

## **Indiana Government Officials and Trust in Nonprofits**

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with Angela Gallagher, Lauren Dula, and Rachel Miller**

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### **Indiana Intergovernmental Issues Study**

In this briefing, we analyze the extent to which local government officials (LGOs) – individuals in strategic positions to assess the contributions of Indiana nonprofits – say they trust local charities and other nonprofits to do the “right thing” and what may explain such trust. It is the fourth in a series of briefings focusing on nonprofit-government relations in Indiana from the *Indiana Nonprofits: Scope and Community Dimensions* project. The first three briefings explored LGOs’ attitudes toward 2-1-1 services, payments in lieu of [property] taxes or PILOTs, and collaboration between local government and nonprofits. Subsequent briefings will update our analysis of attitudes towards PILOTs and other topics. All briefings are available at the project website: [www.indiana.edu/~nonprof](http://www.indiana.edu/~nonprof).

The data for these briefings come from the Indiana Advisory Commission on Intergovernmental Relations (IACIR), which periodically collects information on issues affecting local governments and services for residents in Indiana. In 2012, the IACIR surveyed 1,185 local government officials (LGOs), including all city mayors; one randomly-selected member of each board of commissioners, county council, town council, and school board; and one or two (depending on population) randomly-selected township

trustee(s) from each county. The effective response rate was 35 percent. A summary of findings from the full 2012 survey can be found at the IACIR website: [www.iacir.spea.iupui.edu](http://www.iacir.spea.iupui.edu).<sup>1</sup>

### **Why Is Trust Important?**

Trust in nonprofits – the belief that they will “do the right thing” – makes it easier for donors, philanthropic funders, and government officials

#### **Quick Facts**

- About a third (31 percent) of Indiana local government officials (LGOs) say they always or almost always “trust local charities and other nonprofits to do the right thing;” another 55 percent do so most of the time.
- LGOs trust local nonprofits more than they trust local businesses, other units of local government, and especially state and federal governments.
- Controlling for all other factors, trust in nonprofits is higher for LGOs who have direct personal involvement with certain types of nonprofits; trust other local institutions; and are NOT mayors, council members, or township trustees.

to rely on nonprofits to deliver services that are difficult to evaluate. For LGOs, this reduces contracting costs, encourages them to include nonprofits in a variety of collaborative activities, and may dissuade them from imposing costly policies on nonprofits. For nonprofits, being trusted partners of local government greatly facilitates their ability to operate effectively in local communities.

Trust and confidence in a wide range of institutions in the U.S. and elsewhere appear to be in decline.<sup>2</sup> Scholars have mainly focused on the public's trust in government and what factors might explain such decline. However, some also explore trust in nonprofits and most conclude that the general population trusts nonprofits more than government. Most also find that trust in nonprofits does not seem to have declined as much as has trust in government.<sup>3</sup>

We examine two questions in this briefing: First, **how much trust do Indiana LGOs have in local nonprofits?** We compare their trust in nonprofits to similar questions about their trust in local businesses and other units of government. We also compare their responses to those provided by a sample of Indiana residents in 2008.

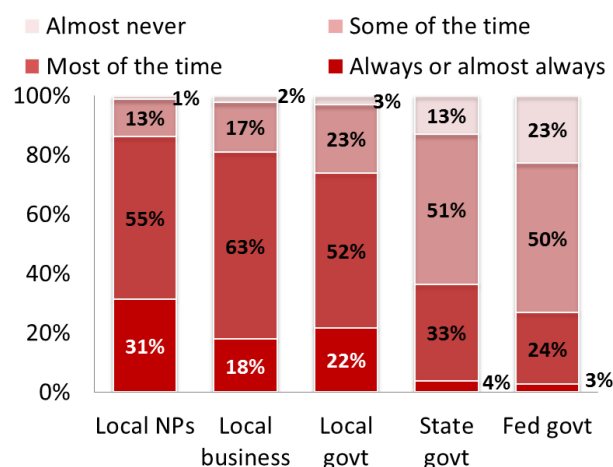
Second, **what explains LGOs' trust in nonprofits?** We explore whether such trust reflects the personal experiences with nonprofits that LGOs bring to the relationship, characteristics of local nonprofit institutions, the LGOs' own political position, whether they view working relationships with local charities and other nonprofits as positive, and whether they appear to trust local institutions in general.<sup>4</sup>

### How much trust do Indiana LGOs have in local charities and other nonprofits?

**Overall, local government officials trust nonprofits more than they trust other institutions.**

LGOs were asked if they trust local charities and nonprofits to do the right thing always or almost always, most of the time, some of the time, or almost never. As Figure 1 shows, 31 percent of Indiana LGOs say they always or almost always trust local charities or nonprofits, compared to only 18 percent for local businesses and 22 percent for other units of local government. By contrast, a miniscule 4 and 3 percent say they always or almost always trust state and federal government, respectively.

**Figure 1: Extent to which Indiana Local Government Officials Trust Various Institutions, 2012 (n ~ 380)**



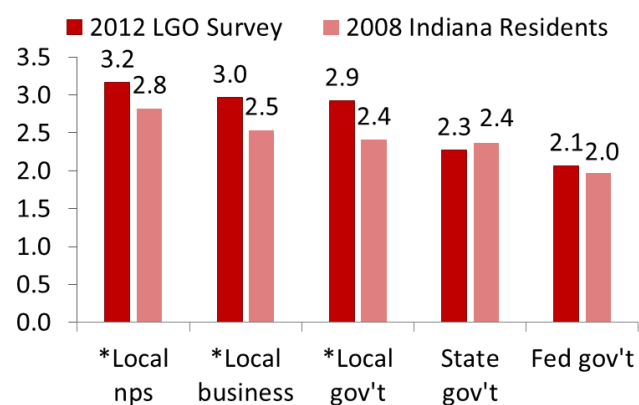
If we combine “always or almost always” and “most of the time,” fully 86 percent of LGOs report high levels of trust in local nonprofits, compared to 81 percent who trust local businesses and 74 percent who trust local government to the same extent. A similar level of trust in the state and federal government lags far behind at 37 and 27 percent, respectively. Only 1 percent of LGOs “almost never” trust local nonprofits, about the same as for local business and local government (2 and 3 percent, respectively). At the same time, 13 percent say they “almost never” trust the state government and almost a quarter (23 percent) feel similarly about the federal government.

**Indiana LGOs trust local charities and other nonprofits more than Indiana residents do.** Indiana LGOs also seem to trust local charities and nonprofits more than Indiana residents did when asked similar questions in 2008.<sup>5</sup> While 31 percent of LGOs say they trust local charities and other nonprofits to do the right thing always or almost always, only 14 percent of Indiana residents responded similarly in 2008. LGOs also trust local businesses more than Indiana residents (18 percent vs. 5 percent) and units of local government (22 percent vs. 6 percent). However, equally few LGOs and Indiana residents expressed similar levels of trust in the state (4 percent for both) or federal government (3 vs. 2 percent).

Using a four-point scale (4 = always or almost always, 1 = almost never) to more easily compare the results, we find that the average score for trust in local charities and nonprofits was significantly higher for LGOs than for Indiana residents (3.2 and 2.8, respectively) as were the scores for trust in local businesses (3.0 vs. 2.5) and trust in local government (2.9 vs. 2.4) (see Figure 2). LGOs were about as likely to trust state government as Indiana residents (2.3 and 2.4, respectively) and the federal government (2.1 and 2.0, respectively). These latter two sets of differences are not statistically significant.

The two surveys were conducted four years apart, so these differences may reflect changes in trust over time. However, the 2012 LGO survey generally shows higher levels of trust than the 2008 survey of Indiana residents, challenging the argument that trust has declined over time. Moreover, the differences in findings between the two surveys are most pronounced for trust in the three types of local institutions. Since LGOs are more likely to interact with these types of institutions than ordinary Indiana residents, we think this is consistent with our finding that LGOs have more trust in local institutions.

**Figure 2: Average Trust Scores by Indiana Local Government Officials (2012, n~380) and Indiana Residents (2008, n=536)**  
(4 = always or almost always and 1 = hardly ever)



\*Statistically significant difference between two sets of scores

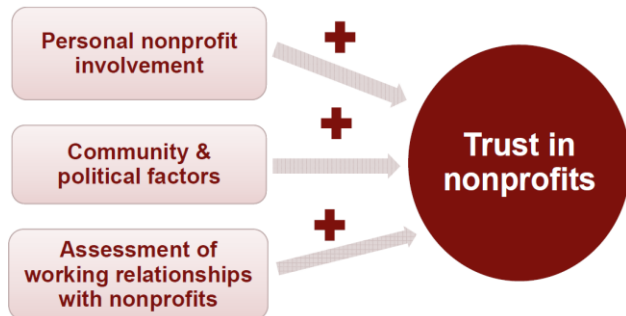
### What explains LGOs' trust in local charities and other nonprofits?

Our second question explores what accounts for the trust that LGOs have in nonprofits – the personal involvement of LGOs with nonprofits, community and political factors, or working relationships with local nonprofits. Specifically:

- Is LGO trust in nonprofits a function of their **familiarity with nonprofits** as members, volunteers, or leaders that allows them to view institutions as trustworthy when there may be no information about quality of services?
- Does the **intensity of their involvement** or the **variety of nonprofits** with which they engage matter?
- Is interaction with **particular types of nonprofits** more conducive to trust?
- Does it matter whether their communities are likely to contain **large nonprofits with high profile leadership**?
- Does it matter which **type of government position** they hold?
- Is trust related to perceptions of **positive working relationships**?

Figure 3 shows how we expect these factors to operate.

**Figure 3: Model Explaining LGO Trust in Nonprofits**



### ***Does personal nonprofit involvement affect trust?***

LGOs are typically very involved with charities and other nonprofits, and their involvement is important to their work as government officials. The vast majority (83 percent) are or have been involved with nonprofits as members or volunteers, and more than two-thirds (68 percent) hold or have held positions of leadership. They also devote considerable time to their volunteer work, averaging 33 hours per month with a median of 24 hours. However, looking at each of these factors individually we find no clear relationship to trust in nonprofits.

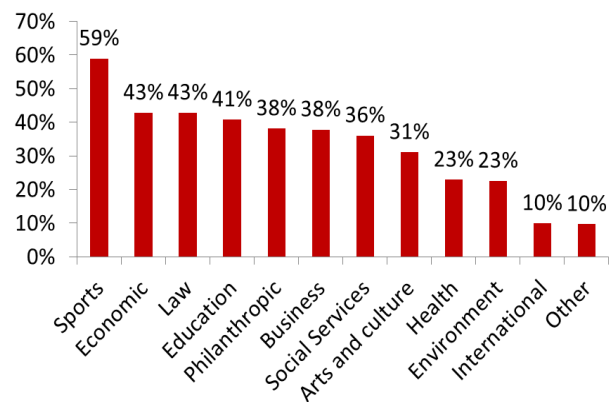
The survey also asked LGOs whether their involvement with nonprofits is important for their own work as government officials. Overall, almost half (49 percent) say it is “very important” and another 29 percent say it is “somewhat important.” The rest (22 percent) are split evenly between those who say it is “less than somewhat important” or “not important.” Those saying their involvement is very or somewhat important are slightly more likely to trust nonprofits than the latter two groups.

**LGOs are involved with a variety of nonprofits.** Probing for twelve specific nonprofits fields,<sup>6</sup>

we find that LGOs are involved with an average of about 4 different nonprofit fields, about one quarter (26 percent) are involved in 4-6 fields, and 20 percent with 7 or more fields.

We also find that LGOs are involved with some types of nonprofits much more than others. Overall, 59 percent of LGOs are involved with sports, recreation, or social clubs. Forty-three percent engage with law, advocacy, or political nonprofits and with economic and community development nonprofits (Figure 4). Education and research (41 percent); philanthropy and promotion of voluntarism (38 percent); and business, professional associations, and unions (38 percent); and social services (36 percent) follow closely behind.

**Figure 4: Percent of LGOs Officials involved with different nonprofit fields, 2012 (n=341)**



About 31 percent of LGOs are involved with culture and arts nonprofits, and almost a quarter are active in health nonprofits or environmental and animal protection nonprofits (23 percent each). The percentages for culture and arts and environmental nonprofits are surprisingly high, since there are relatively few such nonprofits in most communities. Finally, only 10 percent are involved with international or other types of nonprofits.

Of all the different ways LGOs engage with nonprofits, only two types of LGO involvement are

related to greater trust of nonprofits: LGOs involved with law, advocacy, and political nonprofits and LGOs acting as leaders of economic and community development nonprofits.

### ***Do community and political factors affect trust?***

**More urban/metropolitan communities have major nonprofit institutions with prominent leadership and the ability to convey their legitimacy to LGOs.** Major nonprofit institutions--such as hospitals, universities, and major foundations--have a visible presence in the communities in which they are located. They also have prominent leadership and highly professional staff that allow them to convey their legitimacy and contributions to the community.

Since almost all major nonprofit institutions are located in urban communities, we consider both the size of the largest town in the county (less than 15,000 residents for 55 percent of Indiana counties) and whether the county is part of a metropolitan region (50 percent of the counties) in our analysis. However, by themselves, neither of these factors appear related to trust in nonprofits.

We also consider total aggregate nonprofit revenues in the county to more directly capture the existence of prominent nonprofits. For about half of Indiana counties, total aggregate nonprofit revenue is less than \$100 million, but it ranges from a low of \$1.7 million to a high of \$12.3 billion (Marion County). By itself, aggregate nonprofit revenues does not appear related to trust in nonprofits.

**LGOs holding certain types of political positions are likely to encounter nonprofits as part of their work.** We speculate that LGOs holding prominent elected positions, such as mayors (16 percent of respondents) and county or town council members (respectively 32 and 8

percent of respondents), have more extensive interactions with key nonprofit institutions because of the need to work together when addressing an array of community issues.

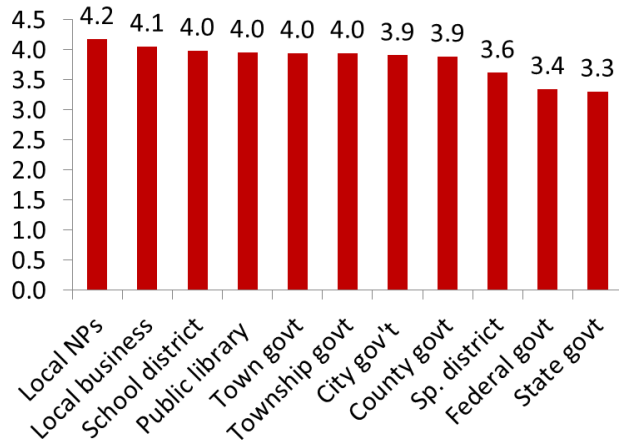
Other types of LGOs, most notably township trustees and trustee-assessors (19 percent of respondents) have more specialized relations with local nonprofits, because they administer poverty relief in Indiana. They are therefore likely to interact with local charities providing basic services and are in a better position to assess the performance of at least these types of nonprofits. However, our preliminary findings do not show that LGO's holding different type of positions show significant differences in how much they trust local nonprofits.

### ***Do working relationships with nonprofits affect trust?***

**LGOs report very positive working relationships with local charities and other nonprofits.** More important for developing trust in nonprofits than community and political factors may be how LGOs assess the extent to which their unit of local government works well with local charities and other nonprofits. Overall, LGOs reported more positive working relationships with local nonprofits than with any of the other ten types of institutions considered. As Figure 5 shows, the assessment scores generally follow the general pattern of LGO trust in different types of institutions (shown in Figure 1), with the lowest assessment of working relationships reserved for the federal and state government.

LGOs who report the most positive working relationship between their unit of government and local nonprofits also trust local nonprofits significantly more than those who report less positive working relationships. It is worth noting that only three LGO respondents said the working relationship was very or somewhat negative.

**Figure 5: Local Government Officials' Assessment of Working Relationships with Selected Institutions, 2012** (n~300) (5 = very positive, 1 = very negative)



### ***LGO trust in nonprofits: What matters in the final analysis?***

Considering all possible explanations at once, we find that trust in nonprofits is higher for: LGOs involved with philanthropy and promotion of voluntarism or with law, advocacy, and political nonprofits; those who are NOT mayors, council members, or township trustees; and those who trust other local institutions. So far, only a few of the explanations we reviewed above show some relationship to LGO trust in nonprofits when considered in isolation from other factors.

To examine which of these patterns hold up in a final, more comprehensive assessment, we undertake multivariate analysis.<sup>7</sup> Normally in this type of analysis, we would want to control for LGO personal characteristics (e.g., education, age, income, race or ethnicity) that are usually related to how much people trust institutions. Unfortunately, the survey did not include such information. For part of our analysis, therefore, we seek to capture the general trust disposition of LGOs by looking at the extent to

which they trust other local institutions (calculated as the average score of trust in local business and in local government). The initial model excludes our measure of an LGO's general disposition to trust local institutions, the full model includes it. Both models are significant in explaining LGO trust in nonprofits, but the full model is more powerful.<sup>8</sup>

Figure 6 summarizes our analysis and shows only the subset of factors that play a significant role in predicting overall trust in nonprofits. We thought all items would be positively related to trust, but some were not significant at all (the absence of any signs in the last two columns) and some relationships are, in fact, negative (minus signs in the last two columns).

**Figure 6: Initial and Full Analysis Predicting LGO Trust in Nonprofits, 2012** (n=282)

Concepts	Variables (predicted relationship in parenthesis)	Trust in nonprofits	
		Initial	Full
Personal NP involvement	Philanthropy/voluntarism NPs (+)	+	+
	Law/advocacy NPs (+)	+	+
Community & political factors	County in metro area* (+)		+
	Nonprofit revenues* (+)		-
	Mayor or council member (+)		-
	Township trustee (+)		-
Working relationships	Good NP working relations (+)	+	
Trust disposition	Trust local business & local gov't (+)		+
Overall model	Significance	+	+

The results show that, controlling for all other factors, involvement with particular types of nonprofits – philanthropic institutions and promotion of voluntarism and law, advocacy, and political nonprofits – is still related to high trust in nonprofits. However, no other measures of involvement are relevant.

In the full analysis, LGOs in metropolitan counties were marginally more likely to trust nonprofits, as we had expected. However, controlling for all other factors, including metropolitan region, those in counties with high nonprofit revenues were less likely to trust nonprofits, not more, as we thought might be the case.

Controlling for all other factors, we also find that township trustees/trustee assessors are less likely to trust nonprofits than other LGOs. This is potentially an important finding because it implies that trustees in their capacity of administering poor relieve in the county, might come to perceive potential shortcomings in how nonprofits deliver basic services. Alternatively, trustees may not be sufficiently integrated into the service system to make well-rounded assessments.<sup>9</sup>

Similarly, controlling for all other factors, mayors and other prominent elected local politicians, such as town and county council members, were also *less likely* to trust nonprofits (not more as we thought would be the case). We do not know if the more prominent position of these LGOs bring them into more confrontational relations with local nonprofits or simply exposes them to a greater variety of nonprofits.

We do find that LGOs who report positive working relationships with nonprofits also trust them significantly more than their counterparts who report less positive working relationships. On the other hand, this relationship disappears if we also consider whether LGOs tend to trust local institutions in general.

### Conclusions and Policy Implications

We have sought to answer two broad research questions. First, how much trust do local government officials have in local charities and nonprofits? This is an important question since

local government interacts with and relies on nonprofits to deliver a variety of services and to represent constituency groups in the community. In turn, nonprofits depend on the goodwill of local government officials for funding, endorsements, help in negotiating local regulations, and providing platforms for presenting perspectives and community voice.

We find that LGOs trust nonprofits to a considerable extent, notably more than they trust local business and other units of local government, and much more than they trust the state or the federal government. They also trust local nonprofits more than Indiana rank-and-file residents do.

Our second question explores what accounts for the level of trust that LGOs have in nonprofits. As Figure 6 demonstrates, only a few factors appear relevant in the final analysis and some of these suggest important cautions; there are relatively few avenues for nonprofits to pursue if they wish LGOs to trust them “to do the right thing.” Nonprofit leaders can support efforts by philanthropic institutions and promotion of voluntarism, or law, advocacy, and political nonprofits to engage LGOs, since these are the types of nonprofits through which LGOs appear to develop higher levels of trust.

They can also focus on their working relationships with local government and make those as positive and constructive as possible. Targeting mayors and council members (town and county) is important since these individuals formulate policies of interest and concern to local charities and nonprofits. The same argument holds for township trustees and trustee assessors; however, it is also a risky approach, since these LGOs express relatively low confidence in nonprofits in our final prediction equations.

## Acknowledgements

This analysis of local government and nonprofit sector relations is a joint effort of the Indiana University Public Policy Institute, School of Public and Environmental Affairs and Lilly Family School of Philanthropy. We seek to help community leaders develop effective and collaborative solutions to community needs and to inform public policy decisions by providing baseline information about Indiana nonprofits.

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## Suggested Citation

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<sup>1</sup> See Jamie Palmer, Debbie Wyeth, Jalyn Jellison & Tami Barreto (2012). Intergovernmental Issues in Indiana: 2012 IACIR Survey. Indiana Advisory Commission on Intergovernmental Relations.

<sup>2</sup> For examples, see Russell J. Dalton (2005), “The Social Transformation of Trust in Government,” *International Review of Sociology* 15 (1): 133-54; Virginia A., Thomas J. Rudolph, and Wendy M. Rahn (2000, “The Origins and Consequences of Public Trust in Government: A Time Series Analysis,” *Public Opinion Quarterly* 64:239-56.

<sup>3</sup> See Michael O’Neill (2009), Public Confidence in Charitable Nonprofits, *Nonprofit and Voluntary Sector Quarterly* 38 (2):237-69; Paul C. Light (2008), How Americans View Charities: A Report on Charitable Confidence, *Issues in Governance Studies* 15:1-9; Lindsey M. McDougle, Laura Deitrick, Pat Libby & Robert Donmoyer (2008), *The Appreciated Sector: Public Confidence in San Diego County Nonprofit Organizations*. Caster Family Center for Nonprofit Research, University of San Diego.

<sup>4</sup> To answer these questions, we merged the 2012 LGO survey with other data on the counties which the LGOs represent (e.g., whether it is part of a metropolitan region, the size of the largest town, and total nonprofit revenues).

<sup>5</sup> See Kirsten Grønbjerg (2009), *Are Nonprofits Trustworthy?* IU School of Public and Environmental Affairs. Bloomington, IN. [www.indiana.edu/~nonprof/results/specialsurveys/trustsurvey2008.pdf](http://www.indiana.edu/~nonprof/results/specialsurveys/trustsurvey2008.pdf).

<sup>6</sup> Culture and arts; sports, recreation and social; education and research; health; social services; environmental and animal protection; economic and community development; law, advocacy and politics; philanthropic and promotion of volunteerism; international; business, professional, and union; and other local charity or nonprofit organization. We were unable to list religious organizations as a separate category.

<sup>7</sup> We use a procedure known as ordered logistic regression analysis with county-level clustered robust standard errors (to adjust for the fact that we have different number of respondents for the various counties).

<sup>8</sup> The Initial model explains 6 percent of the total variance, the full model 20 percent.

<sup>9</sup> Katharine V. Byers, Marilyn Klotz, Paul Kirby & Gaarmaa Hishigsuren (2000), *Final Report on Township Study of the Community Social Services Study of the Impact of Indiana’s Welfare Reforms*. Indiana University Institute for Family and Social Responsibility. January.