THE SIGNIFICANCE OF THE NON-PROFIT SECTOR IN AMERICA:

A CASE STUDY OF HURRICANE KATRINA

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Arturo Menefee, son of Kate Menefee and Clinton Menefee, was born April 16, 1976, in Opelika, Alabama. He graduated from Opelika High School in 1994. He attended Auburn University and graduated with a Bachelor of Arts degree in Public Administration in 1999. While working multiple jobs, Arturo attended graduate school at Auburn University and earned a Master of Public Administration (MPA) degree in 2002, with a 4.0 GPA.

DISSERTATION ABSTRACT

THE SIGNIFICANCE OF THE NON-PROFIT SECTOR IN AMERICA:

A CASE STUDY OF HURRICANE KATRINA

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The purpose of this dissertation research project is to analyze the public's perception of the capabilities (expertise, capacity, and resources) of the non-profit sector in assisting community residents following Hurricane Katrina, as well as the sector's impact on social and economic structures in America. Four hypotheses were developed and tested to gauge the public's perception of the non-profit sector compared to the government in the aftermath of Katrina. The hypotheses are the following: 1) In comparing organizations, non-profits are perceived as more capable in assisting residents following catastrophic events than governmental entities; 2) In comparing organizations,

non-profits are perceived as more efficient than governmental entities; 3) In comparing organizations, the leaders of non-profits are less likely to be self-interested than the leaders of governmental entities; 4) In comparing organizations, non-profits receive a greater sense of trust from residents than governmental entities.

For primary data collection, a 16-question survey was disseminated (face-to-face) to community residents in New Orleans. In addition to the survey, case studies (assessments) of three non-profit organizations in the New Orleans area were conducted to get a closer view of the capabilities and resources of these entities and the broader non-profit sector. Based on the data obtained from this research, it is apparent that the majority of individuals that participated in this study perceive the non-profit sector to be trustworthy, efficient, concerned and capable of meeting their needs.

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TABLE OF CONTENTS

LIST OF FIGURES AND TABLES

Bar Graphs

Tables

Chapter 1: Introduction

Hurricane Katrina and the Concerns

Introduction

Picture this. A tropical depression forms in the Atlantic Ocean. The next day, the depression strengthens into a tropical storm and eventually into a full blown hurricane. Within the next 48 hours, the atmospheric and sea-surface conditions are conducive to the cyclone's rapid intensification from a Category 1 (winds 74-95 mph) to a Category 5 (winds 155 mph or greater) Hurricane. As the hurricane proceeds along its projected path, community and governmental leaders ask residents to begin voluntarily the evacuation process, encouraging residents to move inland, out of the storm's path. As the storm approaches, high ranking governmental officials call for a mandatory evacuation of the area, as it is evident that the experts are right and this hurricane will apparently cause great destruction. Many of the low-income residents do not possess the resources to leave the area, and they are instructed to go to a place (one of two facilities) in the region of last resort. These facilities represent symbols of anguish that are under staffed, not safe, and unsanitary. Others, unwilling to leave, simply stay at their homes and prepare for the storm.

The hurricane reaches landfall as a Category 4 (winds 131-155 mph) storm. Wind and rain torment the region for hours, ripping roof tops from homes, damaging structural foundations of buildings, and spreading large amounts of debris throughout the region. As the hurricane departs, major flooding begins to occur in the area. Homes, schools, playgrounds, churches, small buildings, and vehicles are submerged in water. It appears that a major breach has occurred in the levee system, and approximately 80% of the city is covered by water. Individuals cling to their roof tops for dear life sending out distress signals seeking help. Looters are running rampant throughout the area. Violence occurs. Murder occurs. Community residents are without food, water, electricity, security, and proper sanitation for days. The destitute region is in utter chaos.

Due to the lack of preparation, inadequate infrastructure, and poor leadership from governmental officials, the number of casualties (injured and dead) is estimated to be in the thousands. Moreover, property damaged is estimated to be more than $50 billion and more than 200,000 residents are displaced from their homes. Television (news) crews are able to reach this region easily and are fully cognizant of the current situation. However, governmental officials are nonexistent and apparently unable to grasp control of the area following the calamity. They appear to be dazed and confused. Based on the initial description of the events before and after the hurricane, one is compelled to believe these events are transpiring in a small or third world country that lacks resources, expertise, and the capacity to deal with a major natural disaster. However, this tragic event occurred in the Gulf Coast Region of the United States of America, primarily affecting the city of New Orleans, Louisiana. This devastating event is known as Hurricane Katrina.

Description of the Issue

On August 29, 2005, Hurricane Katrina drastically changed the landscape of the Gulf Coast Region of the United States. Hurricane Katrina was one of the strongest Atlantic hurricanes ever recorded that made landfall in the United States. Hurricane Katrina made landfall as a Category 4 Hurricane near southeastern Louisiana. According to the Saffir-Simpson Hurricane Scale[1], a storm of this magnitude consists of winds ranging from 131-155 mph and a storm surge generally 13-18 feet above normal. This calamity caused devastation to parts of Louisiana, Mississippi, and Alabama. However, the most severe loss of life and property damage occurred in New Orleans, Louisiana, which flooded following the failure of the inept and weakened levee system, displacing

[1] Saffir-Simpson Hurricane Scale is a 1-5 rating based on the hurricane's intensity and is used to provide an estimate of the property damage and flooding expected (www.nhc.noaa.gov/aboutsshs.shtml).

thousands of residents. At the peak of flooding, 80% of the city was under water, ranging from depths of a few inches to more than 15 feet.[2]

As a result of the hurricane (New Orleans metropolitan area), more than 1500 individuals perished, property damage is estimated to be more than $25 billion, and more than 200,000 residents were displaced[3]. This was a disaster of great proportions, severely impacting one of the poorest areas of New Orleans and affecting some consequential economic structures in America – large ports, a huge network of oil and gas pipelines, shipbuilding, and large fisheries. The consequences of Hurricane Katrina were clearly recognized in the extent of the damage to the city – the obliteration of neighborhoods, the population dispersion, and the severe impairment to basic public services such as public safety, education, and healthcare[4]. The area continues to face colossal challenges due to problems caused by the hurricane (property damage and population loss) and pre-existing issues (poverty, outmoded infrastructure) that were present long before the storm ever came ashore. The major issues of concern include the following:

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[2] Information from various sources, Craig Colten, Robert W. Kates, and Shirley B. Laska, "Three Years Lessons for Community Resilience," Pg. 40. September/October 2008(www.EnvironmentMagazine.org); *The Times Picayune* (www.nola.com/katrina); and Jerry Mckernan and Kevin Mulcahy, "Hurricane Katrina: A Cultural Chernobyl." The Journal of Arts Management, Law, and Society. Fall 2008, Vol. 38 Issue 3; "Under Water: Daylong efforts to repair levee fail," *Times Picayune*, August 31, 2005.

[3] Information from various sources, Craig Colten, Robert W. Kates, and Shirley B. Laska. "Three Years Lessons for Community Resilience." Pg. 43. September/October 2008. www.EnvironmentMagazine.org and *The Times Picayune (http://*www.nola.com/katrina); "Katrina: The Long Road Back." http://www.msnbc.com

[4] Information from various sources, Joseph W. Westphal, "The Politics of Infrastructure," Social Research, Vol. 75: No3: Fall 2008 and Jerry Mckernan and Kevin Mulcahy, "Hurricane Katrina: A Cultural Chernobyl." The Journal of Arts Management, Law, and Society. Fall 2008, Vol. 38 Issue 3.

- Repopulation – According to the U.S. Census Bureau, the population in New Orleans pre-Katrina was 444,515 in 2004 (1 year prior to the hurricane) versus the post-Katrina population of 223,388; a net loss of 221,127 citizens for the city[5]. The region lacks affordable housing options and employment opportunities for those wanting to return. The hardest hit areas were those characterized by socio-economically marginalized communities.[6] Prior to Hurricane Katrina, 23 %of the residents living in the New Orleans metro area lived in poverty, earning less than $16,100 for a family of three[7]. In the Congressional Research Service (CRS) Report for Congress[8], most insurance analysts predict that Hurricane Katrina will likely result in higher pricing and restricted coverage in the hardest hit areas. Additionally, insurance rating agencies are now comparing the insurers' modeled catastrophe exposures to the potential market share exposure to determine the need for rating action. Simply stated, residents who are in the most vulnerable areas of a hurricane will likely receive a different rating and pay a greater premium than other individuals in a less vulnerable area.

[5] Reports from the U.S. Census Bureau - 2004 and 2006 American Community Survey (www.census.gov).
[6] Wei Li, Christopher Airriess, Angela Chia-Chen Chen, Karen J. Leong, Verna M. Keith, and Karen L. Adams, "Surviving Katrina and its aftermath: evacuation and community mobilization by Vietnamese Americans and African Americans," Journal of Cultural Geography, Vol. 25, No. 3, October 2008, 264.
[7] Donna M. Christensen, Brit Weinstock, and Natasha H. Williams, "From Despair to Hope: Rebuilding the Healthcare Infrastructure of New Orleans after the Storm," Harvard Journal of African American Public Policy, 2006, Volume XII.
[8] Rawle O. King, "Hurricane Katrina: Insurance Losses and National Capacities for Financing Disaster Risk," Congressional Research Service (CRS) – The Library of Congress, September 15, 2005.

- Housing – Before Katrina, there were 7,100 public housing units in New Orleans (5,100 occupied and 2,000 slated for destruction). Following Katrina (July 2006), only 880 of the public housing units were occupied, with 5,000 slated for destruction. Therefore, individuals who resided in these dwellings (public housing units slated for destruction) must find other housing arrangements. Also, approximately 250,000 homes in the New Orleans area were rendered uninhabitable, and it is estimated that 112,000 low-income homes were damaged. A significant number of rental properties were damaged, and as a result, the average rent in New Orleans Parish is up 39% from pre-Katrina prices[9]. With a second inundation of flooding caused by Hurricane Rita in late September 2005, it took nearly 2 months (53 days) from Katrina's landfall to pump the city dry, thereby damaging more properties and impeding the recovery process in New Orleans.

- Employment – In Louisiana, approximately 16,920 business were located in the Katrina damaged areas, nearly all in the designated flooded area. Entities in the flooded area in Louisiana lost more than 110,000 jobs. In the two months following the storm, non-farm payroll employment in Louisiana fell by 241,000, a decline of 12 percent. In the New Orleans – Metairie – Kenner metro region, employment declined by 215,000 (35 %).

[9] "The Faces of Hurricane Katrina: A Portrait of Poverty Throughout America," Leadership Conference on Civil Rights Education Fund, August 22, 2006.

All major industry sectors lost jobs in Louisiana following Hurricane Katrina[10]. The majority of individuals lost not only their source of income, but also their healthcare coverage (insurance)[11]. Because of the employer-sponsored healthcare model, the majority of Americans receive their health insurance via employment. Ergo, the New Orleans area lost jobs (revenues for the city) and insured (health) residents. Moreover, higher education, a mainstay of the local economy, suffered long-term[12] blows from the storm. Reduced staffs and below-normal enrollment have stymied the full recovery of universities.

- Healthcare Shortages – Hurricane Katrina inflicted massive damage to the healthcare system of New Orleans. Following the storm, access to healthcare facilities was hampered due to the significant damage to hospitals and clinics throughout the region[13]. According to the Leadership Conference on Civil Rights Education Fund (2006), only 55 % of the region's hospitals have reopened. Hospital closures have left a major gap in the healthcare system, especially for mental illness. There is also a shortage of healthcare professionals in the area. Thousands of healthcare workers at various levels have not returned to New Orleans. The city

[10] "The labor market impact of Hurricane Katrina: an overview," Bureau of Labor Statistics, Quarterly Census of Employment and Wages, August 2006.
[11] Andy Schneider and David Rousseau, "Addressing the Healthcare Impact of Hurricane Katrina," Kaiser Commission on Medicaid and the Uninsured (report), October 1, 2005.
[12] Craig Colten, Robert W. Kates, and Shirley B. Laska. "Three Years Lessons for Community Resilience." Pg. 40. September/October 2008. www.EnvironmentMagazine.org
[13] Information obtained from various sources; Sarah A. Lister, "Hurricane Katrina: The Public Health and Medical Response," Congressional Research Service – The Library of Congress, September 21, 2005.

experienced a major loss in skilled medical jobs and consequently physicians continue to leave the area[14]. The Louisiana Department of Health and Hospitals[15] estimated that New Orleans has lost half of its physicians and suffers from a shortage of 1,000 nurses. Even though the healthcare system of New Orleans is lacking workers and resources, the need for healthcare continues to increase. There is an increase in physical (acute, chronic) and mental health problems, complicated by an extensive loss of medical records and the increased number of uninsured residents.

- Infrastructure – Infrastructure is in need of dire repair (levees, roads, bridges, water/sewer system, street signals and signage) as well as re-establishing permanent community infrastructure such as educational, healthcare, commercial, and governmental facilities that provide vital services to the region.

With the high percentage of impoverished families pre-Katrina, compounded with the lack of jobs, lack of affordable housing, increased rental fees, increased insurance rates, and a depleted medical system post-Katrina, it is evident that

[14] Craig Colten, Robert W. Kates, and Shirley B. Laska. “Three Years Lessons for Community Resilience.” Pg. 40. September/October 2008. www.EnvironmentMagazine.org
[15] Reports from the U.S. Census Bureau - 2004 and 2006 American Community Survey (www.census.gov).

many families lack the wherewithal to return and find it difficult to deal with the ambiguity of the “new” New Orleans.

Government’s Response

From the documentaries, news reports, and journal articles, it is apparent that citizens are dissatisfied with the public sector’s (government) response, leaving thousands of individuals abandoned without security, food, water, proper shelter, medical care, transportation, and other critical community services. Referring to a report from U.S. Comptroller General David M. Walker[16] on the preparedness and response to Hurricane Katrina, the capabilities of several federal, state, and local agencies were clearly overwhelmed, especially in Louisiana. As events unfolded in the immediate aftermath and ensuing days after Hurricane Katrina’s landfall, responders at all levels of government encountered significant breakdowns in vital areas such as emergency communications. Lack of communication was a significant problem. According to a New Orleans area elected official,[17] “we went from the Jetsons to the Flintstones in about three hours.” Major television and radio stations were damaged or destroyed; and cell towers were inoperable due to the high volume of calls placed to and from the hurricane area.

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[16] “Statement by Comptroller General David M. Walker GAO’s Preliminary Observations Regarding Preparedness and Response to Hurricanes Katrina and Rita, United States Government Accountability Office, Washington, DC 20548, February 1, 2006.

[17] Antoinette S. Phillips and Carl R. Phillips, “Real-Time Teaching: Lessons From Katrina.”

Evacuees were instructed to go to the Superdome and the New Orleans Convention Center as shelter from the storm. However, these locations did not have the essential supplies (food, water, security, and sanitation) and equipment to support thousands of occupants at these facilities. In addition to the deplorable conditions, the hurricane made landfall on August 29, 2005, but President Bush did not tour the area until September 2, nearly four days later[18]. In regard to the President's tour of the area, many were extremely dissatisfied because this symbolized the disconnection between the government and the residents of the community. To make matters worse, the emergency response period to Katrina took longer than any similar disaster in U.S. history. An emergency response period is characterized by search and rescue, emergency shelter and feeding, the establishment of order, the clearing of major transportation arteries, and for floods – water drainage. Before Hurricane Katrina, the San Francisco earthquake of 1906 was the longest emergency response (4 weeks) in the United States. It took 6 weeks to pump and drain floodwaters from New Orleans in the wake of Katrina and 14 weeks to end emergency shelter. It is important to note that the extended period was partly due to Hurricane Rita that also caused damage in the New Orleans area.

[18] Information from various resources, "Hurricane Katrina Timeline," The Brookings Institution (http://www.brookings.edu/fp/projects/homeland/katrinatimeline.pdf) and "Katrina Timeline," (http://www.nola/katrina/timeline/)

However, in retrospect, many critics of the government feel that the causes of the extended response were the failures of anticipation, planning, and execution[19].

According to the U.S. Census (2000) and the World Rankings of Gross Domestic and Metropolitan Product (2001), New Orleans before Hurricane Katrina was the 35th largest city in the United States and had the 106th largest economy in the world, larger than most small countries. New Orleans is a major city in the United States and is the home of several vital industries (oil production, shipbuilding, and fisheries) in the Gulf of Mexico. To that end, critics of the government are compelled to ask the following questions: Why was the government (local, state, and federal) unprepared for this foreseeable catastrophe? Why was the government's response inadequate and unreasonably slow to provide assistance to citizens in a major U.S. city? There was ubiquitous dissatisfaction with the lack of preparedness and collective response by the government.

Non-Profit Organizations

Philanthropy and non-profit organizations play a major role in American society. In today's society with the lack of public services, controversial public-private partnerships and expensive, unresponsive private service delivery, non-profits (social enterprises) are emerging throughout the United States. These non-profit

[19] Craig Colten, Robert W. Kates, and Shirley B. Laska. "Three Years Lessons for Community Resilience." Pg. 43. September/October 2008. www.EnvironmentMagazine.org

organizations are voluntary and community groups that focus on several concerns at the community level, such as disaster relief, health, education, financial sustainability, the environment, and other social issues. According to Herman (1994)[20], non-profits reduce human suffering, enhance human capacity, promote equity and justice, and foster pluralism. In many instances, non-profit organizations are both similar to and different from businesses and the government. In the business sector, customers supply the resources for the services/products they receive. Unlike businesses, non-profits typically depend on resources from one group to provide assistance to a different group. Similar to the government, non-profit organizations generally supply services with public-good characteristics. However, unlike the government, non-profits serve specific interests as well as broad-based community concerns (pressing community issues).

Following Hurricane Katrina, due to the inability of the government to meet their needs and in response to addressing their issues of concern, community residents are relying on community-based, non-profit organizations and volunteer groups to assist them with rebuilding their lives. Non-profits are extremely important to communities following catastrophic events. The Red Cross, Salvation Army, Habitat for Humanity and several other non-profit entities provide food, clothing, shelter, and other support services to displaced families. For

[20] Robert D. Herman and Associates, *The Jossey-Bass Handbook of Nonprofit Leadership and Management,* Jossey-Bass Publishers, 1994.

example, more than 100 American Meteorological Society members traveled to a New Orleans Habitat for Humanity to construct homes in the Musician's Village, located in the upper 9th ward. The Musician's Village was conceived by Harry Connick Jr. and Branford Marsalis. This Village will consist of 72 homes and the Ellis Marsalis Center for Music, dedicated to celebrating the music and musicians of New Orleans and to the education and development of homeowners.[21] Without the assistance of non-profits following disasters, families would most likely suffer more and experience greater difficulties at returning to a sense of normalcy in their lives.

Purpose of Research

The purpose of this dissertation is to analyze the public's perception of the capabilities (expertise, capacity, and resources) of the non-profit sector in assisting community residents following Hurricane Katrina, as well as the sector's impact on social and economic structures in America. The public's perception is critical because of its importance in determining future leaders who will establish polices, models, and entities that will guide the development and progress of the United States. Therefore, perception can impact one's judgment and eventually become reality. For example, individuals primarily have a finite knowledge of governmental procedures, elected officials, and the bureaucratic process. It is impossible to know everything about the government (officials, procedures,

[21] "Volunteers from AMS Meeting Help Rebuild New Orleans," American Meteorological Society, May 2008, 749.

resources) of the United States. Hence, if an individual perceives the government to be efficient and effective with trustworthy leaders, then that individual will most likely want to keep things the same. However, if one perceives the government as unresponsive and ineffective to meet the needs of the citizenry, or realizes that the leaders are corrupt, then that individual will most likely vote for new leaders in the government, thereby leading to change. Perception does not necessarily lead to reality, but it is certainly a factor in all aspects of American culture, especially politics. For instance, Ted Stevens, former U.S. Senator from Alaska, pleaded not guilty to an ethics violation. Due to this charge (allegation/perception), Senator Stevens was defeated by Democrat Mark Begich in 2008. In 2009, Attorney General Eric Holder cited serious prosecutorial misconduct in the development of a case against Stevens and decided to drop all charges against Stevens. Mr. Stevens is free from all charges and continues to claim his innocence. Were his constituents in Alaska dissatisfied with him (Stevens) prior to his legal troubles and planned to vote him out of office? One does not know the answer to this question, but it is apparent that the public's perception played a role.[22] The same is true for the non-profit sector as well. If individuals perceive that the non-profit sector is unresponsive, corrupt, and ineffective, most individuals will most likely not support these organizations. This will hinder the capabilities of the non-profit sector.

In an effort to gauge the public's perception, the following four hypotheses will be tested in this dissertation research:

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[22] "Stevens Pleads not guilty in corruption case," Associated Press, July 31, 2008 (http://www.msnbc.com).

1. In comparing organizations, non-profits are perceived as more capable in assisting residents following catastrophic events than governmental entities.
2. In comparing organizations, non-profits are perceived as more efficient than governmental entities.
3. In comparing organizations, the leaders of non-profits are less likely to be self-interested than the leaders of governmental entities.
4. In comparing organizations, non-profits receive a greater sense of trust from residents than governmental entities.

This dissertation will explore several research questions: 1) What are the capabilities and impact of the non-profit sector? 2) What best practices can each sector learn from the other? 3) How can both sectors work together to provide better emergency services to residents following catastrophic events? Based on the findings of this research, scholars, individuals, and communities should have a better understanding of non-profit organizations (purpose, expertise, services, resources) in America, as well as the enormous role they play in the lives of disenfranchised individuals.

Methodology

Information from creditable secondary data sources such as the U.S. Census Bureau, Department of Labor, Department of Public Health, Department of

Housing and Urban Development, and the Department of Commerce, focusing on population, demographics, family structure, income, and other pertinent areas was utilized in this dissertation to depict a true picture of the region (New Orleans – Gulf Coast) to be examined. For primary data collection, a 16-question survey was disseminated (face-to-face) to community residents in New Orleans. The researcher approached individuals in public places (downtown, business district, public buildings) and administered the survey. The researcher conducted a convenience sample due to the circumstances in New Orleans as detailed in Chapter 3. The responses from the surveys were properly coded and entered into a statistical analysis system to perform an analysis of the data. The analysis of the data will determine the statistical significance of the variables and test the validity of the hypotheses.

In addition to the survey, case studies (assessments) of three non-profit organizations in the New Orleans area were conducted to get a closer view of the capabilities and resources of these entities and the broader non-profit sector. For the organizational assessments, general observation, interviews, websites, strategic plans, annual reports, brochures, and other program materials were reviewed and analyzed.

Organization of Dissertation

This dissertation consists of 6 chapters: (1) Introduction, (2) Literature Review, (3) Methodology, (4) Results (5) Case Study Findings, and (6) Conclusion. Chapter 1 provides an overview of Hurricane Katrina and its impact on the Gulf Coast Region of the United States. This chapter provides an overview of the government's response to victims of Hurricane Katrina and defines the role of the non-profit sector in American society. Also, research questions are presented and four hypotheses are postulated in this section for further examination in subsequent chapters.

Chapter 2 provides an in depth view of the non-profit sector. Non-profit organizations are core components of American society and play a significant role in addressing pressing concerns of many citizens within the United States. Various elements of the non-profit sector are presented in this chapter including the legal structure of non-profits, classifications, and services/activities performed by non-profit entities. Literature in this chapter will center on such concepts as contract, government, and voluntary failure, as well as the public policy process, bureaucracy, non-profit development, and organizational theory. Various perspectives are presented in an effort to clearly describe the similarities and differences between the government and non-profit world, and to establish the impact (social and economic) of each sector in the United States. In addition to the theories and perspectives summarized in this chapter, a historical context of non-profits assisting individuals in difficult times will reveal the significance of voluntary organizations in American society.

Chapter 3 details the research methods for this study. At the outset of this process, secondary data were collected from reports and documents via the U.S. Census Bureau and other reputable agencies (such as the Department of Labor, Department of Public Health, Housing and Urban Development, etc.) focusing on population, demographics, family structure, income, and other pertinent areas. For primary data collection, a citizen survey consisting of 16 questions was developed and distributed to residents in New Orleans. The researcher utilized the convenience sample method due to circumstances in New Orleans as detailed in this chapter. Surveys from the sampled population were collected, coded, and entered into a statistical package system (SPSS).

Chapter 4 reveals the survey results from Chapter 3. The purpose of the survey is to gauge the public's perception regarding the assistance provided to residents by the government and non-profit sector following Hurricane Katrina. Exactly 116 individuals participated in this research study. Of the 116 participants, 52% were White, 44% were Black, nearly 3% were Hispanic, and less than 2% were Native American. Fifty-four percent of the respondents were female and 46% were male. The youngest person to participate in this study was 18 and the oldest was 69, while the mean age was 36. The participants' responses will either substantiate or repudiate (to a degree) the hypotheses of this dissertation. The results are presented in this chapter.

Chapter 5 takes a closer look at the non-profit world utilizing the case study method. For the purpose of this dissertation, three entities were analyzed to determine their impact on the local area following Hurricane Katrina. The organizations are: Beacon of Hope Resource Center, Bridge House, and the Gulf Coast Restoration Network. The Beacon of Hope Resource Center is a faith-based entity that provides information and assistance to homeowners. Beacon of Hope was established as a result of Hurricane Katrina. The Beacon of Hope Resource Center has earned a reputation of being a reliable organization in providing assistance to thousands of residents in New Orleans. Bridge House is a non-profit long-term, intensive alcohol and drug addiction treatment center for men. Following catastrophic events, many expert reports suggest that drug abuse increases due to mental and emotional depression. Due to depression, individuals rely on drugs or alcohol to resolve their problems. Substance abuse leads to increased criminal activity as noted in a report from the New Orleans Police Department as presented in this chapter. The goal of Bridge House is to resolve the mental health issues (depression) of individuals following Hurricane Katrina, thereby reducing crime in the area. The Gulf Coast Restoration Network is a regional advocacy group dedicated to protecting and restoring the environment of the Gulf Coast. This network provides technical support and mentoring to grassroots groups, connects member agencies to developments on national and regional issues of importance, and coordinates member activities across the region. The goal of this agency is to improve the natural defenses of the Gulf Coast against future hurricanes.

Finally, Chapter 6 will review the analysis and the hypotheses associated with this study. Answers are provided to the research questions identified in Chapter 1. This concluding chapter provides a discussion of the findings and identifies the limitations of this dissertation. Lastly, this dissertation will offer some examples and future implications (collaborative efforts between government and non-profit sector; delivery of emergency services following a disaster) to consider in the field of public policy and administration.

Chapter 2: Literature Review

The Non-Profit Sector: Advantages and Disadvantages

Introduction

Non-profit organizations are core components of American society and play a significant role in addressing pressing concerns of many citizens within the United States. The non-profit sector is derived from the concepts of philanthropy. Samuel Johnson defined philanthropy as “love of mankind; good nature” whereas, Noah Webster characterized it as “benevolence towards the whole human family; universal good will” (Friedman and McCovin, 2003). Similarly, Thomas Jefferson insisted that philanthropy was charitable motivation that, when acted upon, provided the well intended with “the approbation of their neighbors, and the distinction which that gives them.” Enlightenment thinkers, such as Webster, Jefferson, and Adam Smith generally saw human beings as having an internal moral compass that recognized human goodness and reasonableness. According to Lohmann (1992), Hall defines a nonprofit organization as a body of individuals who associate for any of three purposes: (1) to perform public tasks that have been delegated to them by the state, (2) to perform public tasks for which there is a demand that neither the state nor for-profit organizations are willing to fulfill, or (3) to influence the direction of policy in the state, the for-profit sector, or other non-profit organizations. Robert H. Brenner, author of *American Philanthropy*, provided the most appropriate definition for philanthropic organizations which states that philanthropy is simply the “improvement in the quality of human life.” It is apparent that perspectives and definitions may vary somewhat regarding philanthropic entities, but the primary purpose of organized philanthropic societies (non-profit organizations) is to solve deep social problems that simply are not addressed elsewhere (Friedman and Mccovin, 2003).

Non-profit organizations are involved in various aspects of human life. The non-profit sector includes religious congregations, universities, hospitals, environmental groups, art museums, youth recreation associations, civil rights groups, community development organizations, labor unions, political parties, social clubs, and many more. Non-profits play prominent social, economic, and political roles in society as service/product providers, employers, and advocates (Boris and Steuerle, 1999). Additionally, in a less visible role, non-profit entities foster community engagement and civic participation.

The non-profit organizations of civil society are separate from, but deeply interactive with both the market and the state. The government was established to do what the people cannot do for themselves. However, the government cannot solve every single problem of every citizen in the United States. The same is true for the business sector. The business sector is the lifeblood of the American economy, but businesses cannot solve every economic issue in the United States. The non-profit sector too, is not a panacea; rather the non-profit sector is viewed as a gap-filler, providing assistance to individuals when they are not eligible to receive help from the government or when it is not profitable for a business to provide a particular service or product to destitute individuals. Simply stated, non-profit organizations act, not because of constitutional commitment or profitability, but simply to provide a service or product to help those in need.

Non-profit organizations are significantly useful to the successes of the American way of life (society). In fact, some scholars are now suggesting that the non-profit sector is the glue that holds communities together. Voluntary associations are identified as central to prosperous and successful democracies. They help to build the networks of trust and reciprocity, the social capital that allows democratic societies to function effectively (Boris and Steuerle, 1999).

History of the Non-Profit Sector

Religion played a central role in the creation and establishment of philanthropic organizations. In the 17th Century, ministers of the Puritan society functioned as patriarchal authorities who laid down guidelines for virtuous living which included assisting those in need. Puritan villages and towns were communal entities. Churches were community meeting houses where the consensual piety that legitimated social order was constantly invoked and stimulated (Friedman and McCovin, 2003).

Puritan Society – Beginning of Charity

The first tradition-charity-that governed the practice of benevolence was epitomized by the New England Puritans. John Winthrop, in 1630, developed a document titled "A Model of Christian Charity," that depicted a spiritual and Godly community, overflowing with acts of charity. In Winthrop's evangelical view, the Puritans would not only love and assist one another, but also do so for the right reasons- a virtuous society (Friedman and McCovin, 2003). Winthrop's hope was that members within the Puritan society would rise above the petty calculations and narrow self-interest that so often drive humans. Puritan settlements banned together for the interest of the public to establish charitable activities and address issues of inequity (Hall, 1992). In Winthrop's vision, the faithful were inspired by divine grace. Imbued with gospel love, all participants in the Bay Colony (Massachusetts Bay) - the investors in England, the settlers about to embark on the Arbella, the advance party already established on Cape Ann-would regard one another as brothers and sisters in Christ. Such Christian charity was premised on the existence of inequality; differences and distinctions among men were immutable parts of the divine order. In Winthrop's view, such diversity was essential to God's benevolent design because it simultaneously expressed the plenitude of His power and drove individuals to depend on each other (Friedman and McCovin, 2003). Therefore, the birth of philanthropy was based on Christian principles that required individuals to assist others due to the moral obligations of society.

In the Puritan society, aid to the needy was direct, personal, and concrete. The process of receiving aid is as follows: upon hearing about an individual or family in distress, local authorities visited the persons in need; inspected the person's circumstance; searched for relatives and employers to help; and if relatives were unable to be reached, local authorities would supply the appropriate assistance in the form of food and drink, not money. In the 17th Century, Puritan businessmen had become the country's most generous donors, moved by religious notions of stewardship (McCarthy, 2003). However, in the 18th Century, aid or assistance to the poor and the needy took on a different shape. As with aid to the poor, philanthropic organizations now assisted individuals with other social needs such as education. In New England, Harvard, the oldest eleemosynary corporation, and Yale colleges received legislative grants and donations from the public (Hall, 1992). Every town was expected to support its own school system. Churches and private tutors supplied instruction for local communities (Friedman and McCovin, 2003).

Eighteenth Century

In the middle decades of the 18th Century, philanthropy acquired a distinctive meaning. Civic-minded individuals in London seized on the institutional innovation of England's commercial revolution - the joint stock company - to put it to benevolent ends (Friedman and McCovin, 2003). Pooling their funds, resources, and expertise, they came together to form voluntary associations, whose purposes were defined in formal constitutions with elected officers and annual elections. This is the beginning of the non-profit, voluntary entity. The goal of the non-profit, voluntary organization was not only to provide financial assistance to individuals, but also to provide services to those individuals to help build capacity via education and training. For example, the organizers of London's Foundling Hospital, launched in 1739, felt an urgent need to save the lives of abandoned and illegitimate children, but not merely for the sake of charity. The goal was to educate the forlorn and this was viewed as a worthy deed.

Associational impulses were reinforced by secular models of collective action, attuned to European organizational development, which took root in cities such as Boston, New York, and Philadelphia (Herman, 1994). Benjamin Franklin traveled to England in the 1720s to refine his knowledge of printing and to become involved with London's burgeoning voluntary associations - most prominent with the printers' guild and the Freemasons. Based on his knowledge of voluntary associations, Franklin created a club for mutual improvement called the Junto. The Junto was a group of artisans who met weekly to debate morals, politics, and philosophy. The Juntos kept themselves informed of current events, learned to advance their ideas, and worked together to further their economic and political interests (Herman, 1994). Franklin initiated the Junto, consisting of young enterprising individuals like himself, into colonial America for the sake of self-improvement. The Junto was distinguished by its novel blend of self-help and civic aims, and by the relatively humble status of its members (McCarthy, 2003). Franklin was certainly a proponent for self-improvement and helping the broader public. For example, Franklin offered readers aphorisms and practical information in the Poor Richard’s Almanac (1733-1758). This almanac was popular in colonial America for the mixture of seasonal weather forecasts, practical household hints, and other self-help tips (Achenbaum, 2006). Franklin used the almanac and other publications to promote perfectionist ideas (Hall, 1992). He also founded the American Philosophical Society in 1743, an eminent scholarly organization that focused on the promotion of useful knowledge in the sciences and humanities through research, meetings, library resources, and community outreach. Due to Franklin’s time in London, the spirit of philanthropy quickly crossed the Atlantic and settled in Philadelphia. Franklin took the lead in forming societies for the general welfare. By the 1760’s, Franklin and his associates had formed a subscription library (Library Company of Philadelphia), a hospital, and an academy (the University of Pennsylvania) - all of which became models for similar voluntary efforts (Herman 1994; Friedman and McCovin, 2003).

Nineteenth Century – A New Model of Giving

In the late 18th and early 19th centuries, a new model of philanthropy proved to be a nimble vehicle for old-fashioned charity. Various societies and agencies, comprised of private individuals, had a quasi-public character using donations to provide products and services to the broader community. The new model of philanthropy became much more business oriented. In the 1840's, the national associations rationalized the business of benevolence. They kept watch over huge sums of money via sophisticated cost-accounting, focused on training volunteers, replaced inefficient volunteers with paid agents, provided more stringent supervision over the work staff, and relied on memos and reports to communicate with staff and publicized the cause of the organization to the broader public. Due to the business practices of the non-profit sector, non-profit organizations began to accumulate wealth. According to Gross (2003), for charities, corporate chapters proved indispensable, enabling the organizations to own real estate, make contracts, and conduct business in perpetuity (Friedman and McCovin, 2003).

During this period of growth and advancement of the non-profit sector, many foundations were created to provide additional financial assistance to organizations via grants. A foundation is simply a grant-making agency (i.e., an organization that provides a sum of money to another organization to conduct a program/service that does not require repayment from the donor agency). Andrew Carnegie was the most influential and articulate prompter of new ideas about philanthropy (Herman, 1994). A series of essays written in the late 1880's stated a new doctrine of benevolence, which was based on industrialism and what effect it had on fundamental assumptions about political and economic life. In Carnegie's view, the concentration of wealth and power in the hands of a few was the inevitable consequence of advanced industrial development. For this reason, Carnegie urged fellow millionaires to assist those in need. Andrew Carnegie viewed this as a societal responsibility, helping individuals in need. Carnegie believed in helping others, but he did not favor charity. According to Herman (1994), Carnegie attacked traditional charity, which not only failed to get at the root causes of poverty, but which actually perpetuated it. Carnegie wrote the following:

> *It were better for mankind that the millions of the rich were thrown into the sea, then so spent as to encourage the slothful, the drunken, the unworthy. Of every thousand dollars spent in so-called charity today, it is probable that nine hundred and fifty is unwisely spent-so spent, indeed, as to produce the very evils which it hopes to mitigate or cure (Herman, 1994).*

Carnegie felt that by giving money to someone or some organization would not necessarily solve the problems of that person or organization. From Carnegie's vantage point, it was okay to give money, but standards were needed in the usage of the money given so that certain goals could be achieved, ultimately building the capacity of that person or organization.

Influenced by Carnegie, others like John D. Rockefeller tried parceling out millions to libraries, churches, and universities to solve the social and economic ills of America. Rockefeller, as did Carnegie, realized that charitable giving was not suited to addressing problems with the American society. Addressing these problems would require a new kind of charitable instrument - the grant-making foundation. In the late 1800s, impetus for the foundation of non-profit organizations came from the emerging upper class (DiMaggio and Anheier, 1990). Carnegie, Rockefeller, and Margaret Olivia Slocum Sage all created foundations focused on reforming social, economic, and political life (Herman, 1994). While the grant-making entities created by Sage, Carnegie, and Rockefeller enabled very wealthy individuals to affect society, other entities–the community chest and community foundation-served to democratize philanthropy (Herman, 1994). These organizations were created with the intention of broadening the base of the charitable giving; ensuring that funds went to organizations with established goals that genuinely served the public.

Religion, including political empowerment, was the most dominant organizing forces for some individuals in the late 18th to the early 19th Century. The Committees of Correspondence, the Stamp Act Congress, the Continental

Congress, the Sons of Liberty, and other ad hoc groups gathered regularly in taverns to organize resistance against the British government and to support a movement for national independence (Gamm and Putnam, 1999; Hall, 1992). For rural America, farmers organized the Farmers' Alliance in the 1880s. Working-class men and women began establishing large labor unions, and social, cultural, and athletic clubs grew significantly. The American youth movement began in the 1850's with the development of the YMCA. Between 1851 and 1854, residents in 25 cities organized local YMCAs. College fraternities, sororities, and athletic clubs expanded rapidly in the 1880s and 1890s, and fraternities and sororities on various campuses began to organize national structures (Gamm and Putnam, 1999). Moreover, the Boy Scouts and Girl Scouts were organized in the early 1900s.

Twentieth Century – Voluntary Significance

During the 20th Century, the non-profit sector began to mold its own identity and validate its significance in American society. Under President Harding, Herbert Hoover, a millionaire mining engineer turned public servant, strove through the 1920's to implement his vision of "self government" by the people outside the government. This effort, based on "voluntary cooperation within the community," was extolled as the best means of perfecting the social organizations, caring for those in distress and advancing the knowledge, research, education, and economic life (Herman, 1994). Hoover's ideas formed the foundation for the first phase of Roosevelt's New Deal. The centerpiece of Roosevelt's first-term program was the National Recovery Administration (NRA) (Hall, 1992). The NRA, a formalization of the voluntary and associational relationship between business, charity and the government, intended to revive business activity and reduce unemployment during the Great Depression (Powell, 1987). Even with the assistance of the NRA, the private and non-profit sectors were inadequate to the massive challenges of the Great Depression. Nevertheless, private charitable enterprises remained important. For instance, private think tanks such as the Brookings Institute played a vital role in helping to draft new public initiatives like the Social Security Act. The large foundations supported research of vital importance to the framing of the emerging welfare state (Herman, 1994). On the local level, charities served as conduits for public assistance.

Philanthropy and voluntary associations promoted social advocacy and were consequential to the disenfranchised during the civil rights era (McCarthy, 2003). The Slater Fund and similar foundations strove to broaden their influence over African-American education in the South during the 20th Century. In 1911, under the direction of James Hardy Dillard, a Virginian, the fund began to promote the development of county training schools. Between 1935 and 1937, county training schools throughout the South were rapidly phased out or transformed into public high schools. In 1937, the Slater Endowment merged with the Jeanes Fund, the Peabody Fund, and the Virginia Randolph Fund to create the Southern

Education Foundation (Friedman and McCovin, 2003). The schools and colleges sustained by foundations, missionary organizations and African-American denominations, despite paternalism and poverty, provided meaningful training for several generations of black leaders - most notably W. E. B. DuBois, Carter G. Woodson, Thurgood Marshall and Martin Luther King Jr. (Friedman and McCovin, 2003). A range of charitable and benevolent activities, (charitable, nonprofit, and governmental), impacted the course of the Civil Rights Movement. In many instances, individual sacrifice and good will at certain junctions were as critical to the movement's success as institutional contributions. For many Americans, efforts such as these constituted the essence of democracy in an often undemocratic age, allowing even citizens of modest means and without the vote to shape pubic policymaking agendas and pursue legislative change (McCarthy, 2003).

Women began to take on a new role in America during the late 19th Century to early 20th Century. The Crusade of 1873-74, led by women, reinvigorated the temperance movement and resulted in the formation of the Women's Christian Temperance Union (WCTU), which quickly expanded to include a variety of social issues on its agenda (Gamm and Putnam, 1999). In the early 1900s, the economic involvement of women outside their homes was physically demanding and emotionally draining, and no less aggravating was the wide discrepancy they perceived between their financial contributions to the family income and their still somewhat traditional, subordinate role in the household (Druyan, 2006). While men formed and managed religious activities, women found their avenue of fulfillment in planning and running social and philanthropic organizations, like the Yemenite Ladies' Relief Society that was a charitable association. In the 1920s, 1930s, and 1940s, women increased their participation in public life and they gained personal satisfaction from these unprecedented charitable pursuits (Druyan, 2006). In the summer of 1910, Olivia Sage, the 82-year-old widow of financier Russell Sage, known to the world as Mrs. Russell Sage, set off for the airfield at Mineola on New York's Long Island to witness the first flight of an airplane designed by a woman, a plane built by her sponsorship (Crocker, 2006). Inventor E. Lilian Todd attracted national attention in 1906 with a model bi-plane and an airship of her own design. Mrs. Sage invested $7,000 and the plane was built by the Witteman Brothers of Staten Island. The Sage Foundation funded such projects as building houses, constructing and maintaining community centers, setting up cooperative stores, and funding insurance schemes for needy workers (Crocker, 2006). Mrs. Sage also established children's playgrounds or institutes for industrial education and developed exhibitions for art. By the time of her death in 1918, Mrs. Sage had disbursed approximately $45 million to several community initiatives for the betterment of America.

It can also be said that American philanthropy is linked to U.S. foreign policy. The American international philanthropy relates to the new ideas of a culture of mass production, mass consumption, and mass politics (Berghahn, 2000). In the late 19th Century, there was an expansion of benevolence to other continents in the form of relief after natural catastrophes or in the connection with missionary work in Africa. In 1910, the first major foundation with a strong and explicit international orientation was established - the Carnegie Endowment for International Peace (Berghahn, 2000). Following Carnegie, the Rockefeller Foundation was established in 1913 with a focus on international health reform. With the approach of World War II, the large foundations saw themselves as collaborators and partners of the U.S. government on the international stage. The Ford Foundation was also a major player on the international scene. Established in 1936 by Henry Ford, the foundation was focused on the creation of conditions for peace (Berghahn, 2001). Such a program tried to reduce tensions arising from ignorance and misunderstandings, as well as increasing maturity of judgment and stability of purpose in the United States and abroad. Ford's international program supported activities of the Congress for Cultural Freedom, an exchange program for cultural and intellectual leaders that sent American art and theatrical groups to Europe to better relationships (Berghahn, 2001).

Twenty First Century

Charitable giving continues to be a part of civic life in the United States. According to Giving USA 2006, from 70 to 80% of Americans contribute annually to at least one charity, and the amount of individual charitable giving in the United States reached nearly $190 billion in 2004 (American Association of Fundraising Council 2005; Wang and Graddy, 2008). The proliferation of non-profit organizations has increased dramatically in the 21st Century. In the past decade, the United States has witnessed tremendous growth in the number of non-profit organizations – approximately 904,000 501 (c)(3) public charities are listed in the Internal Revenue Service's official roster in 2006, a 70% increase from 1996 (National Center for Charitable Statistics 2007; Wang and Graddy, 2008). Additionally, throughout the 20th Century and the beginning of the 21st Century, the non-profit sector has continued to evolve. Influenced by current social science and emerging management practices, the non-profit sector evolved into a scientific enterprise that emphasized business-like methods, efficiency, centralized decision-making and broad application of funds to social groups to achieve social objectives (Friedman and McCovin, 2003). The non-profit sector will continue to serve as a major social and economic engine in American society.

Description of the Non-Profit Sector

What are non-profit organizations? The conventional way of approaching the sector is through the legal and economic category of the non-profit organization- a residual category arrived at by negation or exclusion. According to Anthony and Young (1984), a non-profit organization is an organization whose goal is something other than earning a profit for its owners (Lohmann, 1992). Usually its goals are to provide vital community services. According to Boris and Steuerle (1999), non-profit organizations in the United States are defined and regulated primarily under the federal tax code. These entities are formal organizations that do not distribute and are exempt from federal taxes by virtue of being organized for public purposes described in the revenue code. All non-profit organizations with revenues of $5,000 or more, except religious groups, are required to register with the Internal Revenue Service (IRS). Organizations with revenues of more than $25,000 are required to file an annual Form 990 with the IRS.

As mentioned earlier, Anthony and Young (1984) have pointed to two defining characteristics of the non-profit organization: preoccupation with something other than profit and a tendency toward providing service (Lohmann, 1992). Non-profit organizations that serve general public purposes and are organized for educational, religious, scientific, research literacy, poverty relief, and other activities for the benefit of the public are eligible to apply for charitable status under section 501 (C)(3) of the tax code. The majority of formal non-profit organizations are categorized in the 501 (C)(3) (charitable organization) and 501 (C)(4) (social welfare) tax codes. Even though most non-profit organizations are 501 (C)(3) and 501 (C)(4) classified organizations, the diversity and variety of the non-profit world is evident in the categories (**Table 2.1**) of the National Taxonomy of Exempt Entities (NTEE) developed by the National Center for Charitable

Statistics (Boris and Steuerle, 1999). Salamon (1992) offered a confluence of characteristics that is considered the hallmark of the non-profit sector in the United States: formal, private (independent of government), self-governing (organizationally), not-for-profit (nondistribution of profits), voluntary, and for the public benefit (Ferris, 1998). The non-profit or voluntary sector can thus be defined as those activities in which neither formal coercion nor the profit-oriented exchange of goods and services is the dominant principle (Wuthnow, 1991). The eight major groups of the non-profit sector are (Lohmann, 1992; Boris and Steuerle, 1999):

1. Arts, culture, humanities, (e.g., museums, historical societies).
2. Education (e.g., private schools, universities).
3. Health Services (e.g., non-profit hospitals, the American Lung Association).
4. Social Services (e.g., food bank, homeless shelters, YMCA).
5. International and foreign affairs (e.g., International Committee of the Red Cross).
6. Public Societal benefit (e.g., Rockefeller Foundation, the Urban Institute, civil rights groups, United Way).
7. Faith-based (e.g., interfaith coalitions, religious societies).
8. Membership benefit (e.g., non-profit credit unions, labor unions, fraternal organizations).

Table 2.1 – Classifications of Non-Profits

Section	Description	Number
501 (C) (1)	Corporations organized under act of Congress	20
501 (C) (2)	Titleholding corporations	7,100
501 (C) (3)	**Charitable and religious***	**654,186**
501 (C) (4)	Social welfare	139,512
501 (C) (5)	Labor, agricultural organizations	64,955
501 (C) (6)	Business leagues	77,274
501 (C) (7)	Social and recreational clubs	60,845
501 (C) (8)	Fraternal beneficiary societies	91,972
501 (C) (9)	Voluntary employees' beneficiary associations	14,486
501 (C) (10)	Domestic fraternal beneficiary societies	20,925
501 (C) (11)	Teachers' retirement funds	13
501 (C) (12)	Benevolent life insurance associations	6,343
501 (C) (13)	Cemetery Companies	9,562
501 (C) (14)	State-charted credit unions	5,157
501 (C) (15)	Mutual insurance companies	1,212
501 (C) (16)	Corporations to finance crop operations	23
501 (C) (17)	Supplemental unemployment benefit trusts	565
501 (C) (18)	Employee-funded pension trusts	2
501 (C) (19)	War veterans' organizations	31,464
501 (C) (20)	Legal service organizations	131
501 (C) (21)	Black lung trusts	25
501 (C) (22)	Multiemployer pension plans	0
501 (C) (23)	Veterans' associations founded prior to 1880	2
501 (C) (24)	Trusts described in Section 4049 of ERISA	1
501 (C) (25)	Holding companies for pensions, etc.	794
501 (C) (d)	Religious and apostolic organizations	113
501 (C) (e)	Cooperative hospital service organizations	54
501 (C) (f)	Cooperative service organizations of operating educational organizations	1
521	Farmers' cooperative	1,773
Total		**1,188,510**

Source: (Boris and Steuerle, 1999).

The NTEE attempts to categorize all non-profits. However, it should be noted that the NTEE is not a sufficient typology for theoretical purposes. It supplies labels for major categories of tax-exempt organizations, but it does not provide any rationale for the inclusion or exclusion of particular categories (Lohmann, 1992).

Unlike Boris, Steuerle, and Lohmann, Lester Salamon (1995) grouped non-profit organizations in four less distinct classes. The first are funding agencies, or fund-raising intermediaries, which exist not so much to deliver services but as to channel resources to other agencies that do directly serve the public. Included in this class are private foundations, United Way organizations, and fund-raising federations. The second group of non-profits presented by Salamon is member-serving entities that exist primarily to provide goods or services to their immediate members, rather than to society or the community at large. This group includes professional organizations, labor unions, corporations, trade associations, and mutual insurance companies. Member-serving entities are providing club goods, which are characterized by jointness in consumption. Individuals band together to ensure that goods will be provided (or not provided to non-members) under conditions that the group controls (Ferris, 1998). The third group consists of public benefit organizations that exist primarily to serve others, to provide goods or services (including information and advocacy) to those in need. Included within this class are educational institutions, cultural institutions, social welfare agencies, day care centers, nursing homes and the hospital. These are the organizations most directly involved in delivering services that promote community welfare or serve broad public purposes. The public benefit service organizations have long played a vital role in American life, supplying a considerable portion of the social services, healthcare, education, research, culture, community improvement, and public advocacy that occurs in the United States (Salamon, 1995). The fourth and final classification of non-profit organizations presented by Salamon embraces religious congregations, or other faith-based entities that pursue sacramental religious functions (Powell, 1987).

Henry Hansmann (1980) took a different approach from the previous scholars to classify non-profit organizations. The previous approaches placed non-profit organizations in groups according to the services, products, or programs offered. Hansmann adopted a classification scheme under which non-profit organizations were distinguished according to (1) their source of income and (2) the way in which they are controlled. Non-profit entities that receive a significant portion of their income from donations are referred to as “donative” non-profits. The Red Cross is an example of a donative non-profit organization. In a donative non-profit, the patrons are the donors (Powell, 1987). The term patrons denote those individuals who are the ultimate source of the organization’s revenue stream. Non-profit firms that derive their income primarily or exclusively from sales of products or services are referred to as “commercial” non-profit firms. Hospitals and nursing homes are examples of “commercial” non-profits. In a commercial non-profit, the patrons are the firm’s customers. **Table 2.2** summarizes this classification.

TABLE 2.2 – A Four-Way Categorization Of Nonprofit Firms

	Entrepreneurial	Mutual
Donative	Common Cause National Audobon Society Political Clubs	CARE March of Dimes Art Museums
Commercial	American Automobile Association Consumers Union[a] Country Clubs	National Geographic Society Educational Testing Service Hospitals Nursing Homes

Source: (Powell, 1987 p. 28)

Non-profit entities in which complete control (the power to elect the board of directors) is in the hands of the organization's patrons are referred to as "mutual" non-profits. Other non-profits in which the board is self-perpetuating are called "entrepreneurial" non-profits. The intersection of these classifications yields four types of non-profits: donative mutual, donative entrepreneurial, commercial mutual, and commercial entrepreneurial. The boundaries between the four categories are often times blurred. For instance, several universities depend heavily on both tuition and donations and thus are to some extent both donative and commercial. Also, some university boards are elected by the alumni and some university boards are self-perpetuating. Therefore, universities cannot be categorized clearly as mutual or entrepreneurial.

Activities of the Non-Profit Sector

As reflected in the NTEE, the non-profit sector is extremely diverse, which explains the purview of activities non-profits undertake. They produce and display art, culture, and music; generate knowledge and awareness through research and education; protect consumers, the environment, and animals; promote health; prevent and treat disease; provide housing, food, and clothing;

promote international understanding; provide local and international aid and relief; create community, social, and economic infrastructure; advocate for and against public policies that affect civil rights, gun control, abortion, and other (political and community) issues; provide services and funding to other non-profit groups; transmit religious values and traditions; provide solidarity, recreation, and services to members and others; encourage and transmit civic, family, and economic values; educate and register voters (Boris and Steurele, 1999). This laundry list of activities of the non-profit organizations sector paints a clear picture that voluntary organizations do many things that are also done by the government and business sectors. However, some activities are distinctive to the non-profit world including religious worship, membership activities, and government monitoring as well as activities that are not economically feasible for the government or profitable for businesses. Sixty-eight percent of museums, botanical gardens and zoological gardens, and approximately 58% of all social service providers in the United States are non-profit (Boris and Steurele, 1999).

Government reliance on non-profits to deliver publicly financed services is particularly extensive in the fields of day care, elderly services, legal services, and hospital services, in all of which non-profits deliver over half of the publicly funded services (Salamon, 1995). Non-profits are major providers of publicly funded services in the fields of family services, services for the disabled, child welfare services, mental health and drug abuse services, employment and training, and arts and culture. It is apparent that the non-profit sector is not a homogeneous industry with a common set of activities. To that end, based on the activities of the non-profit sector, non-profits try to meet or address virtually every human need.

Scope of the Non-Profit Sector

The non-profit sector (also referred to as the independent sector) is a large part of the American economy. In the United States, there are more than 1 million non-profit entities, as described in **Table 2.3**. The number of organizations in the independent sector has grown much faster (35.6%) than the total number of U.S. organizations (26.5%).

TABLE 2.3 – Number of Non-Profit Organizations in the U.S. 1982-1998 (in thousands)

	1998	1997	1992	1987	1982
Number of organizations in U.S.	27, 692	27,586	24,468	21,867	18,209
Independent sector organizations	1,228	1,188	1,030	907	793
Percent of total organizations	4.4%	4.3%	4.2%	4.1%	4.4%
501 (c) 3 organizations	734	693	546	422	322
501(C) 4 organizations	140	142	143	139	132
Church congregations	354	353	341	346	339
Other tax-exempt organizations (not included above)	399	398	396	378	387
Total nonprofit organizations	1,627	1,586	1,426	1,285	1,180
National income (including value of volunteer time)	$7,300,000	$6,900,000	$5,200,000	$3,800,000	$2,700,000
Percentage of attributed to all nonprofits	6.7%	6.7%	6.8%	6.5%	6.4%
Percentage attributed to independent sector	6.1%	6.1%	6.3%	5.7%	5.8%

Source: (Andreasen and Kotler, page 15, 2003)

This sector produces nearly 5% of private sector net worth (Boris and Steuerle, 1999). The independent sector comprises almost 12% of the entire paid labor force in the United States, counting the value of the 200 million hours of unpaid volunteer services performed by over 100 million volunteers (Andreasen and Kotler, 2003). The non-profit sector estimates that about 109.4 million Americans 18 years or older volunteered an average of 3.5 hours per week. This sector has developed a number of large, sophisticated organizations. For example, as shown in **Table 2.4**, excluding universities and health care systems, the annual revenues in 2000 of the 15 largest non-profit organizations exceeded over $625 million, with the largest Lutheran Services, generating over $6.9 billion which would put it around number 271 on the Fortune 500 list, above private sector giants such as Unisys and Campbell Soup (Andreasen and Kotler, 2003).

Table 2.4 – Top Nonacademic Non-Profits

Top 15 Nonacademic Nonprofits	2000 Revenues (000)
Lutheran Services of America	$6,909,131
YMCA of the USA	3,987,476
Salvation Army	2,792,816
American Red Cross	2,492, 418
Catholic Charities USA	2,342,189
Goodwill Industries International	1,852,900
Fidelity Investments Charitable Fund	1,260,525
Boys & Girls Club of America	984,916
American Cancer Society	812,297
The Nature Conservatory	784,264
Boy Scouts of America	692,600
Girl Scouts of America	665,995
YWCA of the USA	657,972
Planned Parenthood Federation	627,200
United Cerebral Palsy Association	625,688

Source: (Andreasen and Kotler, page 13, 2003)

Additionally, a survey conducted by the Chronicle of Philanthropy listed 30 leaders from major non-profit organizations and foundations with salaries over $400,000 and some over $1 million. In relation to income, the non-profit sector produces 6.7% of national income, about one-third of which is an estimate of the value of volunteer time (Boris and Steurle, 1999). The independent sector receives approximately 2% of personal income as contributions. Most donations/contributions are made by individual rather than organizations/corporations. The classification or type of non-profit organization generally determines the organization's source of income (government assistance, private donations, and/or grants).

Non-profit organizations need capital resources to produce goods and services. The non-profit sector's capital stock is composed of physical assets (facilities, residents, equipment) employed in providing products and services to the public. Capital stock, along with financial assets, represents the sector's accumulated investments (Powell, 1987). Gabriel Rudney, Ruggles and Ruggles (1980) estimated that at the end of 1975, the non-profit sector's capital stock was valued at $154 billion net current value. These physical assets (capital stock), primarily nonresidential structures, represented over three-quarters of the sector's total assets (capital resources and financial investments) of over $201 billion (Powell, 1987). In 1996, the non-profit sector's assets were valued at $1.24 trillion, which is a significant increase from 1977 value of $201 billion (Boris and Steuerle, 1999).

The operating expenditures for the non-profit sector increased dramatically from 1982 to 1997. In 1980, the non-profit sector had expenditures of approximately $116 billion, which represented about 5% of the gross domestic product (Salamon, 1995). In 1982, total operating expenditures for the sector was $172.3 billion, which jumped to $551.6 billion in 1997, an increase of more than $379 billion (**Table 2.5**).

Table 2.5 – Distribution of Operating Expenditures across the Non-Profit Sector in the U.S.

	1997	1992	1987	1982
Operating expenditures (billions)	$551.6	$435.8 :	$272.7	$172.3
Health Services	53.9 %	54.5%	50.3%	51.4%
Education/Research	18.3%	19.4%	22.89%	23.5%
Religious organizations	9.7%	9.4%	11.0%	9.3%
Social and legal services	12.0%	11.1%	10.1%	9.8%
Civic, social, and fraternal	3.0%	3.1%	3.2%	3.3%
Arts and culture	2.2%	1.8%	1.9%	1.9%
Foundations	0.9%	0.7%	0.7%	0.8%

Source: (Andreasen and Kotler, pg 15, 2003)

The non-profit sector impacts the lives of many Americans. The non-profit sector is not likely to wither away in the foreseeable future. The prevailing demographic trends alone suggest a significant increase in the demand for the kinds of services that non-profits have traditionally provided, including day care, nursing home care, family counseling, and hospital services (Herman, 1994). The demand is growing not only among the poor-the traditional target group of charitable organizations-but also among the broad middle class (Herman, 1994).

Viewpoints and Theories

Why do non-profits exist? There are many viewpoints on the role of non-profits in America. Political scientists view the role of the non-profit sector in terms of providing avenues of civic participation and representation of interests in the pluralistic, political system of a heterogeneous society. Diverse values and interests are aggregated through political advocacy and lobbying the government by many non-profit groups. Non-profit organizations are created to address issues that require political action (policy development) on the local, state, and national levels.

Communitarians view voluntary associations as the precursors of government and the market and thus, as among the most basic of social relationships that connects people and creates communities. Those relationships became more complex over time and evolved into the state and the market. Some believe that the role of the non-profit sector is to generate social capital. The social capital role includes fostering civic values and participation, monitoring government, and informing public policy through education, research, and analysis (Boris and Steuerle, 1999). This role resembles the responsibilities of the state. From an economic perspective, individuals look at the creation of income, jobs, and skills, as well as the service provision and economic development associated with the non-profit sector. This role of the non-profit sector resembles the market. From a religious vantage point, the role of the non-profit industry is to alleviate poverty, create opportunities, and promote values and beliefs. This role appears to serve as a market (alleviating poverty and creating opportunities) and state (promoting values and beliefs) function. As for theories, there are three primary theories associated with the non-profit sector: contract failure (asymmetry of information of market failure), government failure (also known as public goods theory), and non-profit failure (also referred to as voluntary failure).

Contract Failure

Market failure is based on the concept that there are desired services or collective goods that do not have sufficient potential for profit to attract business providers (Boris and Steuerle, 1999). Market failure is precipitated by inadequate or insufficient information on the quality of services which may drive the public to turn to non-profit providers that are perceived as trustworthy because they do not have a profit motive. The same is true with contract failure. The profit imperative may lead to harmful organizational behaviors when the seller is better informed than the buyer. According to Richard Steinberg, Hansmann (1980) extended and popularized the theory of "contract failure," which he later described as follows (Koebel, pg. 25, 1998):

> Nonprofits….typically arise in situations in which, owing either to the circumstances under which a service is purchased or consumed or to the

> nature of the service itself, consumers feel unable to evaluate accurately the quantity or quality of the service a firm produces for them. In such circumstances, a for-profit firm has both the incentive and the opportunity to take advantage of customers by providing less service to them than was promised and paid for. A nonprofit firm, in contrast, offers consumers the advantage that, owing to the nondistribution constraint, those who control the organization are constrained in their ability to benefit personally from providing low-quality services and thus have less incentive to take advantage of their customers than do the managers of a for-profit firm. Nonprofits arise (or rather, have a comparative survival advantage over for-profit firms) where the value of such protection outweighs the inefficiencies that evidently accompany the nonprofit firm, such as limited access to capital and poor incentives for cost minimization. Because this theory suggests, in essence, that nonprofits arise where ordinary contractual mechanisms do not provide consumers with adequate means to police producers, it has been termed the “contract failure” theory of the role of nonprofits.

For example in an essay on day-care by Nelson and Krashinky (1993; Nelson, 1977), they noted that the quality of service offered by a day-care center can be difficult for a parent to judge (Powell, 1987). According to Nelson and Krashinsky, parents might wish to patronize a service provider in which they can place more trust than they can in a proprietary firm, which they might reasonably fear could take advantage of them by providing inferior (quality) services. In such circumstances, a for-profit entity has both the incentive and the opportunity to take advantage of consumers by providing less service to them than was promised and paid for. In contrast, a non-profit firm offers the advantage that owing to the non-distribution constraint, those who control the organization are constrained in their ability to benefit personally from providing low-quality service and thus have less incentive to take advantage of their customers than do managers of a for-profit firm (Powell, 1987). Therefore, the strong presence of non-profit firms in the day-care industry could perhaps be explained as a response to this demand. The contract failure theory of non-profits is based on the principal agent problem that exists for some goods and services in the marketplace (Ferris, 1998). The concept of contract failure simply emphasizes the residual role of the non-profit sector in compensating for the deficiencies of market exchange under conditions of information asymmetry (Lohmann, 1992). People are able to trust the quality of care services provided by the non-profit sector because maximum profit generation is not the overall goal.

Government Failure

Government failure implies that there are public services that government will not provide for reasons that may include the cost or the limited constituency that desires the service (Boris and Steuerle, 1999). In most cases, when it is inefficient for the government to provide a service, the non-profit sector will step in and provide that needed service. For example, a tutoring program may be the solution to enhancing the reading and math skills of young adults within a given community. In order for the government to support this program, it would need to hire teachers, find a location, and provide materials. This is a beneficial program to the community, but it could be quite costly to the government. If the program is not economically efficient for the government to provide this service, then the government will most likely end the program. On the other hand, non-profits, will likely solicit the assistance of volunteers to tutor the students at little to no cost.

Volunteers could hold tutoring sessions in a church or meet the students at a mutual location (library, coffee shop, or restaurant) near the neighborhood. Moreover, volunteers could utilize donated training materials to use in the program. The non-profit sector does not have a profit motive and utilizes the expertise of volunteers to accomplish sustainability. In a general sense, non-profits are quasi-governmental agencies because they are private producers of public goods. Governmental entities, Weisbord argued, will tend to provide public goods only at the level that satisfies the median voter; consequently, there will be some residual unsatisfied demand for public goods among those individual whose taste for such goods is greater than the median (Powell, 1987). Non-profit organizations were created to fulfill this residual demand of the broader community by providing public goods in amounts supplemental to those provided by government. In a democratic society, where minority views are not well reflected in public policy, minorities will organize themselves on a voluntary collective basis, not only to provide public services for themselves, but also to press government to serve their interests more adequately (Boris and Steuerle, 1999). In Weisbrod's basic model, government has no incentive to respond since it simply follows the preferences of the majority. As Salamon suggested, the non-profit sector provides needed services to the public when both market and government fail (Lohmann, 1992).

Voluntary Failure

As stated earlier, non-profits serve as private producers of public gods (Powell, 1987). Public goods are non-rival, meaning that they can be consumed by one party without reducing the amount to others and non-excludable, which means the good cannot be made available to one party without making it simultaneously available to others (Boris and Steuerle, 1999). For instance, national defense benefits all citizens. It is non-rival because it benefits all citizens relatively the same. Additionally, national defense is non-excludable because it cannot be exclusive for one particular group. Again, it benefits all citizens. Public goods are needed within the American society, but there are some major problems that hinder the ability to provide public goods efficiently and effectively by the non-profit sector. This problem is commonly referred to as voluntary (non-profit) failure. In this theory, non-profits are the preferred providers of services; and government action only becomes necessary when non-profits are unable to meet perceived needs (Boris and Steuerle, 1999). Lester Salmon identified four general types of voluntary failures leading to government intervention (Salamon, 1995):

- Philanthropic Insufficiency
- Philanthropic Particularism
- Philanthropic Paternalism
- Philanthropic Amateurism

Philanthropic Insufficiency. The central failing of the voluntary system as a provider of collective (public) goods has been its inability to generate resources on a scale that is both adequate and reliable enough to cope with human service problems of an advanced industrial society (Salamon, 1995). This is a reflection of the "free rider" problem. For example, a non-profit hospital will provide care for individuals regardless if they are able to pay or not. Some scholars argue that there is an incentive for each person to let others bear the cost. So long as sole reliance is placed on a system of voluntary contributions, therefore, it is likely that the resources made available will be less than those society considers optimal (Salamon, 1995). Non-profits are unable to maintain a level of services due to lack of resources. Non-profits lack taxing authority, rarely have the ability to deficit spend, and cannot sell stock. Contributions are limited by the incentive to free-ride; some potential donors hope they can enjoy viewing charitable service paid for by other donors without themselves contributing (Koebel, 1998).

Philanthropic Particularism. Particularism is the tendency of voluntary organizations and their benefactor to focus on particular subgroups of the population (Salamon, 1995). This is one of the perceived strengths of the non-profit sector. Non-profit entities provide a mechanism through which such subgroups -ethnic, religious, neighborhood, special interest or other- can join together for a common purpose. However, particularism has its drawbacks. First, there is the possibility that some subgroups of the community may not be adequately represented in the structure of voluntary organizations. To that end, those in charge may not favor all segments of the community equally and serious gaps can occur in the coverage of subgroups. Second, particularism can contribute to wasteful duplication of services. Voluntary organizations are motivated not alone by considerations of social need, but also by considerations of communal or individual pride (Salamon, 1995). In other words, each group wants its own agencies and appeals to donors made along religious, ethnic, or sectarian lines. Non-profits do not need to forge a consensus from a constituency enjoying universal suffrage, so their particularistic impulse will be supported by those (subgroups) to which the organization is accountable (Koebel, 1998).

Philanthropic Paternalism. Paternalism (sometimes referred to as parentalism) is a third class of problems associated with the voluntary sector. The non-profit sector vests most of the influence over the definition of community needs in the hands of those in command of the greatest resources. So long as private charity is the only support for the voluntary sector, those in control of the charitable resources can determine what the sector does and whom it serves (Salamon, 1995). The like-minded individuals who decide to help the poor or needy may volunteer because they believe they know how to help the poor live better lives (Koebel, 1998). These individuals do not listen to the desires of the clientele, nor even meet with them. The individuals helping the poor are not necessarily experts in the fields of human development or social science. The growing need for professional approaches to social problems has made it necessary to go beyond voluntary effort (Salamon, 1995).

Philanthropic Amateurism. The final problem with the voluntary system has been its association with amateur approaches, similar to paternalism, to coping with human and societal problems. For a considerable period of time, the problems of poverty and want were attributed to the moral turpitude of the poor. According to Salamon (1995), care of the poor, the insane, the unwed mother, was therefore appropriately entrusted to well-meaning amateurs and those whose principal calling was moral suasion and religious instruction, not medical aid or job training. Some researchers have mixed feelings regarding philanthropic amateurism. Richard Steinberg states that the reason amateurism is a mixed blessing is that although service provision may be impaired, the voluntary impulse is fostered when extensive training is not a pre-requisite, and freedom to express the voluntary impulse enhances the legitimacy of a civil society (Koebel, 1998). Simply stated, volunteers do not necessarily need advanced training to help-to distribute water, to donate money, to pick up debris-and this is a core principle within the American society, helping others in times of need. On the other hand, at times, skilled professionals are needed in areas such as medical treatment, educational training, child care, and other specialized jobs within the non-profit sector. Therefore, if a major societal problem occurs that requires specialized training, an amateur approach to resolving that problem may exacerbate the problem and do more harm than good. If this is the case, the voluntary sector will fail and government action is required.

The Case for Non-Profit Organizations

In 1982, Thomas J. Peters and Robert H. Waterman, Jr. authored *In Search of Excellence*. This book provided several reasons for the success of business entities in America. Similar to Peters and Waterman's book, this document will identify several reasons for the success of non-profit entities in America. The non-profit sector is considered as being significant (successful) in the United States because of its (1) trustworthiness, (2) efficiency, (3) services, (4) flexibility, and (5) empowerment tactics. According to Putnam (1995), when Tocqueville visited the United States in the 1830's, it was American's propensity for civic association that most impressed him as the key to their unprecedented ability to make democracy work. Tocqueville stated that "Americans of all ages, all stations in life, and all types of dispositions are forever forming associations." Tocqueville wrote that Americans did for themselves through voluntary efforts what people in other societies expected governments and elites to do for them (Wuthnow, 1991; Putnam, 2000). When some tragedy befell them, or when some project needed to be organized, people simply banded together to get the job done (Wuthnow, 1991). Putnam found that the effectiveness of democratic government in Italy was closely associated with the vitality of networks of civic engagement. These networks were largely non-governmental, voluntary associations of people brought together to pursue mutual interests and respond to community problems (Koebel, 1998). Therefore, voluntary or non-profit organizations are core components of a democratic American society allowing individuals with similar interests to come together to respond to community concerns for the betterment of society.

Non-profit organizations have a tremendous impact on the local community. In politics, there is an old adage which states that all politics are local. The same can be said about non-profit entities. All non-profits affect local individuals. Local organizations make the most immediate and obvious impact in people's lives. Non-profits give residents a sense of belonging and connectedness to local issues and activities (Berger and Neuhaus, 1996). In working with voluntary agencies, regardless of the issues (e.g., unemployment, crime, healthcare, and/or energy costs), citizens have a significant say - and know they have a significant say - in the most important decisions affecting their own everyday lives (Berger and Neuhaus, 1996). Non-profits work with local grass-roots leaders to share information and develop strategies to address local concerns. In de Tocqueville's writing, strong local and regional associations are seen as a way of mediating between insular values and interests of local communities (Boris and Steuerle, 1999). Thousands of local associations, ranging from womens' clubs to fraternal orders, have arisen as a major impetus in local communities throughout the United States.

Trustworthiness

Embodying a critical value emphasizing individual initiative in the public interest, as well as serving important service delivery, advocacy, and community-building functions, these organizations have long enjoyed a claim on Americans' affection and trust (Salamon, 1999). Since non-profits are viewed as natural components of the American society and have a strong local presence, individuals have a sense of trust in the non-profit sector. Individuals were closely bound one to another by strong families, tightly knit neighborhoods, and active voluntary and fraternal groups. Through these small, local, "human-scale" associations, Americans not only achieved a sense of belonging and connectedness but also tackled the full range of social and human problems (Berger and Neuhaus, 1996). Communities with a more active associational life will be more effective communities because of the trust established (Koebel, 1998). Individuals donate to and volunteer for non-profit agencies because of the great amount of trust for the non-profit sector. Brown and Ferris (2007) found that individuals' associational networks and their trust in others and in their community were important determinants of giving and volunteering (Wang and Graddy, 2008). The annual rate of growth in real private contributions equaled 2.9% from 1977 to 1996. Individual donations represented 80% of all private giving in 1996 and accounted for nearly $120 billion - a sum more than 10 times greater than the amount given by foundations (Boris and Steuerle, 1999).

Contributions of volunteer time significantly leverage resources available to the independent sector. In 1980, about 80 million people donated time and effort to non-profits, compared to 6.7 million paid employees, a ratio of almost twelve unpaid volunteers for every paid employee in the sector (Powell, 1987). Since 1964, the number of volunteer hours donated to the non-profit sector has increased nearly threefold (Powell, 1987). Moreover, the Independent Sector's series on giving and volunteering in the United States showed a clear trend of more giving (financial contributions) by volunteers than non-volunteers. In six national surveys on giving and volunteering, contributing households with a volunteer gave more than twice the percentage of household income than the households that contributed but did not volunteer (Wang and Graddy, 2008). In the busy lives of Americans today, with balancing family, work, and other social activities, Americans do not wish to waste their valuable time or limited financial resources. Therefore, if individuals do volunteer for a non-profit organization, then it must be a worthwhile cause with a great sense of trust and belief in that organization. Thus, according to de Tocqueville, non-profits are believed to be more trustworthy than the market or the state (Koebel, 1998).

Efficiency

Non-profits are perceived to be efficient agencies. First, non-profit organizations receive financial contributions and donated items. Due to the efforts of the donor, entities in the independent sector are able to cut back on costs related to materials and supplies for the day-to-day operation of the organization. Many citizens give to non-profits for a specific cause or program. Because of people's emotional connection to a cause or program, non-profit entities do not find it necessary to spend large amounts of money on marketing or product development. People give to help others. A core component of American values is to help fellow citizens. Moreover, individuals who give to charity can file the contribution on their annual income taxes and receive a tax benefit. Hence, individuals have an incentive to give. Over the past few decades, charitable contributions from private citizens have remained relatively constant (Boris and Steuerle, 1999).

Second, volunteers are a major resource for the non-profit sector. Volunteer labor is a form of in-kind, donated services (Powell, 1987). Non-profits use volunteers (unpaid staff) as members of boards of directors, in staff management and service positions as fundraisers, and in many other activities. Volunteers bring expertise from business, government, and the community to bear on local, national, and international problems. Non-profit agencies have always relied on the assistance of unpaid volunteers in delivering their services (Herman, 1994).

In addition to unpaid volunteers, non-profits are able to save money because several individuals work in the independent sector for lower wages than in the business or government sectors. Borjas, Frech, and Ginsburg (1983) found that non-profit nursing homes (especially those with religious affiliation) pay substantially lower wages to comparably skilled workers than for-profit and government-operated nursing homes pay (Powell, 1987). To that end, in a 1990 study conducted focusing on hospitals and nursing homes, researchers found that non-profit organizations are less expensive and thus ostensibly more efficient than for-profit entities (DiMaggio and Anheier, 1990). According to Wuthnow, non-profit organizations have embodied the principle of voluntarism, in that they have depended on free commitments of time and energy from their members to keep their collective activities alive (Himmelstein, 1993). To that point, it appears that volunteers tend to be "Theory Y" people. According to Douglas McGregor, Theory Y assumes that people are not, by nature, lazy and unreliable; and that these individuals are self-directed, creative, highly productive, and find their work inherently satisfying (Hersey, Blanchard, and Johnson, 2001).

Finally, non-profit organizations (501(c) (3)) are classified as tax-exempt entities. Entities in this category are formal organizations that do not distribute profits and are exempt from federal taxes by virtue of being organized for public purposes.

By being tax-exempt, non-profits are able to save money, which can be utilized for efficient program development and operation of the organization.

Services

As society becomes restless with the inability of government to deal with problems for which responsibility has been assigned. It appears to be an increasing reliance on the non-profit sector to provide necessary services to community residents (Ferris, 1998). The non-profit sector provides services in the following areas; religious activities, education, healthcare, the environment, art, recreation, civil rights, public safety, community development, and other quality of life activities. Non-profits play prominent social, economic, and political roles in society as service providers, employers, and advocates. The non-profit sector has a long history of providing necessary services to those in need. For example, nearly 60% of patients requiring acute care were admitted to voluntary hospitals in 1936 (Berger and Neuhaus, 1996). Without these voluntary hospitals, those individuals may have been left untreated, exacerbating their illnesses. The government relies heavily on non-profit entities for the delivery of social services. Charitable groups came into being to do what public officeholders could not or would not undertake. It is perceived that voluntary organizations are likely to be more effective than government bureaucracies, especially in providing relief for the needy and caring for the sick (Berger and Neuhaus, 1996). In a study of 16 local communities in 1982, government reliance on non-profit organizations to deliver public services was found to be extensive in social services, housing, community development, healthcare, and the arts (Boris and Steuerle, 1999). In each of these fields, more than 40% of government expenditures were allocated to non-profit organizations for the delivery of services to the public (Boris and Steuerle, 1999). In fact, governmental financial support of non-profits provides higher education, hospital care, and social services begun in the early republic and continued unabated throughout the 19th and 20th Centuries. The role of non-profit organizations has become so prominent in the social service delivery system that they have effectively become "partners" with government in supplying aid to the poor (Boris and Steuerle, 1999). While the federal government finances most government human service programs, and state and local governments do most of the administration, it is non-profit organizations that actually deliver the preponderance of the services (Salamon, 1995).

Non-profit agencies are extremely important during times of great suffering such as the Great Depression. During the Depression, voluntary entities developed programs to assist individuals in dealing with poverty, misery, distress, and economic maladjustment (Powell, 1987). For instance, at the bottom (worst) of the Depression, the unemployment rate was 25.2 % in 1931, 37.6% in 1933, and 30.2% in 1935. As a result of these dire and desperate times, the Salvation Army found itself providing shelter to one fifth of America's homeless (Friedman and McCovin, 2003). The Red Cross raised $10 million in 1930 and 1931 to provide assistance with food, clothing, and shelter (Friedman and McCovin, 2003). One of the pioneer nonsectarian, mass-based health charities, the March of Dimes sought to raise significant amounts of money through small donations from many individuals during the Great Depression to assist those afflicted by polio and other diseases. Additionally, non-profits have a long and successful history of helping families recover after natural disasters. A sample of the non-profit sector's involvement with disaster relief in the United States is chronicled below:

- Johnstown, Pennsylvania Flood (May 31, 1889) – Because of a neglected dam and a phenomenal storm (6-9 inches of rain), water jumped the banks of the Conemaugh River basin and the South Fork Dam burst. Total death toll was 2,209. The Red Cross established food and water stations, provided medical care, and constructed shelters to house the victims.

- Galveston, Texas Hurricane (September 8, 1900) – The hurricane with winds of 140 mph hit Galveston, killing 6,000 people, 15 percent of Galveston's population. The Red Cross, the Salvation Army, and other voluntary agencies constituted a warehouse for distribution of clothing, as well as establishing shelters for the homeless.

- San Francisco, California Earthquake (April, 18, 1906) – The earthquake left nearly 700 dead, hundreds injured, and approximately 250,000 homeless. The Red Cross and other voluntary organizations coordinated soup kitchens, and set up tent cities for thousands of victims.

- Great Mississippi Flood (1927) – From this flood, more than five million acres of farmland were ruined and more than 300,000 people were displaced from their homes. The Red Cross staffed 154 refugee camps to care for the displaced individuals. Volunteer agencies also raised millions of dollars for clothing, food, agricultural products, vocational training, and established an immunization program to prevent the rampant spread of smallpox, malaria, and typhoid fever. The Colored Advisory Committee was established by Dr. Robert Moton, President of Tuskegee Institute, to promote interracial cooperation for flood relief.

- Drought of 1930-1931 – During the Summer of 1930 and into 1931, a major drought caused significant damage, affecting millions in 23 southern, mid-western, and northwest states. During this event, non-profits provided families with food, clothing, medical aid, and shelter. The Red Cross provided assistance to nearly 3 million people and distributed more than $11 million in food, clothing, and other supplies.

- Vanport Flood of 1948 – The Vanport Flood washed away the entire city of Vanport, Oregon on Memorial Day of 1948. The entire homestead, mainly African American, was destroyed and 15 people were killed after the dike along the Columbia River gave way. The city was never rebuilt because it was started as a temporary homestead. All those affected were aided by charities and government agencies, but all had to relocate.

- Hurricane Audrey (June 27, 1957) – Hurricane Audrey was the earliest catastrophic storm in the Atlantic hurricane season that made landfall in the Summer of 1957 at the Texas-Louisiana border killing 390 people and causing damage of approximately $150 million. The American Red Cross provided relief to more than 70,000 victims. The organization provided food, shelter, and nursing care.

- Hurricane Camille (August 1969) - Hurricane Camille made landfall in the Bay St. Louis in August of 1969. The storm ravaged much of the Gulf Coast, including Pass Christian and Long Beach, Mississippi; Boothville, Louisiana; and Mobile, Alabama with winds estimated to have gusts of up to 190 mph. The storm then moved on to Kentucky, West Virginia and southern Virginia. More than 150 people were killed in the Gulf Coast region and 153 were killed in Virginia due to flooding. This storm caused more than an estimated $1.12 billion in damages with thousands of homes, farms, and businesses having been destroyed or damaged. Shelters were provided by the American Red Cross for 85,000 and 913 volunteers along with 805 professional staff assisted victims with financial assistance and services such as food stamps. Total relief by the Red Cross was estimated at $15 million.

- Tropical Storm Claudette (July 1979) – A two-phase storm that caused 1 death and $750,000 in damages in Puerto Rico during phase one and 1 death and an estimated $400 million in damages after it made landfall near the Texas-Louisiana border on July 23, 1979. The damage from the storm was caused by heavy rains and severe flooding. The Salvation Army provided shelters in areas such as Corpus Christi and Freeport for the flood victims. The Texas Salvation Army Team Emergency Radio Network (SATURN) prepared disaster relief teams for the area and supplied volunteers in the canteen units with Amateur Radio gear.

- Hurricane Hugo (September 1989) – Hurricane Hugo was a destructive storm that swept through the Caribbean, Puerto Rico, the U.S. Virgin Islands, and the coast of South Carolina killing more than 65 people and leaving thousands homeless. In this relief effort, the Red Cross provided emergency supplies and rent assistance or temporary home repairs to more than 116,000 individuals. In the Caribbean, over 300 Red Cross paid staff and disaster specialists were assigned to help. In the U.S., approximately 230 paid staff and disaster specialists were assigned to North and South Carolina, Georgia, Virginia, and West Virginia. The Red Cross also announced a $42 million disaster fund campaign to help storm victims.

- Hurricane Andrew (August 24, 1992) – Hurricane Andrew made landfall in south Florida in late August. This calamity sustained winds of 145 mph and gusts up to 174 mph. Forty-one individuals were killed and thousands were left homeless due to the twelve-foot tidal waves that flattened homes in the area. Prior to Andrew, the Red Cross established shelters for evacuees. President Bush praised the generosity of the American public and asked individuals who sought a way to help to contribute money to the American Red Cross. In less than 24 hours, $4 million from over 53,000 American were received. The Red Cross distributed this money to shelters and provided assistance to disasters victims.

- Hurricane Floyd (September 1999) – Hurricane Floyd was the third major hurricane of the 1999 Atlantic Hurricane Season. Floyd triggered a massive evacuation of 2.6 million costal residents. The storm produced torrential rain that caused widespread flooding over several weeks. In total, Hurricane Floyd was responsible for 57 deaths and $4.5 billion in damage, mostly in North Carolina. To help, the Salvation Army provided recovery services for residents and emergency workers in 23 North and South Carolina counties. The Salvation Army served more than 184,000 individuals and established disaster recovery centers throughout the region to provide financial assistance, food, water, and other supplies to needy residents.

- Hurricane Ivan (September 16, 2004) – As a Category 3 storm, Ivan came ashore near Gulf Shores, Alabama. Ivan caused significant damage, dropping heavy rains on the Southeastern United States, causing an estimated $13 billion in damages. Reports indicated that 31,000 homes were destroyed or deemed uninhabitable, and more than 140,000 were without electricity for several days. Ivan killed 25 people in the U.S. In response to the storm, Habitat for Humanity and the Red Cross joined forces to receive a $1 million grant from the Case Foundation to aid hurricane victims. Habitat for Humanity utilized the funds to help families pay insurance deductibles. The Red Cross provided shelter, supplies, and volunteers to assist individuals in the region.

- Hurricane Katrina – Hurricane Katrina is noted as one of the most devastating hurricanes in the history of the United States. The storm ravaged the islands of the Bahamas before making landfall at the Miami-Dade county line August 25, 2005. Its winds reached speeds of 175 mph creating storm surges of 25-28 feet. The death toll is estimated at 1200 between Louisiana and Mississippi and seven in Florida and tens of thousands of people have been displaced to mobile homes and shelters. The total damage is estimated at more than $200 billion in the New Orleans and Mississippi coastal areas. Since 2005 several organizations such as the American Red Cross and Salvation Army have worked to help the victims of one of the deadliest and costliest storms in the U.S. The Red Cross has provided and is still providing mental health assistance through the Behavioral Health Grants, $60 million in home repair funds, work-related and job trainings, food, and clothing.

Flexibility

Non-profit entities are known for their flexibility in the delivery of social services that the government is not capable of doing. The government has recognized the flexibility of the independent sector. By using non-profit agencies, government policy makers have hoped to administer their programs with more skill, creativity, flexibility, and perhaps deniability than a public bureaucracy allowed (Berger and Neuhaus, 1999). Non-profit organizations were less bureaucratic; they were more responsive to specialized needs, more efficient in their operation, and more innovative in their response to local problems (Koebel, 1998). Non-profits do not have the time or resources to be overly concerned with bureaucratic processes or standards. Therefore, the sector can better respond to individual and community situations. For example, if someone is in need of financial assistance, the government would most likely require the individual to complete the appropriate qualifying documents, which might require a significant amount of time. On the contrary, non-profit board members can simply know of someone's needs, discuss the problem at the board meeting, vote on the issue, and take action. According to Koebel (1998), individuals can set up a non-profit organization in an afternoon and begin addressing a specific issue or concern in a local community. Also, non-profits can provide a collective good where demand is heterogeneous, that is, where some citizens want or need more of a certain good than do the majority of fellow citizens (Himmelstein, !993). For instance, a few individuals in a particular community may be in need of some specific educational training that is not economically feasible for the government. The non-profit sector can provide this service and develop programs focused on specific needs of specific communities.

The independent sector's effectiveness has been associated with their relative autonomy from political parties; and their distance from the perceived corrupt political process was key to their success (Koebel, 1998). By-passing local political leadership can be essential. Political leaders represent a constituency and are focused on meeting the needs of those constituents. Non-profits are extremely diverse in terms of activities (services) and client focus. Ergo, non-profits can represent the broader community or a specific group within that community. Non-profit organizations could organize the poor into "solidarity groups" without alienating the local elite or local political parities (Koebel, 1998).

Essentially, non-profit organizations offer a number of more flexible and practical advantages in the delivery of human services than other sectors. Among these advantages are the following (Salamon, 1995):

- A significant degree of flexibility resulting from the relative ease with which agencies can form and disband and the closeness of governing boards to the field of action.
- Existing institutional structures in a number of program areas resulting from the fact that voluntary agencies frequently begin work in particular areas prior to the development of government programs in the area.
- A generally smaller scale of operation, providing greater opportunity for tailoring services to client needs.
- A degree of diversity both in the content of services and in the institutional framework within which they are provided.
- A greater capacity to avoid fragmented approaches and to concentrate on the full range of needs that families or individuals face, to treat the person or the family instead of the isolated problem.
- Greater access to private charitable resources and volunteer labor, which can enhance the quality of service provided and "leverage" public dollars.

Empowerment

Non-profit organizations are core components of a democratic nation, meaning that individuals with mutual interests join forces to accomplish desired goals. Non-profit organizations, via pluralism, empower citizens such as the less fortunate or the underserved. Non-profit organizations are agents of democracy in several ways. They countervail the powers of the state and the market; provide avenues for participation in collective activities; facilitate social and political integration; promote diversity of opinion; and mobilize minority interests and demands (Koebel, 1998). Since the early eighties some scholars have argued that non-profit organizations have been the most appropriate catalytic agents for fostering development from below, because their priorities were diametrically opposite to those of institutions at the “top.” Unlike state and market institutions assumed to be driven by the need for social control and profit-making, respectively, non-profit entities were interested primarily in community building (Koebel, 1998). Non-profits serve the public regardless if the activity is economically efficient or profit is generated. The uniqueness of the non-profit sector is that it gives less represented individuals the ability to help or empower themselves by forming groups or associations. Almost everyone, according to Berger and Neuhaus (1977), belongs to some group that can facilitate public policy. Civic engagement and organized group activism are important concepts of the non-profit sector. Normally, individuals become involved in formal groups because they believe in the mission or cause of the group (Wang and Graddy, 2008). Non-profit entities are sometimes referred to as interest groups. An interest group is simply a collection of people with some common characteristics and interests (Truman, 1993). An association is said to occur when a number of people have established tangent relations of some sort and when they interact with one another regularly to discuss interest (Truman, 1993). Without these groups or associations (non-profits), the interests of the minority or the less fortunate would be ignored.

The non-profit sector as a whole serves as a vehicle for mediating opposing social forces and encourages greater utilization by government of all mediation structures such as voluntary organizations, religious institutions, neighborhood groups and other primary social systems (Powell, 1987). The presence of a large, vibrant non-profit sector means that government initiatives can be channeled through these established social systems, rather than creating new ones. This allows non-profit organizations a voice at the policy table and establishes a better partnership between government and the non-profit sector, hopefully resulting in a better quality of life for citizens in the community. Therefore, according to Berger and Neuhaus (1977), two broad policy recommendations are made to ensure pluralism. First, public policy should protect and foster these mediating structures by not damaging them; and second, government should equip them with the resources for the realization of public purposes. For example, large, national non-profits can deal directly with federal agencies (whose views may differ), while similar, local non-profits can work in partnership with religious congregations, families, and informal groups to accomplish communal goals (Boris and Steuerle, 1999).

Some of the most profound social movements and changes throughout the history of America have been led or supported by non-profit organizations, usually working in coalitions with religious and other groups. Civil rights groups (advocacy entities), in collaboration with religious and other organizations, attacked racial segregation and discrimination in the United States through direct action, lobbying, advocacy, litigation, and public education (Boris and Steuerle, 1999; Ferris, 1998). Emerging from both the reformist zeal of the Progressive Era, the racial order affirmed in Plessy, and the founding of the National Association for the Advancement of Colored People (NAACP) in 1909, a convergence occurred between charitable and philanthropic strivings among white social reformers and the civil rights agenda of W.E.B. Du Bois and other prominent African-Americans (Friedman and McCovin, 2003). Massive black migrations to northern and mid-western states encouraged the formation of [non-profit] agencies, such as the National Urban League. Other entities such as the Montgomery (Alabama) Improvement Association (MIA), led by Martin Luther King, Jr., was successful in conducting a bus boycott of the city's unfair transportation system that required blacks to sit in the back. The Student Nonviolent Coordinating Committee (SNCC), a civil rights group organized in the wake of 1960 sit-ins, incessantly encouraged local people to act on their own behalf (Friedman and McCovin, 2003). Black women formed a variety of soldier aid societies (non-profit organizations) to aid African-American soldiers, their families, and former slaves, such as the Louisville Ladies' Aid Society, which solicited donations to build a hospital and school for recently liberated Southern freedmen (Friedman and McCovin, 2003). Many non-profit groups played a part in creating positive social change in America that eventually led to the 1964 Civil Rights Act. A range of charitable and benevolent activities affected the course of the Civil Rights Movement. In many circumstances, individual sacrifice and good will at certain junctures were as critical to the movement's success as institutional contributions (Friedman and McGarvie, 2003).

Non-profit organizations play a variety of roles in a civil society. Voluntary entities instill trust in people, promote efficiency, provide meaningful services, respond to people's needs, and empower local citizens to act. Scholars and political activists across a wide ideological spectrum agree on the need to prune and reform the national government, enhance state and local authority, reduce regulation, and reinvigorate the voluntary sector (Berger and Neuhaus, 1996). Without the non-profit sector, many people would suffer due to lack of services and mechanisms of empowerment. Non-profit organizations are important and they continue to make a positive difference in the lives of millions of Americans. According to Himmelstein (1993), non-profits symbolize freedom and the capacity to make a difference. Freedom is generally regarded as one of the values that Americans hold dearest (Wuthnow, 1991).

Problems of Non-Profit Organizations

As stated in the previous section of this chapter, the non-profit sector is a necessary and highly important industry in the delivery of human services in the United States, as well as for encouraging civic engagement and providing mechanisms of empowerment for local citizens. However, the non-profit sector has some issues of concern that should be addressed. Funding is always a major concern of the voluntary sector. Unlike the government, non-profits do not have the power to tax citizens to acquire the necessary financial resources to provide needed services. Thus, government funding is central to the financing of many non-profits. By Salamon's reckoning, nearly 40% of government spending in a range of domestic areas (education, healthcare, the arts, social services, and research) goes to the non-profit sector (Himmelstein, 1993). Critics argue that several non-profit service agencies providing social and health services are too reliant on government funds (Boris and Steuerle, 1999). This is problematic because many believe that government financing can have significant and enduring effects on both the organizational culture of non-profit organizations and the nature of the services they provide to the public. Throughout the 19^{th} and early 20^{th} Centuries, government funding of non-profit service agencies remained constant and strong. In fact, many local governments relied heavily on non-profit agencies for the delivery of service. For example, New York City relied almost completely upon non-profit sectarian agencies such as Catholic Charities to provide child welfare services (Boris and Steuerle, 1999). Even though independent sector agencies were performing public services, limitations were placed on public aid to non-profits due to broad concern that these agencies were receiving excessive public funding and were too dependent upon government. This relationship between government and the non-profit sector regarding funding raises two very important questions: (1) Can non-profit organizations diversify their funding base and decrease their dependence on government financing and (2) Can non-profit agencies expand their service programs if demand increases beyond current funding levels? These questions are constantly on the minds of non-profit directors. Outside of the health finance research and foreign aid fields, federal support (financial assistance) of non-profits thus experienced cumulative declines over the Fiscal Year 1982-1997 period. In other areas such as community development, elementary and secondary schools, higher education, arts and culture, and federal support of non-profit entities was lower in 1997 than it had been in 1980, in some cases by 35 % (Boris and Steuerle, 1999).

It is implied that the fate of the non-profit sector is inextricably bound up with the government (Berger and Neuhaus, 1996). Some individuals have referred to non-profit organizations as agents of the government. As agents of the State, the government can limit the capability of the non-profit sector via regulations. For instance, during World War II, the Roosevelt Administration established the War Relief Control Board, which had the power to control all solicitations for voluntary war relief. According to Boris and Steuerle (1999), this board had the power to issue and withdraw licenses from war relief agencies; and, in the interest of the economy and efficiency, this board could easily eliminate or merge organizations at its own discretion. The board scheduled the various national fund appeals and prevented competing campaigns during the periods set aside for the Red Cross National War Fund, United Jewish Appeal, and War Bond drives. The staff of the Control Board sharply scrutinized the overhead costs of non-profit entities.

In the 1970's, charitable solicitations gained prominence as an issue for state and local governmental regulation. During the seventies, according to many state and local officials, the activities of charities that solicited money from the public needed to be brought under closer scrutiny. By the end of the decade, twenty states and several county and local governments had adopted laws or ordinances limiting charity solicitations to organizations that could prove a sizable proportion of the collection went for charitable purposes rather than for salaries and administration cost (Boris and Steuerle, 1999). Also, the tax exempt status of the non-profit sector has led to numerous investigations by the government. Since 1945, concerns with federal, state, and local tax treatment of non-profit institutions has produced at least eight congressional investigations and hearings, half a dozen major federal statutes, and a succession of state and local wars over real property tax exemption (Powell, 1987). Wuthnow (1991) stated that a for-profit spa and fitness club filed a suit against a local YMCA, claiming that the agency is able to engage in unfair competition because of tax exempt privileges.

The concern about the potential challenge to agency interdependence posed by government agencies must be evaluated, in light of the challenge posed by private funding sources as well. The notion that the non-profit sector is independent is somewhat misleading. Financially, the sector is almost inevitably dependent on private sources of funds if not public ones (Salamon, 1995). Historically, private funds have often come with strings just as onerous and threatening to agency independence as any government has devised. The upper class certainly has some control over organized philanthropy in the United States. Roughly half of all private giving in America comes from the richest fraction of one percent of the population (Himmelstein, 1993). Furthermore, the control of the rich over non-profit entities reaches well beyond their money. For the rich, donations often lead to positions on non-profit boards, which give them control over the private giving of others and the substantial government money flowing to the non-profit (Himmelstein, 1993). As a result, the rich have significant undemocratic, unaccountable power over other people's money and over defining the public good. At the very least, the valid concerns about the potential loss of independence as a result of receipt of public funds need to be balanced by recognition of the challenge to the independence of at least some kinds of organizations that can be posed by sole reliance on private funding as well (Salamon, 1995).

The effectiveness and legitimacy of non-profit organizations is suspect. Complaints about the non-profit sector surfaced in town meeting debates over the ratification of the U.S. Constitution, as citizens faulted Harvard College – America's first non-profit corporation – for shortcomings that are associated with elitism, unresponsiveness, and lack of public accountability (Salamon, 1999). Claims by non-profit providers have been subjected to serious challenge as a result not only of a number of scandals, but also of growing questions about the basic efficiency and effectiveness of non-profit agencies (Salamon, 1999). Regina Herzlinger (1996), management expert, noted the poor performance of non-profits is shrouded behind a veil of secrecy that is lifted only when blatant disasters occur. Urban elites remain prominent in non-profit governance, largely as members of boards of trustees and volunteer committees. Some Americans have argued that voluntary associations threaten democracy by permitting small groups of citizens, particularly the wealthy, to exercise power disproportionate to their numbers (Hall, 1992). Evidence suggests that such activities promote and maintain upper-class solidarity and permit elites to monitor and control non-profit policies (DiMaggio and Anheier, 1990). Elitism undermines the legitimacy of the non-profit sector because some feel that the agencies are controlled by the wealthy to serve their purposes, not the public.

Limitations

Voluntary agencies serve as advocates for minorities and underserved populations in the United States. However, the IRS regulates some aspects of legislative and electoral advocacy for all tax exempt, non-profit organizations. There are limits placed on 501 (c) (3) charitable, religious, scientific, educational and literary organizations, also referred to as “public benefit organizations.” In practice, 501 (c) (3) organizations cannot spend more than 20% of tax-exempt contributions for advocacy activities (Boris and Steurele, 1999). The limitations are designed to prevent non-profits from carrying on propaganda or influencing legislation as a substantial part of their activities. Non-profits that are classified as a 501 (C)(4) entity, can lobby the government to influence legislation or support political positions. These agencies are tax exempt, but the contributors do not receive a deduction for tax purposes as with the 501 (C)(3) entities. Ergo, individuals are not as willing to give to the lobbying non-profits because no tax benefit is granted. This will most likely limit the capabilities of this brand (lobbying) of non-profits. It is said that non-profit organizations are autonomous from government, but in actuality non-profits are linked to and rely on the government sector. Non-profits are agents of the state.

Volunteers

Why are volunteers problematic for the non-profit sector? The first problem with volunteers is that they are volunteers. They are not official employees of the organization. Volunteers are not bound to non-profit organizations and can stop working or leave without notice. Since money is not the major incentive of volunteers, non-profit managers must be creative to get people interested in the activities/programs of that agency. Second, volunteers are unskilled in specialized areas such as nursing, planning, community development, and other skilled areas. Volunteers are great, moral individuals who would like to assist, but may simply lack the skills to truly meet the goals of the organization. Dependent upon the activity or service, volunteers may find themselves overwhelmed and become alienated from the non-profit sector. Moreover, such networks (volunteers) find it particularly difficult to be accountable for public funds to perform a public function (Powell, 1987). Because of volunteers, the competence of non-profit organizations has been challenged. Despite the significant resources and effort dedicated to addressing social issues, the persistence of poverty, the alarming growth of urban crime, the epidemic of teenage pregnancy, and welfare dependency continues and some suggest that these programs conducted by volunteers do not work (Salamon, 1999).

Threats

The non-profit sector is aware of some potential threats to their existence. Non-profit providers perceive competition with for-profit service providers as a significant threat (Boris and Steuerle, 1999). Having created, or newly entered, markets that could yield substantial commercial returns, it is now encountering massive competition from for-profit providers attracted to the same markets (Salamon, 1999). Competition with business (for-profit) entities is most apparent in the healthcare field. According to Langley and Sharpe (1996), nationwide, following a decade in which the average was about nine per year, 34 hospital conversions from non-profit to for-profit took place in 1994, 58 in 1995, and 63 in 1996 (Boris and Steurele, 1999). In fact, between 1980 and 1996, the number of non-profit hospitals declined by 10% and the number of beds they control declined by 15%. During this same period, the number of for-profit hospitals increased by 40% and the number of beds they control increased by 57% (Salamon, 1999). There are generally three issues regarding the debate over competition between for-profit and non-profit providers. First, non-profit organizations are constantly challenged to show that they are delivering services in the most efficient manner possible. Issues regarding management, staffing, resource-utilization and costs, are scrutinized to measure efficiency within the non-profit sector. Second, quality-of-care issues are raised for both non-profit and for-profit providers. When efficiency is a goal in this competitive market, this leads one to ask the following question of non-profit and for-profit entities: Are corners being cut and quality sacrificed to obtain a competitive advantage in the marketplace? Finally, non-profit providers are skeptical that for-profits will provide adequate services for low-income and indigent population groups (Boris and Steurele, 1999). Also, competition limits the extent of performance differences between the sectors. For example, if there are many co-existing for-profit or non-profit firms driving down the sales price, and many competing charities limiting the net returns available through fund-raising, then non-profits will have to pay attention to costs and market opportunities, limit their provision of goods with external benefits, and eschew socially motivated income redistribution (Koebel, 1998). Some consumers might be willing to pay more for the services of a non-profit organization because it is trustworthy, but some pseudo-non-profits (for-profit entities that appear to be non-profit) could degrade consumer confidence in the sector. This will reduce prices to a level below what is necessary to support trustworthy behavior. Furthermore, with the decrease in funding from the government, many non-profits are forced to increase fees for services that raise concern for low to moderate income families (Himmelstein, 1993). Coupled with low consumer confidence and the increased fees, the non-profit sector must develop strategies to offset these concerns or face the possibility of “going out of business.”

Negative Impacts

Overall, non-profit organizations tend to yield positive results for the community, but at times, there can be negative impacts from the sector as well. The expansion of the welfare state from 1933 on relied not only on non-profit agencies for the delivery of social services but also on non-profit universities, research institutes, and foundations for policy formulation (Himmelstein, 1993). According to Himmelstein (1993), there is hardly an area of federal activity in which the primary intellectual paradigms and consensus-building activities have not originated in the non-profit sector. For example, non-profits can be a divisive and fragmenting influence on the political system. They may undermine political parties (or support them), and well-funded groups can manipulate public opinion and promote ideological positions or have a disproportionate impact on public policy (Boris and Steuerle, 1999). Underserved or minority populations may be at a disadvantage in the public policy process because they may not have access to groups that can represent their viewpoints. In this sense, non-profit organizations are acting as a pressure or interest group. Due to the impact on public policy, many critics question the tax-exempt status of non-profit organizations.

Other potentially negative consequences are not as obvious. The use of non-profits by governments to deliver services may separate governments from direct credit or blame for services funded, thus undermining popular support for the public financing of programs or promoting cynicism toward non-profit entities if programs do not work (Boris and Steurele, 1999). Ergo, non-profits serve as a “cop-out” for political leaders who would like to curtail the responsibilities of government. Additionally, non-profits can be used by wealthy communities to provide their needs while they fail to provide tax-exempt revenues for public health, education, and other human services for low-income residents.

Government

As suggested earlier, there is a perception that non-profit organizations perform better than governmental entities. There is a strong animus against government, bureaucracy, and bigness as such. This animus is not only directed toward Washington but toward government at all levels (Berger and Neuhaus, 1977). Complaints about impersonality, unresponsiveness, and excessive interference, as well as the perception of rising costs and deteriorating services, have led to an anti-government attitude amongst citizens. In the United States, there are three major criticisms against the government: (1) distrust and oppression of the individual, (2) poor performance and unresponsive and (3) excessive power (Goodsell, 2004).

Trust and Oppression

Americans are deeply distrustful of governmental institutions (Cook and Gronke, 2005). According to those who view ideologies merely as reflections of economic and other bedrock interests, the political actor is a thoughtless utility maximizer. Her or his decision is little more than the brain identifying the strongest interest (sometimes economic self-interest, sometimes race, sometimes sex, sometimes geography, and sometimes two or more simultaneously) and acting on it (them) (Grafton and Permaloff, 2005). Only about a third of Americans say they trust the federal government, and most others believe politicians do not have their interest at heart, according to an analysis conducted by the Pew Research

Center for People and the Press (Epstein, 1998). Cynicism about politicians is a key element in distrust. Of those who say they do not trust the government, 40% cite one or more of the following reasons: politicians are dishonest; they are only out for their own gain; they are too partisan; or they are involved in scandals (Epstein, 1998). The phenomenon of decreasing trust in the national government is not unique to the United States (Peterson and Wright, 1998). There is a long history of distrust in America regarding scandals involving prominent political figures. Some noticeable scandals or incidents involving governmental officials are the following:

- **Watergate** – A term used to describe a complex web of political scandals that occurred between 1972 and 1974 and became synonymous with burglary and extortion. The scandal involved the burglary of the Democratic National Committee at the Watergate Hotel in June of 1972. Five men were arrested in an attempt to bug the office of the Democratic National Committee. Large sums of money, apparently being used for intelligence-gathering operations against the Democrats were later uncovered. President Nixon and members within his administration were found to be involved in this operation. As a result, Nixon resigned after three articles of impeachment were passed by the House Judiciary Committee in 1974.

- **Iran-Contra scandal** – Members of the Reagan Administration sold arms to Iran, a designated enemy of the United States, in order to finance the activities of the anti-communist insurgents known as the Contras in Nicaragua. Many critics argue that the Reagan Administration wanted to finance the Contras but could not because Congress did not appropriate the funds. In an effort to raise the funds to support the Contras, the Administration sold arms to Iran. However, the American public thought the arms (weapons) were for the release of the hostages. Members of the Reagan Administration admitted to the public that they were involved and supported (financially) the Contras. Members of the National Security council were convicted. They were later pardoned by President George Bush (Vice-President to Ronald Reagan).

- **Clinton and Lewinsky** – The sex scandal from November 1995 to March 1997 between President Bill Clinton and his young intern that eventually led to his impeachment and a subsequent acquittal. President Clinton denied having an extra-marital affair with Lewinsky but later admitted to a relationship after she turned over evidence containing DNA and audio tapes. He was accused of perjury and obstruction of justice but was later acquitted in a 21-day Senate trial.

- **Iraq war** – The 2003 invasion of Iraq by the U.S. and coalition forces was an act to remove Saddam Hussein from power and to remove alleged weapons of mass destruction. The United States and coalition forces did remove Saddam and his sons from power, however, weapons of mass destruction were never found. Critics have argued that the Bush Administration was set on invading Iraq to spread democracy to the Middle East by linking the September 2001 attacks against America to the Saddam regime. Therefore, critics believe that the Administration sold the war to the American public based of falsehoods.

As far as oppression of individuals, before the Civil Rights Revolution that commenced in the 1960s, several administrations, particularly those of Roosevelt and Harry Truman, pushed for limited reforms in industrial employment and the military, but proposed no overall strategies for eliminating the racism and segregation that subjugated black communities (Friedman and McCovin, 2003). Furthermore, according to Friedman and McCovin (2003), Congress exhibited little interest in civil rights matters; and state governments, especially in the South, rarely took significant steps to improve race relations. Individuals can be disempowered in many ways- by inappropriate or unlawful acts of other individuals and by intrusive measures of public authorities, but also by the absence of resources needed to make effective choices and by the failure of public authorities to do what is needed to safeguard the freedom of citizens against public or private assault (Berger and Neuhaus, 1996). Berger and

Neuhaus viewed bureaucratic government as one of the implacable "megastructures" that towered over people as they attempted to live their lives. Additionally, communities can be disempowered when government restricts associational autonomy or replaces communal functions-but also when it allows one kind of civil association to deprive others of basic rights.

Poor Performance

"Inefficient delivery of services" or "poor performance" are some phrases that are sometimes associated with governmental entities. In fact, the government is plagued by problems of performance. Gerald Caiden, who is an expert in the field of administrative reform, states his opinion on the need for drastic improvement in the following, more prolix manner (Goodsell, pg. 12, 2004):

> The call to American public administration to jettison its outmoded thinking and to reshape its future by improving its performance, its image, its reputation, and its modus operandi is the culmination of decades of public dissatisfaction, professional discontent, and intellectual criticism. It echoes universal unhappiness with the administrative state and its failure to keep abreast with the times. Institutions and organizations inherited and developed over the past two centuries seem unprepared and even unfit for the century ahead. Urgent action is needed now if prospects are to improve. The longer reforms are delayed, the worse the situation will become. Something has to be done now to prepare for a future that will be clearly different from the present. Someone has to introduce better ways of doing things or at least improve on current practices that fall below public expectations. The time for action is ripe. Frustrated people are willing to consider anything that sounds halfway promising. If their leaders hesitate, the public will take the initiative, shake up complacent establishments, and shunt aside obstacles to progress.

In addition to the “poor performance” badge placed upon government, it is said that government is slow to respond to community issues due to the public policy process. The public policy process consists of five stages (Anderson, 2000):

1. **Problem identification and agenda setting** - Problems or issues that become the targets of public policies are identified and specified. Only some problems receive consideration by policy-makers that require an examination of agenda setting: that is, how government bodies decide what problems to address.

2. **Formulation** - This encompasses the creation, identification, or borrowing of proposed courses of action, often referred to as alternatives or options, for resolving or ameliorating public problems.

3. **Adoption** - At this stage, deciding which proposed alternative, including taking no action, will be used to handle a problem.

4. **Implementation** (administration) - Attention is focused on what is done to carry into effect or apply adopted policies. Often further development of policies will occur in the course of their administration.

5. **Evaluation** - This stage entails activities to determine what a policy is accomplishing, whether it is achieving its goals, and whether it has other consequences.

As one can discern, this is a complex process that involves many players. This process is certainly quite time consuming. At any time, at any stage, individuals and/or entities can disrupt the process, thereby prolonging the final outcome. To that end, the process will take additional time and slow down the response of government to public concerns. Moreover, Salamon emphasizes that the nature of accountability is behind the often slow initiative shown by government. In order for government to act, officials must recognize that there is a problem, arouse the public, and assemble the information necessary to build a consensus of support, then set up an implementing bureaucracy with labor rules (civil service) and other bureaucratic structures that also have consensus political acceptability (Koebel, 1998).

Executive Power

Another major criticism of the American government is the excessive power of government. Most definitions of power include an element indicating that power is the capability of one social actor to overcome resistance in achieving a desired objective or result (Pfeffer, 1981). Max Weber criticized bureaucracy for its relationship with political power. Weber states that once a bureaucracy is established, it becomes nearly impossible to destroy (Goodsell, 2004). This is power. Based on Weber's statement, in lieu of the organization's efficiency or effectiveness, governmental entities are allowed to remain in operation year after year. In most cases, these agencies require significant budgets that allow them to continue ill practices that may essentially hurt the overall success of the government. Also, the bureaucracy possesses an elitist bias and distorts the democratic political process. Bureaucrats are seen as unrepresentative of the masses, automatically favorable to the ruling regime, and invariably allied with the most powerful interests in society (Goodsell, 2004). As a consequence, both are said to be against meaningful change, bent on maintaining stability, and determined to keep all real power under traditional control. Moreover, bureaucrats engage covertly in the formation and manipulation of public policy. In many cases, bureaucrats are viewed as taking independent policy initiatives, abusing the discretion granted to them by statute, forming alliances with interest groups and legislative committees, and co-opting other centers of power in order to accomplish the specific goals of a particular governmental agency.

Support of Government

Supporters of the government recognize that the government was created to establish a structure for the entire American population. Government was created to do tasks that the people individually could not do for themselves. In John Locke's Second Treatise of Government (published in 1690), he described his theory of nature which is a society of complete and absolute (perfect) freedom, without laws or a governing body of authority (Jardine, 2005). Individuals leave a state of nature to form a government because the state of nature is uncertain and insecure. Because of the insecurities and ambiguous environment of the state of nature, individuals are willing to form a government for personal rights (preservation of life, civil liberties, and property rights) and other protections provided by government. According to Locke, government is responsible for establishing laws and regulations that will govern society and has the responsibility to establish a court system that will settle disputes and issue appropriate punishments for all individuals without bias or prejudice opinions. Locke's concepts of government led to the establishment of a formal structure of government in America that governs all of the sectors. Government is an institution created by society where certain powers are ceded that are coercive (power to establish rules, power to tax, power to regulate, and others) for the benefit of the public (Ferris, 1998).

The government is viewed as a protective institution, protecting the right of all and the disenfranchised. Franklin D. Roosevelt believed that the government was not the greatest threat to individual freedom. Instead, he felt that great corporations (big business) were the greatest threat to individual liberties. Roosevelt states that clear-sighted men saw with fear the danger that opportunity would no longer be equal; that the growing corporation, like feudal barons of old, might threaten the economic freedom of individuals to earn a living (Jardine, 2005). He believed that there were some malefactors in these great corporations that would use their financial power to control the wealth of others. Because of the possibility of economic inequality, the scope of government expanded. The role of government was to protect the basic rights of all citizens, as well as assume the function of economic regulation to limit the power of large private entities (Jardine, 2005).

Structure. Robert Nozick defines the state as the dominant protective association in a community or society. The state in this sense consists of elected and appointed public officials engaged in the enforcement of protection or justice, and the associated auxiliaries that assist public officials in co-producing the conditions of civic society (Lohmann, 1992). Without the government, the other sectors of society (business and non-profits) would not be able to function, especially the non-profit sector. For instance, by the 1870s, some were arguing that democracy attains its fullest institutional expression not through government action, but through government encouragement of private action, including grants of incorporation, tax exemption, tax regulations providing incentives to individuals to make donations to non-profit organizations (Hall, 1992). The establishment of the federal government created a genuinely national arena in which advocates of divergent conceptions could air their differences as they struggled to address pressing issues of concern (Hall, 1992). According to Ferris (1998), it is clear that non-profit organizations would not exist to fulfill their policy process functions without the existence of formal government processes. Their missions are conditioned on the existence of government, and in many ways they are part of a governing process that political institutions are responsive to society. Non-profits are chartered by the states and receive favorable treatment with respect to taxes and regulations from government. Additionally, the non-profit sector is heavily reliant on government funding (Ferris, 1998). It is obvious that without the government, the non-profit sector would not exist. Therefore, the government is responsible for the creation and maintains the non-profit sector. The government and the non-profit sector are inexorably tied together.

Funding. Unlike the non-profit sector, the government has a large pool of resources to pull from in order to accomplish community, national, and societal goals. The United States government has the authority to tax its citizens. Through a system of taxation, the government can provide services and programs that the non-profit sector cannot. For example, primary education, kindergartens, and disease control were popularized by non-profits and taken over by the government when demand outpaced the ability of non-profit providers to supply services (Boris and Steuerle, 1999). Government is in a position to generate a more reliable stream of resources, to set priorities on the basis of a democratic political process instead of the wishes of the wealthy, and to offset part of the paternalism of the charitable system (Salamon, 1995). As stated earlier, the non-profit sector is heavily reliant on government funding (Ferris, 1998) to delivery services and programs. Without the assistance of the government, the ability of non-profits to provide services to local residents would be hindered severely.

Empowerment. Many people do not associate empowerment with government but in actuality, the government can and does play a part in empowering people and communities. The government has acted effectively to expand opportunities to individuals. For example, decades ago, the GI Bill helped returning veterans bolster their individual prospects, discharge family responsibilities, and create new communities (Berger and Neuhaus, 1996). The government consistently provides assistance to millions of students for educational purposes via loans and direct grants. The government has made a determined effort to increase minority employment in the public sector. Half a century ago, racial minorities were greatly underrepresented in American public employment. Essentially, the bureaucracy consisted of white males. In 1940, the percentage of federal employees who were black stood at 4.2; in 1950, it was 9.3. It was not until 1960 did the figure reach the approximate proportion of African-Americans in the population, at that time about 11%. From 1990 to 2000, many more minorities have risen to senior positions in the federal bureaucracy, thus having a visible impact and changing the face of Washington, as shown in **Table 2.6**.

Table 2.6 – Senior/Professional Positions of Minorities in the Federal Government

Federal Employees at Senior, Professional, and Administrative Levels by Race, Ethnicity, and Sex (in percentages)		
	1990	**2000**
GS and related grade groupings at senior pay levels:		
Minorities	7.7	13.5
African Americans	4.7	7.1
Hispanics	1.5	3.3
Women	11.1	24.4
Upper categories of white-collar workforce:		
Professional category		
Minorities	17.4	21.8
African Americans	7.2	8.7
Hispanics	3.5	4.4
Women	33.7	40.7
Administrative category		
Minorities	20.1	25.9
GS and related grade groupings at senior pay levels:		
African Americans	12.3	15.2
Hispanics	4.6	6.2
Women	38.3	44.1

SOURCE: *(Goodsell, page 12, 2004).*

The government can help provide opportunities (empowerment) to communities as well as individuals. According to Berger and Neuhaus (1996), the Clinton administration's "empowerment zone" legislation offers participating communities advantages such as wage credits, capital investment tax deductions, and relief from federal regulations. The program requires community leaders from the public, private, and non-profit sectors to come together around a joint plan of action. In many communities, reports indicate that this required process served as an impetus to create or establish a dialogue that had not previously existed.

Non-Profits and Government

Based on the information presented in this research document, it appears that the government and non-profit sector are very different. However, the two sectors are similar and work together in several instances. Both sectors serve public purposes, are legally bound by a non-distribution constraint, and have oversight mechanisms that are not based on financially-motivated incentives. Government and non-profit organizations work together on many occasions for the benefit of the public. During the past thirty years, non-profits have developed a mutually useful and rewarding relationship with the federal government for dealing with a wide array of national concerns. Government programs provide over one-quarter of non-profit revenues, while also giving their work a stamp of validation that helps elicit private contributions (Berger and Neuhaus, 1996). This relationship has benefited government as well. Many charities have become adept not only at carrying out government priorities but also at advocating more extensive public programs.

Government-non-profit cooperation appears as a productive adaptation of the traditional welfare state that takes advantage of government’s peculiar strength in raising resources and ensuring equity through a democratic political process, and the voluntary sector's advantages as a deliverer of services in a more informal, smaller scale fashion than large government bureaucracies frequently make possible (Koebel, 1998). The government sector has facilitated this relationship with non-profit organizations by providing assistance to the non-profit sector. Government support of voluntary organizations has roots deep in American history. Well before the American Revolution, for example, colonial governments had established a tradition of assistance to educational institutions (non-profit entities). In colonial Massachusetts, the commonwealth government not only enacted a special tax for the support of Harvard College but also paid part of the salary of the president until 1781 and elected the college's Board of Overseers until after the Civil War (Powell, 1987). According to the groundbreaking work by Salamon (1995), in the early 1980's government was the single largest source of funding for non-profit human service agencies and provided roughly half of all revenues for programs such as employment and training, social services, and mental health.

In addition to the government's supporting the non-profit sector via grants, fees, and service contracts, the government also acts as a benefactor of the non-profit sector through its tax laws in two broadly different ways. First, allowing individuals and corporations to deduct the value of charitable contributions against income and estate taxes provides an important economic incentive for private donors to provide financial support to a wide range of philanthropic enterprises (Boris and Steuerle, 1999). Such deductions effectively reduce the out-of-profit cost of supporting non-profit organizations by an amount that depends on the donor's tax rate. Second, the federal tax code allows nonprofit organizations to devote more financial resources to support their philanthropic missions by exempting them from the obligation of paying corporate or trust income taxes (Boris and Steuerle, 1999). Additionally, the federal tax system also subsidizes charities by granting them the ability to issue "section 501 (C) (3) bonds," the interest income on which is exempt from tax. Each year, the Joint Committee on Taxation estimates the cost to tax payers, in terms of forgone tax revenue of providing tax incentives to individuals and corporations that contribute to charitable activities, as reported in **Table 2.7**.

Table 2.7 – CHARITABLE TAX EXPENDITURES

Estimated Budgetary Cost of Tax Deductions for Charitable Contributions			
Charitable Activity	Corporate Tax Expenditure (Billions of $)	Individual Tax Expenditure (Billions of $)	Total
Education	0.9	2.6	3.5
Health	0.7	1.9	2.6
Social Services(i.e., other)	0.9	16.3	17.2

Source: (Boris and Steurele, p.145, 1999)

While competing with non-profits in some areas, the federal government has also extensively underwritten their activities and stimulated the expansion and elaboration of their role (Salamon, 1995). Regardless of the circumstances, both sectors understand that only strengthened local government and revitalized intermediate institutions-families, neighborhoods, churches, schools, and voluntary associations- will permit them to re-establish fundamental decency and resolve society's problems. The ultimate goal is to empower civic institutions, local governments, families, and citizens to make the public decisions and carryout the public tasks that really count.

Non-Profits and Business

The non-profit and business sectors are similar in many ways. For example, both sectors provide and array of services such as health care, housing, financial assistance, educational development, and many more. It is argued that both sectors are more efficient and more flexible than governmental. Non- profits must be efficient due to the uncertainty of resources and the use of volunteers. Business organizations are efficient because profits determine the success or failure of the agency. Ergo, in an effort to maintain profits for the life of the organization, businesses must cut costs and use efficient tactics. However, there are some distinct differences between the sectors as well: fundraising, capital, labor, and tax incentives.

Fundraising. Fundraising is a difference between the two sectors. Non-profits are able to accept and people are willing to give donations because of the charitable mission of non-profits. Hansmann (1980) argues that contributions are not made to for-profit firms because donors cannot be certain whether their donations will be used to increase stockholder dividends or to provide incremental charitable service (Powell, 1987). Hansmann further argues that the non-distribution constraint that defines the non-profit sector provides assurance that donations will not be diverted to stockholders.

Capital. Access to capital is another difference between non-profit and for-profit entities. Equity capital is not available to non-profit organizations because of the non-distribution constraint. Debt financing is difficult for non-profits to obtain because donations are an uncertain and inadequate source of capital in many cases, leaving retained earnings as a necessary source of administrative and growth capital.

Labor. Non-profit and the business sectors differ substantially in the utilization of labor. First, volunteers provide some of the labor for non-profit organizations, a rare phenomenon in for-profit firms (Powell, 1987). Second, even when labor is paid for in both sectors, the rate of compensation appears to be higher in the business sector for comparable jobs.

Tax Incentives. The biggest difference between the two sectors is focused on the tax treatment received by the non-profit and business sectors. Non-profit organizations receive different tax and regulatory treatment from for-profits. Most non-profits are exempt from the federal corporate income tax, although their earnings from certain nonmission-related commercial activities may be subject to a special unrelated business income tax (Koebel, 1998). Additionally, non-profits are also exempt from state and local income, property, and sales taxes in many jurisdictions.

Conclusion

The non-profit sector is a critically important aspect of the American society. This is a diverse sector that provides needed services in areas such as education, healthcare, the arts, disaster relief, research and other areas. The non-profit sector is considered as being significant in the United States because of its (1) trustworthiness, (2) efficiency, (3) services, (4) flexibility, and (5) empowerment of disenfranchised individuals. Non-profits tend to yield positive results for communities, but the sector is not free from criticisms. Non-profits face challenges regarding their lack of consistent funding, aspects of elitism (special interest), competence, tax-exempt status, and threats of competition from the business community. It is important to mention the importance of the government in assisting non-profits as well. The government established a structure (IRS) and special benefits for the non-profit sector, as well as being the sector's major funder. Without the government, the non-profit sector would not exist. The government certainly has some problems of its own such as trust (scandals), oppression, and unresponsiveness. Therefore, the government relies heavily of the non-profit sector to deliver services to citizens because non-profit have a local connection with the people, are able to create programs for a specific audience, and they can be flexible in responding to the needs of residents. Each sector has its strengths and weaknesses, but the two sectors need each other in order to best serve the American public.

It is important to note that the majority of this chapter was focused on the non-profit sector (history, types, services, theories, etc.). This was not done to devalue the importance or the significance of the American government. This was done by the researcher to provide a solid depiction of the non-profit sector. Most individuals know of a specific non-profit agency, but are not familiar with other activities and agencies within this sector. However, Americans tend to have a strong, basic knowledge of government and its agencies (U.S. Constitution, branches of government, state and local government, bureaucratic agencies, etc).

Chapter 3: Methodology

Introduction

According to the U.S. Census Bureau, in New Orleans pre-Katrina, the total population was nearly 500,000 (67% black, 28% white) and more than 213,000 individuals were in the labor force. The median age was 33 and there were approximately 215,091 total housing units in the city. However, New Orleans changed dramatically after Katrina. Following the storm, the total population fell to 301,000 (64% black, 32%white) and the total workforce dropped to 147,678. The median aged increased to 38 and the number of housing units decreased to approximately 140,000.

Individuals who were unable to leave New Orleans (during and after the storm) expected the government to have a plan and to execute that plan in coordination with other entities in an effort to meet the needs of the citizens. From the extensive news coverage, it appeared that citizens were dissatisfied with the public sector's response to Hurricane Katrina. There was a breakdown in communication and coordination of services between governmental entities (local, state, and federal), leaving thousands of individuals abandoned without security, food, water, proper shelter, medical care, transportation, and other vital communal services. Because of the alleged inability of the government, some community advocates are now suggesting that the non-profit sector should be a stronger partner with the government in the planning and the delivery of services to residents following disasters.

Referring to the ability of government, it is nearly impossible to analyze the true capabilities of the government or the non-profit sector. For instance, in order to do so, one must have substantial data on the intricacies of a specific governmental agency such as the organizational structure and climate, the education and training of all employees, working relationships between management and staff, the agency's plan and implementation procedures, resources, services provided, number of people served, and the overall benefit or impact to society. One must also consider the influence of the executive, legislative, and the judiciary branch, as well as the influence of citizens and the media on that governmental agency. That is a lot. The same is true for non-profit organizations. Due to the enormous difficulties of measuring the true capabilities of any entity, this dissertation's goal is to analyze the public's perception of these sectors and to determine how perception influences organizational capabilities and impacts the American society. Therefore, in an effort to analyze the public's perception, four hypotheses were developed to gauge the citizenry's sentiments. The four hypotheses are the following:

1. In comparing organizations, non-profits are perceived as more capable in assisting residents following catastrophic events than governmental entities.
2. In comparing organizations, non-profits are perceived as more efficient than governmental entities.
3. In comparing organizations, the leaders of non-profits are less likely to be self-interested than the leaders of governmental entities.
4. In comparing organizations, non-profits receive a greater sense of trust from residents than governmental entities.

Citizen Survey

The purpose of this dissertation is to analyze the public's perception of the capabilities/effectiveness (expertise, capacity, and resources) of the non-profit sector in assisting community residents following catastrophic events, as well as the sector's impact on political, social, and economic structures in American society. At the outset of this process, secondary data were collected from reports and documents via the U.S. Census Bureau and other reputable agencies (such as the Department of Labor, Department of Public Health, Housing and Urban Development, etc.) focusing on population, demographics, family structure, income, and other pertinent areas. For primary data collection, a survey consisting of 16 questions (along with a section for comments) was developed and distributed to residents in New Orleans by the principal investigator.

Before the survey was finalized, the researcher approached three individuals and administered the survey to determine if there were any questions or concerns with the survey instrument. Based on the responses from the three individuals, the researcher made some minor changes. Cosmetically, the principal investigator changed the font and spacing of the questions in the survey, as well as provided clear examples of governmental and non-profit agencies. The final survey administered to the participants of this study is as follows:

Community Services Survey
Dissertation Research: Hurricane Katrina
June 2007

Directions: For each question, please check the statement that best describes your feelings.

1. **Following Hurricane Katrina, what services did you need?** (Please check **all** that apply).

   - o Food / Water
   - o Shelter / Housing
   - o Health / Medical Attention
   - o Employment / Job Assistance
   - o Security / Safety
   - o Locating Family / Friends
   - o Recovering Belongings
   - o Transportation
   - o Pet Care
   - o Insurance Assistance
   - o Garbage Removal
   - o Financial Assistance
   - o Information of Available Services
   - o Other_______________
   - o None

2. **Following Hurricane Katrina, the <u>government</u>** (FEMA, HUD, National Guard, Police, Fire Dept. and other City and State Services):

    - Met **all** of my needs.
    - Met **most** of my needs.
    - Met **some** of my needs.
    - Met only a **few** of my needs.
    - **Did not meet any** of my needs.

3. **Following Hurricane Katrina, how would you <u>rate</u> the services provided to you by the <u>government</u>** (FEMA, HUD, National Guard, Police, Fire Dept. and other City and State Services):

    - Very Good
    - Good
    - Fair / Satisfactory
    - Poor
    - Very Poor

4. **In the future, following a natural disaster or tragic event, <u>how much trust</u> do you have in the <u>government</u>** (FEMA, HUD, National Guard, Police, Fire Dept. and other City and State Services) **at meeting your needs?**

    - Complete Trust
    - Great Amount of Trust
    - Some Trust
    - Little Trust
    - No Trust

5. **Following Hurricane Katrina**, **<u>non-profits</u>** (Red Cross, Salvation Army, Habitat for Humanity, Catholic Charities, and other volunteer organizations):

    - Met **all** of my needs.
    - Met **most** of my needs.
    - Met **some** of my needs.
    - Met only a **few** of my needs.
    - **Did not meet any** of my needs.

6. **Following Hurricane Katrina, how would you <u>rate</u> the services provided to you by <u>non-profits</u>** (Red Cross, Salvation Army, Habitat for Humanity, Catholic Charities, and other volunteer organizations):
    - o Very Good
    - o Good
    - o Fair / Satisfactory
    - o Poor
    - o Very Poor

7. **In the future, following a natural disaster or tragic event, <u>how much trust</u> do you have in <u>non-profits</u>** (Red Cross, Salvation Army, Habitat for Humanity, Catholic Charities, and other volunteer organizations) **at meeting your needs?**
    - o Complete Trust
    - o Great Amount of Trust
    - o Some Trust
    - o Little Trust
    - o No Trust

8. **Overall, in your time of need following Hurricane Katrina, what organization was <u>best able to assist you</u>:**
    - o **Government** (FEMA, HUD, National Guard, Police, Fire Dept. and other City and State Services)
    - o **Non-Profits** (Red Cross, Salvation Army, Habitat for Humanity, Catholic Charities, and other volunteer organizations)
    - o **Other_______________**
    - o **Not Sure**

9. **Fill in the blank. Generally speaking, in your opinion, the <u>leaders</u> of ___________ are <u>truly concerned</u> with meeting your needs.**
    - o **The Government** (FEMA, HUD, National Guard, Police, Fire Dept. and other City and State Services)
    - o **Non-Profits** (Red Cross, Salvation Army, Habitat for Humanity, Catholic Charities, and other volunteer organizations)
    - o **Other_______________**
    - o **Not Sure**

10. Fill in the blank. Generally speaking, in your opinion, the <u>leaders</u> of ___________ use public resources in the most appropriate way (wise, cost-effective, efficient) **to meet the needs of the citizens.**

- **The Government** (FEMA, HUD, National Guard, Police, Fire Dept. and other City and State Services)
- **Non-Profits** (Red Cross, Salvation Army, Habitat for Humanity, Catholic Charities, and other volunteer organizations)
- **Other**_______________
- **Not Sure**

11. Your **<u>race</u>** is

- White
- Black
- Hispanic
- Other __

12. Your **<u>gender / sex</u>** is:

- Female
- Male

13. Your **<u>age</u>** is: ____

14. Your **<u>income</u>** is:

- Less than $25,000 per year
- $26,000 – $50,000 per year
- $51,000 – $75,000 per year
- More than $75,000 per year

15. Your **<u>highest educational level achieved</u>** is:

- High School
- Some College
- Bachelors Degree
- Masters Degree
- Other___________

16. What **<u>region (area)</u>** did you live in (before Hurricane Katrina)? _________

Comments:____

____

____

Pre-Study

Prior to initiating the survey, the principal investigator traveled to New Orleans three times to assess the area. During the visits, the researcher was able to observe the neighborhoods of New Orleans and met with several citizens. Some residential areas were nearly obliterated with very little or no activity, while other areas resembled a construction site with modest activity. Large metal containers, trash, and other forms of debris lined the streets. Some street signs were missing and some traffic lights were inoperable. There were some small white FEMA trailers, but not nearly enough to replace the thousands of homes terribly damaged or destroyed. To that end, many residents had not yet returned to the city. As stated earlier, according to the U.S. Census Bureau, New Orleans lost a significant number of its population and after speaking with some residents, there was no idea as to when their neighbors would return.

While talking to the local citizens, their frustrations were made clear by the tone of their voices and facial expressions. The residents were upset for three primary reasons. First, most residents were leery of talking to the principal investigator because they believed the principal investigator was an investigative reporter trying to make money from their stories, or a scam artist trying to take advantage of vulnerable individuals. Citizens were warned of scams in the area and encouraged to talk to governmental representatives or certified professionals with proper identification. Additionally, individuals wanted some assistance and they wanted that assistance immediately. As one resident commented, they were not interested in talking to individuals at their homes, unless the person coming to their home had either information or resources that could assist them and their families. These were the sentiments of individuals from neighborhoods throughout New Orleans. Second, there was certainly a paucity of resources and residents needed more assistance (financial, food, transportation, etc.). They received some assistance from the government, non-profit organizations, churches, and family members, but that was not enough. In an effort to better their situations, most citizens traveled to the downtown area (business district) to search for odd jobs, primarily in the hospitality industry. There were some closed businesses, but the majority of downtown was in full operation. Third, safety and security was a problem for many of the neighborhoods. According to citizens' comments, most neighborhoods were prime targets for looters. Most residents were fearful of their homes being looted during the day while they were away at work (or seeking employment). The presence of the police officers and security was lacking and apparently overwhelmed in most regions of the city. As a result, the crime rate increased dramatically in New Orleans. For example, a report published by the New Orleans Police Department indicated that from 2005 to 2006, the murder rate increased by nearly 500%, robbery increased by nearly 450%, and assaults increased by 450%. There was a definite concern about safety and security issues in the city.

Based on the destruction of residential areas throughout the city, the citizens' comments, the lack of security in the area, and due to the time constraints and limited resources of the researcher, the principal investigator decided to conduct a convenience sample. According to O'Sullivan, Rassel, and Berner (2003), convenience sampling involves sampling on the basis of the availability of units. For example, the researcher believed that the downtown area (business district) was a hub (similar to a transportation hub) , where people representing all communities throughout the city would travel to for employment, shopping, information, resources, congregating with others, and for entertainment purposes. The researcher decided to conduct a convenience sample due to the circumstances in New Orleans, but there are some known problems with this technique. Convenience samples are inappropriate for generalizing with any degree of certainty and the risk of bias is high. However, convenience sampling does provide illustrative case material and can serve as a basis for exploratory studies. The principal investigator realizes that this study is not completely representative of New Orleans and even though there are some concerns with this technique, the researcher feels this study will provide some insight on the public's sentiments and serve as the foundation for further research.

Implementation

The recruitment of participants and data collection occurred in the downtown area and the business district of New Orleans in locations open to the public, primarily on public streets, sidewalks, at parks, and in public buildings during the Summer and Fall of 2007. Individuals were approached randomly. Residents that were younger than 18 years old were not allowed to participate in this research study. In addition to the age requirement, individuals must have been living in the New Orleans area that was impacted by Hurricane Katrina in August 2005. The researcher approached individuals (face-to-face) in public places (downtown, business district, public buildings) and administered the survey. The principal investigator approached approximately 300 people, but only 116 individuals agreed to participate in this study. As stated earlier, individuals were focused on talking to persons that could provide immediate assistance to them. They were not enthusiastic to talk to individuals conducting more research on Hurricane Katrina.

When approaching potential participants, the principal investigator followed a script that was developed prior to initiating the survey to residents. The process (script) is as follows:

-Script-

Hi, my name is _______________and I am a Ph. D. student from Auburn University conducting research on the services available to community residents following Hurricane Katrina. Were you living in New Orleans during the occurrence of Hurricane Katrina in August 2005?

If yes, proceed to next question.
If no, thank the individual for his/her time (end the process).

Are you 18?

If yes, proceed to next question.
If no, thank the individual for his/her time (end the process).
Will you please take approximately 3 minutes to complete a 16-question survey? All of your responses are anonymous and your remarks are greatly appreciated.

If yes, administer (distribute) the survey with an information letter describing the purpose of the survey. Answer any questions of the participant. Provide participant with writing instrument (pen) and clipboard if necessary.
If no, thank the individual for his/her time (end the process).

Once the participant has completed the survey, collect the survey and store in secure (locked briefcase) location.

Thank the participant for his/her time.

-END-

Once the surveys were completed and collected, the responses from the surveys were coded and entered into a statistical package system (SPSS). This statistical package system performed multiple analyses of the data to determine the frequencies of the data gathered, as well as comparing specific demographic items or data sets to determine the statistical significance of each variable. By determining the significance of each variable, the researcher is able to better understand the sentiments of each demographic group. Based on the results, the principal investigator can confirm or reject the hypotheses (to a degree) of this dissertation research project. The information collected from this survey is absolutely anonymous and it is impossible to identify the participants of this study.

Quantitative and Qualitative Analyses

Both quantitative and qualitative analyses were utilized in this dissertation. Quantitative measures strive for precision by focusing on things that can be counted and, when gathering data from human beings, conceptualizing predetermined categories that can be treated as ordinal or interval data and subjected to statistical analysis (Patton, 1997). Quantitative data is derived from questionnaires, tests, standardized observation instruments, and program records. In the case of this dissertation, the information collected from the participants' surveys represent the quantitative portion of this research project.

In contrast to quantitative research, the evaluator using a qualitative approach seeks to capture what an experience means to participants in their own words, via interviews, and through observation. The qualitative study is defined by its extensive use of verbal information, its preference for developing full information, and its consideration of unique features of each case (O'Sullivan, Rassel, and Berner, 2003). Qualitative data consist of detailed descriptions of situations, events, people, and observed behaviors; direct quotations from people about their experiences, attitudes, beliefs, and thoughts; and excerpts or entire passages from documents, correspondence, records, and case histories (Patton, 1997). For this dissertation, case studies for three non-profit organizations were conducted that represents the qualitative aspect of this study. Case studies are studies that examine in some depth persons, decisions, programs, or other entities that have a unique characteristic of interest (O'Sullivan, Rassel, and Berner, 2003). The organizations that participated in the case studies are the Beacon of Hope Resource Center, Bridge House, and the Gulf Coast Restoration Network. This information is detailed in Chapter 5.

Conclusion

This chapter delineated the methodology for this dissertation, including quantitative and qualitative techniques. A 16-question survey was disseminated and case studies were conducted to depict the perception of the public. Due to the crisis situation in New Orleans and the sentiments of local residents, the researcher decided to implement a convenience sample, targeting participants in the downtown area in New Orleans. There are some known concerns with this method, but the principal investigator is encouraged that this project will serve as a basis for future research. Chapters 4 and 5 will provide the results of the survey and the case studies.

Chapter 4: Results

Introduction

The foundation of this dissertation is based on the significance of one's perception. Perception is awareness of the elements of the environment through physical sensation or physical sensation interpreted in the light of experience (Mish, 1990). Perception is a consequential factor in society, especially a democratic, American society. For example, if individuals believe that a political leader is unethical, even without factual information, the electorate most likely will not support this leader and vote him/her out of office. In other words, individuals tend to make decisions about leaders, the community, the economy, and their lifestyles based on their own beliefs and perceptions. In an effort to gauge the public's perception, a 16-question survey (as presented in Chapter 3) was disseminated and the results were recorded. The participants' responses will either substantiate or repudiate (to a degree) the hypotheses of this dissertation. The results are presented in this chapter.

Nature of Sample

Exactly 116 individuals participated in this research study. Of the 116 participants, 52% were White, 44% were Black, nearly 3% were Hispanic, and less than 2% were Native American. Fifty-four percent of the respondents were female and 46% were male. The youngest person to participate in this study was 18 and the oldest was 69, while the mean age was 36.

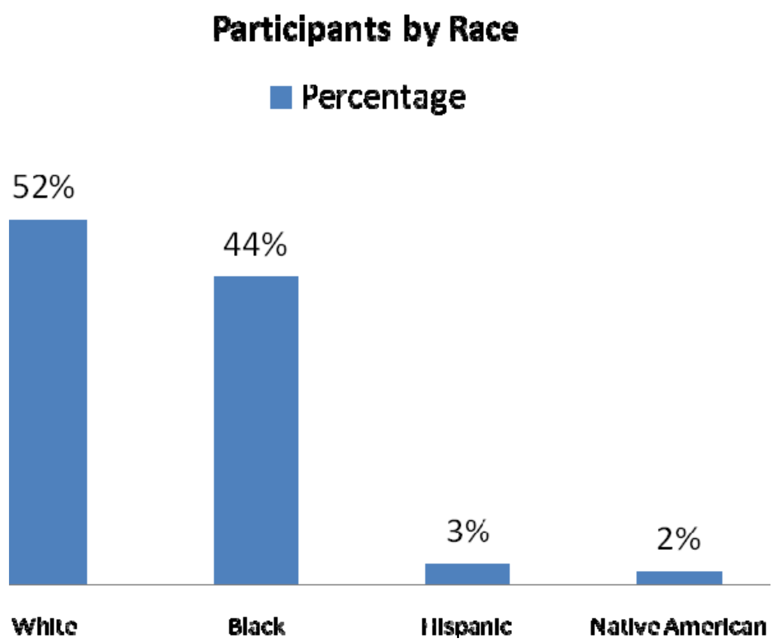


Figure 1: Participants by Race

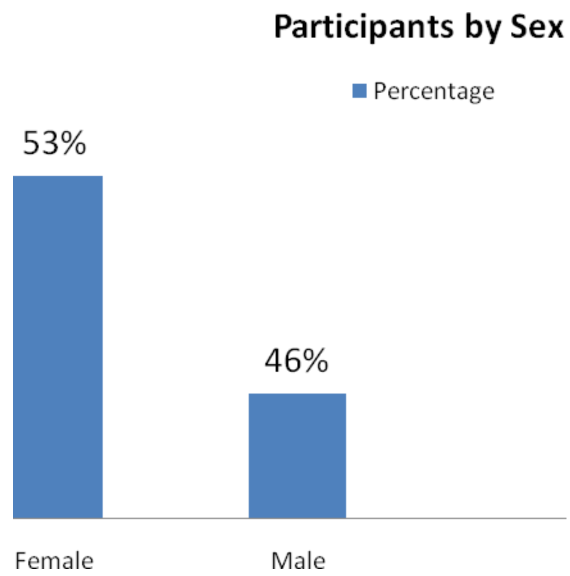


Figure 2: Participants by Sex

About a quarter of the sample (24%) have incomes of less than $25,000; over half (56%) of the participants earn an annual salary between $26,000 and $50,000. Seventeen percent of the respondents earn between $51,000 and $75,000, while only 3% earn more than $75,000. In regard to education, 12% of the sample has attained a high school diploma or less; nearly half (44%) of the participants have earned some college credits without receiving a bachelor's degree. Over a quarter (27%) of the sample has received a bachelor's degree; 16% have earned their master's degree, while less than 1% of the participants have attained a Ph.D.

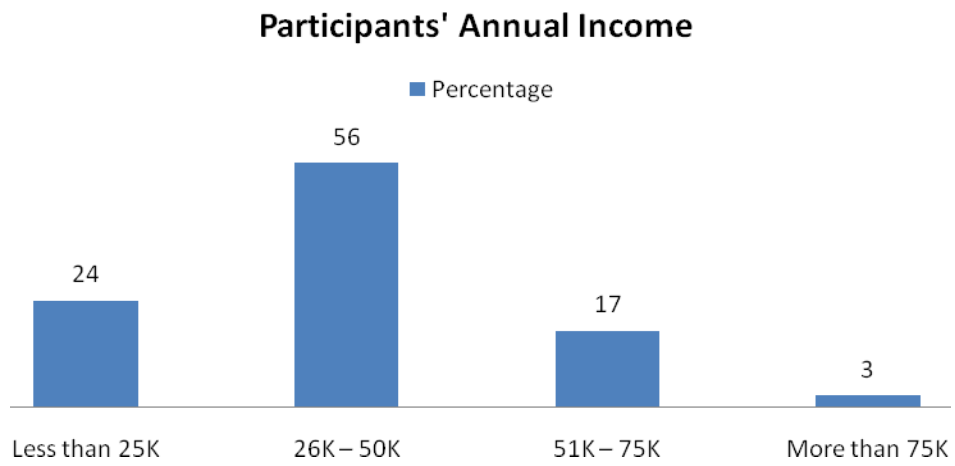


Figure 3: Participants' Annual Income

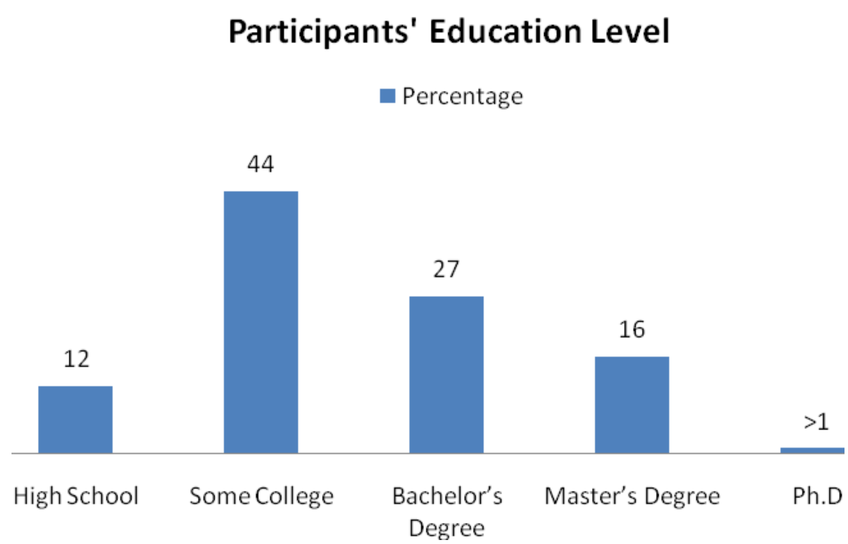


Figure 4: Participants' Education Level

Needs for Public Services

The surveys that were distributed asked individuals to select the services that they were in need of following Hurricane Katrina. The list of services consisted of the following items: food/water, shelter/housing, health/medical attention, employment/job assistance, security/safety, locating family/friends, recovering belongings, transportation, pet care, insurance assistance, garbage removal, financial assistance, information of available services, other, and none. The frequencies of the participants' selections were recorded. Frequency is a statistical technique that records the rate of occurrences in a given category or event. Of these services, the top five selections were: 1) shelter/housing – 67%, 2) food/water – 62%, 3) financial assistance – 57%, 4) employment/job assistance – 53%, and 5) locating family/friends – 47% (**Table 4.1**).

Table 4.1- Items Most Needed

Shelter	
Need	**Valid Percent**
No	32.8
Yes	67.2
Food/Water	
Need	**Valid Percent**
No	37.9
Yes	62.1
Financial Assistance	
Need	**Valid Percent**
No	43.1
Yes	56.9
Job	
Need	**Valid Percent**
No	47.4
Yes	52.6
Locating Family/Friends	
Need	**Valid Percent**
No	53.0
Yes	47.0

According to participants' comments, many went without shelter for days. They stated that FEMA was slow in delivery of the small trailers needed for individuals in the most damaged areas. Due to the breach in the levee system that caused severe flooding, the water was contaminated. People were fearful of drinking the water because the water system did not have the capacity to purify the overflow of water in the city of New Orleans. Some homes were uninhabitable and some businesses were damaged beyond repair. The retail and commercial industry in some areas was closed down for weeks following the storm. Therefore, several individuals were without employment and thus lacked the wherewithal to support their families.

Additionally, individuals were certainly concerned about the whereabouts of their family and friends. Many family members and friends were separated following the storm. For the individuals in New Orleans following the storm, some family members and friends were sent to different regions of the country by the National Guard and FEMA. Individuals did not have a choice. Separating family members upset many residents because they claimed this act made them reminiscent of slavery. During slavery, individuals were separated from their families because individuals were bought and sold at auction to the highest bidder.   The person being sold did not have any decision making authority to reject the bid that would allow one to stay with his/her family.

The 6th ranked item selected by participants was the need for medical assistance – 35%, followed closely by both transportation and information of available services – 34.5%, which both tied for 7th place. Medical assistance was a definite need and some individuals did perish during this horrific event. Approximately 1,500 individuals lost their lives as a result of Hurricane Katrina. For the individuals of this study, some persons had health concerns relating to the drinking water, spoiled food, and lack of basic medication.   However, many did believe that the government had a public health plan in place; and therefore, they were more concerned with the basic necessities such as housing and clothing. Transportation was a need because individuals needed help locating their family members and because the information of available services was needed as people began to rebuild their lives. Several non-profits in the area such as the Red Cross and others helped locating family members and served as a central office for disseminating pertinent information to local residents.

The least five services selected were: 1) Pet Care – 18%, 2) Security – 20%, 3) Insurance Assistance – 28%, 4) Garbage Removal – 31%, and 5) Recovering Belongings – 32% (**Table 4.2**). In some news reports, hurricane victims vehemently complained about shelters that would not allow pets. To that end, several pets were left behind in homes or given to family, friends, or sent to pet shelters. For the majority of individuals who completed this survey, pet care was not a major concern. Surprisingly, security was the second lowest service selected by respondents. With the lack of security at the Superdome, Convention Center, and the fear of looters as seen on television, some suggested that security was a major need following Katrina. However, it is obvious that the participants in this survey do not agree that security was a significant concern. From respondents' comments, individuals were more focused on the basics such as food, water, and shelter as opposed to their own security. Also, insurance assistance and garbage removal were the other services selected in this category. Most participants believed that their home insurance was up-to-date and paid. Other participants lived in apartments or public housing and the burden of insurance for these entities fell on the property owners and the government. Ergo, insurance assistance was not a main priority. The same is true for garbage removal. Most respondents were concerned with their essential needs and garbage removal was not at the top of their lists. Some items were important (e.g., birth certificates, deeds, and other personal legal documents) and sentimental to the residents. However, most residents viewed these items as replaceable and were more concerned with pressing needs. It should also be noted that one person selected the "other" item (community survey). This person was in need of gas for an automobile and a home generator. Approximately 7% of the sample selected "none," meaning they were not in need of any services following the storm.

Table 4.2- Items Least Needed

Pet Care	
Need	**Valid Percent**
No	81.9
Yes	18.1
Security	
Need	**Valid Percent**
No	80.2
Yes	19.8
Insurance Assistance	
Need	**Valid Percent**
No	71.6
Yes	28.4
Garbage Removal	
Need	**Valid Percent**
No	69.0
Yes	31.0
Recovering Belongings	
Need	**Valid Percent**
No	68.0
Yes	32.0

Examining Needs

It would certainly be expected that people with lower socio-economic status (SES) would have greater needs following the devastation of Hurricane Katrina. Thus, the researcher would hypothesize that whites, those with higher incomes and education, and perhaps men, would be less likely than people not having those characteristics to have expressed a need for the five most needed services (shelter, food, financial assistance, jobs, and locating relatives). These hypotheses were tested with crosstabulation analysis. A crosstabulation is a statistical technique that displays the joint distribution of two or more variables. Simply stated, crosstabs are data tables that present the results (multiple variables) of an entire group. Crosstabulations are easy to understand, can be used with any level of data (nominal, ordinal, and interval), and provide greater insight than single statistics.

The strength of the association in a crosstab table is measured by a correlation coefficient and its statistical significance. In the analysis done here, all the variables are ordinal (i.e., they are measured by scales that can be ranked from low to high). Thus, Gamma was used as the correlation coefficient. As with most correlation coefficients, its possible values range from 0, when there is no association whatsoever, to +1 or -1 (depending on the direction of the relationship) or when there is a perfect relationship between the two variables in the crosstab. As a rough estimation, a Gamma under .15 denotes no association; one between .15 and .24 is weak; one between .25 and .40 is moderate; and one over .40 is strong. Gamma can also be assessed in terms of its statistical significance, which is the probability that the observed correlation occurred by random chance. Conventionally, when this is less than 5% (or .05), the relationship is considered statistically significant (Blalock, 1972).

Table 4.3 reports the crosstabulations between race and the five most-needed services. Because there are so few Hispanics and Native Americans in the sample, only Blacks and Whites are included in this analysis. As hypothesized, Blacks were considerably more likely than Whites to need shelter, food, financial assistance, and jobs, although the strength of these relationships differed considerably. Yet, in direct contrast to theoretical expectations, Whites were more likely than Blacks to need assistance in locating relatives. Nearly 60% of Whites needed assistance with locating their family members, while only 32% of Blacks needed that same service. This produced a strong Gamma of .51, which was statistically significant. The strongest relationship between race and the need for public services was the much higher need for shelter of Blacks than Whites (86% to 49%), reflecting their higher concentrations in the parts of New Orleans that were most devastated by flooding. This produced a very strong Gamma of -.73 that was highly significant statistically at the .000 (.0004 or less) level. Another strong relationship between race and the need for public service was the higher need for food of Blacks than Whites (76% to 53%). This produced a strong Gamma of -.48 that was statistically significant (.008). A moderate association existed between Blacks and Whites regarding the need for a job. Sixty two percent of Blacks needed a job compared to 46% of Whites. This relationship produced a Gamma of -.32 that was not statistically significant. The weakest relationship among Blacks and Whites regarding the need for public services was the slightly higher need of financial assistance of Blacks than Whites (64% to 54%). This association produced a Gamma of -.20 that was not statistically significant.

Table 4.3 – Need by Race

Need – Shelter		Black	White
No	% within race	14.0%	50.8%
Yes	% within race	86.0%	49.2%

*Gamma = -.728, Approx. Sig. = .000

Need – Food		Black	White
No	% within race	24.0%	47.5%
Yes	% within race	76.0%	52.5%

*Gamma = -.482, Approx. Sig. = .008

Need – Financial Assistance		Black	White
No	% within race	36.0%	45.8%
Yes	% within race	64.0%	54.2%

*Gamma = -.200, Approx. Sig. = .298

Need – Job		Black	White
No	% within race	38.0%	54.2%
Yes	% within race	62.0%	45.8%

*Gamma = -.318, Approx. Sig. = .086

Need – Locate		Black	White
No	% within race	68.0%	40.7%
Yes	% within race	32.0%	59.3%

*Gamma = .512, Approx. Sig. = .003

Table 4.4 reports the crosstabulations between education and the five most-needed services. As expected, less educated individuals were considerably more likely than college graduates to need shelter, food, financial assistance, and jobs, with the strength of these relationships being moderate to strong except for the weak relationship regarding financial assistance. Yet, in direct contrast to theoretical assumptions, college graduates were more likely than less educated participants to need assistance in locating relatives. People who did not have a college degree were considerably more likely than those with a college education to need shelter by a margin of 76% to 50%. The Gamma of -.39 shows that this is a moderate association that was statistically significant at the .01 level. The strongest relationship between education and the need for public services was the much higher need for food of individuals with a high school education or less than those that were college educated (76% to 40%), suggesting that educated individuals resided in areas that were less impacted by Hurricane Katrina due to their socio-economic status. This relationship produced a strong Gamma of -.53 that was highly significant statistically at the .000 (.0004 or less) level. Individuals who did not have a BA were more likely to need a job than people with a graduate degree (64% to 40%). This relationship yielded a Gamma of -.38, a moderate association that is significant at the .01 level (.014). The weakest relationship among the less educated (without a BA) and educated (graduate degree) regarding the need for public services was the slightly higher need of financial assistance of persons with less than a BA than those with a graduate degree (62% to 50%). This association developed a weak Gamma of -.18, a weak relationship that was not statistically significant (.280). As opposed to these expected relationships, 60% of individuals with a graduate degree were in need of locating their family members compared to 35% of individuals without a BA, creating a moderate Gamma of .40 that was highly significant (.009).

Table 4.4 – Need by Education

Need- Shelter	Less Than College BA	BA	Grad
No % within education	23.8%	40.0%	50.0%
Yes % within education	76.2%	60.0%	50.0%

*Gamma = -.392, Approx. Sig. = .018

Need- Food	Less Than College BA	BA	Grad
No % within education	23.8%	53.3%	60.0%
Yes % within education	76.2%	46.7%	40.0%

*Gamma = -.535, Approx. Sig. = .000

Need- Financial Aid	Lees Than College BA	BA	Grad
No % within education	38.1%	46.7%	50.0%
Yes % within education	61.9%	53.3%	50.0%

*Gamma = -.178, Approx. Sig. = .280

Need- Job	Less Than College BA	BA	Grad
No % within education	36.5%	60.0%	60.0%
Yes % within education	63.5%	40.0%	40.0%

*Gamma = -.380, Approx. Sig. = .014

Need- Locate	Less Than College BA	BA	Grad
No % within education	65.1%	40.0%	40.0%
Yes % within education	34.9%	60.0%	60.0%

*Gamma = .403, Approx. Sig. = .009

Other key demographics such as income and gender were also considered. **Table 4.5** displays the crosstabulations between income and the five most-needed services. As for race and education, income has the expected negative correlations with the need for shelter, food, financial aid, and jobs, but not with the need for locating family members. People who earned less than $25,000 per year were considerably more likely than those earning more than $50,000 annually to need shelter by a margin of 86% to 48%. The Gamma of -.49 shows that this is a strong association that was statistically significant (.002). Another strong relationship between income and the need for public services was the much higher need for a job of individuals earning less than $25,000 than the individuals with an annual income of more than $50,000 (75% to 35%), suggesting that most of the jobs (service-oriented) lost due to Hurricane Katrina, negatively impacted lower-income individuals who most likely lack highly technical skills. This relationship produced a strong Gamma of -.47 that was statistically significant (.002). The relationship between income and the need for food yielded a moderate association (Gamma = -.37) that was highly significant statistically between those earning less than less than $25,000 and those with an annual income of more than $50,000 (75% to 44%). The association between income and those needing financial assistance produced a weak relationship between those earning less than $25,000 and those earning more than $50,000, with Gamma being -.15. Contrary to assumptions, individuals earning more than $50,000 per year were in need of locating family members slightly more than individuals making less than $25,000 annually by a margin of 57% to 50%; and Gamma (.06) revealed no association between these variables.

Table 4.5 – Need by Income

Need- Shelter	Less than $25,000	$26,000- $50,000	Over $50,000
No % within income	14.3%	32.8%	52.2%
Yes % within income	85.7%	67.2%	47.8%

*Gamma = -.491, Approx. Sig. = .002

Need- Food	Less than $25,000	$26,000- $50,000	Over $50,000
No % within income	25.0%	35.9%	56.5%
Yes % within income	75.0%	64.1%	43.5%

*Gamma = -.374, Approx. Sig. = .020

Need- Financial Aid	Less than $25,000	$26,000- $50,000	Over $50,000
No % within income	32.1%	46.9%	43.5%
Yes % within income	67.9%	53.1%	56.5%

*Gamma = -.150, Approx. Sig. = .355

Need- Job	Less than $25,000	$26,000- $50,000	Over $50,000
No % within income	25.0%	50.0%	65.2%
Yes % within income	75.0%	50.0%	34.8%

*Gamma = -.465, Approx. Sig. = .002

Need- Locate	Less than $25,000	$26,000- $50,000	Over $50,000
No % within income	50.0%	57.8%	43.5%
Yes % within income	50.0%	42.2%	56.5%

*Gamma = .057, Approx. Sig. = .726

Men are often seen as having a more privileged position in society than women (McGlen and O'Connor, 1995) and, therefore, they might be more capable of recovering from a disaster. **Table 4.6** reports the crosstabulations between gender and the most needed services. Three of the five relationships were in the predicted direction as women were more likely than men to need shelter, food, and help in location relatives, but not financial aid or jobs. Females were more likely than men to need shelter by a margin of 76% to 59%. The Gamma of -.38 shows that this is a moderate association. Another moderate relationship between gender and the need for public services was the higher need for food of females than males (69% to 55%). The Gamma of -.30 is a moderate relationship that is not statistically significant (.104). The association between gender and those needing assistance locating family members produced another moderate association between females and males (53% to 40%), with Gamma being -.27. However, this association is not statistically significant (.141). No association is reported between gender and those in need of a job (Gamma =.-008). In direct contrast to beliefs regarding males and females, a greater percentage of males (59%) needed financial assistance than females (57%). However, the Gamma of .04 reveals that there is really no association here.

Table 4.6 – Need by Sex

Need- Shelter	Female	Male
No % within sex	24.2%	41.5%
Yes % within sex	75.8%	58.5%

*Gamma = -.380, Approx. Sig. = .046

Need- Food	Female	Male
No % within sex	30.6%	45.3%
Yes % within sex	69.4%	54.7%

*Gamma = -.304, Approx. Sig. = .104

Need- Financial Aid	Female	Male
No % within sex	43.5%	41.5%
Yes % within sex	56.5%	58.5%

*Gamma = .042, Approx. Sig. = .825

Need- Job	Female	Male
No % within sex	46.8%	47.2%
Yes % within sex	53.2%	52.8%

*Gamma = -.008, Approx. Sig. = .966

Need- Locate	Female	Male
No % within sex	46.8%	60.4%
Yes % within sex	53.2%	39.6%

*Gamma = -.268, Approx. Sig. = .141

The Efficacy of Government's Response to Hurricane Katrina

Minorities, the less educated, and individuals with lower socio-economic status (SES) are generally more likely to be dependent on government services than the more affluent (Cohen, 1997; Skocpol, 2000). This suggests that these individuals should be more supportive of government. However, this dependence should also make them more sensitive to situations in which the government fails to meet public needs, as certainly occurred during the aftermath of Hurricane Katrina in New Orleans.

Following the television coverage and news reports in the immediate aftermath of Hurricane Katrina, it is safe to assume that people had negative sentiments towards the government and a lack of faith in the government's ability to meet the needs of the citizenry. In the survey that was utilized in this study (Chapter 3), questions 2, 3, and 4 are related to the perceived capability and trust of government. Question 2 asks participants to identify the level of need that was met by the government (**Table 4.7**). Referring to **Table 4.7**, 39% of the participants stated that the government met none or few of their needs. On the contrary, the government met most or all the needs for only 26% of the respondents. Thus, government received quite poor marks from the citizens of New Orleans.

Table 4.7- Government Met Needs

Met Needs	Valid Percent
None	5.6
Few	33.6
Some	34.6
Most	20.6
All	5.6

Red = 39% (none and few)
Blue = 26% (most and all)

As noted above, the more affluent might well be expected to be cross-pressured in their views of government during periods of policy failure; and this certainly seems to have been the case in New Orleans post-Katrina. As indicated by the data in **Table 4.8**, there was no significant association between the perception that government had met a person's needs and their race, income, or gender. In particular, income and gender had almost no impact on whether people thought that governments had met their needs. Only education had a significant effect, with the less educated being the most likely to say that government had met their needs, as indicated by a moderate Gamma of -.30 that was statistically significant at the .014 level. Blacks were slightly more likely than Whites to feel that government had provided adequate assistance, as indicated by a weak Gamma of -.16, but this relationship fell far short of the conventional level of statistical significance.

Participants were asked to rate the quality of services rendered by the government. Despite the fact that government was widely blamed for not meeting the needs of New Orleans' citizens, the respondents were almost evenly divided on whether the quality of services was good or bad. Thirty four percent of individuals rated the quality of services by government as either very poor or poor (**Table 4.9**).

Table 4.8 – Government Met Needs by Demographic Groups

Met Needs-Race Distribution	Black	White
Few % within race	37.5%	41.5%
Some % within race	29.2%	37.7%
Most % within race	33.3%	20.8%

*Gamma = - .158, Approx. Sig. = .329

Met Needs- Education Level	Less College Than BA	BA	Grad
Few % within education	34.4%	56.0%	36.8%
Some % within education	29.5%	24.0%	63.2%
Most % within education	36.1%	20.0%	.0%

*Gamma = -.299, Approx. Sig. = .014

Met Needs- Income Level	Less than $25,000	$26,000- $50,000	More than $50,000
Few % within income	50.0%	32.8%	45.0%
Some % within income	19.2%	37.7%	45.0%
Most % within income	30.8%	29.5%	10.0%

*Gamma = -.055, Approx. Sig. = .698

Met Needs- By Sex	Female	Male
Few % within sex	38.3%	40.4%
Some % within sex	33.3%	36.2%
Most % within sex	28.3%	23.4%

*Gamma = -.069, Approx. Sig. = .666

In contrast to common belief, 34% of the sample population also rated the quality of services by the government as either very good or good. Based on the sentiments about the government in association with Hurricane Katrina, one would have assumed that the negative ratings (very poor/poor) would be considerably higher than the favorable ratings (very good/good) for government. For this case, the ratings are nearly the same.

Table 4.9- Government Service Quality

Rating	Valid Percent
Very Poor	14.0
Poor	19.6
Fair	32.7
Good	18.7
Very Good	15.0

Red = 34% (very poor and poor)
Blue = 34% (very good and good)

Again, as shown in **Table 4.10**, there is significant evidence of cross-pressures on people with low SES in terms of how they viewed government's response to Katrina. While there was little difference by race or gender, people with less education and lower incomes rated the quality of public services more highly than better endowed citizens. Thirty percent of those with less than a BA rated the quality of services by government as poor compared to 42% of individuals with a graduate degree. For those rating the services of the government as good, the opposite occurs; 44% of individuals with less than a BA rated the services provided by government as good compared to only 16% of individuals with a graduate degree. This crosstabulation between education and the quality of governmental services produced a gamma of -.32, which is statistically significant at the .016 level. For individuals with an annual salary less than $25,000, 31% rated the services by government as poor, while 50% of individuals with incomes over $50,000 were similarly critical of government. This crosstabulation between income and the quality of governmental services produced a gamma of -.32, which is statistically significant (.015).

Table 4.10 – Government Service Quality by Demographic Groups

Quality-Racial Distribution	Black	White
Poor % within race	30.6%	34.6%
Fair % within race	30.6%	34.6%
Good % within race	38.8%	30.8%

*Gamma = -.120, Approx. Sig. = .459

Quality-Education Level	Less College Than BA	BA	Grad
Poor % within education	29.5%	40.0%	42.1%
Fair % within education	26.2%	40.0%	42.1%
Good % within education	44.3%	20.0%	15.8%

*Gamma = -.317, Approx. Sig. = .016

Quality-Income Level	Less than $25,000	$26,000- $50,000	More than $50, 000
Poor % within income	30.8%	29.5%	50.0%
Fair % within income	23.1%	32.8%	45.0%
Good % within income	46.2%	37.7%	5.0%

*Gamma = -.319, Approx. Sig. = .015

Quality-By Sex	Female	Male
Poor % within sex	28.8%	39.6%
Fair % within sex	33.9%	31.2%
Good % within sex	37.3%	29.2%

*Gamma = -.187, Approx. Sig. = .233

The final question in this section centered on the people's trust of government. Question 4 posed the following question: In the future, following a natural disaster or tragic event, how much trust do you have in the government (FEMA, HUD, National Guard, Police, Fire Dept. and other City and State Services) for meeting your needs? The results are as follows: no trust – 16.1%, little trust – 26.8%, some trust – 36.6%, great trust – 18.8%, and complete trust – 1.7% (**Table 4.11**). People who participated in this study have a considerably higher unfavorable rating relating to trust in government than favorable rating by a margin of 43% to 21%.

Table 4.11- Government Trust

Trust in Government	Valid Percent
None	16.1
Little	26.8
Some	36.6
Great	18.8
Complete	1.7

Red = 43% (none and little)
Blue = 21% (great and complete)

Table 4.12 displays different demographic groups and their responses to trust in government. Again, there was no difference in trust in government either between Blacks and Whites or between women and men. In contrast, there was a strong correlation (Gamma = -.47) between education and trust that was very highly significant statistically. Individuals with a graduate degree were considerably more likely than those with less than a BA to have little trust in government by a margin of 60% to 33%. On the contrary, a higher percentage of persons with less than a BA have great trust in the government than individuals with a graduate degree (30% to 0%). There also was a weak negative correlation between income and trust in government as indicated by a Gamma of -.23, but this association was not statistically significant.

Table 4.12 – Government Trust by Demographic Group

Trust-Racial Distribution	Black	White
Little % within race	42.0%	42.9%
Some % within race	34.0%	39.3%
Great % within race	24.0%	17.9%

*Gamma = -.065, Approx. Sig. = .688

Trust-Education Level	Less Than College BA	BA	Grad
Little % within education	33.3%	55.6%	60.0%
Some % within education	36.5%	37.0%	40.0%
Great % within education	30.2%	7.4%	.0%

*Gamma = -.473, Approx. Sig. = .000

Trust-Income Level	Less than $25,000	$26,000- $50,000	More than $50, 000
Little % within income	42.9%	36.5%	61.9%
Some % within income	32.1%	38.1%	38.1%
Great % within income	25.0%	25.4%	.0%

*Gamma = -.231, Approx. Sig. = .082

Trust-By Sex	Female	Male
Little % within sex	43.3%	42.3%
Some % within sex	35.0%	38.5%
Great % within sex	21.7%	19.2%

*Gamma = -.009, Approx. Sig. = .955

Non-Profit Sector

Theoretical expectations suggest that the non-profit sector should have received a more favorable rating than government did for their responses to the Katrina crisis. This assumption is strongly supported in **Tables 4.13 to 4.15** which show that New Orleans residents had quite positive perceptions about the activities of non-profits post-Katrina, in stark contrast to their generally negative feelings about the performance of governmental agencies (**Table 4.7, 4.9 and 4.11** above). Questions 5, 6, and 7 were used to evaluate citizens' perceptions of the non-profit sector (Chapter 3).

Question 5 asked participants to identify the level of need that was met by non-profit entities. As summarized in **Table 4.13**, nearly 40% of the respondents said that non-profits met most or all of their needs following Hurricane Katrina. On the contrary, only 24% stated that non-profit organizations met none or few of the participants' needs. Participants were asked to rate the services rendered by the non-profit sector. More than 60% of the respondents rated the quality of the services as good or very good, while only 12% rated the services as either very poor or poor (**Table 4.14**).

Table 4.13- Non-Profit Sector Met Needs

Met Needs	Valid Percent
None	6.4
Few	17.4
Some	38.5
Most	32.1
All	5.5

Red = 24% (none and few)
Blue = 38% (most and all)

Table 4.14- Non-Profit Sector Service Quality

Rating	Valid Percent
Very Poor	2.8
Poor	9.3
Fair	27.1
Good	31.8
Very Good	29.0

Red = 12% (very poor and poor)
Blue = 61% (good and very good)

Finally, the respondents were asked how much trust they had that non-profits (the Red Cross, Salvation Army, Habitat for Humanity, Catholic Charities, and other volunteer organizations) would meet their needs following a future natural disaster or tragic event. Again, **Table 4.15** shows that this sample had a very positive view of non-profits as 51% of the respondents had great and complete trust in the non-profit sector, compared to only 13% that have none or little trust in the sector.

Table 4.15- Non-Profit Sector Trust

Trust in Non-Profit Sector	Valid Percent
None	2.7
Little	10.7
Some	35.7
Great	42.0
Complete	8.9

Red = 13% (none and little)
Blue = 51% (great and complete)

Table 4.16 shows little correlation between demographic factors and views about non-profits. All the Gammas indicate that the demographic traits of race, education, income, and gender have no or, at most, only a weak association with these three perceptions about non-profits. Moreover, none of the correlations are statistically significant at the .05 level, although a couple come close. Consequently, these favorable views of non-profits appear to represent a wide-spread consensus.

Table 4.16 – Association between View about Non-Profits and Demographic Factors

Non-Profit Sector Met Needs

	Gamma	Sig
Race	-.12	.42
Education	-.25	.053
Income	-.25	.064
Sex	-.11	.42

Non-Profit Sector Service Quality

	Gamma	Sig
Race	.08	.61
Education	-.20	.098
Income	-.20	.094
Sex	.05	.75

Non-Profit Sector Trust

	Gamma	Sig
Race	.18	.25
Education	-.16	.22
Income	-.20	.14
Sex	.06	.68

Government vs. Non-Profits

The central theoretical hypothesis in this dissertation is that non-profits provide better public services than governments. A first step in testing this is to compare the favorable ratings that government and non-profits received in terms of meeting needs (Table 4.7 versus 4.13), providing quality services (Table 4.9 versus 4.14) and attaining public trust (Table 4.11 versus 4.15). **Table 4.17** presents these results, which support the hypothesis quite strongly. The participants were somewhat more likely to claim that non-profits met their needs (38% to 26%). More than the government, they were approximately twice as likely to say that non-profits provided quality services (61% to 34%) and that they trusted non-profits to respond to future disasters (51% to 21%). Clearly, the people of New Orleans have a much higher (favorable) opinion of non-profits than of government.

Table 4.17 – Gov't vs. NPO (Overall)

	Meeting Needs	Service Quality	Trust
Government	26%	34%	21%
Non-Profit Organization	38%	61%	51%

As a second step, Questions 8, 9, and 10 of the survey (Chapter 3) were designed to compare the public's perception of the government and the non-profit sector directly. Question 8 asked individuals to select the organization that was best able to provide assistance to them following Hurricane Katrina. An astounding 73% of the total number of individuals that participated in this study selected the non-profit sector as the best organization to assist them, compared to only 23% who selected the government (**Table 4.18**). Question 9 focused on identifying the leadership of the sector that is most concerned with meeting the needs of the public. The people of New Orleans certainly have the perception that the leaders of the non-profit sector are more concerned than government officials with meeting the needs of the public. Eighty percent of the participants selected the leadership of the non-profit sector over the leadership of the government. Only 15% selected the leadership of the government as being most concerned with meeting the needs of the public. Finally, the tenth question centered on the efficient use of public resources. Similarly to the responses received from questions 8 and 9, a very substantial majority of the participants feel that non-profits are more efficient than governmental entities. Eighty percent of individuals selected the non-profit sector as the agency to use public resources the most efficiently, while only 18% selected the government.

Table 4.18- Best Organization to Provide Assistance

Type of Organization	Valid Percent
Non-profit	72.9
Government	23.4
Self/Family	1.9
Business	.9
Other	.9

Table 4.19- Leaders Most Concerned

Type of Organization	Valid Percent
Non-profit	80.2
Government	14.9
Self/Family	3.0
Business	2.0

Table 4.20- Most Efficient Organization

Type of Organization	Valid Percent
Non-profit	80.4
Government	17.5
Self/Family	1.0
Business	1.0

The overwhelmingly more positive perceptions of the non-profit sector than of government agencies in Table 4.18 to 4.20 meant that very significant majorities in all demographic groups preferred non-profits. Still, as summarized in **Table 4.21**, there are some interesting variations in how the demographic factors are related to the comparative evaluation of the public and non-profit sectors. First, while there is a slight tendency for Blacks and the less affluent to be the most likely to believe the non-profits are the best organization, these relationships are fairly weak; and neither come anywhere near to achieving statistical significance. Still, it is somewhat surprising that there is a general reversal (income is the exception) of the normal tendency for those with lower SES to be the most supportive of government institutions. Evidently, the greater need of the less well endowed for public services (**Tables 4.3 to 4.6**) made them particularly sensitive to the poor performance of government agencies.

Table 4.21 – Comparison Between the Government and Non-Profit Sector, Demographic Factors

Best Organization

	Gamma	Sig
Race	-.19	.41
Education	.13	.55
Income	-.18	.38
Sex	-.06	.79

Leaders Most Concerned

	Gamma	Sig
Race	.22	.45
Education	.53	.03
Income	.25	.25
Sex	.25	.38

Efficient Use of Public Resources

	Gamma	Sig
Race	.36	.18
Education	.86	.00
Income	.38	.08
Sex	.46	

Second and in contrast, the expected higher levels of support for non-profits as opposed to government among the better endowed do exist for the other two indicators. There are strong positive correlations between level of education and the beliefs that non-profits have more concerned leaders (Gamma = .53) and especially that they make more efficient use of public resources (Gamma = .86). Furthermore, the other three indicators of SES have weak positive associations with more positive assessments of non-profit leaders and moderate positive ones with higher ratings of non-profit efficiency, but again none of these correlations are statistically significant.

Overall, individuals tended to favor the non-profit sector over the government quite strongly. Why did the majority of local residents who participated in this study have issues or concerns with the government? Many participants seemed to have become disillusioned with government and felt that more should have been done after Hurricane Katrina, as revealed in the following participants' statements:

- FEMA sucks. They could have and should have done a better job at helping those in need.
- I was humiliated when requesting services post Katrina. I was given the run around by FEMA in receiving assistance. FEMA representatives stated in their computer system that I was unsure if I received damage to my residence. I never stated that to them and as a result, it took a while before I received assistance.
- The thing that hurts most was the way we were treated and the fact that it took so long before help came.
- The worst thing ever is that the Federal Government is asking many
- people for the money back. The entire process is a mess!
- I received the most assistance from local charities.

- No trust/confidence in the local, state, and national government.
- Most of my help was through Red Cross. It took FEMA 6 months to reach a decision regarding my housing assistance and reimbursement of my belongings.
- The federal response and poor management of the entire situation was troublesome.
- The government needs to do a better job and I hope this was a lesson learned.
- The government is worthless.

Even though there were many negative sentiments about the government, some individuals were certainly appreciative of government. One respondent commented “thank God for the government.” Another individual stated “individuals are responsible for themselves and cannot blame government.” Other individuals were grateful for the National Guard because they restored some semblance of peace and order in the city. It should be noted that no respondents provided negative statements towards the non-profit sector. Individuals who favored government commented on the irresponsibility of individuals, but not the non-profit sector. Why is this? Non-profit organizations are voluntary. Most non-profit organizations are staffed by volunteers who want to improve something in the community. Also, non-profits are created to provide a service to the community that is not feasible or profitable for the government and/or business sectors. Therefore, individuals view the staff (volunteers) of non-profit organizations as trying to help, even if they are not as effective as other entities. The notion is that these organizations are at least trying to better the community because the government and business community have failed or are not providing a needed service in the community. Individuals at non-profits are seen as community activists, helping their community because a great proportion of the individuals working with non-profits (board members, committees, members, etc) are not paid and, in some cases, use their own resources to develop and implement the mission of that non-profit.

Conclusion

The purpose of this dissertation is to analyze the public's perception. As a result, four hypotheses were developed and tested via this research project, utilizing information obtained from a sample population regarding the public's sentiments about both sectors following Hurricane Katrina. Hypothesis 1 is as follows: In comparing organizations, non-profits are perceived as more capable in assisting residents following catastrophic events than governmental entities. In the survey, residents were asked to select the organization that was better able to provide assistance to them following Hurricane Katrina. Seventy three percent of the participants identified the non-profit sector as the best organization to assist them following Katrina, while only 23% selected the government (**Table 4.18**). Every demographic group selected the non-profit sector as the best organization to assist them following Katrina. Additionally, non-profit organizations met most or all of the needs for 38% of the participants as opposed to 26% by the government (**Table 4.17**). Being capable in assisting residents is also closely related to the quality of services delivered. Sixty one percent of the respondents rated the quality of services by the non-profit sector as good or very good compared to only 34% for the government (**Table 4.17**).

Hypothesis 2 states: In comparing organizations, non-profits are perceived as more efficient than governmental entities. Question 10 from the survey inquired about the efficient use of public resources. **Table 4.20** shows that 80% selected the non-profit sector as the agency to efficiently use public resources as opposed to just 18% of the respondents who selected the government. The majority of the participants from every demographic group selected the non-profit sector as the most efficient sector. Therefore, the majority of the participants of this study feel (have the perception) that non-profits are more efficient than the government.

Hypothesis 3 is the following: In comparing organizations, the leaders of non-profits are less likely to be self-interested than the leaders of governmental entities. Referring to **Table 4.19**, it is apparent that the participants favored the leaders of the non-profit sector over the government. The question posed to individuals centered on the identification of the leadership of the sector/entity who was most concerned with meeting the needs of the public. Eighty percent of the participants selected the leadership of the non-profit sector, while only 15% selected the government. In fact, more than 80% of each demographic group stated that the leaders of the non-profit sector are most concerned about the public than the government (when only government and the non-profit sector are included in the analysis, 85% of the respondents picked non-profits).

Hypothesis 4 is: In comparing organizations, non-profits have a greater sense of trust among residents than governmental entities. According to **Table 4.17**, 51% of the respondents trust the non-profit sector more, while only 21% have more faith in the government. Consequently, the majority of the individuals who took part in this study have more trust in the non-profit sector than the government.

Based on the primary data collection process for this research project, it is obvious that the participants of this study are more favorable to the non-profit sector than to government. Participants selected the non-profit sector as the best (most capable) entity to assist them following Katrina, as the most efficient organization, as the sector most concerned with meeting the needs of the people, and as the most trustworthy. Therefore, as a result of the information obtained from participants of this study, the four hypotheses presented in this dissertation are all substantiated.

Chapter 5: Case Study

Introduction

This chapter takes a closer look at the non-profit world utilizing the case study method. A case study, a form of qualitative research, examines in some depth persons, decisions, programs, or other entities that have a unique characteristic or interest (O'Sullivan, Rassel, and Berner, 2003). Case studies are the preferred research strategy if one wants to learn details about the success or impact of a program, policy, or entity. For the purpose of this dissertation, entities were analyzed to determine their impact on the local area following Hurricane Katrina. To that end, the principal investigator interviewed the executives of three non-profit organizations: 1) Beacon of Hope Resource Center, 2) Bridge House, and 3) Gulf Restoration Network. The Beacon of Hope Resource Center (HOPE) provides information, resources, and support for Katrina affected residents in an effort to accelerate the rebuilding process and to restore the population of New Orleans. Bridge House (BH) is a substance abuse treatment program that provides mental health and support services (as a result of depression) for those who have limited or no resources. The Gulf Restoration

Network (GRN) works on issues affecting the entire Gulf region including wet lands, fisheries, water quality, endangered species, and smart energy. These agencies' executives were asked to respond to the following requests:

- Provide a general description of the organization.
- Identify the assets/strengths of the organization.
- Identify areas for improvement.
- Describe the overall impact of the entity.
- Describe the long-term vision of the entity.

Additionally, one of the benefits of a case study is the combination of various sources of information. For example, in addition to interviews, the sources of information used in a case study include documents, archival information, direct observation, participant observation, and physical artifacts. The researcher reviewed documents, web sites, brochures, strategic plans, annual reports, and other consequential information from all three entities. The principal investigator visited and directly observed HOPE and BH for one day, speaking with staff, clients, and observing the daily operations of these organizations. Unfortunately, due to scheduling conflicts and the way in which GRN operates, the researcher was unable to visit and directly observe GRN. The researcher conducted a phone interview with the GRN executive, as well as talked (via telephone) to other staff persons regarding the operation and activities of GRN. The principal investigator felt that a phone interview was appropriate because GRN is an office that directs the actions of community advocates in the Gulf States and does not have many clients or activities on site. Therefore, a site visit was not warranted.

Beacon of Hope Resource Center (HOPE)

The Beacon of Hope Resource Center (HOPE) was founded by Denise Thorton on February 15, 2006. The mission of HOPE is to establish a network of volunteers who provide information and other assistance in an effort to revitalize the community and to help with the overall recovery process of New Orleans. Beacon of Hope is centered in the Lakeview community of New Orleans. Lakeview is a family-oriented, middle class community of about 7,000 households. Beacon of Hope utilizes a system of block centers that enable the organization to provide assistance to local residents.

For example, for every area or block there is a home (center) that services that particular area or region. Each home (center) will contain valuable information to assist local residents. Not only can individuals obtain information at these centers, they can also seek other forms of assistance. In order to qualify for assistance, individuals must have a physical address within the HOPE service area and must complete and submit a request form. Beacon of Hope provides services such as 1) getting power restored and infrastructure repairs, 2) removal of flooded and abandoned cars, 3) monitoring trash/construction debris pick-up, 4) assisting homeowners with Louisiana Road Home applications, 5) providing funding information, 6) conducting seminars on various relevant topics, 7) loaning lawn care equipment for use by homeowners & volunteer groups, 8) assisting in restoration of mail delivery, and 9) other beautification and support services needed. They also provided case managers to help create personal recovery plans, notary and legal assistance, vendor referrals, volunteer housing for out of state groups, internet access, fax and copy machine access, as well as providing a washing machine and clothes dryer for the clothes of displaced families and volunteers.

There are eight Beacon of Hope Resource Centers with three paid staff (executive director, administrative assistant, and volunteer director), along with a group of volunteers who direct the day-to-day operations. A nine-member board governs HOPE. These are very specific positions on the board that assist in the overall operation and development of the organization. These positions are the following: 1) President/CEO, 2) Vice-President, 3) Recording Secretary, 4) Treasurer, 5) Governmental Affairs Director, 6) Development Director, 7) Communications Director, 8) Grant Writing Director, and 9) one open seat. Funding for HOPE is provided by the United Way, Blue Moon Fund, and several private donors. The annual budget for HOPE is approximately $200,000. The Beacon of Hope Resource Center does not receive any financial assistance from the government.

Assets/Strengths

There are three areas of strengths for HOPE. First, the available information at the centers is current. In some cases, outmoded information can mislead individuals, delaying needed assistance and impeding the recovery process (e.g., receiving financial assistance, finding employment, making home repairs, etc.). The administrators and volunteers of HOPE work consistently to research services, contact governmental agencies, and communicate with individuals to make sure their information is current and correct. Information is vital in the rebuilding and restoration process.

Second, consequential resources are needed in any revitalization process of a community. Beacon of Hope realizes its resources are limited. Therefore, in an effort to maximize its resources and provide an array of services, HOPE partners with many organizations that include Neighborhood Empowerment Network Association (NENA), United Nonprofit Organizations (UNO), Dillard University, and other disaster relief agencies. The additional resources provided by these agencies enable HOPE to fulfill its mission. The development of partnerships and leveraging/sharing of resources creates an atmosphere of collaboration and decreases duplication of services. The decrease in the duplication of services is good for all stakeholders for two main reasons. First, organizations are able to provide needed services with the help of partners, thereby lowering the overall cost to provide that service. Second, clients have a better understanding of the organizations that can assist them.

Finally, effective leadership is significant in any community or organization. Leadership is defined as the ability to lead a team or group in an effort to accomplish a common or desired goal. According to the staff and several volunteers, the leaders of HOPE work extremely hard to fulfill the mission of the organization. There are thousands of volunteers who implement the programs and services of HOPE throughout New Orleans. Administrators of this agency are responsible for recruiting, coordinating, and managing thousands of volunteers. This effort requires a great deal of time and attention. They are responsible for marketing the efforts of HOPE. The goal is to make sure that needy residents are aware of the resources provided by HOPE. Lastly, a primary goal of leadership is to inspire and to motivate. Upon observation, the HOPE leaders do a great job at motivating volunteers and gaining support from businesses and citizens that provide them a large pool of resources to assist local residents. Community members trust and believe in the work of HOPE.

Areas for Improvement

Even though there are many strengths of HOPE, there are some distinctive areas for improvement. As stated earlier, HOPE does well at motivating volunteers, but one of the major deficiencies of HOPE is the interface between the staff and volunteers. Thousands of individuals from around the world volunteer for HOPE on a daily basis. It is quite difficult for the staff to establish a strong personal or working relationship with every volunteer. Some individuals volunteer for a day, two days, or even weeks. The HOPE leadership strives to meet the needs of all volunteers, to get feedback from them regarding community needs, and to thank them for their hard work, commitment, and service. However, establishing a significant relationship with each volunteer is nearly impossible due to the large number of volunteers.

Funding and meeting the increasing needs of the citizenry will always be an issue with small, grass-roots, non-profit organizations. The Beacon of Hope Resource Center received a generous donation from former New Orleans Hornets basketball team owner Ray Wooldridge which served as seed money to begin serving residents in the affected areas. The Beacon of Hope also receives financial support from United Way, Blue Moon Fund, and many private donors. However, more financial assistance is needed. According to the Executive Director of HOPE, on a daily basis, more people are requiring the services of HOPE; and meeting the growing and demanding needs is a definite concern. Following Hurricane Katrina, half of the population relocated to another city or state and have not yet returned. When the residents left, so did the donor base. As a result, for the residents who remain in New Orleans, there are many challenges to overcome; and residents are calling on HOPE for help. More funding is needed for the increased demands.

Impact

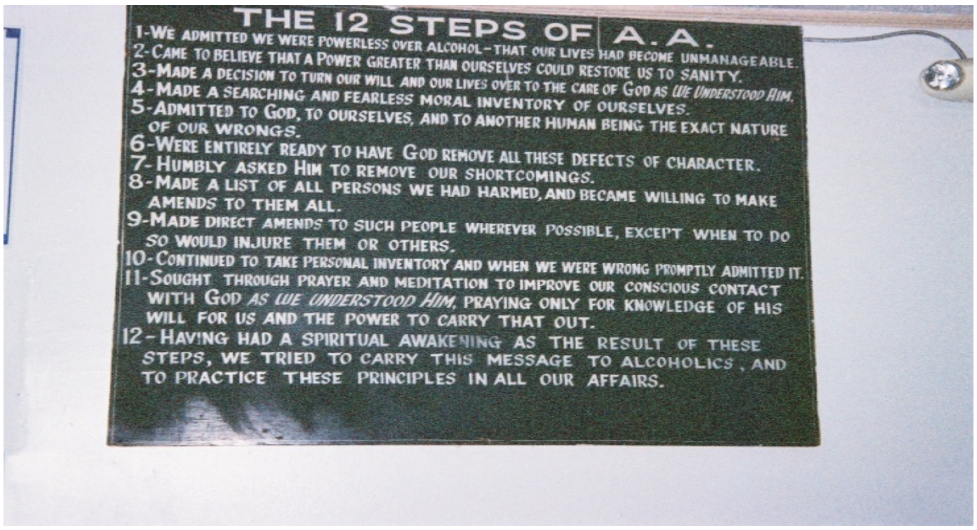
What impact has the Beacon of Hope had on the local community? The Beacon of Hope serves as a refuge for weary residents and a lifeline for all homeowners who seek information and resources to rebuild their devastated community in the wake of Hurricane Katrina. Recovery in the aftermath of Katrina has been led by many non-profits and faith-based entities with HOPE being a clear leader in this effort. Beacon of Hope was established as a result of Hurricane Katrina. The Beacon of Hope Resource Center has earned a reputation of being a reliable organization in providing assistance to thousands of residents in New Orleans. Since its inception, HOPE has primarily provided assistance to more than 20,000 individuals with vital information on available services, debris removal, minor home repair, and basic beautification services. Residents are thankful to HOPE; and they continue to support the efforts of this entity.

Future Outlook

As far as a future outlook, the organization plans to be proactive, seeking changes and being prepared to adapt to the future. The organization wishes to build a better partnership with the local government. The administrators of HOPE understand the strength of government and welcome a partnership to better serve the people of New Orleans. Regarding a long-term vision, the goal of HOPE is to complete its mission fully and then go out of business. The administrators feel they will have truly fulfilled their mission by helping everyone to help themselves and ultimately, individuals will no longer need their services.

Bridge House

Established in 1957, Bridge House (BH) is a non-profit long-term, intensive alcohol and drug addiction treatment center for men (18 years old or older) who have lost the ability to support themselves. The mission of BH is to facilitate positive change and recovery in the lives of addicted men by treating them with dignity and respect. Moreover, it is a primary focus of BH to develop substance abuse individuals, who suffer from depression, into productive citizens by teaching them discipline, ethics, and marketable job skills. Bridge House utilizes the **12-Steps Program** (model) of Alcoholics Anonymous (AA) to assist the affected residents. The twelve AA steps are the following: **1)** We admitted we were powerless over alcohol-that our lives had become unmanageable; **2)** Came to believe that a Power greater than ourselves could restore us to sanity; **3)** Made a decision to turn our will and our lives over to the care of God as we understood Him; **4)** Made a searching and fearless moral inventory of ourselves; **5)** Admitted to God, to ourselves and to another human being the exact nature of our wrongs; **6)** Were entirely ready to have God remove all these defects of character; **7)** Humbly asked Him to remove our shortcomings; **8)** Made a list of all persons we harmed, and became willing to make amends to them all; **9)** Made direct amends to such people wherever possible, except when to do so would injure them or others; **10)** Continued to take personal inventory and when we were wrong promptly admitted it; **11)** Sought through prayer and meditation to improve our conscious contact with God as we understood Him, praying only for knowledge of His will for us and the power to carry that out; and **12)** Having had a spiritual awakening as the result of these steps, we tried to carry this message to alcoholics and to practice these principles in all our affairs.



In this program, individuals actually live on-site and participate in both group and individual therapy. As residents progress in their recovery, they will have the opportunity to secure employment. The major pillars of the program are the following:

- **Therapeutic Community Model**- Recovery skills such as teamwork, conflict resolution, personal leadership and responsibility are emphasized. The purpose of this model is to empower residents to take ownership of their problems and to encourage healthy dialogue in a safe group setting. Individuals also have the ability to recommend changes for the program that will better meet their needs as well as the best interest of the community.

- **Work Therapy Program**- Maintaining employment is a major part of this initiative because being a productive citizen brings a sense of pride and respect. Individuals who are substance abusers tend to have little pride or respect for themselves. This program strives to resolve that issue (lack of pride, respect, and productivity). Interested parties must be capable of performing some type of job skill or assignment. A vocational rehabilitation specialist establishes a training program to assist residents in developing appropriate work skills and attitudes.
- **Relapse Prevention Group**- Since 2000, BH has embraced the relapse prevention materials developed by Terrance Gorski. These materials have been designed as a complement to the 12-Steps Program of Alcoholics Anonymous by increasing self-awareness of thoughts and behaviors that lead to relapse. The goal of the Gorski's plan is for each client to identify and learn to manage the core personality and lifestyle problems that lead to relapse.
- **Family Therapy**- For many, the family component is critical. Supportive family members can certainly help the substance abuser in the recovery process. It is important for families to understand their roles in the process of recovery.

Bridge House is also the parent agency of Grace House, a residential substance abuse treatment facility designated specifically for women. As stated earlier, BH was established to meet the needs of men who suffered from substance abuse, but there was not an entity to assist women. Ergo, Grace House was established as an extension of services from BH to meet the needs of women.

Bridge House is governed by an 18-member board and seeks advice from a 10-member advisory board. Bridge House has a staff of 55 persons and more than 700 volunteers assist the center every year. The annual budget of BH is approximately $2.3 million. Bridge House attempts to be self-sufficient via three major enterprise endeavors: 1) a used car lot, 2) a thrift store, and 3) fundraising activities/events. The used car lot and thrift store of BH generate approximately $2 million (used car lot- $1 million, thrift store- $1 million) in profits (donations) per year for the organization. Additional funding assistance is achieved by hosting such events as golf tournaments, the Annual Mardi Gras Ball, and soliciting donations from private citizens (80% from service area, 20% from surrounding parishes).

Pre-Katrina, BH maintained 130 beds per day. Post-Katrina, the center was able to maintain only 65 beds. Key staff positions also decreased following Hurricane Katrina. Pre-Katrina, 8 councilors and 4 support/administrators were on staff. Following Hurricane Katrina, only 3 councilors and 2 support staff returned to the agency.

Assets/Strengths

A major strength of BH is its ability to provide substantial services to many individuals. The average timeframe for individuals to participate in BH programs is approximately one year. Clients of BH are provided with a safe, home-like environment, healthy food, program materials, instruction, job training, transportation, and many other support services. Bridge House cannot provide these supportive services alone. Strong and committed partners are needed to assist individuals in rebuilding their lives. Therefore, BH is able to provide these multitudes of services by partnering with Unity for the Homeless, Tulane Medical School, Southern University of New Orleans, Louisiana Office of Addictive Disorders, and the City of New Orleans. Because of the secondary (support) services provided to the participants, nearly 70% of individuals who complete the BH program remain clean and sober for the following 2 years. Bridge House has a tremendous success record that is due to its strong relationships with partner agencies.

Another consequential strength for BH is its leadership's entrepreneurial spirit. Richard "Buzzy" Gaiennie, the chief executive officer of BH, was once a used car sales manager. Buzzy utilized his skills as a former car executive to develop the used car program for BH. Moreover, Buzzy and the administrators of BH work diligently to operate a successful and impressive thrift store. Bridge House receives a number of donated items such as furniture, clothes, shoes, and other accessories from community residents. They aggressively market and promote their products of the thrift store and the used car lot. Because of their efforts, over 85% of BH's budget stems from the used car lot, thrift store, and private donations. These "social entrepreneurship ideas" diversify the funding stream of BH and ensures strength and longevity of the organization.

In conjunction with the leadership of BH, the staff is a main reason for the success of the agency. Some employees of BH are former substance addicts. These are individuals who are empathetic towards the clients because they are former participants of BH; and they realize the type of services that were provided to them. They are appreciative because BH made a significant and positive impact in their lives. Because of their past experiences with the agency, the staff works tirelessly to accomplish the goals of BH. They value the importance of this entity; and it is can be seen in their work ethic.

Areas of Improvement

Even though BH is able to raise approximately 85% of its budget through enterprises (used car lot and thrift store) and fundraising initiatives, funding remains an area of concern. For instance, following Hurricane Katrina, as noted earlier, half of the population left the city and have not yet returned. Due to the decrease in population, the donor base of private citizens has dropped in the past few years following Hurricane Katrina. Also, because of the economic downturn, individual donations have decreased.

Directly related to funding, another issue of concern is the ability to provide additional support services to clients. As stated in an earlier section of this chapter, BH provides a number of needed services (food, transportation, etc.) to clients to assist in their recovery. However, more services are needed to address different problems. For example, individuals that suffer from drug abuse may also need to learn how to read, need services for their children, obtain their GED, or other services. Bridge House cannot meet all of these various needs. Therefore, BH continues to build partnerships and plans to increase the capacity of its staff via additional educational training to become better equipped for these additional needs.

Impact

What impact has Bridge House had on the local community? What is the significance of this entity? Immediately following Hurricane Katrina, BH did provide temporary housing and food for approximately 10 individuals (staff and other individuals from the local community). However, the true legacy of BH is the number of individuals who have completed the BH program through the years in the New Orleans area. Over the last 50 years, BH has treated over 20,000 individuals. Many of these individuals have relinquished their harmful habits and are now productive citizens in society. It should be noted that mental health needs after catastrophic disasters are substantial. Four to seven months after Hurricane Katrina in the United States, in the highest impact area (the city of New Orleans), 49.6% reported nightmares and 8 percent reported these nightmares were occurring nearly every night. Similarly, 58.2% reported being more jumpy or easily startled, and 79.4% reported being more irritable or angry (Ursano, Fullerton, and Terhakopian, 2008). Experts suggest that drug abuse increases due to mental health illnesses and emotional depression. Due to depression and other mental health illnesses, individuals tend to rely more on drugs or alcohol to resolve their problems. Alcohol and drugs, or drug activity leads to increased criminal activity as noted in a report from the New Orleans Police Department (**Table 5.1**). In comparing criminal reports from 2005 (pre-Katrina) to 2006 (post-Katrina), regarding every violent crime category (murder, rape, armed robbery, assault, etc.), the total number of violent crimes increased dramatically from 2005 (115 violent crimes total) to 2006 with more than 650 violent crimes. The murder rate increased by nearly 500%, rape increased by 18%, armed robbery increased by more than 1000%, and assaults increased by 450%. Violent crimes in New Orleans increased from 2005 to 2006 by nearly 500%. All other non-violent crimes increased significantly as well, except for auto thefts. Burglary increased by 38% and theft increased by 260%. Non-violent crimes in New Orleans increased from 2005 to 2006 by 70%. Reducing crime in New Orleans is a top priority for all stakeholders in the community. Many criminal acts are the result of drug/alcohol abuse. Drug and alcohol abuse leads to depression, a mental health issue. Following Hurricane Katrina, individuals definitely needed help rebuilding their homes, seeking employment, and supporting their families. These are important needs, but individuals also needed help rebuilding their morale and hope (mental health). Individuals that suffer from depression (mental health) will most likely turn to drugs and thereby become substance abusers and unproductive citizens of society. If a person is an unproductive citizen, the entire community suffers and rebuilding the neighborhoods following a terrible disaster becomes even more difficult. Most communities lack the capacity to provide individuals with mental health services. Therefore, BH is fulfilling a vital role in the community. The goal of BH is to mitigate the criminal activity in the city by providing addicts (users) with the necessary treatment and supportive services. The belief of BH is if there are no drug users, then there is not a need or job for drug dealers. Hence, there will not be a drug problem and the crime rate will drastically decrease.

Table 5.1 – Crime Report for New Orleans

Citywide	**4th Quarter**	**4th Quarter**	**%**
Offense	2005	2006	Change
Murder	9	53	488.89%
Rape	17	20	17.65%
Arm. Robbery	18	202	1022.22%
Sim. Robbery	11	60	445.45%
Assault	60	330	450.00%
Violent Crime Total	115	665	478.26%
Burglary	920	1270	38.04%
Theft	431	1554	260.56%
Auto Theft	720	688	-4.44%
Non-Violent Crime	2071	3512	69.58%
Total			
Total Index Crimes	2186	4177	91.08%

4th Quarter 2005 Compared to 4th Quarter 2006

<u>Future Outlook</u>

Bridge House has been in operation for over 50 years and intends to be in operation for another half century. Their long-term vision is to expand and strengthen their services. Bridge House plans to build a new facility which will hold an additional 104 beds, all clinical administrative offices, therapy rooms, and exam rooms. The ultimate goal of BH is to provide better services to clients and to work with the New Orleans Crime Coalition to reduce the use of drugs and as noted earlier, ultimately eliminating drug-related crimes.

<u>Gulf Restoration Network</u>

The Gulf Restoration Network (GRN) is a network of environmental, social justice, citizen's groups, and individuals committed to restoring the Gulf of Mexico to an ecologically and biologically sustainable condition. The GRN was formed in 1994 by an environmental group to raise awareness of environmental issues in Gulf states and to increase communication and coordination of activities throughout the region. The GRN provides consultation and assistance to communities and organizations in Gulf Coast states concerning fisheries, energy, water quality, contamination, natural defense, and other areas (**Table 5.2**). The GRN is primarily an educational organization that is committed to preserving and sustaining the natural, economic, and recreational resources of the Gulf for future generations. To that end, the GRN provides technical support and mentoring to grassroots groups, connects member agencies to developments on national and regional issues of importance, and coordinates member activities across the region. Forty-four member organizations are a part of the network. The membership includes: Advocates for Environmental Human Rights, Alabama Chapter of the Sierra Club, Alabama River Alliance, Alliance for Affordable Energy, American Littoral Society, American Rivers, Baton Rouge Audubon, Bayou Preservation Association, Bayou Rebirth Wetlands Education Program, Calhoun County Resource Watch, Citizens Against Widening the Industrial Canal, Coalition to Restore Coastal Louisiana, Coastal Community Watch, Delta Chapter of the Sierra Club, Dogwood Alliance, Environment Florida, Environment

Texas, Environmental Action Program (Loyola University), Environmental Alliance of North Florida, Environmental Coalition of Mississippi, Florida Wildfire Federation, Food and Water Watch, Galveston Bay Conservation and Preservation Association, Gulf Coast Conservancy, Informed Choices, League of Women Voters of St. Tammany, Louisiana Audubon Council, Louisiana Environmental Action Network, Louisiana Bayoukeeper, National Environment Trust, National Wildlife Federation – Gulf States Natural Resource Center, Natural Resources Defense Council, The Ocean Conservancy Oceana, Pearl River Basin Coalition, Pearl River Fishway, Portersville Revival Group, Reef Guardian International, Rock the Earth, Southern Alliance for Clean Energy, Southwings, Texas Environmental Justice Advocacy Services, and Turkey Creek Community Initiatives.

In order to become a member, the organization must meet two general requirements:

1) The organization must agree with the philosophy and policies of GRN.

2) The organization must offer some type of skill or resource to the GRN that will aid in accomplishing its mission.

Table 5.2 – Gulf Restoration Network Major Activities

Issues	GRN Action/Activity
Fisheries	Ensuring the sustainable management of the fisheries of the Gulf of Mexico
Gulf Energy	Protecting the natural resources of the Gulf Region from the myriad effects and impacts of the oil and gas industry
Healthy Waters	Protecting and restoring waters throughout the Gulf of Mexico that are critical to recreation, fisheries, wildlife habitat, and drinking water.
Mercury	Safeguarding the Gulf region form the impacts of Mercury contamination.
Natural Defense	Protecting and restoring the coastal wetlands and barrier islands that form natural barriers to flooding and storm surge.
Save Our Cypress	A campaign to save our cypress forests from being clear-cut for cypress mulch.
Species At Risk	Safeguarding the habitat of threatened and endangered species throughout the Gulf region.
Wetlands	Protecting wetlands from reckless development, destructive logging practices and harmful policies by the U.S. Army Corps of Engineers.

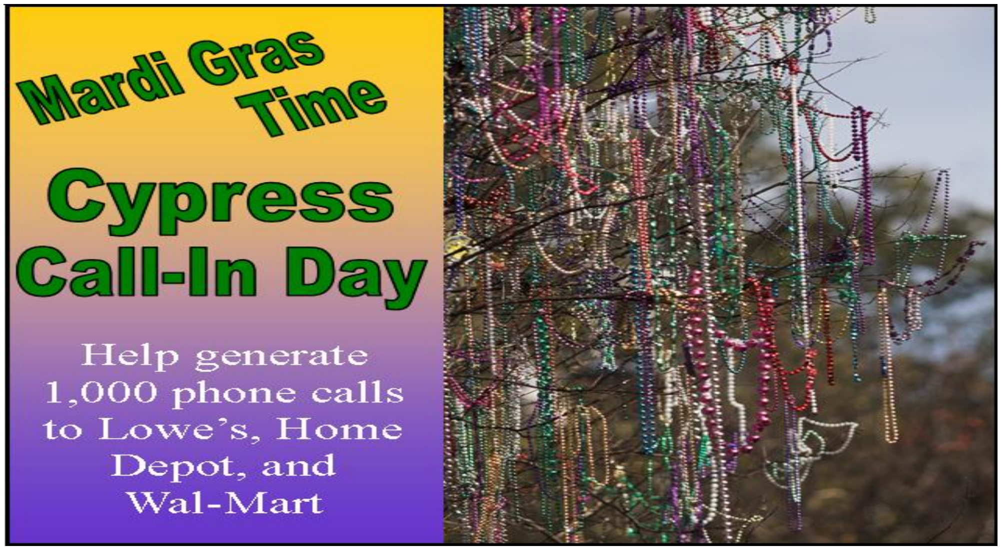
The GRN also acts as a semi-advocacy agency by developing campaigns on priority issues affecting the entire Gulf region (e.g., water quality, wetlands, hurricane rebuilding, etc.). The GRN partners with other entities and engages individuals via information sharing, publications, and email action alerts.

The GRN is governed by an 8-member board. The board is representative of the service area for GRN. Members on the board represent agencies from Alabama, Florida, Louisiana, Mississippi, and Texas. The entity is staffed by 12 employees, 1 consultant, 6 interns from local universities, and more than 100 volunteers who implement the mission of GRN. The member organizations of GRN meet at least twice per year to share best practices, discuss current issues, and to plan for future endeavors. Funding for the organization is provided by foundations (grants) and private contributions. The GRN depends on 80% of its funding from grant-making agencies, while only 20 % is derived from private donations. The budget for GRN is normally about $425,000 annually.

Assets/Strength

A definite asset of GRN is the power of the network, its partners, its reach, and its tactics. The members of GRN are from five states and there are 44 member organizations. Most of the member organizations consist of several members that have associations to other community organizations in their local area. This gives the GRN a large base of support and a grass-roots method for delivering a message and implementing a strategy. The GRN has led many successful endeavors focused on preserving and protecting the Gulf Coast. For instance, in 2006, GRN initiated a “Flood Washington” campaign with 40,000 emails to the White House and Congress calling for restoration of the coastal communities and natural barriers. They won stronger protections for Turkey Creek in coastal Mississippi, moved the Army Corps of Engineers to revise a proposal that makes it easier to develop wetlands in Mississippi, and worked with supporters to inundate the National Marine Fisheries Service at the Department of Commerce with thousands of letters/comments demanding an immediate end to the overexploitation of the Gulf’s red snapper. As a result of their work regarding the red snapper, the National Marine Fisheries Service published a draft interim rule to stop red snapper overexploitation. Also, following a long-fought campaign by GRN in association with the Louisiana Audubon Council, Pioneer decided to follow the chlorine industry trend and switched to the energy saving, mercury free, membrane cell technology. Pioneer was the lone chlorine facility in the Gulf using outmoded technology which emitted massive amounts of mercury. Because of the change by Pioneer (using energy saving, mercury free, membrane cell technology), this will reduce Louisiana's mercury emissions by approximately 27%.

The leadership of GRN is a major reason of its success. First, coordinating the activities of several organizations from different states requires a great deal of effective communication and planning. The administrators, board, and staff work tirelessly to build rapport and credibility with the members by keeping them informed, seeking feedback, and involving them in activities or campaigns that are important to them.   The board meets twice a year to establish a plan for the organization. The purpose of the plan is to make sure that the organization is fulfilling its mission, meeting the needs of its members, and developing strategies for the involvement of member organizations. For instance, the GRN initiated the "Save Our Cypress" campaign. Cypress swamps are clear-cut and entire trees are ground into garden mulch. The GRN believes that Wal-Mart, Home Depot, and Lowe's are driving the destruction of the Gulf's best natural storm protection by selling cypress mulch throughout the country. Therefore, the GRN asked individuals to place three calls to Wal-Mart, Home Depot, and/or Lowes to implore these businesses to stop selling cypress mulch. If members did not want to place calls, they were asked to submit ideas for other strategies that could be implemented in their local communities.



Second, the expert knowledge and ability of its leaders is a tremendous strength of the organization. These are individuals who have extensive knowledge in Gulf-related issues. For example, the GRN constituted the “Save the Bait” campaign. Their goal was to protect menhaden in the Gulf of Mexico. Menhaden are small, oily fish that filter algae out of the water and convert it into highly nutritious flesh. Because of their expert knowledge and ability, the GRN encouraged individuals to write the Mississippi Commission on Marine Resources and to seek specific standards that will resolve this issue. The GRN asked the Mississippi Commission to:

1. Set a temporary cap on menhaden fishing and start an assessment of menhaden that takes into account the needs of predators and the important role that menhaden play as filter feeders.
2. Require industry-funded, government-trained observers on menhaden boats to count the amount of other sea life that gets killed in their nets.
3. Stop menhaden fishing when the annual quota is met.

Because of the collaborative and coordinated efforts among the members and its effective leadership, GRN is able to be successful at influencing public policy focused on issues in the Gulf of Mexico.

Areas of Improvement

The major area of concern for GRN is its heavy dependence of funding from grant-making agencies. As stated earlier, the GRN receives 80% of its budget from grant-making entities. However, in a sense, GRN benefited tremendously from Hurricane Katrina. Hurricane Katrina actually increased interest and raised awareness of GRN's mission and programs. The hurricane thrust the traditional issues (protection and restoration of natural barriers, reducing energy, planning to develop coastal lands, etc.) of GRN into the national spotlight. As a result of the increased attention, donations from 2005 to 2006 increased significantly. In 2005, income generated by GRN was $425,000, with $423,000 in total expenses. In 2006, $1.1 million was generated (donations and private foundations), with $616,000 in total expenses. Even though the organization is doing well, the entity continues to develop unique fundraising schemes that will enhance the organization's ability to be self sustaining during difficult economic times.

Impact

Following Hurricane Katrina, GRN did not provide housing, clothing, home repair, beautification, or health services to individuals, as did the other entities discussed in this chapter. The GRN continued its work of advocacy on behalf of the Gulf states, providing information to individuals and organizing local groups to take action. The belief of GRN is to better develop the natural storm defense of the coast that will limit the significant damage caused by a hurricane or other natural disasters. Because of Hurricane Katrina, the GRN used this as an opportunity to propose important protections for communities and the environment along the Gulf Coast. In 2006, GRN efforts brought about a consequential victory in closing the Mississippi River Gulf Outlet. By collaborating with local, state, and national non-profit entities, the Army Corps of Engineers was forced to cease operations on a navigation project that was deemed destructive to the coast. The success of this campaign was due to the e-activist network (e-mail group submitting thousands of email to Congress for a specific event or cause). Within one year, GRN added 25,000 members to this list that aided in the success of the organization. Other actions taken to enhance the Gulf's natural storm defenses included 40,000 emails to Congress and the White House, and 2,500 emails and 500 phone calls to Congress for U.S. Army Corps of Engineers oversight. Additionally, in collaboration with the Sierra Club, the GRN released the report, *The School of Big Storms: The High Cost of Compromising Our Natural Defenses and the Benefits of Protecting Them*. This report urges public officials, government agencies, and residents living along the Gulf Coast to learn from past hurricanes and to work together to protect the natural coast environment, the communities, and the people.

Future Outlook

The GRN intends to be a strong advocate for the Gulf Coast. The vision for GRN is that the Gulf of Mexico will continue to be a natural, economic, and recreational resource that is central to the culture and heritage of five states and several nations. Advocacy efforts of the GRN are determined by the board and staff annually. The GRN meets annually to determine goals, timelines, commitments, and activities for the upcoming year. The GRN plans to continue addressing the growing issue of water quality, sustainable coastal habitat, fisheries, species at risk, energy, and the development of natural resources.

Effectiveness of These Non-Profits

Based on organizational theory, effective organizations are the result of effective leadership. George R. Terry states that leadership is the activity of influencing people to strive willingly for group objectives. Robert Tannenbaum, Irvin R. Weschler, and Fred Massarik define leadership as interpersonal influence exercised in a situation and directed through the communication process toward the attainment of a specialized goal or goals (Hersey, Blanchard, and Johnson, 2001). Regardless of the technical, formal definition of leadership, a leader is one who leads individuals to accomplish a desired goal. A leader is someone who inspires a shared vision, has integrity, and is capable of leading a team. Leaders develop the capacity to envision the future by mastering the essentials of imagining and intuiting the future (Kouze and Posner, 1995). The leaders of HOPE envision helping residents to rebuild their homes and returning to New Orleans. The leaders of BH envision helping drug users to overcome their addiction and significantly decreasing the crime rate related to drug activity. The leaders of GRN envision restoring the natural storm defense of the Gulf, protecting individuals and structures from future hurricanes. In addition to having a vision, a leader must have integrity. According to Warren Bennis, author of *On Becoming a Leader*, the two most important leadership characteristics are vision and integrity. If an individual is not trustworthy, it is likely that people will find it quite difficult to believe in or to follow this leader. For the non-profit world, if individuals do not trust the leaders of a non-profit organization, people will not make financial contributions and will not volunteer their valuable time. They will seek another entity or activity to support. All of the entities in this chapter receive private donations and tremendous volunteer support to carry out their missions.

Effective teams/partnerships are another aspect of an effective organization. If a leader is to be successful, then one must foster and promote collaboration. Leaders need others to accomplish goals. A leader is only one person, while collaboration (partnerships) equals several people. In cooperation, people realize that they are successful when others succeed and are oriented toward aiding each other to perform effectively (Kouze and Posner, 1995). The leader is successful when the staff and volunteers are successful. The reverse is true as well. The staff and volunteers are successful when the leader is successful, thereby making the organization successful. There is an interdependent relationship among the team members in an effort to accomplish a common, organizational (team) goal. The leadership of HOPE, BH, and GRN depend on their staff and volunteers. Likewise, the staff and volunteers depend on the leadership of HOPE, BH, and GRN. As a result, HOPE has assisted more than 20,000 residents. Due to effective partnership and collaboration, BH has assisted more than 20,000 individuals; and the GRN has led many successful campaigns to ameliorate the Gulf of Mexico.

The storm caused devastation in the lives of many citizens and organizations. However, these three non-profit organizations were there to provide needed assistance. The Beacon of Hope assisted residents with information, debris removal, and home repair. Bridge House provided services to individuals relating to drug addiction which is a result of depression, a mental illness. Bridge House did not provide the traditional services (debris removal, housing assistance, food, clothing, etc.) to individuals following a hurricane. Bridge House is dealing with a problem (emotional depression) that is associated with catastrophic events, but often overlooked - - mental health. Finally, the Gulf Restoration Network is an advocacy network that is working on policies to better prepare the Gulf and its citizens for future hurricanes. Each organization is different in the services and the region that they serve, but they all help individuals and are all focused on the betterment of the community. These are not perfect organizations and do not represent a panacea for New Orleans or the Gulf Coast of the U.S. The entities certainly have room for improvement. However, these non-profit agencies are providing critically important services to individuals that are too costly for the government to provide and not profitable for the business sector.

Chapter 6: Conclusion

Lessons Learned and Future Implications

Introduction

The purpose of this dissertation is to analyze the public's perception of the capabilities (expertise, capacity, and resources) of the non-profit sector in assisting community residents following Hurricane Katrina, as well as the sector's impact on social and economic structures in America. Four hypotheses were developed and tested to gauge the public's perception. The hypotheses are the following:

1. In comparing organizations, non-profits are perceived as more capable in assisting residents following catastrophic events than governmental entities.
2. In comparing organizations, non-profits are perceived as more efficient than governmental entities.
3. In comparing organizations, the leaders of non-profits are less likely to be self-interested than the leaders of governmental entities.

4. In comparing organizations, non-profits receive a greater sense of trust from residents than governmental entities.

In an effort to test the aforementioned hypotheses, a citizen survey consisting of 16 questions was developed and distributed to residents in New Orleans. The researcher utilized the convenience sample method due to circumstances in New Orleans as detailed in Chapter 3. Based the responses of the participants, it is apparent that the majority of residents have a perception that the non-profit sector is more capable in assisting residents, more efficient, more concerned with the public interest, and more trustworthy than the government (Chapter 4). In addition to the hypotheses, this dissertation explored several research questions: 1) What are the capabilities and impact of the non-profit sector? 2) What best practices can each sector learn from the other? and 3) How can both sectors work together to provide better emergency services to residents following catastrophic events?

Examining the Research Questions

What are the capabilities and the impact of the non-profit sector? The non-profit sector is a group of diverse agencies that serve the public in many ways. They produce and display art, culture, and music; generate knowledge and awareness through research and education; protect consumers, the environment, and animals; promote health; prevent and treat disease; provide housing, food, and clothing; promote international understanding; provide local and international aid and relief; create community, social, and economic infrastructure; advocate for and against public policies that affect civil rights, gun control, abortion, and other (political and community) issues; provide services and funding to other non-profit groups; transmit religious values and traditions; provide solidarity, recreation, and services to members and others; encourage and transmit civic, family, and economic values; and educate and register voters (Boris and Steurele, 1999). Following Hurricane Katrina, the Beacon of Hope Resource Center has provided assistance to more than 20,000 individuals with vital information on available services, debris removal, minor home repair, and basic beautification services. Over the last 50 years, Bridge House (substance abuse treatment center) has treated over 20,000 individual and many of these individuals have relinquished their harmful habits and are now productive citizens in society. In 2006, the efforts of the Gulf Restoration Network brought about a consequential victory in closing the Mississippi River Gulf Outlet. By collaborating with local, state, and national non-profit entities, it forced the Army Corps of Engineers to cease operations on a navigation project that was deemed destructive (natural storm defenses) to the coast. Government reliance on non-profits to deliver publicly financed services is particularly extensive in the fields of day care, elderly services, legal services, and hospital services (Salamon, 1995). Sixty-eight percent of museums, botanical gardens and zoological gardens, and approximately 58% of all social service providers in the United States are non-profit (Boris and Steurele, 1999). In addition to providing services and opportunities, the non-profit sector is an economic engine. The independent sector comprises almost 12% of the entire paid labor force in the United States, counting the value of the 200 million hours of unpaid volunteer services performed by over 100 million volunteers (Andreasen and Kotler, 2003). The Chronicle of Philanthropy listed 30 leaders from major non-profit organizations and foundations with salaries over $400,000 and some over $1 million. In relation to income, the non-profit sector produces 6.7% of national income, about one-third of which is an estimate of the value of volunteer time (Boris and Steurle, 1999). Whether it is providing charity to a worthy cause, empowering minorities, providing jobs, or addressing local issues, the non-profit sector is the third sector of the United States and is capable of assisting and impacting the lives of American families.

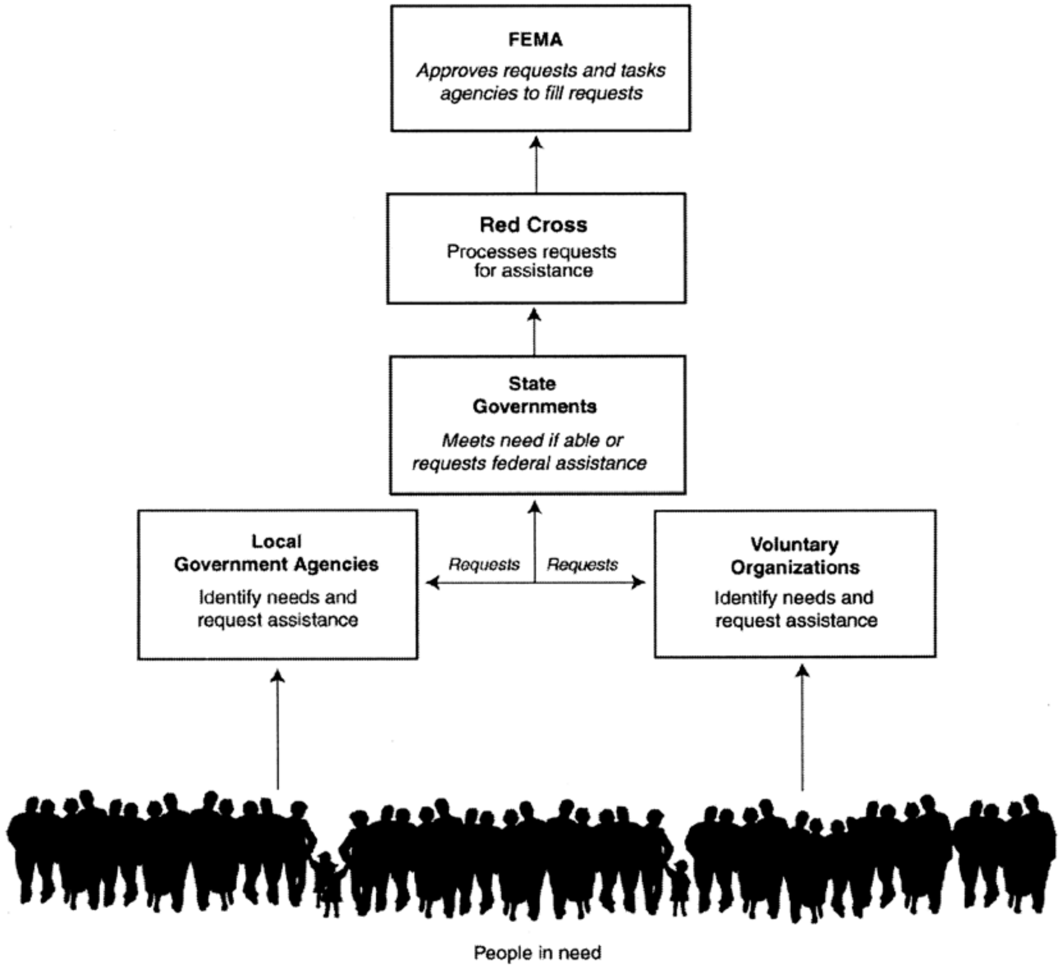
What can the government learn from the non-profit sector? Non-profits have a connection to local residents and, thereby, are perceived to be more trustworthy than government. The government can certainly work to improve its image of unethical and corrupt leaders. New Orleans and Louisiana have a history of corrupt political leaders. In 2007, Congressman William Jefferson was indicted for money laundering and racketeering. Several associates of the former Mayor of New Orleans are on trial facing corruption charges. Council member-at-large Oliver Thomas pleaded guilty in August 2007 for accepting illegal payments and Governor Edwin Edwards (Governor of Louisiana for 16 years) was convicted in 2001 on federal racketeering charges (Olshansky, Johnson, Horne, and Nee, 2008). The government should consider establishing local connections with churches, voluntary organizations, and residents to increase citizens in the decision making process, as well as working to become more transparent and accessible to the citizenry. Also, the government can work with the non-profit sector to become more efficient in the delivery of services to residents. In some cases, there is an overlap of services between the two sectors. Therefore, for similar services, the government can streamline services and can partner with non-profits to deliver services at a lower cost. Finally, the government can learn to be more flexible, especially following disasters. For instance, it is clear to observers that the Stafford Act, the nation's disaster management law, is insufficient for catastrophic disasters (Olshansky, Johnson, Horne, and Nee, 2008). It does not provide funds to support local government operations in their time of greatest need, does not provide immediate cash assistance to residents and small businesses, has excessively burdensome requirements for local governments to obtain reimbursement for repair of damaged facilities, and has perverse incentives that work against replacing outmoded public facilities with newer and safer ones. The federal government exhibited flexibility and creativity in recovery programs following the 1994 Northridge earthquake and the 1997 Red River Floods, but chose not to cut red tape aggressively for Louisiana's Katrina Recovery (Olshansky, Johnson, Horne, and Nee, 2008). The public policy process and the American government were not built for speed. The government is large and there are checks and balances in place that slow down the policy process. However, in times of disaster, the federal government has discretionary (executive) authority and should act quickly to assist local agencies to mitigate suffering, loss of life, and property damage.

What can the non-profit sector learn from the government? The non-profit sector should not view the government as the enemy. The non-profit sector should consider stronger partnerships with the government to secure funding that will allow them to carry out their missions. Unlike the non-profit sector, the government has a large pool of resources to pull from in order to accomplish community, national, and societal goals. Through a system of taxation, the government can provide services and programs that the non-profit sector cannot. The non-profit sector should consider not only securing funding from governmental entities, but also from corporate organizations. The non-profit sector is diverse and can offer services to private entities that will generate funding for programs. There is not a formal, national structure for the non-profit sector. With a centralized agency in place, many feel this will only increase the efficiency of the non-profit sector. This will mitigate redundancy of services in local communities and encourage non-profits to build stronger partnerships within the sector (with other non-profits) to provide better services and to reach a larger number of constituents.

How can both sectors work together to provide better emergency services to residents following catastrophic events? Both sectors already work together. The government relies heavily on the non-profit sector for the delivery of services; and non-profit organizations depend heavily on the government for funding. The government and the non-profit sector should consider strategies of collaboration for more effective and efficient services provided to citizens. For example, in Michigan, the Office of Foundation Liaison was established through a joint agreement between Michigan foundations and the governor's office (Richards, 2008). This office is charged with identifying innovative funding partnerships and strategic collaborations that align with the priorities of the government and the non-profit foundations. The ultimate goal of this office is to help the state and local funders build the relationships and trust needed to solve problems in a systemic and organized way (effective and efficient) to benefit Michigan's families. In collaboration with the JEHT Foundation in New York and Michigan's Prisoner Re-Entry Initiative, eight community foundations in Michigan are partners in rolling out pilot projects aimed at reducing the $117 million annual cost of housing repeat offenders (Richards, 2008). Additionally, the Office of Foundation Liaison has been responsible for attracting more than $40 million in foundation support for state initiatives dealing with health, school reform, workforce development, early childhood education, and prisoner re-entry. More than 90% of the stakeholders working in government and the non-profit sector agreed that partnerships between government and non-profit organizations improve efficiency. Ninety-five percent agreed that collaboration is important (Richards, 2008).

The collaboration and coordination of services between the government and the non-profit sector following disasters is needed. Following Hurricane Hugo in 1989, churches and other voluntary organizations raised approximately $1.5 million to assist more than 300 families. Habitat for Humanity assembled volunteers who helped to rebuild or repair hundreds of homes, and FEMA assisted nearly 67,000 households at a cost of more than $100 million (Middleton and Christman, 2004). Because of this collaborative effort, the individuals who normally fall between the cracks (rural, poor, low-income) were able to receive needed services in a timely manner that reduced the overall cost to government and improved responsiveness to local residents. To that end, the Government Accountability Office (GAO) in June 2006 recommended to Congress that the government (FEMA) and non-profit agencies (Red Cross and voluntary organizations) should work closely in the delivery of services following a disaster. The GAO recommended the following structure (**Table 6.1**): 1) Individuals in need will contact local voluntary agencies or local governmental agencies with needs, 2) Local governmental agencies and voluntary agencies will identify the needs and then jointly request assistance from the state, 3) The state will meet the needs or, if additional assistance is required, the state will request federal assistance, 4) Red Cross will process requests for assistance, and 5) FEMA will approve requests and task agencies to fill requests.

Table 6.1 – Proposed Disaster Response Process



Limitations to the Research

There are some limitations associated with this research project. First, based on the circumstances in New Orleans as detailed in Chapter 3, the researcher decided to utilize the convenience sample method. Convenience samples are inappropriate for generalizing with any degree of certainty and the risk of bias is high. However, convenience sampling does provide illustrative case material and serve as a basis for exploratory studies. Second, only 116 residents agreed to participate in this study. Nearly 300 individuals were approached, but due to their skepticism of the recovery process and a host of other concerns, many residents were unwilling to participate. The principal investigator recognizes that this study is not completely representative of New Orleans. However, even though there are some concerns with this research technique, the researcher feels that this study should provide some insight about the public's sentiments and should serve as the foundation for further research.

Concluding Remarks

Why is this research important? The purpose of this dissertation is to analyze the public's perception of the capabilities (expertise, capacity, and resources) of the non-profit sector in assisting community residents. Based on the data obtained from this research, it is apparent that individuals perceive the non-profit sector to be trustworthy, efficient, concerned and capable of meeting their needs. Perception is important. Perception can obscure one's judgment (decision-making process) and can lead to a morale problem for citizens. People become disengaged and disconnected from the community and start to focus on individual interests, which could lead to an individualistic society. According to de Tocqueville, the great danger of an individualistic society is that the society will isolate itself from the rest of the world and not concern itself with society as a whole. Tocqueville states that "individualism is calm and considered feeling which disposes each citizen to isolate himself from the mass of his fellows and withdraw into the circle of family and friends. With this little society formed to his taste, he gladly leaves the greater society to look after itself" (Jardine, 2005). Minor issues become larger ones because individuals stop helping others and working with groups to resolve issues. This mind-set (individual interest) is dangerous for society and can lead to a state of nihilism. The researcher does not believe that the American society is on the brink of nihilism. But what if it is? For example, following Hurricane Katrina, some would argue that New Orleans was in a state of nihilism. Many were concerned with their own interest (looters); and in some cases, there was a total rejection of established laws (murders, rapes, thefts, etc.). The situation was chaotic. To combat this, people must stay engaged with the government (election of leaders) and the non-profit sector (volunteering) to resolve both minor and more pressing concerns. Tocqueville states that "local liberties, which induce a great number of citizens to value the affection of their kindred and neighbors, bring men constantly in contact, despite the instincts which separate them, and force them to help one another" (Jardine, 2005). Issues of concern (education, crime, healthcare, etc.) bring individuals together to develop strategies for the betterment of society that will most likely require the assistance and expertise of the government and the non-profit sector. Therefore, the government and the non-profit sector should work together to coordinate services that will benefit the public by being more effective, efficient, responsive, and trustworthy. The American public needs both.

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