regressions by Ordinary Least Squares (OLS) were estimated on panel data.

3.4 Summary Statistics

Table 2 presents the descriptive statistics of the selected variables, including the number of observations available, the average, and standard deviation, such as the mini-

mum and maximum observed values.

The variable "IDEB Gap" has presented an average of 1.702, with a standard deviation of 0.396. The "Gap in Mathematics" and the "Gap in Portuguese" have averages of 36.583 and 37.11, respectively, with standard deviations of 8.58 and 8.032.

Another variable analyzed was "Government Funding", which averages 76.045 and a high standard deviation of 188.384. These figures indicate a large variability in the resources sent by the federal government to Civil Society Organizations (CSOs) in the sample.

In short, the descriptive statistical table provides an overview of the characteristics and distribution of the variables studied, allowing a more accurate and based understanding of the data collected.

<Insert Table 2 about here>

By analyzing Table 3, it is possible to visualize the correlation of the variables that were included in the study, which indicates the coefficients of correlations between the variable listed in the line and the corresponding column. The correlation values belong to the range between -1 and 1, indicating the degree of association between the variables.

In this sense, it is possible to identify a negative correlation between Government Funding and Government Funding - Categorical and the IDEB Gap, at -0.279. This suggests that a higher level of resources collected by the Civil Society Organizations is associated with reducing the IDEB Gap. It is also possible to visualize a moderate negative correlation of -0.363, between the Per Capita Income variable and the IDEB Gap. Therefore, it is possible to say that there is a reasonable association between Per Capita Income and the IDEB Gap based on the data analyzed. This correlation suggests that, in general, the IDEB Gap tends to decrease as Per Capita Income increases and vice versa.

It is important to emphasize that correlation does not imply direct causality. Some various factors and variables can influence both the Per Capita Income and the IDEB Gap,

as well as the other variables present in Table 3.

<Insert Table 3 about here>

4 Results

Initially, we conducted the Breusch-Pagan Lagrange Multiplier test to identify the best way to study the data. The test pointed to significance for panel data at the level of 1%. We then carried out Hausman-Wu test to assess the consistency and efficiency of the estimators. The Hausman test was not significant and so we considered random effects in estimates.

4.1 Hypothesis 1

The result of the first hypothesis is demonstrated in Table 4, where we note in column 1.a the negative and significant coefficient of the variable "Government Funding," which points out that the increase in the resource captured by nonprofits can significantly reduce the gap existing between the IDEB of private and public schools. In other words, it is right to say that funding nonprofits can mostly promote improvements in public education.

Then, it is understood the necessity to study the effect obtained with the addition of controlling variables collected, which can be analyzed further in Table 4,(columns 1b e 1c). The result primarily obtained persists with the addition of the control variables, and therefore, it can be said that the correlation between the captured resource and the reduction of the educational gap is consistent. The test was performed by adding the year dummy - as a fixed effect - and the result persisted.

In this sense, it is identified in model 1c that the estimated coefficient for "Government Funding" is -0.000335, with a p-value less than 5%, which suggests a statistically

significant negative association between "Government Funding" and the "IDEB Gap", indicating that an increase in "Government Funding" is associated with a decrease in the " IDEB Gap" in that model. In addition, R^2 in this last estimate was 30.2%, which means that approximately 30.2% of the variability of the "IDEB Gap" can be explained by the variables included in this model.

Therefore, based on the results obtained in estimation 1c, it can be concluded that the inclusion of the control variables and the year dummy helped to improve the explanation of the dependent variable compared to previous models, demonstrating a significant and negative association between "Government Funding" and the "IDEB Gap" even after adding the controls of other variables.

<Insert Table 4 about here>

Once we observed the main result, we tested the regression of the data for the subjects' Portuguese and Mathematics observed significant and similar effects, which can be visited in Table 5. In other words, the higher the level of resources captured by nonprofits and sent by the federal government - as an ally - the greater the strength to reduce the difference in the IDEB index between the private and public school networks for all estimated models.

<Insert Table 5 about here>

It should be noted that nonprofits can act directly in the quality of public education. Government–nonprofit collaborations have the potential to face social challenges as incentives to nonprofits through contracts, financing agreements, partnerships, and co-management (Rees & Mullins, 2016; Steinberg, 2006). Thus, government becomes the principal philanthropist (Guo, 2007), the largest donor of nonprofits, funding higher resources, and, therefore, the one with the greatest potential to boost the social impact that nonprofits can generate. We now have evidence of the social impact generated in the public educational network.

Considering robustness, in table 6, the categorical variable of Government Funding is used to minimize the negative effects of the variable dispersion and to make more efficient the study that measures the impact of the absorption of high levels of resources by nonprofits. The estimate 11 of Table 6 points to the estimated coefficient of the variable "Government Funding - categorical" in the model for the "IDEB Gap", with control variables and a dummy of year. The estimated coefficient is -0.0856 and is statistically significant at a significance level of 10%.

Thus, a significant effect was observed in reducing the gap of the IDEB indicator between public and private schools. In addition, the regression counted on a R^2 close to 29%. Still, the regression tested significantly, both in the panel and in the OLS model.

Therefore, as Table 6 shows for the estimates, there is a reduction of the IDEB Gap. Hence, the robustness test proved to be successful and corroborated with previous results. It should be noted that the nonprofits can act as a quality transforming agent. It is worth realizing the hypothesis that nonprofits can efficiently play the role of agent when funded by the government.

<Insert Table 6 about here>

4.2 Hypothesis 2

In our second hypothesis we address that the political ideology impacts nonprofits capacity. To do so, we assume two premises The first one - H2a - measures whether the left-oriented political ideology can influence government funding on the nonprofits and consequently the educational outcomes that nonprofits can generate, whose effect can be measured by means of the variable "IDEB Gap", responsible for accusing reduction, or not, of the disparity existing between the quality of private and public education.

It is important to point out that the political ideology of the government may reflect the public agenda in which public policies, priorities, and approaches regards social issues

such as education, which can influence the educational performance measured by the IDEB Gap and, therefore, it was included in the regression.

The second test - H2b - measures the effect of the congruence of political ideology between the president and the governors and the level of government funding on nonprofits. We expect that, when both have the same political ideology, there is a greater transfer of resources to nonprofits, thus minimizing the IDEB Gap. This implies that cooperation and political alignment between the federal and state governments leverage the educational outcoomes, measured by IDEB's Gap.

In parallel with Alves and Costa (2020), the political moment can influence the credibility of the sector, which in turn tends to capture more or less resources. In this way, the second hypothesis was tested about the political ideology of the government and the congruence between the spheres of government by means of the variables "Political ideology (left)" and " Equal Political ideology". The variables in question measures whether the political moment influences the credibility of nonprofits and, consequently, its capacity to act in the public educational network.

4.3 Left-oriented Political ideology (H2a)

Table 7 shows the results of the regression carried out to test the second hypothesis, based on the political ideology of the current governor, inclined to the left-oriented.

The estimated coefficients for the variable "Political ideology (left)" are positive within the regression, suggesting that a greater political alignment to the left is associated with higher government funding on nonprofits.

When considering the interaction between these two variables, we seek to understand how the left-oriented political ideology can influence the relationship between government funding on nonprofits and educational outcomes.

The term interaction allows us to examine the moderating effect of the categorical

variable "Political ideology (left)" with the independent variable of funding - "Government Funding"-, on the regression of the IDEB Gap, which is the dependent variable responsible for reflecting the nonprofits performance in public educational network. We found the reduction of the IDEB Gap is triggered when the regression is measured under the effect of the left-oriented political ideology.

As pointed out in Table 7, the coefficient of the interaction variable is significant, which indicates that the relationship between the independent variables, "Political ideology (left)" and "Government Funding", and the dependent variable, "IDEB Gap", differs between the categories of the independent variables - i.e., ideological inclination and government funding. The effect of government funding on the variable "IDEB Gap" is enhanced by the presence or level of the variables that measure the political ideology of the State. Therefore, when the scenario is of left-oriented political ideology, nonprofits tend to obtain higher government funding, improving its capacity, and so, the interaction variable points to an even greater reduction in the IDEB Gap.

<Insert Table 7 about here>

We now have evidence of improvement in the quality of in the public educational network so that its quality indicator is approximate to the private education indicator, and projecting a scenario of reducing school inequality and expanding educational opportunities for children who rely on the support of the government public education.

Following Alves and Costa (2020), the results of the first premise of the second hypothesis confirm that the political ideology of the current government exercises influence on nonprofits capacity through the interference in the level of funding. That is, the political ideology of the government is shaping the pattern of public policies and the direction of the allocations of the resources available to government-nonprofit collaborations.

In addition, Marchesini da Costa (2019) points out that the political ideology of the government can affect the availability of resources and direct support to nonprofits, as analyzed in the regression of the second hypothesis. The author further elaborates that the

government may adopt different approaches in relation to nonprofits, such as increasing or reducing funding and collaboration, as also measured in the statistic model.

Hence, the validation of the hypothesis is consistent with the perspective of Galaskiewicz and Bielefeld (1998), whose approach defends that government policies play a significant role in the environment in which nonprofits operate, and may vary according to the political ideology of the government. The authors argue that government can exert influence through government funding, legislation, partnerships, or other cooperation mechanisms. Political influence may shape the opportunities and constraints faced by nonprofits and influence their strategic goals, programs, and actions.

4.4 Equal political convergence between governors and president (H2b)

Yet to measure hypothesis 2, we adopted the categorical variable of resources - "Government Funding - categorical" - with the addition of the moderating variable "Equal Political ideology", capable of measuring the effect between the ideological convergence in the national and state spheres of government, and the level of funding. By including the interaction variable, it was possible to observe the effect on the dependent variable "IDEB Gap", which reflects the educational outcomes.

The tests on political convergence between the governors and the president and the impact on the government funding on nonprofits explore an aspect that has not been studied so far. We formulated such econometric test with the aim of adding an innovative perspective to the study of nonprofits. Once the importance of political relations within the competence of nonprofits, we investigated whether the political convergence and context can influence government funding and, thus, nonprofits capacity and educational outcomes.

Table 8 displays the regression of the second premise selected to measure the second hypothesis. Government Funding showed a significant coefficient of 5% estimated at -0.127, indicating a significant negative relationship between government funding and the

IDEB Gap, which indicates the persistence of the results obtained previously.

However, the variable "Equal Political ideology" presented an estimated coefficient of -0.0354, which is not statistically significant. We also realize that the coefficient of the variable responsible for measuring the interaction between government funding and the ideological convergence between the spheres of government - "Interaction" - was estimated at 0.0862, not pointing to statistical significance.

<Insert Table 8 about here>

Yet we do not have evidence to affirm that political convergence affects government funding on nonprofits. Therefore, the hypothesis that political convergence could promote the reduction of the "IDEB Gap" by increasing the level of the disbursement of resources cannot be confirmed. Therefore educational outcomes are not explained by ideological convergences between governors and president. The premise that the nonprofit capacity is conditional on intergovernmental cooperation or that it could benefit from this political context may be discarded.

5 Conclusion

Government–nonprofit collaborations are strategic decisions to address the current social, environmental, political, and economic challenges without the help of nonprofits. Government-nonprofit collaborations have become a common governance model, especially in delivering local social services in the United States (Valero et al., 2021).

However, government-nonprofit collaborations in the Global South face substantial challenges. Nonprofit organizations in these regions operate within environments that differ significantly from those in the Global North, often marked by instability. This instability is characterized by the presence of a fragile public infrastructure, limited regulatory mechanisms, and volatility in government funding, as evidenced by previous studies (AbouAssi & Bies, 2018; AbouAssi et al., 2021; Banks et al., 2015; Brinkerhoff &

Wetterberg, 2016; Haddad, 2017). Furthermore, the central governments in the Global South typically exhibit weaknesses in their administrative capacity and resource allocation for delivering public services, while also being susceptible to allegations of corruption (Brinkerhoff & Wetterberg, 2016).

In this paper we provide a comprehensive analysis of government-nonprofit collaborations and some of the drivers of their performance in Brazilian public educational network. We developed an unique dataset comprised of five open government sources to capture the influence of government funding on nonprofits on educational outcomes from 2009 to 2022.

Our results show that, indeed, government-nonprofit collaborations play a key role in reducing educational inequality in public network, which constitutes a more democratic access to education for poor children. Our dependent variable "IDEB Gap" effect indicates that government, as an ally of the nonprofits, can favor nonprofit capacity through government funding, thus triggering educational outcomes in public educational network. Hence, we provide evidence that government-nonprofit collaborations can reduce educational inequality.

Conversely, we test how government funding is moderated by political ideology affecting educational outcomes. Our results display that the inclusion of the variable of ideological inclination potentiates the effect of reducing the "IDEB Gap", through the interaction between left-oriented political ideology and government funding. In the context of ideological convergence between the political spheres, however, our results do not hold, meaning no significant effect on the government funding on nonprofits that act in the public education network in a scenario of equal political convergence between governors and president.

Our study prove the importance of government funding on nonprofits in all the tests carried out and also attest to the influence of the current political moment on the level of government funding. Thus, as government-nonprofits collaborations are established, and actions are aligned, we notice the reduction of the quantitative divergence between private

and public educational network. We provide empirical evidence indicating enhancements in the quality of the public educational system, with its quality metrics approaching parity with those of the private education sector. This promising development suggests a prospective scenario of diminishing educational inequality in schools and an expanded range of educational opportunities for poor children who depend on public education.

As a limitation of the study, we highlight the nature of the data that were aggregated by state. Although our approach has allowed a general and comparative analysis among states, we do not provided detailed results on the characteristics and peculiarities of nonprofits capacity at the municipality level.

Future research may test our hypotheses at the municipality level. A more detailed approach will enable a deeper understanding of the functioning and limitations of nonprofits, especially in what regards to managerial capacity. Research on social network analysis, leadership, nonprofit board, and governance practices should be developed. By adopting such perspective, collaborative scholarship can provide valuable insights to improve the nonprofit capacity at the municipal level, contributing to an even stronger understanding of the social missions and objectives of the large nonprofit sector.

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A Tables

Table 1: Description of Variables

Variables	Explanation
IDEB Gap	Difference between the IDEB indicator of public and private schools
Gap in Mathematics	Difference between the IDEB indicator of public and private schools, in math
Gap in English	Difference between the IDEB indicator of public and private schools, in English
OSC	Government Funding by the Third Sector, sent by the Federal Government, in the size of millions
Government Funding - categorical	Resources as categorical variable grouped by state, in low, medium and high revenue levels
Political ideology (left)	Binary variable of political ideology of government, at administrative levels of state and country, with ideological inclination to the left
Equal Political ideology	Equal political ideology, at the state and country level
Measured Population	Total Population, in the magnitude of millions
Birth Rate	Birth rate, geographical state level
Income Per Capita	Per Capita income in Logarithm

Table 2: Descriptive Statistics

Variable	Obs	Average	Std. Dev	Min	Max
IDEB Gap	302	1.702	.396	.4	2.6
Gap in Mathematics	362	36.583	8.58	7.94	55.94
Gap in English	360	37.11	8.032	12.15	54.67
Government Funding	378	76.045	188.384	0	1185.781
Government Funding - Categorical	378	0	.818	-1	1
Political ideology (left)	347	.45	.749	-1	1
Equal Political ideology	347	.582	.494	0	1
Population Measured	351	7594	8887	459	46,997
Birth Rate	351	15.897	2.531	12.03	23.67
Per Capita income	297	6.468	.331	5.824	7.447

Table 3: Correlation Table

Variables	1.	2.	3.	4.	5.	6.	7.	8.	9.
1. IDEB Gap									
2. Gap in Mathematics	0.821								
3. Gap in English	0.868	0.897							
4. Resources OSC	-0.279	-0.267	-0.306						
5. Government Funding - Categorical	-0.308	-0.146	-0.278	0.424					
6. Political Guidance (left)	0.120	0.047	0.72	0.035	0.066.				
7. Equal Political Guidance	0.066	0.063	02.038	0.000	-0.043	0.244			
8. Population Measured	-0.337	-0.131	-0.236	0.562	0.590	0.150	0.060		
9. Birth Rate	0.302	0.085	0.259	-0.261	-0.568	-0.010	0.180	-0.473	
10. Per Capita Income	-0.363	-0.184	-0.390	0.404	0.392	-0.105	0.002	0.353	-0.394

Table 4: Results from Hypothesis 1

	Model 1a	Model 1b	Model 1c
Government Funding	-0.000538***	-0.000151	-0.000335**
	(0.0000785)	(0.0000953)	(0.000104)
Measured Population		-0.00754**	-0.00641**
		(0.00261)	(0.00221)
Birth Rate		0.0153	0.00220
		(0.00979)	(0.00955)
Per Capita Income		-0.284***	-0.310***
		(0.0816)	(0.0856)
Constant	1.748***	3.372***	3.952***
	(0.0235)	(0.638)	(0.640)
Observations	302	240	240
R^2	0.078	0.195	0.302
Controls	Não	Sim	Sim
Year Dummy	Não	Não	Sim

Default errors in parentheses: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.001$

Table 5: Education Results: Math and English

	Gap in Mathematics			Gap in Portuguese		
	1d	1e	1f	1g	1h	1i
Government Funding	-0.0119***	-0.0105***	-0.0127***	-0.0128***	-0.00730***	-0.00940***
	(0.00200)	(0.00309)	(0.00314)	(0.00136)	(0.00206)	(0.00213)
Measured Population		0.0409	0.0514		0.0283	0.0367
		(0.0733)	(0.0621)		(0.0592)	(0.0503)
Birth Rate		0.0158	-0.103		0.428**	0.312
		(0.227)	(0.226)	(0.212)	(0.207)	
Per Capita Income		-2.508	-2.171		-7.051***	-6.641***
		(1.815)	(1.843)		(1.540)	(1.470)
Constant	37.52***	52.54***	55.88***	38.11***	76.02***	76.97***
	(0.455)	(13.76)	(14.15)	(0.429)	(11.90)	(11.19)
Observations	362	288	288	360	287	287
R^2	0.071	0.078	0.201	0.094	0.192	0.303
Controls	Não	Sim	Sim	Não	Sim	Sim
Year Dummy	Não	Não	Sim	Não	Não	Sim

Default errors in parentheses: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.001$

Table 6: Resource Impact Results

		IDEB Gap		Gap in Mathematics	Gap in Portuguese
	1j	1k	1l	1m	1n
Government Funding - Categoric	-0.147***	-0.0585	-0.0856*	-1.420	-1.436*
	(0.0269)	(0.0496)	(0.0513)	(0.883)	(0.819)
Measured Population		-0.00769**	-0.00799**	-0.0553	-0.0282
		(0.00280)	(0.00257)	(0.0615)	(0.0525)
Birth Rate		0.00537	-0.0122	-0.293	0.121
		(0.00994)	(0.0107)	(0.224)	(0.206)
Per Capita Income		-0.289***	-0.336***	-3.510**	-7.591***
		(0.0832)	(0.0846)	(1.742)	(1.421)
Constant	1.712***	3.551***	4.343***	66.96***	86.04***
	(0.0214)	(0.585)	(0.585)	(13.02)	(10.26)
Observations	302	240	240	288	287
R^2	0.095	0.197	0.298	0.163	0.284
Controls	Não	Sim	Sim	Sim	Sim
Year Dummy	Não	Não	Sim	Sim	Sim

Default errors in parentheses: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.001$

Table 7: Results of the Political Guidance (left)

	2a	2b	2c
Government Funding - Categoric	-0.134***	-0.0238	-0.0462
	(0.0243)	(0.0443)	(0.0467)
Political ideology (left)	0.0807**	0.0471**	0.0111
	(0.0251)	(0.0234)	(0.0267)
Interaction	-0.0824**	-0.105***	-0.101***
	(0.0295)	(0.0298)	(0.0290)
Measured Population		-0.00754**	-0.00714**
		(0.00297)	(0.00283)
Birth Rate		0.00683	-0.00807
		(0.00925)	(0.0106)
Per Capita Income		-0.314***	-0.371***
		(0.0796)	(0.0826)
Constant	1.698***	3.682***	4.499***
	(0.0211)	(0.568)	(0.587)
Observations	273	236	236
R^2	0.144	0.250	0.332
Controls	Não	Sim	Sim
Year Dummy	Não	Não	Sim

Default errors in parentheses: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.001$

Table 8: Results of Ideological Convergence

	2d	2e	2f
Government Funding - Categoric	-0.229***	-0.124**	-0.127**
	(0.0416)	(0.0610)	(0.0631)
Equal Political Guidance	0.0352	0.00541	-0.0354
	(0.0451)	(0.0472)	(0.0462)
Interaction	0.131**	0.125**	0.0862
	(0.0569)	(0.0598)	(0.0589)
Measured Population		-0.00852**	-0.00829**
		(0.00281)	(0.00264)
Birth rate		0.00326	-0.0105
		(0.0101)	(0.0107)
Per Capita Income		-0.317***	-0.356***
		(0.0869)	(0.0885)
Constant	1.708***	3.775***	4.463***
	(0.0321)	(0.617)	(0.615)
Observations	273	236	236
R^2	0.124	0.228	0.314
Controls	Não	Sim	Sim
Year Dummy	Não	Não	Sim

Default errors in parentheses: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.001$