2012 ISSUE BRIEF

CIVIC HEALTH AND UNEMPLOYMENT II:

The Case Builds

PRODUCED BY

NCoC

National Conference on Citizenship

Chartered by Congress

IN PARTNERSHIP WITH

Knight Foundation

CIRCLE

www.civicyouth.org

CIVIC ENTERPRISES

HARVARD Kennedy School

THE SAGUARO SEMINAR

Civic Engagement in America

ABOUT THE PARTNERS

NATIONAL CONFERENCE ON CITIZENSHIP

At NCoC (the National Conference on Citizenship), we believe everyone has the power to make a difference in how their community and country thrive.

We are a dynamic, non-partisan nonprofit working at the forefront of our nation's civic life. We continuously explore what shapes today's citizenry, define the evolving role of the individual in our democracy, and uncover ways to motivate greater participation. Through our events, research, and reports, NCoC expands our nation's contemporary understanding of what it means to be a citizen. We seek new ideas and approaches for creating greater civic health and vitality throughout the United States.

CIRCLE

CIRCLE (The Center for Information and Research on Civic Learning and Engagement) conducts research on civic education in schools, colleges, and community settings and on young Americans' voting and political participation, service, activism, media use, and other forms of civic engagement. It is based at the Jonathan M. Tisch College of Citizenship and Public Service at Tufts University.

CIVIC ENTERPRISES

Civic Enterprises is a public policy firm that helps corporations, nonprofits, foundations, universities and governments develop and spearhead innovative public policies to strengthen our communities and country. Civic Enterprises draws on some of the best minds in the country to fashion new initiatives and strategies that achieve measurable results.

JOHN S. AND JAMES L. KNIGHT FOUNDATION

Knight Foundation supports transformational ideas that promote quality journalism, advance media innovation, engage communities and foster the arts. The foundation believes that democracy thrives when people and communities are informed and engaged. For more, visit Knight-Foundation.org.

SAGUARO SEMINAR: CIVIC ENGAGEMENT IN AMERICA

THE SAGUARO SEMINAR: CIVIC ENGAGEMENT IN AMERICA is an initiative of Professor Robert D. Putnam at John F. Kennedy School of Government at Harvard University focused on the study of "social capital" (the value of social networks) and community engagement. The Seminar's mission is both to improve social capital measurement and the availability of social capital data and to undertake analysis of building social capital in a changing environment.

Authors: Kei Kawashima-Ginsberg (CIRCLE), Chaeyoon Lim (University of Wisconsin) and Peter Levine (CIRCLE).
This report was published by the National Conference on Citizenship (NCoC), with the generous support of the John S. and James L. Knight Foundation, and in partnership with Civic Enterprises and the Saguaro Seminar.

Suggested Citation: National Conference on Citizenship. *Civic Health and Unemployment II: The Case Builds,* Washington DC. 2012, September.

INTRODUCTION

In 2011, NCoC (the National Conference on Citizenship) and partners produced an issue brief called *Civic Health and Unemployment: Can Engagement Strengthen the Economy?*, which offered preliminary findings on the connections between civic engagement and economic resilience. The research demonstrated that civic engagement appears to protect against unemployment and contribute to overall economic resilience. While the connections were strong, we sought to deepen our exploration of these connections and their implications.

Over the past year, NCoC and our partners have embarked upon a journey to further understand the links between our nation's civic life and our economic vitality. We have convened a nationwide working group of thought leaders, researchers, practitioners, and partners to guide a deeper exploration of this topic. We have held discussions at events across the country in Seattle, San Antonio, Boston, Williamsburg, and Chicago to engage new voices in this dialogue and better understand the implications for this research on communities. We have launched a Civic Data Challenge—calling upon designers, developers, coders, and researchers to create compelling visualizations and animations that connect civic data to social outcomes.

The results of these efforts culminate in the following research, which has surfaced two key findings: a community's nonprofit organization infrastructure and social cohesion are both strongly connected to economic resilience. At the core of both are relationships, peer-to-peer communication, cooperation, solidarity, and care for neighbors—key aspects to avoiding the worst effects of an economic crisis.

This is a powerful reminder that when our nation's citizens are more connected, more engaged, and more invested in one another as common stakeholders in a shared future, our communities are stronger. We hope this research illuminates the critical roles of social capital and civic health to economic vitality. We invite others to join us to advance this conversation, and we call upon:

- Researchers, social scientists, political scientists, and economists to challenge the research, adding new dimensions and helping us complete the picture of the relationship of civic health to economic health.
- Business and nonprofit leaders, policymakers, elected officials, and foundations to more substantively integrate civic health strategies into our national and regional economic development plans.
- Businesses and foundations to invest in civic engagement as a means of cultivating connection to community, which in turn cultivates human and financial capital.

NCoC has long believed the most powerful force in an American democracy is the connection between and among citizens. This research further underscores this principle.

WHAT'S INSIDE

EXECUTIVE SUMMARY

Communities—metro areas, counties, and states—that have better civic health have weathered the recent recession better than other communities. Specifically, they have experienced considerably smaller increases in unemployment compared to communities that faced similar economic circumstances.

This study identifies two main types of civic health that seem to matter most. One is the role of nonprofit organizations. The number of nonprofits per capita and the degree to which they directly engage local residents are both related to the unemployment rate. The other factor is social cohesion: interacting with friends and neighbors. Each type of civic engagement is separately valuable for preventing unemployment increases.

Social cohesion is glue that keeps people employed

- States with high social cohesion had unemployment rates two percentage points lower than their less connected and trusting counterparts, even when controlling for demographics and economic factors. ("Social cohesion" is defined as trusting neighbors, talking to and helping neighbors, and socializing with family and friends).

Communities that have better civic health have weathered the recent recession better than other communities

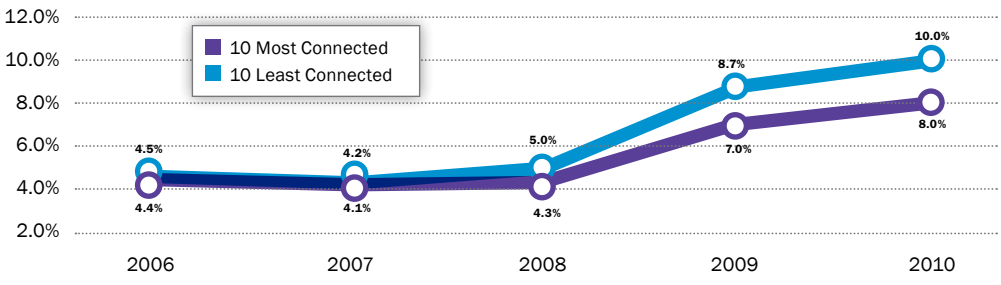
Nonprofits are a lynchpin of local economies

- A county with one extra nonprofit per 1,000 people in 2005 would have half a percentage point less unemployment by 2009.
- For individuals who held jobs in 2008, the odds of becoming unemployed were cut in half if they lived in a community with many nonprofit organizations rather than one with a few nonprofits, even if the two communities were otherwise similar.

These are examples of findings from this study using statistical models to investigate the relationship between civic health and unemployment in the 50 states, 942 metro areas, and more than 3,100 counties since 2006.

Although a full explanation of these relationships requires more study, the most likely reasons involve the kinds of attitudes that are measured in the John S. and James L. Knight Foundation's Soul of the Community survey. When civic health is higher, people seem to have more affection and optimism for their own communities and put more trust in their neighbors. When investors, employers, and consumers feel greater commitment to the places they live, they may be more likely to make economic decisions that generate or protect local jobs. Furthermore, being engaged with fellow citizens and participating with nonprofits can build local allegiance that makes individuals more likely to spend, invest, collaborate, and address problems in their own communities. These small choices can have ripple effects for a community's ability to remain strong during a crisis.

Unemployment Rate for Most and Least Connected States, 2006-2010



EVIDENCE BUILDS THAT CIVIC HEALTH PROTECTS AGAINST UNEMPLOYMENT

In 2011, NCoC, CIRCLE, Civic Enterprises, the Saguaro Seminar, and the National Constitution Center released a joint report entitled, *Civic Health and Unemployment: Can Engagement Strengthen the Economy?* That report found a statistical connection between civic health and economic resilience. **States and major metropolitan areas that had more civic engagement in 2006 or earlier experienced smaller increases in unemployment between 2006 and 2010.** This relationship remained strong after accounting for other relevant factors, such as levels of education, race and ethnicity, housing-price inflation, and dependence on oil and gas extraction. In fact, civic measures were more significant than any of these factors in explaining differences in unemployment.

Certainly, civic health is not the only determinant of unemployment. Las Vegas has struggled because of the collapse of the housing market; Detroit has lost jobs because of changes in the auto industry. One can identify many other examples. But the 2011 report asserted that, in general, **if two cities or states face similar economic circumstances, the one with stronger civic life will weather the recession better.**

States and major metropolitan areas that had more civic engagement in 2006 or earlier experienced smaller increases in unemployment between 2006 and 2010

The 2011 report, which used measures of civic health from the Census Current Population Supplement (CPS), found that the following indicators were related to resilience against unemployment:

- Working with neighbors on a community issue
- Attendance at public meetings
- Volunteering
- Voter registration and turnout

The 2011 report proposed six explanations for the connection between these civic health indicators and unemployment:

1. **Human capital:** Participation in civic society can help develop skills, confidence, and habits that make people employable.
2. **Networks:** People get jobs through social networks, including neighbors, service organizations, and community groups.
3. **Information:** Better information flow makes it easier to find jobs and employees, and for citizens to communicate with government.
4. **Trust:** Trusting relationships are more likely to spread membership and information, and instill the confidence necessary to invest, hire, and build businesses.
5. **Good Government:** Communities with stronger civil societies are more likely to have good governments, which lead to higher performing schools, and inclusive public policies that affect unemployment and social services.
6. **Attachment:** Feelings of attachment to community increase the odds that one will invest, spend, and hire there.

Analysis since 2011 suggests that two distinct groupings of civic engagement indicators are fundamental to economic resilience. A metropolitan area, a county, or a state that is strong in either of the following aspects of civic health will—all else being equal—suffer less from unemployment in a recession:

1. **Presence of the organized nonprofit sector:** The number of nonprofits per capita in each community (known from IRS data) can be called its "nonprofit density." That measure is a powerful predictor of change in unemployment, but closer analysis reveals that only certain kinds of nonprofits show the beneficial relationship. Those are nonprofits that encourage substantial amounts of participation and interaction among peers at the local level, such as veterans groups and organizations devoted to recreation and sports. "Presence of the organized nonprofit sector" thus refers to both the number of nonprofits per capita and the degree to which they directly engage local residents.

2. **A community's social cohesion:** "Social cohesion" means interacting frequently with friends, family members, and neighbors. Independent of nonprofit density, social cohesion also predicts resilience against unemployment.

Presence of the nonprofit sector and a community's social cohesion are independently related to changes in employment. Both involve peer-to-peer communication, cooperation, and solidarity or caring for neighbors. That combination seems important for avoiding the worst effects of an economic crisis at the community level.

A county with one extra nonprofit per 1,000 people in 2005 would have half a percentage point less unemployment by 2009

The statistical relationships found in the 2011 report between civic health and growth in unemployment were strong, yet the research was exploratory and suggestive. Additional analysis since 2011 reinforces the original finding and strengthens our confidence in it. Specifically:

- Civic health remains a leading predictor of change in employment, even when more statistical controls (alternative explanations for the trend in unemployment) are added to the models.

- Analysis of counties and metropolitan areas yields generally similar patterns to the relationships found on the state level. There are more than 3,100 counties and 942 metro areas, and the much larger number of geographical units increases confidence in the model.[1]

- The Current Population Survey panel data that tracks individuals over time shows that those who lived in communities with stronger civic health were less likely to lose their jobs between 2008 and 2009.

- The 2011 findings were replicated using a new model developed by Chaeyoon Lim, University of Wisconsin sociology professor, who arrived at the same conclusions.

- An additional measure of civic health, the number of nonprofits per capita, was also found to predict resilience against unemployment.

- A composite measure of "community social capital" developed by Penn State researchers also predicts unemployment change when incorporated in the models. This composite includes the number of associations per capita, the number of not-for-profit organizations per capita, the proportion of people who return their Census forms by mail (a proxy for engagement with government), and presidential election turnout.[2]

- Civic engagement is related to trust and attachment to one's community, which in turn, strongly predicts favorable perceptions of the local economy.

Another source of data on civic health is Knight Foundation's Soul of the Community (SOTC) survey. When matched with data on nonprofit organizations from the National Center for Charitable

Statistics and the IRS for the same counties, SOTC reveals a set of connections between civic engagement, commitment to communities, and perceptions of the economy that may partly explain why civic health pays off economically. Both the number of nonprofits per capita and pride or trust in the community predict the change in unemployment between 2006 and 2009.

- In communities with more nonprofits per capita, more organized groups, and more participation in formal activities, residents have stronger local networks of friends.
- Strong local friendship networks are related to pride in the community and attachment to it.
- Pride in and attachment to the community predicts positive perceptions of its economy. Positive perceptions of the local economy encourage people to invest and spend locally, supporting employment.

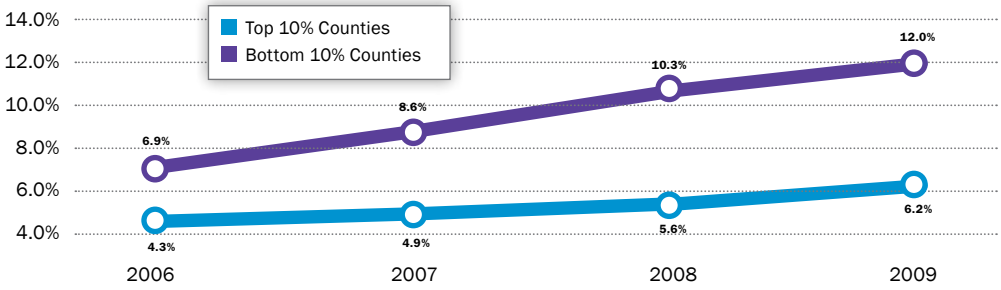
SPECIFIC FINDINGS

The Number and Type of Nonprofit Organizations Predict Resilience to Unemployment

Counties with more nonprofits per capita prior to the recession already had lower unemployment in 2006. While almost all of the counties lost jobs during the recession years, the counties with more nonprofits per capita lost fewer jobs between 2006 and 2009. Both patterns remain even when holding education, median income, housing prices, and other economic factors constant.[3]

As an illustrative case (see Figure 1), counties ranking in the top 10% in nonprofit density experienced an increase of only 2 percentage points in their unemployment rate between 2006 and 2009, compared with 5.1 percentage points for the counties in the bottom 10% in nonprofit density.

Fig. 1: Unemployment Estimated Trajectories for Best and Worst Counties in Nonprofit Density



Counties already varied greatly in unemployment rates prior to the recession, **but the counties rich in nonprofits lost many fewer jobs than the low-nonprofit counties.** Having just one more nonprofit per 1,000 residents was related to a net difference of 0.5 percentage points in unemployment rate in 2009, accounting for other factors that generally affect unemployment.[4] The communities with more nonprofits tended to have slightly lower unemployment rates before the recession (by 0.25 percentage points per additional nonprofit), but they also experienced a slower growth in unemployment between 2007 and 2009, resulting in a net difference of 0.5 percentage points.

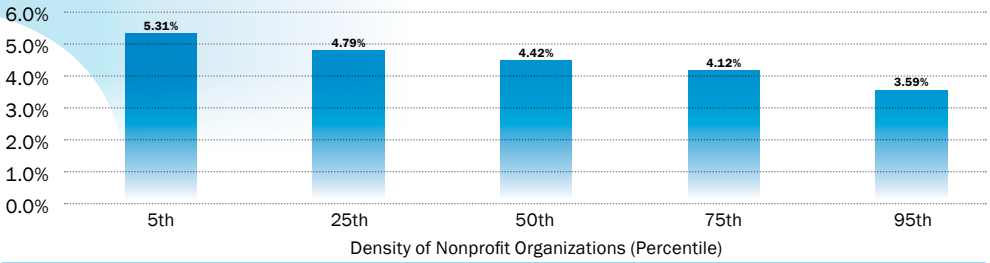
Similar patterns are also found in metro areas. The density of registered nonprofit organizations in metro areas in 2006 predicts both the unemployment rate before the recession, and the rate of increase during the recession years. Figure 2 shows the change in unemployment rates between 2006 and 2009 for metro areas with five different levels of NPO density (ranging from the 5th to the 95th percentile). This pattern is adjusted for the average local unemployment rate before the recession and other factors likely to affect unemployment.[5] The unemployment rate increased

5.1

Percentage point increase in unemployment in counties ranking in the bottom 10% in nonprofit density between 2006-2009

by about 5.3 percentage points between 2006 and 2009 in the core metro areas at the 5th percentile in nonprofit density, whereas it increased by only 3.6 percentage points in the same period for those at the 95th percentile. The gap is somewhat smaller than what was found at the county level.

Fig. 2: Percent Change in Unemployment Rate in Nonprofit Density, 2006-2009

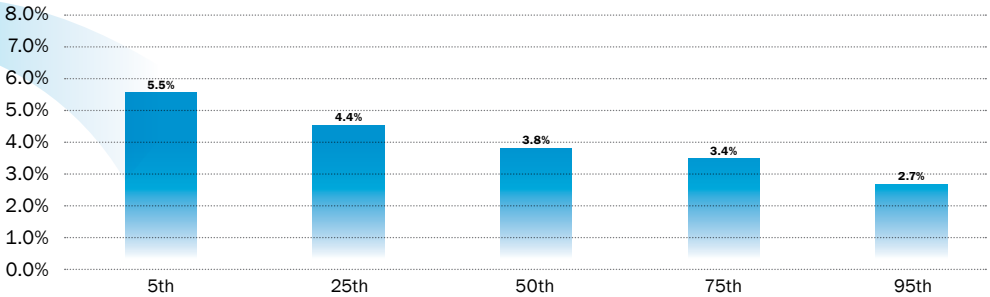


1.7

Percentage point difference in unemployment between the 5th and 95th percentiles in nonprofit density

This statistical model estimated how three factors related to changes in the unemployment rate during and after the recession: nonprofit density before the recession, economic performance before and during the recession, and the portion of the workforce employed in the nonprofit sector. All three factors were statistically significant. In other words, higher nonprofit density in 2005 predicted fewer jobs lost in the whole community, better overall economic performance, and more individuals employed in the nonprofit sector. **These results suggest that nonprofits may bring economic benefits by directly employing people and also by changing the economic climate of the whole community.** Nonprofits support civic engagement and social cohesion; in turn, when citizens feel committed to their communities and connected to their fellow residents, they are more likely to make decisions that boost local employment. This explanation is explored in more detail below.

Fig. 3: Predicted Probability of Being Unemployed in 2009 Among the CPS Respondents Who Were Employed in 2008



5.5%

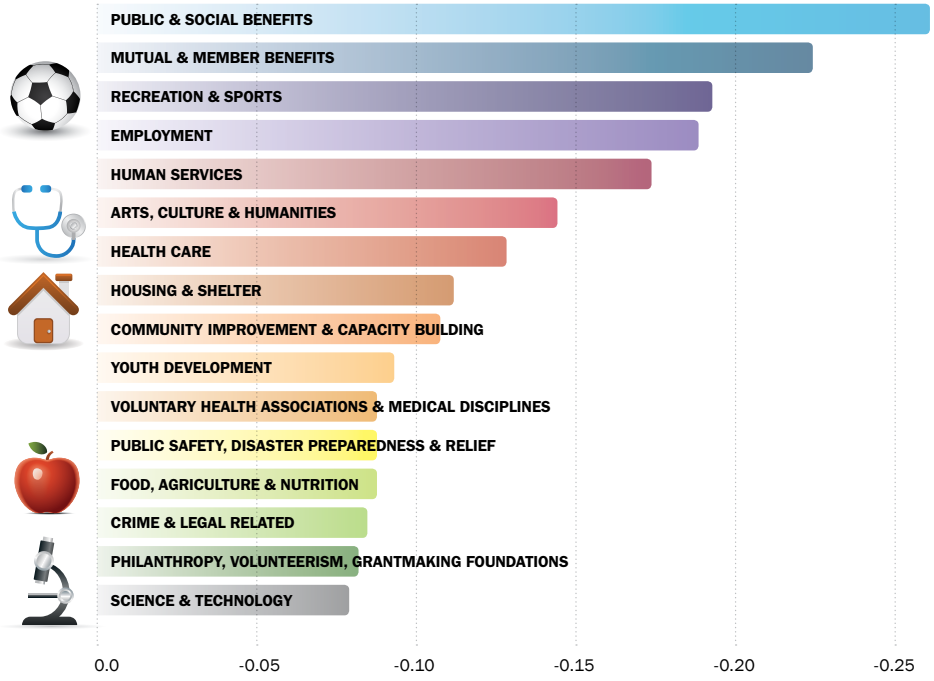
Chance an individual with a job living in a metropolitan area with low nonprofit density would lose his or her job between 2008 and 2009 vs **2.7%** chance for an individual with a job living in a metropolitan area with high nonprofit density

Another way to investigate the relationship is to follow individuals over time in a longitudinal survey. As Figure 3 shows, an individual who had a job in 2008 and who lived in a core metropolitan area with a low density of nonprofit organizations (at the 5th percentile) had about a 5.5% chance of becoming unemployed in 2009, after adjusting for other factors.[6] A similar individual living in a similar area but with high nonprofit density (95th percentile) had only a 2.7% chance of becoming unemployed in 2009. **The odds of becoming unemployed were thus twice as high in a community with low civic health compared with one with high civic health.**

As Figure 4 shows, certain types of nonprofit organizations appear to matter more than others. This study used official classifications of nonprofit types from the IRS and National Center for Charitable Statistics.[7] One of these categories consists of organizations devoted to the "public and social benefit," which includes veterans groups and other organizations that foster citizen participation and leadership skills. Analysis of national data demonstrates that the density of such organizations has a significant relationship to unemployment in their communities.

Fraternal and "mutual benefits" organizations form another category that has a strong relationship to employment in the national statistics. Employment-related organizations, such as labor unions and job-training nonprofits, and sports and recreational organizations also predicted lower levels of unemployment. The relationship with employment was smaller, although significant, for associations devoted to "arts, culture, and humanities" and "philanthropy, volunteerism, and grant-making foundations." For some types of groups, including those devoted to civil rights or medical research specifically, no statistically significant relationships were found.[8]

Fig. 4: Types of NPOs that Significantly Predict Change in Unemployment



These numbers represent standardized regression coefficients that tell us the relative strength of the relationship between each type of NPO and the change in unemployment.

Public & Social Benefits
Military and Veterans Organizations
Consumers Union of the United States
Army Emergency Relief

Mutual & Membership Benefits
Fraternal Societies
University Retiree Health Benefits Coverage

Recreation & Sport
National Collegiate Athletic Association
Parks and Playgrounds
Recreational Clubs
Sports Associations and Training Facilities

Employment
AARP Foundation
Goodwill Industries
Labor Unions

Human Services
Family Violence Shelters
Seniors Centers
American National Red Cross
Front Porch Communities and Services

Arts, Culture & Humanities
Arts Education
Metropolitan Museum of Art
Public Broadcasting Service

Health Care
Hospitals
Community Clinics
Blood Banks
Public Health

Housing & Shelter
Low-Income and Subsidized Rental Housing
Homeowners & Tenants Associations
Habitat for Humanity International

Community Improvement & Capacity Building
Neighborhood & Block Associations
Chambers of Commerce and Business Leagues
Real Estate Associations
Local Initiatives Support Corporation

Youth Development
Youth Community Service Clubs
Boy Scouts of America
Boys & Girls Clubs of America
Mentoring Programs

Voluntary Health Associations & Medical Disciplines
American Heart Association
American Cancer Society
March of Dimes Foundation

Public Safety, Disaster Preparedness & Relief
Disaster Preparedness & Relief Services
Search & Rescue Squads
Insurance Institute for Highway Safety

Food, Agriculture & Nutrition
Food Banks & Pantries
Farm Bureaus & Granges
International Food Policy Research Institute

Crime & Legal Related
Crime Prevention
Law Enforcement
Legal Aid Society

Philanthropy, Voluntarism, Grantmaking Foundations
Volunteerism Promotion
Fidelity Investments Charitable Gift Fund
California Community Foundation
George Kaiser Family Foundation

Science & Technology
Aerospace Corporation
National Academy of Sciences
Alliance for Sustainable Energy

These examples are meant to be illustrative, but not fully representative of the classifications. Additional examples can be viewed through the National Taxonomy of Exempt Entities (NTEE) system website: http://nccs.urban.org/classification/NTEE.cfm

The organizations that appear to be helpful could be described as:

- Organizations that provide direct, tangible benefits to their members, instead of pursuing advocacy agendas or impersonal goals, such as research and science.
- Horizontal organizations, characterized by peer-to-peer interactions and collective decision-making, rather than strongly hierarchical organizations in which a few people make the decisions.
- Groups that meet regularly and whose supporters perceive themselves as genuine members, in contrast to mailing-list organizations, "in which 'membership' is essentially an honorific rhetorical device for fundraising."[9]
- "Thick" rather than "thin" organizations.[10] In "thick" organizations, people are loyal to the group and are generally willing to do what it decides to do (within reason), whereas "thin" groups pursue a defined agenda their members endorse. In other words, thick groups involve commitment whereas thin ones are transactional.

6.5%

The average unemployment rate in 2010 among the states scoring highest in nonprofit density and social cohesion, compared to **10.8%** among the states scoring lowest

Social Cohesion Also Predicts Resilience Against Unemployment

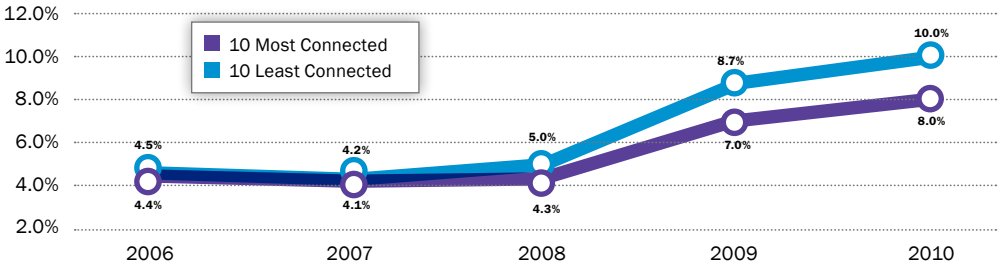
The 2011 brief found significant relationships between various forms of civic engagement in 2006 and the growth in unemployment between 2006 and 2010 at the state level. In last year's brief, working with neighbors, attending public meetings, volunteering, and voter registration were the forms of civic engagement that were most significantly linked to resilience against unemployment. When the models were refined with additional controls this year, at the state level:

- Working with neighbors continued to be a significant predictor of unemployment change at the state level when economic and educational factors are held constant.
- Volunteering remained a significant predictor of unemployment change once economic factors were accounted for, but it became much weaker after adjusting for the educational level of the state's residents, and it became a non-significant predictor after accounting for nonprofit density and state-level social cohesion. It would appear that volunteering matters for unemployment change only if it leads to stronger social cohesion.[11]
- The voter registration rate also remained a significant predictor of unemployment change at the state level when economic and educational factors were held constant. When nonprofit density and social cohesion were also accounted for, the registration rate was no longer a significant predictor.
- The number of leaders of associations per capita was also a statistically significant predictor.[12]

At the state level, the strongest set of predictors was a composite of the above predictors called "social cohesion." Given the data available from the Census dataset, this is defined as frequently talking to neighbors, frequently doing favors for neighbors, always trusting neighbors, and frequently seeing or hearing from family and friends. **Social cohesion in a community strongly predicted a smaller increase in the unemployment rate from 2006-2010.**[13]

This effect was significant and independent from nonprofit density, meaning that both nonprofit density and social cohesion would predict how a state's economy fared in the recession years. Figure 5 shows average unemployment in the states with the most and least social cohesion from 2006-2010. What is striking about this figure is that the states with high social connection and low social connection began with virtually identical unemployment rates. But by 2010, these two groups of states' unemployment rates were significantly different, by two full percentage points.

Fig. 5: Unemployment Rate for Most and Least Connected States, 2006-2010



The effect is even larger when we consider both nonprofit density and social cohesion. In 2010, the two states that ranked in the top 10 for the combination of social cohesion and nonprofit density measures (Table 1) had an average unemployment rate of 6.5%, compared with 10.8% for the states that ranked in the bottom 10.

Fig. 6: Unemployment Rate for Most and Least Nonprofit Density and Connection 2006-2010

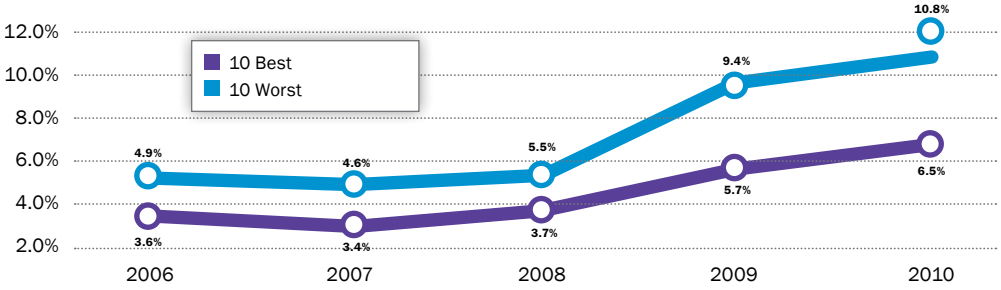


Table 1: The Top 10 States

Nonprofit Organization Density	Social Cohesion	Combination of Social Cohesion and NPO Density*
Alaska	Alabama	
Iowa	Louisiana	
Maine	Maine	
Montana	Mississippi	
Nebraska	Missouri	
North Dakota	Nebraska	
Rhode Island	South Dakota	
South Dakota	Utah	
Vermont	West Virginia	
Wyoming	Wisconsin	

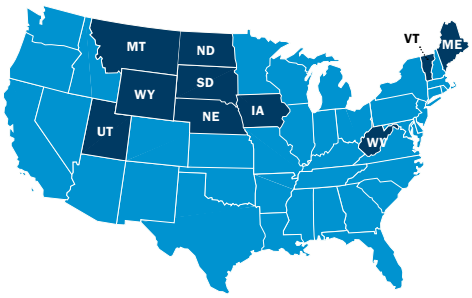
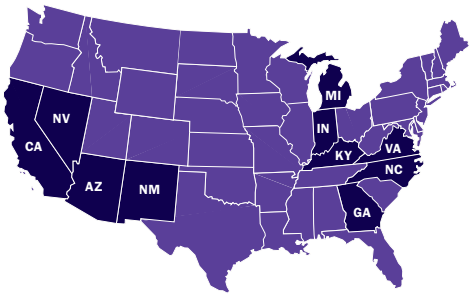


Table 2: The Bottom 10 States

Nonprofit Organization Density	Social Cohesion	Combination of Social Cohesion and NPO Density*
Arizona	Arizona	
California	California	
Florida	Delaware	
Georgia	Indiana	
Kentucky	Kansas	
Louisiana	Kentucky	
Mississippi, North Carolina and Alabama**	Nevada	
Nevada	New Mexico	
Texas	North Carolina	
Utah	Virginia	



South Dakota, Maine and Nebraska show up in the top 10 states on each measure

Utah, Mississippi and Alabama show up in the top 10 states for social cohesion, but the bottom ten states for nonprofit organization density

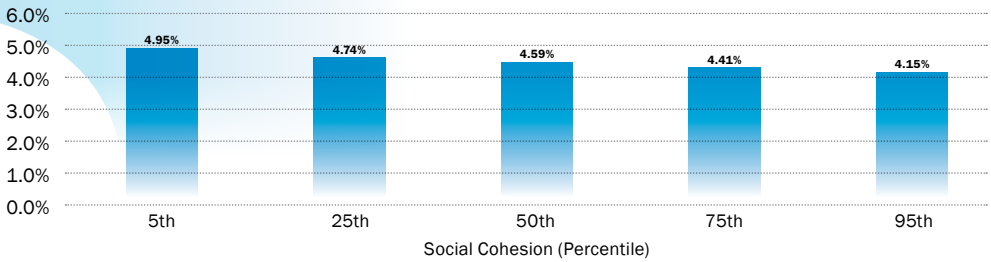
Please note: The District of Columbia was considered in this analysis and removed from these rankings. While it would rank as #1 on both lists involving nonprofit density, it can be considered an outlier for the disproportionate number of national nonprofit organizations based out of DC.

**The rankings for the combination of social cohesion and nonprofit organization density do not reflect a compilation of the states that independently rank highly in each separate measure. Instead, these rankings were calculated by analyzing the combined effects of the two measures overall in each state. In other words, one variable might be strong enough to compensate for low performance in the other—leading a state to still show up on this list.*

***These states shared the same nonprofit density per capita*

At the metropolitan-area level, a single measure composed of the rate of volunteering, the percentage of people who attended public meetings, and the percentage who worked with neighbors between 2002-2007 significantly predicts a smaller increase in unemployment between 2006-2009, after adjusting for all control variables. Figure 7 shows a 0.8 percentage point difference in the percentage point growth between the metro areas at the 5th and 95th percentiles in social cohesion.

Fig. 7: Percent Change in Unemployment Rate by Social Cohesion, 2006-2009



0.8

Percentage point difference in unemployment between the 5th and 95th percentiles in social cohesion

Photo courtesy of: spirit of america/ Shutterstock.com

Nonprofit density and social cohesion independently relate to unemployment. They are correlated with each other but not perfectly: some communities have strong social cohesion but few nonprofits, and some have the opposite pattern. **Doing well on *either* dimension would help a community weather the recession.** That means that communities with relatively weak civic health can consider two different strategies for improving their economic resilience: strengthening nonprofits or boosting social cohesion. But the two strategies interrelate because a community cannot build membership organizations without people who are willing to volunteer and participate.

EXPLAINING THE CAUSAL MECHANISMS: SOME POSSIBILITIES

Civic health is statistically linked to resilience against unemployment, but that link requires explanation.

Previous research suggests that people who are civically engaged are more employable. By participating in voluntary groups and working on local problems with peers, individuals develop skills, motivations, and networks that benefit them in the labor market.[14] Perhaps communities with high levels of civic engagement develop relatively desirable labor forces and are thus competitive with other communities when jobs are scarce nationwide. Unfortunately, the datasets used in this brief do not measure skills, but there is a reason to doubt that skills can explain the community-level impacts observed in this brief. Since 2006, there have been many more job seekers than job openings in the United States as a whole. Under those circumstances, civic engagement seems more likely to help the most engaged individuals obtain the scarce jobs in their own communities, rather than boost their whole communities' employment rates.

Previous research has also found that governments perform better when civil society is strong.[15] Civic groups hold government accountable and serve as the government's partners in addressing public problems. Again, the datasets used in this brief do not measure government performance directly, but in order to defend this hypothesis, one would have to explain how state and local governments could substantially reduce unemployment during and immediately after an acute recession.

A different kind of explanation would involve psychological mechanisms. Perhaps people in communities that have stronger civic health are more disposed to act in ways that create or preserve jobs.

For example, local businesses and investors have three choices during a recession: (1) keep their own capital and productive assets (such as factories) on the sidelines until economic conditions improve; (2) invest anywhere in the world where the returns seem most promising; or (3) invest in local, job-creating enterprises. They may be most likely to choose the last option if they are optimistic about local opportunities, if they are connected to and trust local people, and if they care about where they live.

To test this hypothesis, we looked separately at the civic health of people toward the upper end of the socioeconomic status (those who hold bachelor's degrees or higher). Holding other factors constant, in states where college graduates have strong personal connections, habits of discussing current events, and high meeting-attendance rates, unemployment did not grow as much after 2006. **That is consistent with the hypothesis that the civic connectedness of the people who are in a position to invest and hire is important for avoiding unemployment.**

Consider, too, consumers of any economic background who have retained some assets in a recession. Like businesses and investors, consumers have three options: (1) hold onto their savings until economic conditions improve; (2) purchase consumer goods from far away, or (3) pay local people to provide services. Again, consumers may be most likely to choose the third option if they know and trust local service-providers and care about their communities. Even if their spending is modest, it can create a cascade effect if the local workers they hire also spend locally.

Unfortunately, the Census surveys on which most of this report is based do not ask questions about attitudes, such as confidence and commitment to communities. But insights have emerged from Knight Foundation's Soul of the Community survey (SOTC), a three-year study conducted by Gallup in 26 small and large metros, spanning close to 100 counties, where the John S. and James L. Knight Foundation invests.

The SOTC survey covers 71 counties for which the sample size is adequate for analysis. Analyzing data from SOTC, Census, and the National Center for Charitable Statistics reveals:

1. Nonprofit density, engagement in the community, and group membership all significantly and independently predict friendship networks, defined as the portion of respondents' close friends who live in the same vicinity and how many of their friends are also friends with each other. Individuals who are engaged in their communities and/or belong to community groups have stronger friend networks.

2. The strength of friendship networks then strongly predicts people's pride and attachment to the community. People who have strong, close friendships concentrated locally are more likely to develop pride in the community.

3. Pride in, and attachment to, communities strongly predict positive perception of the local economy.[16]

4. Both the density of nonprofits at the county level and average pride and trust in the community independently and significantly predict the change in unemployment between 2006 and 2009. And all these relationships hold when accounting for economic and demographic factors.

Communities with relatively weak civic health can consider two different strategies for improving their economic resilience: strengthening nonprofits or boosting social cohesion

These four points are drawn from the SOTC survey, supported by objective unemployment data. Additional research is needed to learn whether the same patterns also hold nationally. Going beyond the SOTC data itself, the hypothesis is that when residents love and are proud of their communities, they are more likely to promote local businesses and local initiatives. As a result, local business owners should prosper and entrepreneurial activities should flourish.

The findings from SOTC are also consistent with the findings described earlier in this brief about the benefits of nonprofit organizations. Previous research has found that the strength of the local civic infrastructure—such as the availability of civically committed religious congregations and the availability of local associations and "third places" (informal venues such as barber shops and bars)—boosts attachment and investment in the community.[17]

Like the link between social cohesion and employment, the apparent benefit of nonprofit infrastructure requires an explanation. In an important new study of Chicago neighborhoods, Robert Sampson argues that a strong organizational infrastructure boosts a community's capacity for collective civic action and residents' sense of collective efficacy (the feeling they can solve local problems if they work together). Therefore, more civic action and efficacy could boost confidence in a local economy, which could keep people spending and investing in the local economy. Sampson observes, "It is the totality of the institutional infrastructure that seems to matter in promoting civic health and extending to unexpected economic vitality, whether in the form of rebuilding New Orleans or in rehabilitating vacant houses in economically depressed neighborhoods in cities around the country."[18]

Organizational infrastructure and civic health in general are particularly important in the face of economic crisis

Sampson argues that organizational infrastructure and civic health in general are particularly important in the face of economic crisis. "When confronted with stark material deprivation and macro forces, neighborhoods must depend on organizational connections both local and that cut across the city and beyond for increasing their capacity in garnering outside resources. These resources are likely to increase in importance [in an] economic crisis."[19] Consistent with that hypothesis, analysis presented here finds that nonprofit density does not predict unemployment trends as well in non-recession years as it does in recession years.

Sampson's observation about two low-to-moderate income, predominantly African American Chicago neighborhoods with strong civic health has lessons for the whole United States: "There may be no great wealth to transmit in Chatham and Avalon Park, but by cultivating a sense of ownership and cultural commitment to the neighborhood, residents produce a social resource that feeds on itself and serves as a kind of independent protective factor and durable character that encourages action in the face of adversity."[20]

CONCLUSION

Two different forms of civic health have consistently emerged in this brief as protective factors against unemployment: social cohesion (defined as socializing and collaborating with friends and neighbors) and nonprofit infrastructure. Although the mechanisms by which these two forms of civic health protect or create jobs is not fully clear—and are probably complex and various—evidence suggests that part of the explanation involves psychological factors such as trust, commitment, pride, and efficacy. Being engaged with fellow citizens and participating with nonprofits probably builds these habits of mind, which, in turn, make individuals more likely to spend, invest, collaborate, and address problems in their own communities.

GIVEN THE FINDINGS OF THIS BRIEF:

- Researchers should investigate a range of follow-up questions, especially concerning the specific mechanisms that connect civic engagement with economic resilience, under a range of circumstances.
- Leaders in government, business, and the nonprofit sector should consider how their policies and investments can strengthen social cohesion and nonprofit infrastructure.
- Citizens should join, support, collaborate with and lead nonprofit organizations. They should also recruit others, especially the next generation, to participate with them.

TECHNICAL NOTES

The findings presented above are based on the authors' analysis of data from various data sources, including the Census Current Population Survey (CPS) September Volunteering Supplement (2006-2011), November Civic Engagement Supplement (2008-2011), the Bureau of Labor Statistics State and Regional Employment Statistics, the American Community Survey (ACS), the Penn State Social Capital Index, National Center for Charitable Statistics, and Knight Foundation's Soul of the Community Study.

The study took a comprehensive approach to answer our research objective, which was to clarify the relationship between unemployment trend during the recession years and community-level civic engagement, which we found at the state and major metropolitan-area level in the 2011 brief. To do so, we analyzed data using multiple methodologies at various units of analysis (state, county, metro area, and individual). Though there are some differences in the specifications of the statistical models and variables used, they share the following methodological standards.

- The outcome of interest is always the change in the unemployment rate or likelihood of becoming unemployed.
- The predictors tested were the density of nonprofit organizations in a community, the level of social cohesion, overall social capital, attachment and pride for the community, and specific indicators of civic engagement such as volunteering rate, meeting attendance rate, voter registration rate, and the rate of people who worked with others in the community.
- Whenever possible, we used a composite measure (i.e., a combination of multiple indicators) to summarize the level of civic engagement in a community rather than relying on single indicators, for three main reasons:
  - An index made up of multiple indicators is more statistically robust and provides a better summary of a community's engagement than single indicators, each of which can tell a different story.
  - An index can represent a theoretical concept better than single indicators and can explain the relationships in this study better. For example, an index of social cohesion made up of trust in neighbors, connection with neighbors, and seeing family and friends can explain the overall level of the person's connection to others in the community better than any one of these indicators, which only describes an aspect of social connection.
  - Use of an index allows us to pull together results drawn from many different datasets and statistical models. Each of the surveys we used had slightly different ways of asking about civic engagement. However, they shared common ideas, such as social cohesion or group participation. By summarizing individual indicators in each data source into a construct, we were able to communicate more coherent findings.
- In this paper, the term "community" refers to various geographical boundaries depending on the specific analysis we conducted, from county and metropolitan area to state. In some of the original surveys, respondents had been asked about much smaller geographical boundaries, such as their immediate neighborhoods or a town. We analyzed data at various geographical units to validate our findings from 2011 and strengthen our conclusions.
- The outcome (unemployment) was measured in three ways. First is the simple difference in the unemployment rate before and at the end of the recession. In most cases, we measured differences between 2006 and 2010 because the unemployment rate peaked in 2010, though the recession technically ended in 2009. The second way we measured the outcome was by tracking the unemployment rate for 2006, 2007, 2008, and 2009 separately (e.g., Figure 5). Finally, we assessed the likelihood that someone who was employed one year would become unemployed in the following 12 months.
- We included in our models various non-civic factors that have been found to affect regional economic performance in general. These factors included the percent of adults with high school, graduate level, or college education; portion of residents who are Hispanic, black, or non-Hispanic white; percent who are rural residents; median household income; percent of residents with high housing costs (30% or more of income); percent of students receiving free lunch in the community; the percent of children in poverty; percent of households that are families; rate of homeownership; percent who lived in the same house a year ago; percent foreign born; percent employed in manufacturing, construction, agriculture, finance, professional, and public sector jobs; state-level real GDP growth rate and housing price inflation; percent of workforce in professional jobs; oil and gas extraction index; and unemployment rates prior to the recession. Different combinations of these factors were included in the statistical model based on the availability of the data and other methodological constraints.
- The conclusions we draw are based on statistically significant effects of civic predictors *after accounting for the effects of non-civic factors* on the outcome of interest.
- Finally, we acknowledge that correlational findings do not imply causation. To address this issue, we used pre-recession civic factors (i.e., indicators from 2006 and earlier) to predict changes in unemployment in the subsequent years. By ordering the predictors and outcomes in chronological order, and by including numerous non-civic factors in the model, we increased our confidence that civic factors contributed to subsequent economic performance.

GLOSSARY OF TERMS AND DATA SOURCES

American Community Survey is an annual survey of American households that is used, among other things, to determine how federal funds are distributed. Demographic and some economic indicators were pulled from the ACS. For more information, please visit http://www.census.gov/acs/www/about_the_survey/american_community_survey/.

The Census Current Population Survey is a monthly survey of 50,000 households and 150,000 individuals conducted jointly by the Bureau of Labor Statistics and the Census Bureau. It is the source of monthly employment statistics as well as supplemental data, including volunteering indicators in September and civic engagement indicators in November. For more information about the Current Population Survey, please see http://www.census.gov/cps/. The recent statistics on U.S. and regional volunteering and civic engagement based on the CPS data can be found at http://civic.serve.gov/.

Nonprofit organizations: Nonprofit organizations are recognized by the United States Revenue code 501(c) as having tax-exempt status. There are more than 1.5 million nonprofit organizations in the U.S. (National Center for Charitable Statistics, 2012). Nonprofits engage in a wide range of activities and can be categorized in three areas; public charities, private foundations, and other types of nonprofits that include chambers of commerce, fraternal organizations and civic leagues (National Center for Charitable Statistics, 2012). Though some religious congregations run organizations that are nonprofits, religious congregations themselves are not nonprofits. Our analysis only includes nonprofits that are recognized by the IRS.

Nonprofit data, including nonprofit density and the definition of nonprofit types, were obtained from the National Center for Charitable Statistics at http://nccs.urban.org/

Nonprofit Density Nonprofit density is defined as the number of nonprofit organizations per 10,000 in a community.

Penn State Social Capital Index data were obtained from the Northeast Regional Center for Rural Development at Penn State University. Codebook and data are available at http://nercrd.psu.edu/social_capital/index.html.

Social Capital Index refers to an index of county-level "social capital" created by Rupasingha and Goetz at Penn State University. The index combines associational density (the number of associations per 10,000 people), the number of registered nonprofits per 10,000, the Census mail-response rate, and resident turnout rate in the presidential election. It is calculated for each county. For more detail about the index and data, please refer to http://nercrd.psu.edu/Social_Capital/index.html.

Social Cohesion is an index of the extent to which individuals in a community are closely bonded with others in the same community. Because the Census asked different questions in different years, the exact combination of indicators varies from year to year. However, social cohesion includes: frequently talking to neighbors, frequently doing favors for neighbors, always trusting neighbors, frequently seeing or hearing from family and friends, working with neighbors, attending community meetings, and volunteering. We calculated a factor score of social cohesion to enter into the statistical model. These indicators were found to be psychometrically sound as a unified construct in each case. For our study, we use the term "social cohesion" to describe the overall level of resident bonding of the community as a whole rather than social connection, which might describe the extent to which individuals are connected to people who live near them.

Soul of the Community: The John S. and James L. Knight Foundation commissioned Gallup to conduct a three-year study of 26 U.S. communities and almost 43,000 individuals. The study explored how local economic growth was related to residents' emotional attachment to the local place. The following communities were included in the study: Aberdeen, SD; Akron, OH; Biloxi, MS; Boulder, CO; Bradenton, FL; Charlotte, NC; Columbia, SC; Columbus, GA; Detroit, MI; Duluth, MN; Fort Wayne, IN; Gary, IN; Grand Forks, ND; Lexington, KY; Long Beach, CA; Macon, GA; Miami, FL; Milledgeville, GA; Myrtle Beach, SC; Palm Beach, FL; Philadelphia, PA; San Jose, CA; St. Paul, MN; State College, PA; Tallahassee, FL; and Wichita, KS. For more information about the study and its findings by city, please visit www.soulofthecommunity.org.

Unemployment rates were obtained from the Bureau of Labor Statistics Local Area Unemployment Statistics database, available at http://www.bls.gov/data/#unemployment.

ENDNOTES

1 For most of the analysis, we have used Census-designated "Core-Based Statistical Areas," which include US urban areas of at least 10,000 people. Because of the availability of control variables, we have sometimes restricted the analysis to urban areas with populations of 50,000 or more. The results are similar. Smaller units like counties and metro areas are the appropriate units of analysis because: 1) at least some of the proposed causal mechanisms would be better observed in these smaller geographical units; 2) they are more homogeneous and socially/economically more integrated than states. The fact that we found the relationships observed last year for states at the metro and county level reinforces the finding.

2 Anil Rupasingha and Stephan J. Goetz, "US County-Level Social Capital Data, 1990-2005." The Northeast Regional Center for Rural Development, Penn State University, University Park, PA, 2008. http://nercrd.psu.edu/Social_Capital/index.html

3 The covariates in the longitudinal model were percent of adults with a high school education, percent of adults with graduate-level education, percent Hispanic, percent who were rural residents, median household income, percent with high housing cost, percent of students receiving free lunch, and percent of children in poverty. The model estimates both the between-community difference overall and the within-community change over the four-year period covering the beginning to the end of the recession. We used nonprofit density from 2005 to predict the unemployment rate change in subsequent years. Therefore, we argue that the strength of the nonprofit sector at least partially explains the unemployment trend between 2006 and 2010, rather than the reverse (the economic performance trend between 2006 and 2010 explaining the strength of nonprofit sector).

4 The same set of control variables were used for this analysis.

5 Controls in this analysis were: average unemployment in 2000-05, population density, percent of the population that was White, percent with BA or higher education, percent of households that are families, percent home ownership, percent who lived in the same house a year ago, percent foreign born, percent employed in manufacturing, construction, agriculture, finance, professional, and public sector, median household income, state-level real GDP growth rate, and state-level housing price inflation.

6 Controls in this analysis included individual factors (age, sex, race, education, family status, volunteer status) and all the community-level factors listed in note 3 above.

7 The National Taxonomy of Exempt Entities (NTEE), used by the IRS and NCCS; see http://nccs.urban.org/classification/NTEE.cfm/

8 A few types of groups, such as those devoted to social science and education, were actually related to more growth in unemployment. But these categories are small and internally diverse enough that we are not confident that the relationships are meaningful.

9 Robert D. Putnam, *Bowling Alone: The Collapse and Revival of American Community* (New York, NY, Touchstone Books/Simon & Schuster, 2000), p. 156.

10 Bruce Bimber, "The Internet and Political Transformation: Populism, Community, and Accelerated Pluralism," *Polity, vol. 31*, no. 1 (1998), pp. 133-160.

11 The economic and demographic control variables in the model included state-wide unemployment rates in 2006, housing inflation index 1991-2006, percent of workforce in professional jobs, oil and gas extraction index, and percent of residents who are white non-Hispanic. Exactly the same patterns were seen when, in place of volunteering, a three-indicator composite was substituted consisting of volunteering, working with neighbors, and meeting attendance.

12 We also found that the Penn State Social Capital Index predicted resilience against recessions at the county level. That Index is a combination of the number of associations per 1,000 people, the response rate to mailed Census forms (an indicator of willingness to participate with government), and voter turnout in the most recent presidential election.

13 In 2011, the Census Current Population Survey collected data on neighbors and local institutions for the first time. Unfortunately, we do not know the levels of trust before the recession, but the 2011 trust measures closely correlate with other civic engagement measures in 2006. Thus we assume that trust is relatively stable and the 2011 measures can be used to approximate trust in 2006. The state-level model controls for the few, most influential covariates, in order to preserve the maximum power. These covariates are housing price inflation index 1991-2006, the proportion of adults with high school education, and unemployment rate in 2006.

14 Participation in civil society can develop skills, confidence, and habits that make individuals employable: John Wilson, "Volunteering," *Annual Review of Sociology*, vol. 26 (2000), pp. 215-240. People also find and obtain jobs through social networks: Mark S. Granovetter, "The Strength of Weak Ties," *American Journal of Sociology,* vol. 78, no. 6 (1973), pp. 1360-1380; Trond Petersen, Ishak Saporta, and Marc-David L Seidel, "Offering a Job: Meritocracy and Social Networks," *American Journal of Sociology*, vol. 106, no. 3 (2000), pp.763 -816.

15 E.g., Robert D. Putnam, *Making Democracy Work: Civic Traditions in Modern Italy.* (Princeton, NJ: Princeton University Press, 1993).

16 Using the Knight Soul of the Community data, the perception of the community was defined using four items including: 1) "How would you rate economic conditions in this community today?"; 2) "Right now, how do you think that economic conditions in this community as a whole are getting better or getting worse?"; 3) "Based on what you know or have seen, would you say that, in general, your company or employer is shrinking, staying the same, or getting bigger or hiring?" and 4) "Now is a good time to find a job in my area." These four items together have been confirmed as a reliable and valid summary of individual's perception of the local economy.

17 Michael Irwin, Troy Blanchard, Charles Tolbert, Alfred Nucci, and Thomas Lyson, "Why People Stay: The Impact of Community Context on Nonmigration in the USA," *Population*, vol. 59, no. 5 (2004), pp. 567-592; Charles Tolbert, Thomas Lyson, and Michael Irwin, "Local Capitalism, Civic Engagement, and Socioeconomic Well-Being," *Social Forces,* vol. 77, no. 2 (1998) pp. 401-428.

18 Robert J. Sampson, *Great American City: Chicago and the Enduring Neighborhood Effect* (Chicago, IL: University of Chicago Press, 2012), p. 372.

19 Sampson, p. 392.

20 Sampson, p. 398

ACKNOWLEDGEMENTS

NCoC would like to recognize the following individuals for their contributions to this research:

John Bridgeland
CEO, Civic Enterprises
Chairman, Board of Advisors, National Conference on Citizenship (NCoC)
Former Assistant to the President of the United States & Director, Domestic Policy Council & USA Freedom Corps

Kristen Cambell
Chief Program Officer, National Conference on Citizenship (NCoC)

Jeff Coates
Strategic Initiatives Associate, John S. and James L. Knight Foundation

Lattie Coor
Chairman & CEO, Center for the Future of Arizona

Paula Ellis
Vice President, Strategic Initiatives, John S. and James L. Knight Foundation

Maya Enista Smith
CEO, Mobilize.org

William Galston
Senior Fellow, Brookings Institution
Former Deputy Assistant to the President of the United States for Domestic Policy

Robert Grimm, Jr.
Professor of the Practice of Philanthropy and Nonprofit Management, University of Maryland

Megan Hoot
Chief of Staff, Civic Enterprises

Lloyd Johnston
Research Professor and Distinguished Research Scientist at the University of Michigan's Institute for Social Research
Principal Investigator of the Monitoring the Future Study

Kei Kawashima-Ginsberg
Lead Researcher, Center for Information and Research on Civic Learning and Engagement (CIRCLE) at the Jonathan M. Tisch College of Citizenship and Public Service at Tufts University

Peter Levine
Director, Center for Information and Research on Civic Learning and Engagement (CIRCLE) at the Jonathan M. Tisch College of Citizenship and Public Service at Tufts University

Chaeyoon Lim
Assistant Professor of Sociology, University of Wisconsin-Madison

Sarah Locher
Fort Scott Project Coordinator, Presidio Trust

Mark Hugo Lopez
Associate Director of the Pew Hispanic Center
Research Professor, University of Maryland's School of Public Affairs

Brandee Menoher
Senior Director, Evaluation and Performance Measurement, Points of Light

Robert Putnam
Peter and Isabel Malkin Professor Public Policy, Kennedy School of Government at Harvard University
Founder, Saguaro Seminar
Author of *Bowling Alone: The Collapse and Revival of American Community*

Thomas Sander
Executive Director, the Saguaro Seminar, Harvard University

David B. Smith
Executive Director, National Conference on Citizenship (NCoC)
Founder, Mobilize.org

Heather Smith
President, Rock the Vote

Joshua Steinberger
Senior Advisor, Presidio Trust

Michael Stout
Assistant Professor of Sociology, Missouri State University

Kristi Tate
Director of Community Strategies, National Conference on Citizenship (NCoC)

Michael Weiser
Chairman, National Conference on Citizenship (NCoC)

Amanda Wittman
Director of Academic and Strategic Initiatives, Campus Compact

Jonathan Zaff
Vice President of Research and Policy Development, America's Promise Alliance

PRODUCED BY

National Conference on Citizenship
Chartered by Congress

IN PARTNERSHIP WITH

Knight Foundation

CIRCLE
www.civicyouth.org

CIVIC ENTERPRISES

HARVARD Kennedy School
THE SAGUARO SEMINAR
Civic Engagement in America