

# NEXUS: The Pittsburgh Dialogues for Volunteers, Philanthropists and Activists

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NEXUS LINKS THE BEST OF NATIONAL THINKING WITH PROMISING WORK IN OUR COMMUNITIES TO BUILD TRUST AND CIVIC ENGAGEMENT, IN AN EFFORT TO SHAPE A COMPREHENSIVE ACTION AGENDA FOR WESTERN PENNSYLVANIA.

## *Nonprofits and the future of the Pittsburgh region*

A century ago Pittsburgh stood out among the fastest growing industrial regions of the world. Producing 30 percent of the nation's steel, the region attracted thousands of newcomers annually to work in metals, glass, and other industries that multiplied along the banks of the Ohio River and its tributaries. Today, Pittsburgh is a region

transformed - in many ways for better, but in some ways for worse. For better, residents enjoy air that is cleaner, rivers that are reclaimed for public recreation, a relatively low-cost housing stock, and high tech industries that do not destroy the natural environment. For worse, the region is no longer a magnet for newcomers seeking employment, and too many existing residents are ill prepared to take advantage of emerging economic opportunities.

*Giving and volunteering ... tie people to others who may be different, which depends upon a belief in a community of shared fate and a generalized faith in people.*

While Pittsburgh's future remains uncertain, nonprofit organizations will almost certainly have a major role to play in shaping its future for the better. According to Paul C. Light of NYU's Wagner School of Public Service, the seven-county region's nonprofits "occupy a special niche as the first responders to a host of social and economic problems that impede hopeful progress" and "as the first providers of many of the services that attract and hold the region's workforce."<sup>1</sup> But as Light goes on to say, nonprofits can only play these roles effectively if they are capable of surviving through times of uncertainty and responding quickly to signs of change.

One such impending change is a growing strain on resources for human service and other nonprofits in the

Pittsburgh region. Government funding for human services in Allegheny County fell from one half of total funding in 1980 to one third today. And it is not clear whether other institutions can pick up the slack. Local foundations continue to give at a steady rate, while charitable giving as a share of personal income has been declining across the nation for over 40 years.<sup>2</sup>

Support for human services has not declined due to a drop in demand. On the contrary, there appears to be a significant need for human services in the Pittsburgh region, which has among the most disadvantaged low-income population in urban America. According to economic benchmarks done by the University of Pittsburgh's Center for Social and Urban Research (UCSUR) between 1994 and 2004, Pittsburgh continues to rate near the top among 70 metropolitan areas in the nation in the percentage of female-headed households with children, elderly living alone, youth aged 16 -19 not in school or the labor force, households in poverty, households without a vehicle, as well as other indicators of poor quality of life.<sup>3</sup>

Even in the best of times, human service agencies in the region are hard pressed to meet the full range of client needs. In 2000, while the dot.com bubble was still expanding (and state government budgets increasing), nearly four in ten human service nonprofits ended the year with a shortfall in their budgets. Operating at very thin margins, human services in Pittsburgh ranked last among six benchmark regions in per capita spending for residents in poverty.<sup>4</sup> The situation appears to have grown worse since the burst of the economic bubble, at least in Allegheny County. In a survey conducted by the Forbes Funds in 2003, only one third of all nonprofits in the county (human

service and non-human service) reported a high or very high ability to raise sufficient funds to ensure uninterrupted service delivery and just 19 percent reported the same ability to generate unrestricted revenue (revenue not designated to particular uses by the donor).<sup>5</sup>

A 2004 survey of nonprofit executives and residents of Allegheny County, also sponsored by the Forbes Funds, may begin to shed light on why public support for human services has not kept pace with need.<sup>6</sup> County residents and nonprofit executives, the survey reveals, do not seem to agree on the needs and priorities facing their communities or on the best ways to improve community capacity to meet those needs. Residents rated crime/neighborhood safety as the most important problem in their communities, whereas nonprofit executives gave top priority to quality of education while ranking crime/neighborhood safety fourth of 5 major problems. Similar disparities in perception exist between residents and executives on hunger, illiteracy, and housing issues. For example, 69.2 percent of executives said that the county has very or fairly serious housing problems, whereas only a third as many residents (23.7 percent) recognized housing as a problem. Overall, executives were 2 to 4 times more likely than residents to believe that any of five specific problems in their community (education, crime/safety, hunger, illiteracy, housing) needed serious attention.

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On the issue of how best to improve local capacity to address community problems, the study revealed further differences in perception between nonprofits and residents. Executives ranked increased funding and other resources

for nonprofits first among possible solutions. They also tended to agree that charitable giving is the most important thing citizens, governments, and businesses could do to solve the problems. Residents reported opposite views. They listed donating money to charity last among ways that people like them could help, saying instead that volunteering would have the greatest impact (a solution that nonprofit executives ranked sixth among 11 possible solutions).

The research cited above paints a distressing portrait of human services (and possibly other nonprofits) in the Pittsburgh region: They face shrinking resources at a time of growing community need, a problem reflected in a lack of effective communication between nonprofits and the communities they serve. If residents and nonprofits don't see the same community problems, how will they work together to improve local quality of life?

### ***Why trust matters to nonprofits***

The 2004 Forbes Fund survey revealed that nonprofits and residents differed dramatically in both their understanding

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of community problems and in their preferred solutions. What accounts for this lack of mutual understanding? In part the problem stems from failure to sustain public dialogue on community problems. Dialogue enables people to "find a common will to undertake common tasks."<sup>7</sup>

But trust, which may currently be in short supply, is needed in order to get a broad

dialogue going. Next, I discuss the evidence supporting this contention and explore its potential implications for the Pittsburgh region.

Numerous surveys seem to confirm that over the past 30 to 40 years Americans steadily lost trust in major institutions such as organized religion, education, the media, medicine, television, Congress, and banks. Compared to the early 1970s, far fewer among us today believe that these institutions are managed in an ethical and effective way. During the same period Americans also lost “generalized trust” or faith in people they do not know. In 2004 only 36 percent of Americans believed “most people can be trusted,” compared to 46 percent in 1972 and 55 percent in 1960.<sup>8</sup> Trust in institutions and generalized trust have different roots. Yet each is necessary to sustain broad dialogue and effective action on community issues.

Trust in institutions underwrites broad participation in collective decisions that call upon institutional leadership and resources. People are not likely to participate in collective decisions unless they are confident that institutions will ethically and effectively implement those decisions.<sup>9</sup> Many people do not vote, for example, because they don’t trust elected officials to look after their interests. Institutional trust also affects people’s willingness to engage in community improvement efforts, such as charitable giving and volunteering. People donate less of their money and volunteer fewer hours when they don’t believe that nonprofit institutions operate efficiently, spend money wisely, or do a good job helping others.<sup>10</sup>

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It is perhaps telling that personal philanthropy in the United States has fallen alongside trust in institutions. After doubling between 1929 and 1960, charitable giving as a percentage of personal income declined from a high of 2.2 percent of income in 1964 to a low of 1.58 percent in 1994. After recovering to 2.1 percent in 2000, giving fell again to 1.9 percent in 2004.<sup>11</sup> Can declining trust in institutions be blamed for the fall in personal philanthropy? Perhaps, but this cannot be confirmed. The General Social Survey, which has measured institutional trust since 1972, does not contain questions specific to nonprofit institutions. Therefore, we do not know the long run trends specific to trust in nonprofits. Since the 1990s, however, data have

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become available on trust in nonprofits. And they indicate that in the past five years Americans have become less trusting that nonprofits carry out their missions in an ethical and effective way.<sup>12</sup> Recent survey data from Allegheny County help to sketch out the local landscape of nonprofit trust. Only 14 percent of survey respondents expressed a “great deal of confidence” in their local nonprofits, with the vast majority expressing a “fair amount,” and one in 5 expressing “not too much” or “no” confidence.<sup>13</sup>

Nonprofits pay attention to institutional trust for good reason – it has a clear impact upon giving and volunteering. But trust in people (generalized trust) is less well understood, even though, as I shall argue, it too is an important resource for communities to find their common will and undertake common actions.

Trust in people is a moral value that we learn early in life from parents who instill a sense of belonging to a larger community.<sup>14</sup> Perceiving a common stake with others is the basis for believing that most people are well intentioned, even if strangers occasionally take advantage of us. So people who have a general faith in others will reach out even to people who are different. In contrast, those who trust only members of their own kind - “particularized trusters” - see the world as a hostile place and tend to look upon strangers with suspicion.<sup>15</sup> If the world were populated only with particularized trusters, it would be hard to sustain dialogue among citizens who are not of the same race, socio-economic status, or political party. And this kind of broad dialogue is exactly what is needed to initiate meaningful progress on challenges facing local communities. Generalized trusters believe that it is possible for people to disagree respectfully, and that it is more important to get things done together than to adhere to ideological beliefs. Trusters are therefore more inclined to put aside narrow interests for the purpose of discussing the interests of the broader public.<sup>16</sup>

People who trust others are also more likely to come to the aid or work alongside of those who are not of their own kind. Trusters are the ones who will do much of the work implementing collective decisions aimed at addressing community issues. Recent studies indicate that generalized trusters are significantly more likely than particularized trusters to donate time and money to meet the needs of their community.<sup>17</sup> It turns out that people’s willingness to engage in various kinds of civic activities, like joining membership associations, reading newspapers, voting, and protesting, do not depend much upon generalized trust.<sup>18</sup>

These activities do not require faith in people who are different from ourselves, and are therefore not contingent on trust. Giving and volunteering are notable exceptions. They tie people to others who may be different, which depends upon a belief in a community of shared fate and a generalized faith in people.

### ***Rebuilding trust and improving communities***

Declining trust, I have argued, has stood as a barrier to broad public dialogue and collective action on problems facing local communities. But what explains trust's decline?

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The answer to this question depends upon which kind of trust is at issue. Levels of institutional trust depend largely upon public perceptions of how ethically and effectively institutions carry out their goals. From this perspective the loss of trust in nonprofits reflects an increasing public scrutiny of how nonprofits are managed. Efforts such as the Independent Sector's initiative to improve nonprofit ethics, accountability, and transparency thus represent clear progress toward rebuilding trust.<sup>19</sup> Rebuilding trust in people is a different kind of problem, one that may require large scale changes that could take years to achieve.

According to one prominent theory, trust in people reflects an optimistic attitude toward the world. And optimism is a product of, among other things, an equitable distribution of economic resources.<sup>20</sup> Political scientists Eric Uslaner and Mitchell Brown have sought to test the link between equality and trust as well as the related claim that inequality

depresses civic engagement “either directly or indirectly, through its effects on trust.”<sup>21</sup> Using cross-sectional data on American states, they found that in states where income disparities were greatest, people were the least trusting of strangers. States with the greatest trust had the most even distribution of economic resources. Residents were more likely to believe that the future will be better than the past, and they helped make the future brighter for others by giving more of their income to charity, volunteering more often, and showing a greater interest in discussing community problems.

If Uslaner and Brown are correct, then one cause of America’s decline in trust is that fewer optimists are among us.<sup>22</sup> Economic disparities have steadily gotten worse. As people at the bottom of the income distribution have become less connected to the benefits of society, they have grown pessimistic about the future. Economic inequality has long been greater in the United States than in other advanced industrial nations. But rising living standards that had prevailed in the United States since the end of World War II came to an end in the early 1970s for households in the middle and bottom of the income distribution. Since 1970 the average real income has declined steadily for those in the bottom 20 percent of the income distribution while remaining even for those in the middle 20 percent. Income earners in the top 20 percent, in contrast, have enjoyed robust growth, pulling further and further away from the middle and bottom classes over time.<sup>23</sup>

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Pittsburgh may be among the worst regions in the nation in economic inequalities. UCSUR benchmarks compared the 70

largest cities, 50 largest counties, and 50 largest metropolitan areas on a variety of indicators of economic inequality – e.g., employment, income, poverty, homeownership, and home value – and found that low-income residents in the Pittsburgh region are worse off than their counterparts in the other benchmark regions. Black-white income inequalities in the region are particularly bad. For the year 1999, per capita income for whites (\$21,849) was nearly twice that for blacks (\$12,356), white poverty rates (14.3%) were nearly two and a half times less than black rates (34.1%), and white home values were valued about 33 percent higher than black home values.<sup>24</sup>

If inequality lowers trust through its effects on optimism, then residents of the Pittsburgh region should have a somewhat more pessimistic outlook on the future than residents of other regions. A comparison of the attitudes of Allegheny County residents with those of people in other parts of the country lends support to this idea. In a 2004 survey, county residents were asked, “When you think about the future of your community, do you feel more optimistic that its best years are ahead, or do you feel that your community’s best years might already be behind it?” Fifty percent of Allegheny County residents were optimistic compared to 59.8 percent of national respondents. Another 45.3 percent of Allegheny County residents felt the best years were past, compared to 29.9 percent of national respondents.<sup>25</sup>

Perhaps trust will be strengthened in the Pittsburgh region when more people begin to benefit from regional economic growth. As more people identify a common stake in the region, they could also develop a deeper commitment to understanding and addressing community problems. Yet

rebuilding trust is not the whole story. The value of a discussion about trust can only be measured in relation to past and existing efforts to improve the capacity of communities to identify and address important issues. Given what we now know about the difference that trust can make to nonprofits, as well as about the uncertainties facing our local communities, now may be the time to give the issue of trust prominent place on the agenda for moving the Pittsburgh region toward a better future.

## Notes

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<sup>1</sup> Paul C. Light, *Facing the Futures: Building Robust Nonprofits in the Pittsburgh Region* (Pittsburgh, PA: The Forbes Funds, 2005), 2.

<sup>2</sup> See Carol J. DeVita, Eric C. Twombly, Jennifer Auer, and Yuan You, "Charting the Resources of the Pittsburgh Region's Nonprofit Sector," Report prepared for the Forbes Fund (Washington D.C.: The Urban Institute, September 2004), 1; The Forbes Funds, *Greater Pittsburgh Community Threads* (Pittsburgh, PA: Author, 2003), 3.

<sup>3</sup> Ralph Bangs, Christine Anthon, Shannon Hughes, and Christopher Shorter, "Black-White Benchmarks Reports" (Pittsburgh, PA: University of Pittsburgh, Center for Social and Urban Research, March 2004).

<sup>4</sup> Carol J. DeVita and Eric C. Twombly, "The Precarious Billion Dollar Sector: Nonprofit Human Services in the Pittsburgh Metropolitan Area," Report Prepared for the Forbes Funds (Washington, D.C.: The Urban Institute, September 2003), 5-6.

<sup>5</sup> The Forbes Funds, *Greater Pittsburgh Community Threads*, 3.

<sup>6</sup> Campos, Inc., "Human Services Poll," (Pittsburgh, PA: The Forbes Funds, August 2004).

<sup>7</sup> Benjamin Barber, *Strong Democracy: Participatory Politics for a New Age*, Twentieth Anniversary Edition (Berkeley and Los Angeles: University of California Press, 2003), ix.

<sup>8</sup> The 1960 statistic for trust in others is from a survey in Gabriel A. Almond and Sidney Verba, *The Civic Culture* (Princeton, NJ: Princeton University Press, 1963). All other trends reported in this paragraph are derived from the General Social Survey, Cumulative Datafile 1972-2004, <http://sda.berkeley.edu:7502/cgi-bin/hsda?harcsta+gss04> (Analysis done by the author, November 15, 2005).

<sup>9</sup> Mark E. Warren, "Deliberative Democracy and Authority," *American Political Science Review* 90, 1 (1996): 46-60.

<sup>10</sup> Christopher Toppe and Arthur D. Kirsch, *Keeping the Trust: Confidence in Charitable Organizations in an Age of Scrutiny* (Washington, D.C.: Independent Sector, August 2002), 4-5; also, Paul C. Light, "Trust in Charitable Organizations," *Policy Brief 6* (Washington, D.C.: The Brookings Institution, December 2002), 1.

<sup>11</sup> Data for the period 1929 to 1964 come from Robert D. Putnam, *Bowling Alone: The Collapse and Revival of American Community*

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(New York: Simon & Schuster, 2000), 122-123. For subsequent years data can be found in AAFRC, *Giving USA 2005* (Indianapolis, IN: Author), 34.

<sup>12</sup> Paul C. Light, "Trust in Charitable Organizations," "To Give or Not to Give: The Crisis of Confidence in Charities," *Policy Brief 7* (Washington, D.C.: The Brookings Institution, December 2003), "Fact Sheet on the Continued Crisis in Charitable Confidence" (Washington, D.C.: The Brookings Institution, September 13, 2004), "Rebuilding Public Confidence in Charitable Organizations," *Public Service Brief 1* (New York: New York University Robert F. Wagner Graduate School of Public Service, October 2005).

<sup>13</sup> Campos, Inc., "Human Services Poll," 5.

<sup>14</sup> Wendy M. Rahn and John E. Transue, "Social Trust and Value Change: The Decline of Social Capital in American Youth, 1976-1995," *Political Psychology* 19, 3 (1998): 545-565.

<sup>15</sup> See Eric M. Uslaner, *The Moral Foundations of Trust* (New York: Cambridge University Press, 2002).

<sup>16</sup> The following sources are useful for identifying the effects of trust discussed in this paragraph: Putnam, *Bowling Alone*, 136-137; Robert D. Putnam, Robert Leonardi, and Raffaella Y. Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton, NJ: Princeton University Press, 1993), 88-89, 170-171; Piotr Sztompka, *Trust: A Sociological Theory* (New York: Cambridge University Press, 1999), 102-107; John Brehm and Wendy Rahn, "Individual Level Evidence for the Causes and Consequences of Social Capital," *American Journal of Political Science* 41, 3 (1997): 1003.

<sup>17</sup> Eric M. Uslaner, "Producing and Consuming Trust," *Political Science Quarterly* 115, 4 (2000): 571-573, 576-578; Eric M. Uslaner and Mitchell Brown, "Inequality, Trust, and Civic Engagement," in *American Politics Research* 33, 6 (2005): 868-894.

<sup>18</sup> Dietland Stolle and Thomas R. Rochon, "Are All Associations Alike? Member Diversity, Associational Type, and the Creation of Social Capital," *American Behavioral Scientist* 42, 1 (1998): 47-65; Dietland Stolle, "Bowling Together, Bowling Alone: The Development of Generalized Trust in Voluntary Organizations," *Political Psychology* 19, 3 (1998): 497-525.

<sup>19</sup> See Independent Sector, *Panel on the Nonprofit Sector: Strengthening Transparency, Governance, Accountability of Charitable Organizations* (Washington, D.C.: Author, June 2005).

<sup>20</sup> Uslaner, *Moral Foundations of Trust*, 181-189.

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<sup>21</sup> Uslaner and Brown, "Inequality, Trust, and Civic Engagement," 869.

<sup>22</sup> Uslaner, *Moral Foundations of Trust*, 38.

<sup>23</sup> Gary Burtless, "Growing American Inequality: Sources and Remedies," in *Setting National Priorities: The 2000 Election and Beyond*, edited by Henry J. Aaron and Robert D. Reischauer (Washington, D.C.: The Brookings Institution, 1999), 137-139.

<sup>24</sup> Bangs, et al., "Black-White Benchmarks Reports."

<sup>25</sup> See Campos, Inc., "Human Services Poll," 42. The question in the poll is not a perfect measure of personal optimism, since it asks about the future of the community rather than that of the individual. Nonetheless, it helps to identify how optimism is affected by people's geographic location.