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Mistrust Is Misplaced In Attacks On Nonprofits

Local radio talk show hosts are spreading misinformation about nonprofit organizations. Recent letters to the editor in the Sentinel suggest that their scapegoating attempts are having an impact on a handful of vocal citizens who are attempting to sow seeds of mistrust with unsupported allegations. The attacks on Legal Aid, Familia Center, and Defensa de Mujeres, which proved upon investigation to be without substance, wasted taxpayers money and disrupted the flow of service that is vital to citizens of Santa Cruz. Nonprofit health and human services provide a safety net for those who fall through the cracks of the government and private sector services. And the thousands of Santa Cruz County residents who contribute to and benefit from a wide variety of health and human services provided by local non-profits deserve to have the record set straight. As a start, the general nature and significance of non-profits needs to be understood.

Standing along side government and business, non-profits constitute America's "*third sector.*" This third sector is unique to America, and is rooted in the democratic right of individuals to voluntarily associate with each other to get things done.

The following facts may surprise you:

1. Third Sector organizations are the nation's largest employer

By any reckoning, the employees--paid and unpaid--of the nation's non-profit organizations constitute the largest workforce in America. Over half of all Americans volunteer for a non-profit organization as staff or on boards of directors. America's 90 million volunteers work the equivalent of 7.5 million work-years annually. If paid, it is estimated that their wages would be \$150 billion a year. Paid employees constitute 7% of the nation's total workforce, with employment in this sector growing at twice the rate of the for-profit and government sectors.

2. Third Sector organizations are masters of "doing more with less."

Non-profits have been doing more with less for over 40 years. In the past 40 years, the share of the GNP allocated to charitable giving has remain unchanged. Yet non-profit public services have continued to expand to meet the emerging needs of society.

In the Kennedy-Johnson years, non-profit income sources were roughly divided in thirds, one-third government support, one-third charitable contributions and one-third fees for service. Under Reagan, government support was reduced to less than 25%. In addition, the percentage of income from donations dropped. However, service did not decline. Third sector organizations raised fees, improved management and went about the business of fulfilling their missions. In other words, they *managed* to do more for less.

Precisely because they lack a financial “bottom line” to govern them, they are forced to rely on good management practices if they are to succeed.

3. Third Sector organizations benefit business

In a recent speech to Japanese business leaders in Tokyo, AT&T Vice President, Reynold Levy enumerated the corporate benefits of supporting the third sector. First, investing in non-profits is good for the bottom line. While American corporations spend on the order of \$6 billion annually on donations and purchases from non-profits, non-profits, in turn, purchase \$42.6 billion worth of goods and services from companies in the same period. When businesses support the third sector they advance social welfare and improve the overall business climate. Levy concludes, “There are few better methods to learn about customers and about the general environment of business than in volunteering service to non-profit institutions.”

4. The Third Sector reduces our tax burden

Spending on public and community purposes is higher in the U.S. than in Europe. But taxes in the U.S. are substantially lower. This is because 15% of the GNP does not flow through tax channels. It goes directly as charitable contributions, and unpaid work, to non-governmental third-sector institutions.

Also, non-profits provide services more cheaply than either government or the private sector.

5. The Third Sector may be America's most viable potential export

As the size and complexity of governments make direct democratic participation all but impossible, the one place that a citizen can personally exercise influence, discharge responsibility and make decisions is in the third sector, volunteering in an organization of his/her choice. So far, this is a purely American achievement, but one that other democracies may do well to emulate.

Perhaps those who feel compelled to spend time verbally attacking human service providers would feel more empowered if they spent that time in direct third sector service to their fellow citizens.

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