A POLITICAL THEORY OF NONPROFITS:

PARTISANSHIP, POLICY, AND THE RISE OF THE NONPROFIT SECTOR

A Dissertation

by

SAMANTHA ZUHLKE

Submitted to the Graduate and Professional School of
Texas A&M University
in partial fulfillment of the requirements for the degree of

DOCTOR OF PHILOSOPHY

Chair of Committee,	Manuel P. Teodoro
Committee Members,	Guy D. Whitten, Co-Chair
	Scott J. Cook
	Laurie E. Paarlberg
Head of Department,	William Clark

August 2021

Major Subject: Political Science

ABSTRACT

This dissertation positions American nonprofit organizations as important, but oft overlooked American political institutions and challenges our current understanding of the purpose and function of the U.S. nonprofit sector. 501(c)(3) nonprofit organizations are traditionally viewed and legally defined as institutions that function independently from politics. However, nonprofits determine who gets what, when, and how through their service delivery and advocacy; allow donors and nonprofit supporters to express their values; and indirectly exercise public authority through their tax exempt status. Failing to account for politics within nonprofit theory truncates our understanding of these organizations' origins, operations, and role within the American political system.

I argue that nonprofit organizations (including 501(c)(3) organizations) are products of political forces like social construction and policy feedback. These forces shape the nonprofit sector through partisanship, elections, and political competition. Thus, American partisan politics—dynamics between major political parties—predict when and where nonprofits emerge, who benefits from nonprofit organizations, and nonprofit funding structures. Drawing upon foundational public policy, nonprofit, political science, and economic theory, I frame U.S. nonprofits as overlooked political institutions that represent the private pursuit of the public authority. A form of exit, nonprofits are an alternative means for individuals to pursue their goals when they perceive that government is failing to deliver benefits to populations they view as deserving of support.

I test the hypotheses generated by this theory in a series of empirical chapters. Using quantitative analyses, I find that more nonprofits support deserving, politically weak populations, and populations with contested social constructions. Using statistical analyses and qualitative case studies, I find that increasing deservingness increases voluntary contributions to nonprofits, and increasing political power increases revenue from contracts to nonprofits. Finally, I test the political conditions when exit to the nonprofit sector is likely. In a quantitative analysis, I find a preferred candidate's electoral loss increases the likelihood that an individual will donate to nonprofit organizations. I conclude with insights on how integrating politics and nonprofits can improve our

understanding of equity within the nonprofit sector and political engagement.

DEDICATION

For Mom, Dad, Maggie, and Danny.

For Mamaw and Papaw.

For Jamie.

For me.

ACKNOWLEDGMENTS

me how to write academic papers and developing my ideas about nonprofits and elections. Following my class presentation about my research interests, Bill suggested that the question I was really interested in is "Why do people give to nonprofits?" I have been thinking through my answer to that question ever since. My Texas A&M cohort and fellow graduate students were a constant source of collective knowledge, support, and kindness. In particular, I am grateful to Nathalie Mendez Mendez, Kostanca Dhima, Benjamin Peterson, my entire cohort, and all the journal club members for their friendship and humor. Molly Berkemeier Harvey, Lauren Bondarenko, and Leah Buchman are standout friends and women.

No amount of ink or pages suffice to properly acknowledge my committee members. Laurie Paarlberg took a chance on me and has been unwavering in her support ever since. Guy Whitten always respected my research interests and was invaluable in helping me navigate the bureaucracy in pursuit of those interests. Scott Cook taught me everything I know about spatial econometrics and is an outstanding mentor. From my first political science class in 2008 to this penultimate degree in 2021, Manny Teodoro has been a first-rate role model across institutions, geography, and time. There is no finer example of a scholar who strives to make the world a better place through his research. I am grateful to be his student and friend.

I am lucky to come from family and friends who support me and appreciate the joy found in education, learning, and new adventures. I am also lucky to be joining an equally supportive new family, the Alfieri's. Many people think that they have the best friends and family in the world, but the best friends and family in the world are actually mine. Over the past five years, my friends have made many trips and taken many phone calls to remind me that there is life beyond graduate school. My mom and dad, Sue and Dwayne, are examples of the type of person I try to be, in their kindness, determination, resilience, and unconditional love. I am constantly in awe of Maggie and Danny, my siblings, for their bravery, coolness, and brilliance. Finally, I would not have finished this degree without Jamie, who told me on our first drive to Texas that no one can do graduate school alone. Thank you for making sure that was never the case. Thank you for sharing everyday of graduate school with me and for asking me to share everyday, forever, with you.

CONTRIBUTORS AND FUNDING SOURCES

NOMENCLATURE

501(c)	Internal revenue code for tax exempt organizations
501(c)(3)	Internal revenue code for charitable organizations
501(c)(4)	Internal revenue code for social welfare organizations
ANES	American National Election Survey
IRS	Internal Revenue Service
NCCS	National Council for Charitable Statistics
NTEE	National Taxonomy for Exempt Entities

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

1. NONPROFITS AND POLITICS

> Philanthropy, charity, giving voluntarily and freely... call it what you like, but it is truly a jewel of an American tradition.
>
> President John F. Kennedy

> Are [nonprofits] actually doing good in the world, or have we tricked ourselves into believing that we are while in reality we're allowing inequity and injustice to proliferate? The reality is that we're doing both, and it's important for us to untangle these dynamics.
>
> Le, Vu (2020, September 8)

In 1977, Burton A. Weisbrod argued "...the nonprofit sector is vastly more important in the economy than the attention given to it by economists would suggest" (Weisbrod, 1977, 5). This dissertation proposes a parallel assertion——the U.S. nonprofit sector is vastly more important in the *political* economy than the attention given to it by political scientists or nonprofit scholars would suggest. I propose that nonprofit organizations are political institutions that represent the private pursuit of the public authority and are vulnerable to political forces. When considered within political context, nonprofits provide an alternative means for elites and citizens alike to pursue their political goals.

Positioning nonprofits as political institutions raises a new, political theory behind the origins, functions, and purpose of the U.S. nonprofit sector. Political examination of nonprofit organizations is worthwhile given nonprofits' position within American society and participation in political life. As illustrated in the first epigraph quote by President John F. Kennedy, nonprofits hold an important place within the American ethos. However, influential modern nonprofit blogger Vu Le notes in the second epigraph quote that this historic perception of nonprofits may mask the important, practical consequences of nonprofit activity within society. Failing to examine nonprofits as

political institutions within nonprofit studies limits our understanding of why and when nonprofits emerge, the data generating process behind donations, and the functional role of nonprofits within society. Similarly, failing to account for nonprofits within political science theory truncates our understanding of elite and citizen behavior as well as the ecosystem of American political institutions. Frequently lumped in with interest groups or private service providers, nonprofits are unique institutions that merit targeted investigation by political scientists. Nonprofits are often positioned as tools of democracy (De Tocqueville, 1853; Skocpol and Fiorina, 1999; Putnam, 2000), but their capacity to create public accountability problems (Reckhow, 2016; Mettler, 2011; Lerman, 2019) and ability to substitute for government service provision (Weisbrod, 1977) may ultimately dampen citizen participation in public life.

This dissertation positions American nonprofit organizations as important, but oft overlooked American political institutions and challenges our current understanding of the purpose and function of the U.S. nonprofit sector. I argue that nonprofit organizations (including 501(c)(3) organizations) are products of political forces like social construction and policy feedback. These forces shape the nonprofit sector through partisanship, elections, and political competition. Thus, American partisan politics—dynamics between major political parties—predict when and where nonprofits emerge, and who benefits from nonprofit organizations. 501(c)(3) nonprofit organizations are traditionally viewed and legally defined as institutions that function independently from politics. However, nonprofits regularly participate directly and indirectly within American political processes. As direct participants in American political life, nonprofits lobby elected officials and engage in the electoral system. For example, the Commission on Presidential Debates, a 501(c)(3) organization, produces presidential and vice-presidential political debates during elections. Many bureaucracies, like the National Park Service, and other institutions like the White House, are supported by private foundations and nonprofit organizations. Nonprofits deliver services when government fails (Weisbrod, 1977) or in partnership with government (Salamon, 1995). This activity allows donors and nonprofit supporters to explicitly express their values (Frumkin, 2008) via the distribution of goods within society to populations they perceive as deserving. However, non-

2

profits also implicitly coerce the public to support them through their tax exempt status, whether or not nonprofits' missions align with individuals' personal values. Furthermore, government legitimizes nonprofit organizations by granting these organizations their tax exempt status. Yet, the influence of politics within the nonprofit sector is relatively unexamined. Both nonprofit scholars and political scientists frequently overlook the role of politics in nonprofits and nonprofits in politics.

1.1   A Missing Piece: The Curious Absence of Partisan Politics in Nonprofit Theory

Sometimes referred to as the third sector of the U.S. economy (Weisbrod, 1988), the nonprofit sector has many names: "charities, nongovernmental organizations, civil society, philanthropic sector, tax exempt organizations, voluntary associations, civic sector organizations, third sector organizations, independent sector organizations, nonprofit organizations, and social sector organizations" (Boris, McKeever, and Leydier, 2017, 2). These various names reflect the diversity of U.S. nonprofit organizations: charitable organizations, churches and religious organizations, private foundations, political organizations, and membership organizations such as social welfare organizations, civic leagues, social clubs, labor organizations, and business leagues (Internal Revenue Service, 2019, December 21). Importantly, while all nonprofits are a part of U.S. civil society, not all civil society associations are nonprofits.[1] In the U.S., nonprofit organizations are defined and regulated under different sections of the tax code by the IRS. This dissertation presents an argument about 501(c) nonprofit organizations; specifically, advocacy organizations like the Sierra Club and charitable organizations like the National Geographic Society.[2] In particular, this dissertation addresses formalized, nonprofit organizations that are "voluntary and self-governing, may not distribute profits, and serve public purposes or the common goals of their members" (Boris, McKeever, and Leydier, 2017, 2).

Existing explanations for the emergence and operations of nonprofit organizations range from

---

[1]For instance, Lechterman and Reich (2020, 172) define nonprofits as a subset of civil society that consists of formally incorporated organizations that legally cannot distribute their profits.

[2]I discuss definitions and classifications by the Internal Revenue Service (IRS) of U.S. nonprofit organizations in Chapter 2.

the economic to the sociological, but rarely address how politics affect the nonprofit sector. More typically, nonprofit theory conceptualizes government in terms of its outputs (e.g., expenditures) or outcomes (e.g., service provision). Political processes—e.g., partisan competition, electoral outcomes, legislative coalition-building, and so on—exist within a proverbial "black box" and are largely missing from existing nonprofit theory. For example, research examining the relationship between nonprofits and government at an *institutional level* is plentiful. Nonprofits have been positioned as a solution to government failure in meeting citizen preferences (Weisbrod, 1977; Douglas, 1987), as arbitrators of collaboration or conflict with government (Boris and Steuerle, 2017), or as expressions of civil society within a democracy (De Tocqueville, 1853; Skocpol and Fiorina, 1999; Putnam, 2000). Some researchers go as far as to argue that government acts as a solution to philanthropic failure (Salamon, 1987). Others argue nonprofits are service administrators in a "hollow state" (Milward and Provan, 2000), a subset of these types of studies exploring why government contracts services out to nonprofit providers (e.g., Smith and Lipsky, 1993).

While all of these institutional-level theories address different flavors of the relationship *between* nonprofits and government, most fall short in addressing how politics affect nonprofit organizations. For example, very few existing studies empirically examine how partisan dynamics between Republicans and Democrats shape the nonprofit sector (e.g., Paarlberg et al., 2019; Lecy, Ashley, and Santamarina, 2019). Because nonprofit theory traditionally overlooks politics, our understanding of the nonprofit sector lacks nuance about its political nature and origins. Failing to integrate politics within nonprofit theory limits our understanding of why and when nonprofits emerge, how they function within society, and the consequences of their activities. Similarly, addressing nonprofits as unique political institutions within political science theory enriches our understanding of elite and citizen behavior and the U.S. political system. This dissertation seeks to break open this black box of politics within nonprofit theory. I investigate how modern American partisan politics shape the U.S. nonprofit sector via social construction and policy feedback.

The role of partisan politics within the nonprofit sector is undertheorized. Most studies that invoke partisanship or (relatedly) ideology do so to explain individual donations or large-scale phi-

lanthropy. On a *micro* level, partisanship is often included in studies examining which donors are more generous: Democrats or Republicans (i.e., Paarlberg et al., 2019), or liberals or conservatives (i.e., Wolpert, 1995). These studies typically base their arguments in generalizations about partisan or ideological preferences about the size of government (i.e., Brooks and Lewis, 2001) or the importance of religion (i.e., Vaidyanathan, Hill, and Smith, 2011) in generating charitable donations. At the *macro* level, other scholars focus on how nonprofits are expressions of citizen values (i.e., Frumkin, 2005; Smith and Lipsky, 1993) or elite preferences (i.e., Reckhow, 2013; Reich, 2016), and outline the consequences of "private power directed at public purpose" for democracy (Reich, 2016, 466). However, these studies typically do not consider how citizen and elite preferences are a function of political institutions (Gerber and Jackson, 1993), thereby overlooking how government itself shapes the very preferences that affect the nonprofit sector.

Attention to partisan dynamics within the nonprofit sector is still nascent. In a 2016 PS Symposium on philanthropy, Skocpol (2016, 435) called for political scientists to take seriously the study of philanthropy within the U.S. political system: "the time has come for much more robust research on the political roots and results of organized private philanthropy." The theoretical role of nonprofit organizations within the U.S. political ecosystem is even less developed; most political scientists studying philanthropy focus on elites, foundations, and funding networks, but overlook the dynamics between nonprofits and government. As one exception, Sarah Reckhow's research explores how individual elites fund nonprofit organizations via their foundations in order to generate educational policy change outside of the traditional political process (Reckhow, 2013), at times creating crises of government accountability (Reckhow, 2016).

The lack of direct theorizing about the role of partisan politics in the genesis and landscape of the U.S. nonprofit sector could be due to a cultural reverence for nonprofits or modern restrictions placed on formal political activity by American nonprofit institutions. American associational life has long been romanticized (e.g., De Tocqueville, 1853), and the earliest American forerunners of nonprofit organizations made significant contributions to the public good by providing education, health care, and child and family services (Hall, 2006). This legacy, paired with limited

government interference and funding until the 1960s, created a powerful and lasting impression of a separate,"virtuous" nonprofit sector (Smith and Lipsky, 1993, 47-57). Today, modern nonprofits are legally defined as tax exempt organizations and the Internal Revenue Service (IRS) places limitations on their political activities. For example, 501(c)(3) organizations "may not attempt to influence legislation as a substantial part of its activities...[or] participate in any campaign activity for or against political candidates." (Internal Revenue Service, 2020, March 17). But just because 501(c)(3) nonprofit organizations are restricted from some overtly political activity does not mean they are immune to American politics. In fact, the origin of the U.S. nonprofit corporation can be traced to a story of American political conflict.

1.2   The Partisan Origins of Nonprofit Organizations

Historian Johann Neem traces the origins of the American nonprofit corporation to the United States Supreme Court case, *Trustees of Dartmouth College vs. William H. Woodward, 1819* (Neem, 2003). This case ruled that private corporations are protected from state control, thereby providing "the legal foundation for the subsequent development of the nonprofit corporation and civil society in the United States" (Neem, 2003, 344). In early American society, little distinction existed between the private and public sectors: for example, universities were frequently under government oversight and private donations often went to government (Hall, 2006). Prior to the *Dartmouth College vs. Woodward* ruling, corporate trustees were typically public officeholders. However, the rise of electoral democracy in the U.S. made shifts in leadership between parties more likely, meaning an electoral loss simultaneously meant political elites risked losing oversight of both corporations and government. In the case of *Dartmouth College vs. Woodward*, the Federalists faced losing oversight of both Dartmouth College and government, having recently lost elections to the Democratic Republicans.[3] Facing this compounded loss of influence, the Federalists sought to separate corporations from the state to protect their interests when power changed hands. Simultaneously, Democratic Republicans were interested in creating an independent corporate sphere to court voters. Under the banner of religious freedom, Democratic Republicans granted charters

---

[3]The Federalists and the Democratic Republicans were the two major political parties in the U.S. at the time.

to dissenting religious groups in order to secure votes. As such, both U.S. political parties were incentivized by political competition to create a separate, corporate sphere. Since Democratic Republican arguments about religious liberty were used by Federalists in *Dartmouth College vs. Woodward*, neither party could counter the other's efforts to pursue this change because the parties' interests were aligned. *Dartmouth College vs. Woodward* ruled that private corporations are separate entities from the state and protected from state control. By divorcing existing forerunners of nonprofit corporations from the state, political parties protected and isolated their political interests in the face of political competition through the use of independent corporations. In short, Neem (2003) demonstrates that we owe the existence of the modern, independent nonprofit organization to partisan conflict. The *Dartmouth College vs. Woodward* case illustrates that nonprofits originated as a means of separating political interests from the political system, because political competition threatened parties' ability to retain power and influence.

The role of politics within the nonprofit sector is not limited to an anecdote from 1819. To riff on the well-known phrase: *You can take the interests out of politics, but you can't take the politics out of interests.* While many definitions of politics exist, a few rise above the others. Politics can be who gets what, when, and how (Lasswell, 1958); the unequal distribution of resources (Dahl, 1961); the "authoritative allocation of values" (Easton, 1965); or the pursuit of public authority (Moe, 1990). By these definitions, modern nonprofit organizations regularly engage in politics. First, nonprofits affect the distribution of resources within society. Many nonprofit organizations provide goods and services to their clients, thereby affecting the distribution of public goods within the U.S. Second, nonprofits provide donors a means of influence over the distribution of public goods and services to populations they deem as "deserving," thereby allocating their values throughout society. Finally, nonprofit organizations influence public policy via their advocacy and service delivery (Fyall, 2016; Chand et al., 2020). By virtue of their tax exempt status, nonprofits carry out their missions with the tacit approval and indirect financial support of the government.

1.3 Summary of Theory

This dissertation explores the role of American partisan politics and public policy within the U.S. nonprofit sector, with a specific emphasis on 501(c) nonprofit organizations. In so doing, this dissertation proposes a new theory of the nonprofit sector, grounded in foundational nonprofit (Weisbrod, 1977), public policy (Schneider and Ingram, 1993), and economic (Hirschman, 1970) theory. This political theory of nonprofits generates answers to the following questions: How do partisanship and political conflict shape the nonprofit sector? Why do people donate to nonprofits following political events? Why are some groups rich with nonprofit support, while other groups have so few nonprofits supporting them? How are nonprofit funding structures affected by partisanship? And, how does the existence and landscape of the nonprofit sector change the very rules of American politics? By framing nonprofits as political institutions, I crack open the "black box" of politics within nonprofit theory.

I argue that nonprofit organizations are institutions that adhere to informal norms and formal rules (North, 1991). More importantly, nonprofit organizations are political institutions (Moe, 1990) that represent the private pursuit of the public authority. According to Moe (1990), political institutions solve collective action problems, facilitate coercion and redistribution, and encase political interests. Nonprofits as institutions meet these three criteria. Nonprofits regularly solve collective action problems (Ostrom, 1990) and redistribute resources throughout society via their distribution of goods and services. Perhaps less obviously, nonprofit organizations are agents of coercion that encase political interests. Nonprofits encase and protect political interests as private organizations, unbound to majority rule. From the 18th century Federalists to the present day, electoral losers throughout U.S. history have turned to the nonprofits sector to protect their interests from antagonistic political threats (Hall, 2006). If successful, nonprofits are agents of coercion because they are publicly subsidized organizations that determine who receives what, when, and how in society. As such, nonprofits are political institutions that represent the private pursuit of the public authority. However, nonprofits face a different fundamental problem than other political institutions. Unlike governments, nonprofits cannot extract resources through taxation and must

seek resources elsewhere. Both informally and formally, *U.S. nonprofits are restricted to pursuing resources that support deserving populations.*

In the U.S., deservingness is an important political construct (Cook, 1979; Jensen, 2005). I draw upon social construction theory to explain how deservingness shapes the distribution of the nonprofit sector (Schneider and Ingram, 1993, 2005, 2013, 2019). According to Schneider and Ingram (1993), *who* a policy targets (i.e., a policy's target population) reflexively affects the policy targeting that population. A target population's social construction, defined as its perceived deservingness and political power, determines whether a target population receives beneficial or burdensome policy. I apply this same concept to the nonprofit sector: who a nonprofit serves matters. I argue that, because they must acquire resources, nonprofits are more likely to support populations who are viewed as deserving than populations who are viewed as undeserving. However, *who* is deserving is a function of American partisanship.

I argue nonprofit support will be highest when public conceptions of the deservingness of a group are contested. In the U.S., social constructions vary (Kreitzer and Smith, 2018). While the social construction of some groups may be uniformly positive (e.g., children) or negative (e.g., prisoners), differences in social construction produce variance in how a single group is perceived within the public. For example, identity groups (e.g., Latinos and gay men), the environment, and the police are examples of groups whose social construction lacks consensus (Kreitzer and Smith, 2018, 771). Partisanship is one source this variation within groups' social construction (Kreitzer and Smith, 2019). While Republicans and Democrats may share social constructions of some groups (e.g., children, the elderly), partisans may not share social constructions of other groups (e.g., LGBTQ+, immigrants). When a group's deservingness is contested, public officials must choose which portion of the population's preferences to codify within public policy, i.e., whether to produce beneficial or burdensome policy for deserving or undeserving populations, respectively. Whatever public policy is produced will ultimately disappoint some proportion of the public, because the public holds different beliefs about whether groups should receive beneficial or burdensome policy. This dissatisfied portion of the public will perceive that government is

failing to serve a "deserving" population. Following government failure, individuals turn to the nonprofit sector to address their unmet needs (Weisbrod, 1977). Thus, this policy feedback creates the nonprofit sector.

In addition to affecting the number of nonprofits serving a group, a group's social construction affects the revenue mix of its supporting nonprofits. Nonprofits receive funding from a variety of sources: private donations from individuals and corporations, grants from government and foundations, revenue in exchange for services like fees for service and government contracts, revenue from commercial activities, and income from special events, member dues, and other sources. I tie group social construction to nonprofit funding: a group's ability to attain the necessary resources to power a nonprofit is a function of its deservingness and political power. As the perception of a group's deservingness increases, nonprofits will rely more on voluntary contributions like grants and donations. As the target population's political power increases, nonprofits will rely more on revenue from contracts from government, because government seeks to align itself with powerful groups (Skocpol and Fiorina, 1999; Schneider and Ingram, 2005).

Both social construction and policy feedback are large-scale political forces that shape the nonprofit sector. Social construction informs which groups individuals believe are deserving of support, and policy feedback informs when individuals are dissatisfied with government policy targeting those groups. When individuals are dissatisfied with government policy, they exit to the nonprofit sector seeking alternative service providers (Weisbrod, 1977) or advocates to express their concerns to the government (Warren, 2011). The effects of social construction and policy feedback on the nonprofit sector manifest within political processes that cause changes in policy or perceptions of policy. I argue that elections and political competition affect the support for and distribution of nonprofit organizations, including apolitical 501(c)(3) nonprofits.

Individuals are more likely to be dissatisfied with government when they are not represented by their co-partisans (e.g., a Republican constituent is represented by a Democratic official). This "mismatch" in representation feeds constituent beliefs that government is incompetent or unresponsive, irrespective of actual government performance, because of modern partisan politics (Hether-

ington, 2005). Therefore, individuals are more likely to be dissatisfied with government when they are not represented by their co-partisans. Similarly, elected officials are more likely to respond to their same-party constituents than to independents or constituents from competing political parties (Wright and Rigby, 2020). This mismatch in representation reduces individual loyalty to the government, making individuals more likely to exit than to voice (Hirschman, 1970) when they are dissatisfied with government.

As political competition in an area increases, this mismatch in representation becomes more likely because turnover between political parties is more likely. Consequently, there is a consistent source of dissatisfaction with government: when Republicans are in office, Democrats are dissatisfied and when Democrats are in office, Republicans are dissatisfied. Though which political party members are dissatisfied changes, *overall dissatisfaction with government is consistent and powers a robust nonprofit sector.*

1.4 Boundary Conditions

Though intended to be applicable to the U.S. nonprofit sector at large, this theory has its boundaries. As already noted, this theory applies to 501(c), or tax exempt, nonprofit organizations. Explicitly political organizations like political parties and political action committees (PACs) are classified by the IRS as 527 organizations. Though many of the ideas advanced in this dissertation may apply to these organizations, these types of political organizations are not my explicit focus. Instead, I am much more interested in explaining the origins, functions, and consequences of nonprofit organizations that are strictly restricted in their political activity, like 501(c)(3) and 501(c)(4) organizations.

This theory examines the role and function of nonprofits specifically within the U.S. political economy. While the arguments and predictions may travel to other majoritarian, two-party electoral systems with diverse populations, this is intended to be an argument about U.S. nonprofits within the U.S. political system. Though framing nonprofits as alternative political institutions to privately pursue the public authority could apply to both U.S. elites and citizens, I largely take up the political behavior of citizens in this theory. I leave hypotheses describing elite behavior within

11

the nonprofit sector (e.g., government created nonprofits, nonprofits' role in policymaking, etc.) to future work.

Relatedly, I assume a median voter model of government, wherein politicians adopt the preferences of the median voter in order to win elections (Downs, 1957), because a prominent nonprofit theory of government failure—which I adopt to help explain political exit to nonprofits—rests upon the median voter theorem (Weisbrod, 1977).

1.5 Outline of Dissertation and Key Findings

Chapter 2 consists of a literature review that defines nonprofit organizations and argues that nonprofit organizations can be studied as political institutions. Drawing on North (1991) and Moe (1990), I frame nonprofits as political institutions that represent *the private pursuit of public authority*. Because they are private organizations, nonprofits are a means of exit within the political sphere (Hirschman, 1970; Warren, 2011): actors create private institutions to pursue the public authority. I illustrate gaps in our current political understanding of nonprofits through an exercise examining the lack of U.S. nonprofit-operated prisons. Within current nonprofit theory, nonprofit-operated prisons exist in expectation, yet no such organizations exist in the U.S. I leverage this puzzle to highlight political shortcomings in existing nonprofit theory by demonstrating how nonprofit organizations are vulnerable to political forces that modern nonprofit theory has not adequately addressed.

Chapter 3 presents a detailed theoretical argument about how social construction and policy feedback shape the nonprofit sector. Social construction informs which groups individuals perceive as being deserving of public support (Schneider and Ingram, 1993), a fundamental restriction of the nonprofit sector. This perception of deservingness informs whether individuals are satisfied or dissatisfied with government policy targeting these groups. When public policy does not align with an individual's social construction of a group, individuals turn to the nonprofit sector. Consequently, partisan politics—the struggle for influence between the two parties, and the resulting dynamics—affect the the U.S. nonprofit sector. I argue that elections and political competition affect the support, distribution, and funding structures of nonprofit organizations, including 501(c)(3)

nonprofits. The theory is intended to be general to apply to tax exempt, 501(c) nonprofits. I derive seven hypotheses from the theory:

> Hypothesis 1a: More nonprofits support groups/causes with a positive construction than groups/causes with a negative social construction.

> Hypothesis 1b: As the variance of a group/causes' social construction within the population increases, the number of nonprofits supporting those groups/causes will increase.

> Hypothesis 2a: As the social construction of a group/cause becomes increasingly positive, voluntary contributions to nonprofits serving that group/cause increase.

> Hypothesis 2b: As the social construction of a group/cause becomes increasingly powerful, revenue from government contracts to nonprofits serving that group/cause increase.

> Hypothesis 3a: An electoral loss increases an individual's propensity to donate to a nonprofit.

> Hypothesis 3b: The effect of an electoral loss on the likelihood of nonprofit donations decreases as an individual's loyalty to the government increases.

> Hypothesis 4: As political competition in an area increases, the size of the nonprofit sector in an area increases.

I test the hypotheses generated by this theory in a series of empirical chapters. Each of these empirical chapters contains a smaller literature review, specifically examining previous work on that chapter's exact research question. In this dissertation, I evaluate six out of the seven hypotheses.

In Chapter 4, I examine how public perception of a population varies with the size of the nonprofit sector serving that population. Merging data on social construction (Kreitzer and Smith, 2018, 2019) with nonprofit data from the National Council of Charitable Statistics (NCCS), I find that nonprofits are most likely to support groups perceived as deserving and politically weak. I

also find that the number of nonprofits serving a target population increases as consensus about a group's deservingness within the public decreases, including when this variation is a function of the difference between Democratic and Republican perceptions. Furthermore, when there is low consensus on group's deservingness, the most nonprofits support groups that are powerful.

In Chapter 5, I detail the relationship between a nonprofit's social construction, political power, and funding structure using illustrative case studies and an empirical analysis of nonprofit funding structures. Using the data from the previous chapter, I find that nonprofits serving deserving groups are more reliant on contributions from private donors and government, and nonprofits serving powerful groups are more reliant on revenue from government contracts. I illustrate the direction of the causal mechanisms between social construction, power, and nonprofit funding by examining how changing social constructions and power affected the funding structures of prison education programming and nonprofit organizations serving Black and Latino voters.

Finally in Chapter 6, I examine the political conditions under which exit to the nonprofit sector is most likely by testing the effect of electoral outcomes on nonprofit donations. In an analysis of U.S. Presidential elections from 1992-2016 using data from two national surveys, I find that individuals whose preferred candidate loses the election are more likely to donate to a nonprofit. I find that loyalty to the government, measured as the proportion of Democratic state representatives, conditions the likelihood of Democratic donations to nonprofits in unexpected ways. I conclude by discussing the implications of these findings for nonprofit and political science scholars, as well as the practical implications (Chapter 7). If nonprofits serve political interests rather than social needs, then groups with the greatest need may be failed by the sector meant to serve them. This insight points the way toward a more equitable and engaged nonprofit sector, capable of designing better nonprofit and government solutions to social problems. Equally important, if nonprofits are a means of exit from public life, then a rich nonprofit sector may signal a decline of public participation in government.

This dissertation's major contribution is theoretical; its empirical analyses largely serve as proof of concept, due to data limitations. Theoretically, this dissertation marries political and

public policy theory with nonprofit theory to explain an unexplored political dimension of the nonprofit sector. In general, nonprofit scholars overlook the role of politics within the nonprofit sector and political scientists overlook the role of nonprofits within politics. Placing nonprofit, political science, and public policy perspectives in conversation with each other brings a new, political theory of nonprofit institutions into relief.

I advance a new, political theory of the nonprofit sector wherein nonprofit organizations emerge as a means of private political exit within the public sphere. This theory advances our understanding of the American political system, positioning nonprofits as important but to-date-overlooked political actors within the U.S. political economy. In short, nonprofits are political institutions. By breaking open the black box of politics within nonprofit theory, I open a new line of research into how political processes shape the nonprofit sector. Additionally, the empirical findings hold important implications for equity within the nonprofit sector and the quality of U.S. democracy.

2. NONPROFITS AS POLITICAL INSTITUTIONS

> How does one speak about something that is
> both fish and water, means as well as end?
>
> ———————————————————————
>
> (Franklin, 1999, 6)

> Doubts concerning the social desirability of
> private enterprise have been expressed about
> many industries—hospitals, day-care centers,
> and certain legal services [Mansnerus,
> 1993]—where output quality is difficult to
> monitor and write into a contract. Now the
> debate has expanded to the desirability of
> for-profit prisons... Perhaps they should be
> nonprofits.
>
> ———————————————————————
>
> *Weisbrod (1997, 552)*

What are nonprofit organizations? I argue that nonprofit organizations are political institutions that represent the private pursuit of public authority. Nonprofits are a means of exit within the political sphere (Hirschman, 1970; Warren, 2011) wherein individuals create publicly sanctioned, private institutions to pursue their goals. This chapter discusses our current political understanding of nonprofits. Nonprofits are traditionally defined in contrast to government. However, these institutions share many similar qualities that are currently unexplored. I illustrate how positioning nonprofits as political institutions brings new understanding of nonprofits into relief. Through a thought exercise examining the lack of U.S. nonprofit-operated prisons, I highlight political shortcomings in existing nonprofit theory to demonstrate how nonprofit organizations are vulnerable to political forces that modern nonprofit theory has not adequately addressed.

2.1   What are nonprofit organizations?

Definitions of nonprofit organizations vary from the slim and economic (Hansmann, 1980; Weisbrod, 1988) to the descriptive and function-based (Anheier and Salamon, 2006). Other def-

initions are hybrids between these extremes. For example, Frumkin (2005) defines nonprofits as mission-oriented, non-coercive organizations that do not distribute profits to stakeholders and lack simple or clear lines of ownership and accountability. Other definitions emphasize the difference between nonprofits and government (Najam, 2000).[1] Key to this family of definitions is the recognition that, while both government and nonprofits are shaped by public values, nonprofits "are not bound by majority preferences." (Boris, McKeever, and Leydier, 2017, 2).

That definitions of nonprofits vary so much is unsurprising, given the diversity of functions that nonprofits undertake. Nonprofit organizations are outlets for service delivery, social entrepreneurship, civic and political engagement, and expressions of faith and values (Frumkin, 2005; Salamon, Hems, and Chinnock, 2000; Moulton and Eckerd, 2012). Additionally, nonprofits build community and social capital (Salamon, Hems, and Chinnock, 2000; Moulton and Eckerd, 2012), with possible implications for the quality of democracy (Paxton, 2002; Warren, 2003). As with definitions of nonprofits, some scholars define nonprofit functions solely in terms of nonprofits' relationship with government. With regard to government, nonprofits cooperate, confront, complement, or co-opt (Najam, 2000); collaborate or conflict (Boris and Steuerle, 2017); supplement, complement, or act as adversaries (Young, 2000); or fulfill essential functions under the pretense of government provision (Milward and Provan, 2000; Smith and Lipsky, 1993). Still, others define nonprofit functions as a reflection of an area's culture and historical context (Salamon and Anheier, 1998) or as first-order providers of public goods within society (Salamon, 1987).

However, defining nonprofits and their functions in opposition to government masks similarities between nonprofits and government. Despite their differences, I argue that nonprofits are a type of political institution, and thus vulnerable to and shaped by political forces. This is not to say that nonprofits are a form of government; rather, like governments, nonprofits are *also* a type of political institution. If government as a political institution represents political actors' pursuit of public authority (Moe, 1990), then nonprofits as political institutions represent the *private pursuit*

---

[1]For example, the term "nongovernmental organization"—typically employed in international contexts—inherently suggests that nonprofit organizations are something other and apart from government (Frumkin, 2005; Clemens, 2020).

of public authority. Though I frame nonprofits as political institutions, I define a nonprofit as a voluntary, self-governing organization that does not distribute its profits and is private and non-governmental in structure (Salamon, Hems, and Chinnock, 2000). Importantly, this definition does not apply to all associations within U.S. civil society like informal social clubs (e.g., book clubs) or hobby groups (e.g., knitting circles). I operationalize this nonprofit definition using the U.S. legal definition of a nonprofit, frequently relying on Internal Revenue Service (IRS) nonprofit data. Specifically, many of the analyses rely on 501(c)(3) nonprofit data. I address the shortcomings of this operationalization later on in empirical chapters.

2.1.1 U.S. Nonprofits and the IRS

The U.S. nonprofit sector is defined and regulated as a separate sector by the Internal Revenue Service (IRS). To start a nonprofit in the U.S., an individual registers his or her organization with the state, applies for tax exemption at the federal level with the IRS, and practices ongoing compliance measures like meeting annual required filings (Internal Revenue Service, 2020, June 11). The benefits of being a tax-exempt organization, like a nonprofit, include exemption from federal income tax, and may include being exempt from federal unemployment tax, receiving tax deductible contributions, and exemption from certain state taxes.

The focus of this dissertation is on public charities and not on private foundations.[2] Upon filing for tax-exemption with the IRS, a nonprofit is responsible for demonstrating that it is a public charity and not a private foundation. Private foundations are "organizations created by a family or by a corporation to fund other, mostly nonprofit, entities over time." (Boris, McKeever, and Leydier, 2017, 15). Public charities and private foundations are both classified by the IRS as 501(c)(3) organizations: "the main difference [between them] is where the money comes from. Generally, a public charity has a broad base of support while a private foundation has very limited sources of support... To demonstrate an organization is a public charity, a nonprofit must be able to show that it receives a substantial part of its support from publicly supported organizations,

---

[2]It is possible to distinguish between public charities and private foundations in nonprofit data, despite their common IRS classification.

government, or the general public" (Internal Revenue Service, 2019, June 10*a*, 11).[3]

In the U.S., nonprofit regulation primarily takes place at the federal level by the IRS. The IRS is "charged with determining [nonprofits'] legitimacy as tax exempt organizations and overseeing that their activities are tax exempt and that charitable deductions are used for charitable purposes" (Boris, McKeever, and Leydier, 2017, 3). Nonprofits involved in elections are further regulated by the Federal Election Commission. At the state level, nonprofit regulations vary in terms of fundraising regulations and whether nonprofits are required to have bylaws, among other concerns. For example, Lott and Fremon-Smith (2017) argue nonprofit regulations at the state level are primarily regulated from a consumer protection standpoint.

Federal and state regulations of nonprofits are anchored to the financial scope of nonprofit organizations and their subsequent financial reports. Nonprofits with annual revenues of $5,000 or more are required to register with the IRS. Prior to 2010, nonprofits with annual revenues of at least $25,000 were required to report their earnings to the IRS using Form 990 or Form 990-EZ. Beginning in 2010, this threshold changed to $50,000.[4] These data are the "only financial data on nonprofit organizations required to be publicly available" (Boris, McKeever, and Leydier, 2017, 4).[5] Religious groups, including primary and secondary schools affiliated or operated by religious groups, are exempt from IRS filing requirements (Internal Revenue Service, 2020, January 9*a*), though many religious groups voluntarily register (Boris, McKeever, and Leydier, 2017, 10) in order to receive a letter confirming their tax exempt status and that they may receive tax deductible contributions (Internal Revenue Service, 2019, June 10*a*, 15). Organizations can lose their tax

---

[3]Alternatively, an organization can demonstrate that it "receives no more than one-third of its support from gross investment income and unrelated business income and gets more than one-third of its support from contributions, membership fees, and gross receipts from activities" related to its mission (Internal Revenue Service, 2019, June 10*a*, 11). If an organization claims it is a public charity, the IRS gives it the benefit of the doubt for its first five years; essentially, it qualifies an organization as a public charity based on predicted support. However, beginning in year 6, an organization must demonstrate that is a public charity using data from its current and past four years. An organization reports these data to the IRS on a Schedule A form.

[4]Private foundations have slightly different regulations than charitable organizations.

[5]Though, "a tax-exempt organization must make available for public inspection its approved application for recognition of exemption with all supporting documents available and its last three annual information returns. The organization must provide copies of these documents upon request without charge (other than a reasonable fee for reproduction and copying costs). Penalties are provided for failure to comply with these requirements" (Internal Revenue Service, 2020, January 31).

exempt status if they fail to file financial reports with the IRS for three years in a row.

2.1.2 501(c) Nonprofit Organizations

In the U.S., different types of nonprofit organizations are regulated under different sections of the U.S. tax code. For instance, political organizations with an intent to accept contributions or spend political dollars (i.e., political parties, campaign committees, political action committees, etc.) are regulated under Internal Revenue Code 527. Other groups can apply for tax exemption under various 501(c) subsections. For instance, advocacy groups are typically classified as 501(c)(4) organizations, business and professional leagues as 501(c)(6) organizations, social or recreational clubs as 501(c)(7) organizations, and veterans associations as 501(c)(19) organizations.

2.1.2.1 501(c)(3) organizations

These different types of 501(c) organizations are all tax exempt, but they do not receive the same additional benefits as 501(c)(3) charitable organizations. For instance, both 501(c)(4) and 501(c)(3) organizations are tax exempt, but only 501(c)(3) organizations are eligible to receive tax-deductible donations. The IRS specifically defines 501(c)(3) nonprofits as charitable organizations. Organizations can apply for charitable status under section 501(c)(3) of the Internal Revenue Code if they serve the following "exempt" purposes:

> charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, and preventing cruelty to children or animals. The term charitable is used in its generally accepted legal sense and includes relief of the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; erecting or maintaining public buildings, monuments, or works; lessening the burdens of government; lessening neighborhood tensions; eliminating prejudice and discrimination; defending human and civil rights secured by law; and combating community deterioration and juvenile delinquency. (Internal Revenue Service, 2019, August 7*a*)

Additionally, to become a 501(c)(3) organization "an organization must be organized... and none of its earnings may inure to any private shareholder or individual" (Internal Revenue Service, 2020, March 17). The latter condition is known as the *nondistribution constraint*: a nonprofit's excess revenue must be reinvested into the organization's mission and cannot be distributed to

stakeholders or other individuals as profits (Hansmann, 1980, 501). The former condition, or the *organizational test*, means a nonprofit "must be a corporation (or unincorporated association), community chest, fund, or foundation... [and its] assets must be permanently dedicated to an exempt purpose," even upon dissolution (Internal Revenue Service, 2019, August 7*b*).[6] In other words, a nonprofit cannot be an individual, the organization cannot distribute revenue as profit, and the organization must benefit the common good in perpetuity.[7]

In return for receiving tax-deductible charitable contributions, 501(c)(3) organizations must meet certain requirements and are restricted from participating in political campaigns and lobbying. The IRS defines lobbying as attempting to influence legislation at any level of government (Internal Revenue Service, 2019, December 20*a*). A 501(c)(3) nonprofit cannot "attempt to influence legislation as a substantial part of its activities and it may not participate in any campaign activity for or against political candidates" (Internal Revenue Service, 2020, March 17). The IRS states that "a 501(c)(3) organization may engage in some lobbying, but too much lobbying activity risks loss of tax-exempt status." Educating the public about public policy issues is not considered lobbying. Similarly, a charity can "advocate for or against a particular issue as long as that advocacy furthers its mission" (Internal Revenue Service, 2019, June 10*b*, 4). However,

> an organization will be regarded as attempting to influence legislation if it contacts, or urges the public to contact, members or employees of a legislative body for the purpose of proposing, supporting, or opposing legislation, or if the organization advocates the adoption or rejection of legislation. (Internal Revenue Service, 2019, December 20*a*)

On the other hand, the Internal Revenue Code states zero-tolerance for any partisan campaign activity:

> all section 501(c)(3) organizations are absolutely prohibited from directly or indirectly participating in, or intervening in, any political campaign on behalf of (or in opposition to) any

---

[6]Upon dissolution, a 501(c)(3) nonprofit's assets must go to another 501(c)(3) organization serving an exempt purpose or to local, state, local, or federal government to serve a public purpose (Internal Revenue Service, 2019, August 7*b*).

[7]As in the case of filing requirements, religious groups are exempt from filing for charitable status because they are charitable by definition.

candidate for elective public office. Contributions to political campaign funds or public state-
ments of position (verbal or written) made on behalf of the organization in favor of or in
opposition to any candidate for public office clearly violate the prohibition against political
campaign activity. (Internal Revenue Service, 2020, January 9*b*).

Violating these restrictions can result in the loss of a 501(c)(3) organization's tax exempt status.[8]

Though the broad focus of this dissertation is on tax-exempt, 501(c) nonprofit organizations, I

frequently examine 501(c)(3) organizations within this dissertation. This focus is justifiable. First,

about two-thirds of all registered nonprofits and 59.7 percent of reporting nonprofits in 2018 were

public charities, or 501(c)(3) organizations. These organizations represent roughly two-thirds of

the nonprofit sector's total assets: $2.04 trillion in revenue and $1.94 trillion in expenses (NCCS

Team, 2020). To examine 501(c)(3) nonprofits is to examine a large proportion of 501(c) orga-

nizations. Second, these organizations are the most restricted in their political activity. By IRS

standards, these organizations should be least vulnerable to political forces. Therefore, I expect

the effects of political dynamics to be least detectable among 501(c)(3) organizations. Any ob-

served effect of government dynamics on 501(c)(3) nonprofits is more likely to occur in other,

more politically obvious and flexible 501(c) nonprofit organizations.

2.2   Nonprofits as Political Institutions

Nonprofits are frequently positioned as having a role within the political realm, often as indi-

cators of democracy (De Tocqueville, 1853; Putnam, 2000). For example, consider the opening

sentence of Boris and Steuerle (2017):

> Nonprofit organizations are a vital force of civil society, distinct from both government and
> business, although they display elements of both. Their basic role as enablers of civic en-
> gagement and promoters of the common good is the cornerstone of our pluralistic democracy.
> (Boris, McKeever, and Leydier, 2017, 1)

Despite this political framing, very few theories postulate how political forces shape the U.S.

nonprofit sector. This deficit of political theory regarding nonprofits is surprising, because non-

profits regularly engage in politics. Various definitions of *politics* exist—politics can be who gets

---

[8]For an expanded discussion on political limitations set upon nonprofit organizations, please see the Appendix.

what, when, and how (Lasswell, 1958), the dynamics produced over the unequal distribution of re-sources in society (Dahl, 1961), the authoritative allocation of values (Easton, 1965), or the pursuit of the public authority (Moe, 1990). Importantly,

> voting is not what is fundamental or distinctive about politics... Politics is distinguished by what people in the public sector are voting *about*: they are voting to determine how public authority will be exercised. Politics is fundamentally about the exercise of public authority and the struggle to gain control over it. (Moe, 1990, 221)

In Moe's (1990) definition of politics, public authority is the right "to tell everyone else what to do, whether they want to do it or not," and results in redistributive outcomes that "makes some people better off and some people worse off." (Moe, 1990, 221).

In this dissertation, I primarily adopt Moe's (1990) definition of politics. Notably, though, nonprofit activity is political by all of the above definitions of politics. Nonprofits affect the distribution of resources throughout society through their service provision and advocacy. Importantly, nonprofit funding structures provide individual elites, donors, and institutions like government and foundations a means of influence over the distribution of these resources. In doing so, nonprofits provide these actors with a means of influencing the public authority; after all, "nonprofits promote and defend values and competing visions of the public good" (Boris, McKeever, and Leydier, 2017, 2). This value-driven distribution of resources is authoritative and tells "everyone else what to do, whether they want to do it or not" (Moe, 1990, 221), despite the voluntary nature of the sector. Though nonprofits sometimes directly influence the public authority through their policy advocacy (Fyall, 2016; Chand et al., 2020) and political activism (Marwell, 2004), the formal constraints that govern nonprofits ensure they consistently participate in the authoritative allocation of values.

In some cases, nonprofits participating in the authoritative allocation of values is obvious. For example, a nonprofit that creates a land conservancy takes productive land off the tax rolls, thereby affecting individuals that support the nonprofit's mission as well as individuals that do not support the nonprofit's mission. Less obviously but related, *the public subsidizes all nonprofit activities because nonprofits are tax exempt entities.* By virtue of their tax exempt status, nonprofits enjoy

23

a de facto public subsidy. Thus, the public indirectly supports all nonprofit activity regardless of whether an individual supports an individual nonprofit.

The lack of political theory regarding the nonprofit sector may be a function of IRS restrictions (Marwell, 2004) or the path dependency of early nonprofit scholarship. During the late 1950s and early 1960s, the nonprofit sector came under public fire for its political activities, tax inequalities, and financial loopholes: "The hearings on foundations were particularly acrimonious, with members of Congress focusing not only on financial abuses, but also on the ways in which some foundations, such as the Ford Foundation, used their resources for political rather than philanthropic purposes." (Hall, 2006, 54). Subsequently, the Tax Reform Act of 1969 was signed by President Nixon and designated the differences between public charities and public foundations, as well as set limitations on these organizations' political behaviors and increased organizations' financial transparency. In response, John D. Rockefeller III established the Filer Commission, a nonprofit research initiative. Importantly, the Filer Commission concluded that "all tax-exempt entities—donor and donee institutions alike—composed a distinctive 'third,' 'nonprofit,' or 'independent' sector whose welfare was essential to the future of democracy." (Hall, 2006, 55). The Filer Commission emphasized the sector's economic features—its lack of shareholders, the nondistribution constraint, and tax exemption—over the "murky issues of charitable intent and altruistic motivation" (Hall, 2006, 55). In other words, the Filer Commission unified the nonprofit sector in terms of its structural similarities while simultaneously obscuring its connection to wealth and power (Hall, 2006). Early nonprofit scholarship undertaken by economists adopted this economic and legal approach to nonprofits (e.g., Arrow, 1963; Newhouse, 1970; Weisbrod, 1977; Hansmann, 1980). Consequently, the limited application of political forces within modern nonprofit theory may stem from the original scholarship's use of this "sanitized" definition of the nonprofit sector.

2.2.1 Mapping Nonprofit Theory to Definitions of Political Institutions

Despite IRS limitations barring U.S. nonprofit organizations from formal lobbying and campaign activity, I argue that nonprofits are inherently political institutions. According to North (1991, 97):

Institutions are the humanly devised constraints that structure political, economic, and social interaction. They consist of informal constraints (sanctions, taboos, customs, traditions, and codes of conduct), and formal rules (constitutions, laws, property rights). Throughout history, institutions have been devised by human beings to create order and reduce uncertainty in exchange.

Clearly, nonprofits are institutions by North's (1991) definition. Informally, nonprofits originate in the cultural norms and histories of their home societies (Salamon and Anheier, 1998). In the U.S., norms are inherent to the nonprofit sector: "individuals can choose their identities, their goals, their norms, and associate with like-minded people to achieve their purposes." (Warren, 2003, 48). As one example, consider how social desirability affects nonprofit donations: individuals exaggerate the amount they donate to nonprofit organizations in order to be viewed favorably by others within society (Bekkers and Wiepking, 2011a). There are no formal laws dictating that individuals must give to nonprofits, and yet, informal taboos, customs, and traditions drive this important avenue of individual interaction with the nonprofit sector. Indeed, the expressive nature of nonprofits, wherein donors, volunteers, and staff can express their personal values through participation, is a critical feature of the sector (Frumkin, 2005). Internally, nonprofit organizations encourage cultures of reciprocity, pride in mission-based accomplishment, and stewardship (Strickland and Vaughan, 2008). And as in many organizations, internal, informal constraints like organizational culture affect nonprofit outcomes (Jaskyte, 2004; Jaskyte and Dressler, 2005).

Formally, U.S. nonprofit organizations operate within the officials laws set forth by Congress (e.g., the Tax Reform Act of 1969) and regulations overseen by the IRS. As already outlined, IRS tax codes endow nonprofit organizations with special rights via formal rules. When nonprofits do not follow these rules, they risk losing their privileged (i.e., tax exempt) status. For example, some nonprofit organizations are "for-profits-in-disguise," or organizations that claim nonprofit status to receive benefits but in reality, distribute their profits (Weisbrod, 1988; Hirth, 1999). When these organizations are discovered, they lose their nonprofit status. Violations of these formal rules also affect informal constraints; nonprofits who "behave badly" decrease public trust in the nonprofit sector (Herzlinger, 1996). Relatedly, Becker (2018) experimentally demonstrates that a lack of

accountability practices within nonprofits decreases a nonprofit's reputation and respondents' trust, perception of nonprofit service quality, and donations.

Furthermore, nonprofits reduce uncertainty in exchange via their internal, formal rules. One line of economic nonprofit theory focuses on how the formal institutional rules of nonprofit organizations generate public trust in nonprofit organizations through the reduction of uncertainty caused by information asymmetries.[9] In an economic model of nonprofit hospitals, Newhouse (1970) formally demonstrated that managers of nonprofits seek to maximize quantity *and* quality, whereas for profit managers only seek to maximize quantity. More generally, some economic arguments about the nonprofit sector at-large suggest that nonprofits are a solution to information asymmetries. Because all nonprofits operate under the nondistribution constraint, meaning profits cannot be distributed among stakeholders, nonprofits are considered more "trustworthy" than for-profits because they have less incentive to shirk on goods when consumers are less informed (Hansmann, 1980; Weisbrod, 1988). Information asymmetries have been specifically applied to explain the predominance of nonprofits in the medical-care industry, where demand is irregular, unpredictable, difficult to ascertain ahead of time, and typically associated with impaired reasoning during service—individuals are unable to effectively judge the quality of services that they receive when they are sick (Arrow, 1963; Hirth, 1999).

Nonprofits, then, are institutions—but are they political institutions? Compared to economic institutions, political institutions establish property rights that redistribute, rather than increase, income (North, 1991, 110). This definition of political institutions clearly applies to nonprofit organizations, who operate under the nondistribution constraint and at a baseline level, are intended to redistribute income throughout society. Moe (1990, 213) offers an expanded description of political institutions:[10]

---

[9]This family of nonprofit theory is often referred to as "contract failure" theory.

[10]When justifying the examination of prisons as political institutions, Lerman (2013) adopts Moe's (1990) frame. Lerman (2013, 42) goes on to argue that "political institutions can serve a third function: institutions are symbolic representations of collective values, meanings, and norms. In this way, political institutions are not purely instrumental; they also serve an expressive function that is manifested in both their prevalence and form." Many scholars, particularly sociologists, argue that nonprofits serve an expressive function (e.g., Frumkin, 2005); Lerman (2013) connects this function to political institutions in the case of prisons, and I do so now, too, for the case of nonprofits.

> Political institutions serve two very different purposes. On the one hand, they help mitigate
> collective-action problems, particularly the commitment and enforcement problems so debil-
> itating to political exchange, and thus allow the various actors in politics to cooperate in the
> realization of gains from trade. On the other hand, political institutions are also weapons of
> coercion and redistribution. They are the structural means by which political winners pursue
> their own interests, often at the great expense of political losers.

By the first dimension of Moe's (1990) political institutional description, nonprofits are polit-
ical institutions because they solve collective action problems and facilitate exchange by solving
commitment problems (a la Shepsle 1991). Collective action problems are characterized by the
free-rider problem: because the costs of participating are concentrated compared to the dispersed
individual benefits, individuals have incentive to receive the benefits of collective or public goods
without paying costs (Olson, 1965; Hardin, 1968). Olson (1965, 2) famously wrote that "unless
the number of individuals is quite small, or unless there is coercion or some other special device
to make individuals act in their common interest, rational self-interested individuals will not act to
achieve their common or group interests." However, nonprofits frequently solve collective action
problems through their service provision and advocacy. While governments coerce individuals
through taxation, nonprofits' "special device" is the nondistribution constraint which spurs public
trust in nonprofit organizations (Hansmann, 1980). Similarly, government incentives public sup-
port of the nonprofit sector through its tax exemption policies. Furthermore, nonprofits provide
individuals with material, solidary, and purposive benefits (Clark and Wilson, 1961). Individuals
may receive materials goods like a free tote bag in exchange for their nonprofit membership, status
among their associates from donating (Bekkers and Wiepking, 2011*b*), or expressive satisfaction
from working towards a nonprofit's mission (Frumkin, 2005). The perspective that nonprofits
solve collective action problems flows from Ostrom (1990), who demonstrated that collective ac-
tion problems can be solved by internal, "voluntary" institutions in lieu of external intervention by
the state (Hardin, 1968). Institutions, Ostrom (1990, 51) argues, are "the sets of working rules that
are used to determine who is eligible to make decisions in some arena, what actions are allowed or
constrained, what aggregation rules will be used, what procedures must be followed, what infor-
mation must or must not be provided, and what payoffs will be assigned to individuals dependent

on their actions." Critically, values and norms facilitate coordination within voluntary institutions because working rules are often grounded in informal, common knowledge (Ostrom, 1990).

The application of Moe's (1990) second political institutional description may be less intuitive but is equally applicable to nonprofits. Consider bureaucracies, which Moe (1990) claims are model institutional "weapons" of redistribution, coercion, and insulated interests.[11] In bureaucracies, "public authority is being exercised,... winners are imposing structural outcomes on losers, and... the resulting institutions—quite unlike economic institutions—are therefore not simply solutions to collective action problems" (Moe, 1990, 223). Importantly, Moe (1990) emphasizes that political institutional form is a function of political choice. Specifically, institutional form must "take action conducive to the best interests of its creators" in the face of political uncertainty:

> "In democratic politics (and most others), public authority does not belong to anyone. It is simply "out there," attached to various public offices, and whoever succeeds under the established rules of the game in gaining control of these offices has a right to exercise it... today's authorities... fashion structures to insulate their favored agencies and programs from future exercise of public authority (Moe, 1990, 227).

In other words, the structure of political institutions emerges to protect interests from antagonistic political interference: "structures are often protective devices for insulating agencies from political enemies, not for building an effective organization." (Moe, 1990, 229). Applied to bureaucracies, political actors' efforts to protect their interests from future political winners produces technical institutions with a maze of inefficient rules and procedures.

Like bureaucracies, nonprofits are political institutions that act as agents of redistribution. Nonprofits determine who gets what, when, and how (Marwell, 2004; Fyall, 2016) and are generally perceived as providing "services that redistribute wealth in a socially desirable manner" (Hansmann, 1981, 91). Smith and Lipsky (1993) go as far as to argue that the nonprofit sector largely "adds up" to become U.S. welfare policy. Philanthropy is often framed as income redistribution

---

[11]Moe (1990) argues positive political institutional theory should focus on the bureaucracy in order to flesh out the second purpose of political institutions, which is understudied. Moe (1990) identifies that most prominent works of political institutions study legislatures. It's possible that this focus on legislatures has also contributed to the perception that nonprofits are not political institutions.

(e.g., Feigenbaum, 1980), and charitable nonprofits as "transfer[ing] resources from the more fortunate to the needy" (Wolpert, 2002, 131). Importantly, the impact of this redistribution is interpreted positively or negatively depending on personal perspectives (Boris, McKeever, and Leydier, 2017, 3).

Whether redistribution *actually* occurs within the nonprofit sector is debatable (Lechterman and Reich, 2020). Redistribution within the nonprofit sector is difficult to study (Ben-Ner, 1994; Wolpert, 2002). The nature of the good provided by a nonprofit may reflexively influence the development of the nonprofit sector providing that good (Paarlberg and Zuhlke, 2019), meaning nonprofits are more likely to form around private-type goods wherein the donor is the recipient of the good (Ben-Ner and Van Hoomissen, 1991). Under this perspective, individuals with access to resources are more likely to benefit from nonprofit services because their incentive and ability to create and operate nonprofits are aligned (Ben-Ner and Van Hoomissen, 1991; Ben-Ner, 1994). However, the book, *Who Benefits from the Nonprofit Sector?* (Clotfelter, 1992), finds that neither situation—that nonprofits primarily support the poor or the wealthy—is the case. That no overall assertion about the redistributional nature of the nonprofit sector can be made is likely due to the diversity of organizations within the nonprofit sector (Clotfelter, 1992, 22). Regardless, the perception of nonprofits as redistributive agencies is an important part of the American psyche. When it comes to politics, whether nonprofits successfully redistribute wealth is less important than whether the public believes nonprofits redistribute wealth.

As political institutions, nonprofit organizations also function as a means of insulating political interests.[12] Recall the story from Chapter 1 of the United States Supreme Court case, *Trustees of Dartmouth College vs. William H. Woodward, 1819*. According to Neem (2003), this case marks the origin of the modern, independent nonprofit organization. Importantly, the outcome of this case was driven by political uncertainty—political parties sought to divorce corporations from the state, due to rising electoral competition. The *Dartmouth* case is not the only example of political actors protecting their interests from antagonistic political interference via the nonprofit sector.

---

[12]Ultimately, the protection of political interests relates to the ultimate distribution of goods via the nonprofit sector. Who gets what, when, and how (Lasswell, 1958) is determined by which interests are encased within a nonprofit.

At various moments in U.S. political history, political losers have turned to the nonprofit sector as a means of codifying their interests in order to pursue their political goals. During the late 1800s, native-born Americans were threatened by the growing political power of immigrants and non-Protestants via the political dominance of political machines. Consequently, morning glory reformers began new associations (e.g., Christian Workers and settlement houses) and sought to reform existing charities "in order to cut the tie between relief and patronage and thus to break the political power of the urban bosses" (Hall, 2006, 43-44). Another example: following the defeat of Barry Goldwater in 1964, conservatives "embraced nonprofits, intent on creating a counter-establishment based on policy research institutes, foundations, and advocacy groups sympathetic to their views" in order to sway public opinion away from "dominant liberal policies" (Hall, 2006, 55). In addition to political actors, elites have also historically taken advantage of a separate nonprofit sphere to protect and pursue their political interests. For instance, when teeing up their own political argument about nonprofits, Smith and Lipsky (1993) cite Hall's (2006) example about mercantile interests during the Jeffersonian era: "these mercantile interests, having lost control in the political realm, sought to maintain their social visions through nonprofit corporations." (Smith and Lipsky, 1993, 35). By the 1850s, "elites, displaced by religious disestablishment and the political mobilization of the 'common man,' turned to philanthropy and associational activity as alternatives to electoral politics." (Hall, 2006, 38). More recently, Reckhow (2013) examines how elites pursue educational policy reform via the nonprofit, charter school system. In all of these examples, nonprofits are a tool for political losers to isolate their political interests in order to take political action in pursuit of the public authority. So, while Moe (1990) argues pursuit of the public authority in the face of political uncertainty produces isolated political interests protected by political institutions like technically complex bureaucracies, I argue that the pursuit of the public authority results in encasing political interests within privatized, political institutions like nonprofit organizations.

As in the institutional design of complex bureaucracies, the institutional design of nonprofit organizations reflects political decisions. First, the choice to adopt the nonprofit structure as an

institutional form is a political choice. Moe (1990) suggests that structural choice is in itself a political decision: individuals choose institutional forms that best achieve their aims and will be robust to changing power dynamics caused by political uncertainty. Notably, Smith and Lipsky (1993, 32) similarly argue that organizational leaders weigh historical precedent, anticipate the responses of political elites, and public policy when beginning nonprofits. In other words, Smith and Lipsky's (1993) argue the adoption of the nonprofit institutional form is a cost-benefit decision that is conditioned by political context. Social entrepreneurs make similar decisions when choosing between starting nonprofit, public, or for-profit organizations (Frumkin, 2005), and consider income, tolerance for formal rules and regulations, and service potential (Young, 2013) in addition to start-up costs, funding structures, and personal values (Frumkin, 2005). Social entrepreneurs "will scan the environment and select the causes and organizational forms that best fit their interest and needs. This choice allows the entrepreneur to enact a vision and produce goods or services in a new way" (Frumkin, 2005, 135). Similarly, for-profits-in-disguise also make calculated decisions under many of the same constraints and considerations and decide that the nonprofit form best achieves their (more sinister) goals (Hirth, 1999; Weisbrod, 1988). Second, the design of the formal rules regulating nonprofit organizations is also a political decision. Internal constraints, like tax exemption and the nondistribution constraint, are often justified as a function of nonprofits' service to the public good (Hansmann, 1980). Externally, as was the case with the Tax Reform Act of 1969, formal rules and regulations of nonprofits typically change in order to check the sectors' political influence (Hall, 2006).

Therefore, I argue that nonprofits are political institutions as defined by North (1991) and Moe (1990).[13] Nonprofits are institutions; they operate within, are beholden to, and produce informal constraints and formal rules. Importantly, nonprofits "create order and reduce uncertainty in exchange" (North, 1991, 97) via their informal historical reverence (Salamon and Anheier, 1998) and formal nondistribution constraint (Hansmann, 1981). As political institutions, nonprofit organizations solve collective action problems (Ostrom, 1990) and act as redistributive agents (Feigenbaum,

---

[13]Note, Moe (1990) explicitly mentions interest groups, but lumps them in with citizens as expressions of citizen interest. He doesn't explain them as a means of citizens to protect their interest from government.

1980; Wolpert, 2002). Perhaps more importantly, the institutional design of nonprofits isolates political interests and reflects decision-making that considers the most effective path for achieving public authority in the face of political uncertainty. Historically, U.S. nonprofits have been utilized by political losers to protect and pursue their political goals (Hall, 2006). Today, the choice to adopt the nonprofit form is informed by political context (Smith and Lipsky, 1993; Young, 2013). Furthermore, the external and internal formal rules governing nonprofits are a often a function of political context (Hall, 2006; Smith and Lipsky, 1993; Clemens, 2020).

However, nonprofits differ from other political institutions. Unlike bureaucracies and other government political institutions, nonprofits are not beholden to majority rule. As such, nonprofits are a means of private enterprise wherein both political winners *and* political losers can protect and pursue their interests. In bureaucracies, political winners impose structural outcomes on political losers to preserve their interests in anticipation of one day being political losers themselves; accordingly, political institutions are more than just solutions to collective action problems (Moe, 1990). In the same way, nonprofits preserve interests indefinitely via formal nonprofit institutional rules: even upon dissolution, a nonprofit's assets go towards its charitable purpose (Internal Revenue Service, 2019, August 7*b*). Interests preserved via nonprofits are inherently political, because they involve the distribution of benefits (Lasswell, 1958; Dahl, 1961) and application of values (Easton, 1965) throughout society. Because nonprofits are not beholden to the majority rule, they are a private means wherein individuals can pursue the public authority. For example, "as private organizations, nonprofits are not necessarily subject to the constraints of civil service hiring, open meetings laws, and requirements for transparency." (Clemens, 2020, 194). If government as a political institution represents *political actors' pursuit of public authority* (Moe, 1990), then nonprofits as political institutions represent the *private pursuit of public authority*. Ultimately, when individuals turn to nonprofits to protect their political interests, they engage in a private form of exit within the public sector.

2.2.2 The Role of Exit

Moe (1990) repeatedly notes that political institutions differ from economic institutions be-

cause people cannot exit political institutions, like government. In economics, when an individual is dissatisfied with a firm's quantity or quality of service, he or she may *exit* to a new firm or *voice* their concerns to a current firm (Hirschman, 1970). To exit means to discontinue patronizing the current firm; to voice means to communicate dissatisfaction to the current firm in an effort to enact change. Firms depend on exit (i.e., the loss of revenue) and voice (i.e., communicative feedback) as signals that their service is declining. The decision to exit or voice is conditioned by an individual's loyalty to the firm. Economic firms rely on this feedback (decreasing customers or increasing complaints) to know when their service is declining, because Hirschman (1970) assumes that variation in service is random.

Moe (1990, 230) argues that the inability to exit is an important contributing feature to the design of political institutions:

> Economic actors make compromises all the time as they engage in exchange, hammer out contracts, and create structures. But they enter into these arrangements voluntarily and can leave them voluntarily. In politics, this is not so. There are winners and losers, and the losers cannot leave—but instead, trapped within the system, they participate in the design of agencies and programs that they oppose, and they use what power they have to create organizations that cannot do their jobs.

As Moe (1990) illustrates, the ability to exit is traditionally thought of as impossible when applying Hirschman's (1970) theory of the firm to governments, because individuals cannot exit from an omnipotent government. This perspective has resulted in reinterpretations of Hirschman's (1970) classic argument as it applies to government. For example, whereas Hirschman (1970) defines loyalty as a shared characteristic, others define loyalty as the absence of the ability to exit (e.g., Clark, Golder, and Golder, 2017). Clark, Golder, and Golder (2017) discuss the absence of exit as a consequence of autonomous and dependent governments. An autonomous government does not depend on an individual voter whereas a dependent government does depend on an individual voter. Similarly, other scholars re-conceptualize exit as "mental exit," wherein individuals become apathetic or draw mental boundaries within their social lives (Sabic-El-Rayess, 2014; Hanhoerster, 2015).

To Moe's (1990), the absence of exit as a response option produces political institutions, like bureaucracies, that coerce and constrain the influence of political rivals in the face of political uncertainty. Similarly, I argue that the lack of exit produces a different type of political institution: nonprofit organizations. Rather than exit the political system entirely, dissatisfied individuals are able to establish alternative nonprofit political institutions that facilitate *the private pursuit over public authority*. This approach reinterprets Hirschman's (1970) definition exit, as others have previously done (e.g., Clark and Wilson, 1961; Sabic-El-Rayess, 2014; Hanhoerster, 2015).

In a political context, exit is typically conflated with mobility and therefore thought of as difficult or impossible. As Hirschman (1970, 117) writes: "if one's own government deteriorates one does not usually 'go over' to another."[14] Modern interpretations of exit via mobility channel Tiebout's (1956) "voting with one's feet" and explore partisan sorting (Tam Cho, Gimpel, and Hui, 2013; Lang and Pearson-Merkowitz, 2015) or moving to seek out alternative public service providers, like school districts (Holbein, 2016). However, even within a single location, alternative service providers exist that represent an exit option. Citizens may choose to receive services from private providers, rather than government, because they believe the quality of private service is superior (Lerman, 2019). Citizens may also choose between various public providers; Vallier (2018) argues that federalist governance arrangements and decentralization present opportunities for exit. This perspective is similar to the large literature on venue shopping, wherein individuals or groups select which level of government best suits their aims. Applied to nonprofits, venue shopping suggests individuals may select between government and nonprofit institutions, depending on their needs, incentives, and objectives.

Consequently, exit from government need not be grounded in physical mobility, but in the ability to choose between providers of goods. Hirschman (1970) defines a "true exit" as when individuals select between providers of private goods (Hirschman, 1970, 108), and his canonical example of exit compares public rail transportation to private providers in Nigeria. A broader definition of exit, given by Warren (2011, 685), suggests exit occurs when "members have the op-

---

[14]The other exit option Hirschman (1970, 114) offers is elected official's choice to resign from government.

portunity and capacity to choose goods from competing organizations... when individuals choose exit, they have control over the consequences of their acts, and they bear the costs and reap the rewards." Warren (2011) proposes an interpretation of "exit-based empowerments" within liberal democracies that have vibrant civil societies, and argues exit possibilities are "constructed" within political systems via rights and protections, political competition, and incentives elected officials cultivate with their constituents. Crucial to Warren's (2011) argument is the existence of a "vibrant civil society"—for instance, Warren (2011) identifies a form of exit called *enabled exit*, wherein individuals make choices about the nature of their relationships with government, and suggests voluntary associations abet this form of exit by providing an alternative means for individuals to relate to government. In both circumstances—as service providers or as advocacy groups— nonprofits provide a means of exit because they provide an opportunity for individuals to redefine their relationship with government. Nonprofits can act as alternative service providers or as advocates. These functions allow for the private pursuit of public interests via alternative providers of public goods and/or alternative means of communication with the government.

Nonprofits, then, are political institutions that house contradictions. First, they are simultaneously private and public: private organizations with a public serving mission (Clemens, 2020; Powell and Bromley, 2020*a*, 168).[15] Nonprofits are private in that they are not beholden to majority rule, as many definitions of the sector make clear (e.g., Boris and Steuerle, 2017). Moe (1990) argues the fundamental problem facing political institutions is the unstable nature of majority rule. Solutions to this problem are reflected in the design of political institutions. In public political institutions, like bureaucracies, political winners establish rules, regulations, and procedures to protect their interests from future attack. In private political institutions, like nonprofits, political

---

[15]Clemens's (2020) expanded definition: nonprofits are "legally constituted as a distinctive kind of political form that recognizes privately managed and even privately initiated organizations as legitimate vehicles for the advancement of some public good." (Clemens, 2020, 193). Despite this similar definition of nonprofit organizations, there are three key differences between Clemens's (2020) and my conception of nonprofit organizations. First, Clemens (2020, 192) explicitly defines nonprofits as "separate from the formal political system" because nonprofits are not accountable to voters. This view assumes that voting is inherent to politics. Second, Clemens (2020, 193) suggests that nonprofits "may not originate in politics," while the basis of my argument is the opposite. Finally, and relatedly, Clemens (2020) frames nonprofit organizations as the boundary between private and public institutions, while I frame nonprofits as private, but political institutions nonetheless.

winners and losers privatize their interests as nonprofit organizations in order to protect and pursue their interests independently from public threats within the public sphere.

Second, nonprofits arise due to an inability exit, and consequently are a form of exit. On the one hand, nonprofits arise as political institutions in response to a political inability to exit government and a need to insulate interests. On the other hand, nonprofits are themselves a means of exit to pursue and protect private interests because nonprofits allow individuals to redefine the nature of their relationship with government, through advocacy or service provision (Warren, 2011). That nonprofits can be understood as a private means of exit within a political system simply adds richness to existing interpretations of governance and the nonprofit sector.

2.3 Nonprofits as Political Actors: The Pursuit of Resources

By these standards—overcoming collective action problems, redistribution, and coercion through the protection of interests—nonprofits are political institutions that provide a means of private pursuit over the public authority. However, as political institutions, nonprofits face different constraints than public political institutions, like Congress or bureaucracy. But like the case of government, these constraints ultimately inform nonprofits' behavior as U.S. political actors.

If the fundamental political problem facing public political institutions like bureaucracy or Congress is constraint of majority rule (Moe, 1990), then the fundamental problem facing private political institutions like nonprofit organizations is resource availability. By definition, nonprofits are not profit-seeking entities (Internal Revenue Service, 2020, March 17). Weisbrod (1997, 543) summarizes the resource challenges facing nonprofit organizations: "Nonprofits, however, face an enormous obstacle: They lack government's power to tax, and so when they are confronted by increased demands, they do not have the commensurate resources to meet those demands." Consequently, this fundamental problem is reflected in the formal institutional design of nonprofits. Hansmann (1981, 55) argued "the best justification for the [tax] exemption is that it helps to compensate for the constraints on capital formation that nonprofits commonly face."

All organizations depend on resources to survive (Pfeffer and Salancik, 1978). In general, financial resources are not distributed equally throughout the nonprofit sector. Though some non-

profit organizations operate with multi-million dollar budgets and professional staff, "most non-profits are extremely small entities with meager resources that operate locally with modest budgets and volunteer labor." (Boris, McKeever, and Leydier, 2017, 14). Donations are also not equally distributed across the sector. In 2018, religious organizations received a majority of donations (29.6%), followed by education (13.9%) and human services (12.2%) organizations (NCCS Team, 2020). However, nonprofits sometimes fail to attract private donations (Salamon, 1987).

In addition to private donations, nonprofits raise revenue from a variety of sources. As Boris, McKeever, and Leydier (2017, 14) summarize:

> Nonprofit revenue sources include fees for service, government and foundation grants, individual and corporate donations, income from special events, member dues, investments, revenues from commercial ventures, and miscellaneous other sources. Direct government grants are less important than fee-for-service income, which is the dominant source of revenue for the sector in aggregate terms. Government provides significant amounts of fee income, both directly and indirectly, although there is significant variation by type of organization. Fees involve payments for services provided (including, e.g., individual payments for tuition), government contracts through Medicare and Medicaid, and government or private vouchers for job training or childcare.

Clearly, both government and private entities financially support nonprofit organizations; federal funding available to nonprofits has greatly increased since the 1960s (Smith and Lipsky, 1993; Hall, 2006). Government funding to nonprofits is primarily provided as either contracts or grants. While similar, government grants and contracts differ in their administration, regulations, oversight, and management (Pettijohn, 2013). With contracts, nonprofits "provide goods or services the federal government will use to carry out *its* public mission" (i.e., the government agency is the beneficiary or user, specifies project parameters, and instigates the project) (Pettijohn, 2013, 2, italics added). On the other hand, grants "meet the needs of a third party carrying out an activity Congress has decided to support as a matter of public policy" (i.e., the project is instigated by the applicant, government involvement is primarily funding, and the benefit to the government is complementary) (Pettijohn, 2013, 2).

Government funding within the nonprofit sector is significant (Smith and Lipsky, 1993). Lecy and Van Slyke (2012) review a federal grants database (FAADS): "the primary information clear-

inghouse for federal awards, including grants, cooperative agreements, various types of loans, and direct assistance," (1054) but not procurement contracts. They find that in 2012, the federal government awarded 49,959 grants (nearly 27 billion dollars) directly to U.S. based nonprofit organizations, not including indirect federal dollars that nonprofits receive from state or local governments. Sixty percent of these grants are project grants, and roughly thirty percent are cooperative agreements, which "are more customized and bilateral in nature relative to project grants" (1056). Though cooperative agreements reflect a more active relationship between the federal government and the grant recipient, they are different from contractual agreements. When nonprofits enter contractual agreements with government, they agree to produce goods or services on behalf of government. Contracting varies by nonprofit subsector (Pettijohn et al., 2013), given U.S. historical precedent to remove government from certain social services (Van Slyke, 2007). Government "contracts represent one of the principal ways in which governments privatize their service delivery, and governments also represent, on average, a substantial source of revenue for nonprofit organizations" (Gazley, 2008, 141). Contracts for service are important, because ultimately "which specific [nonprofits] win contracts determine *where* services are available, *how* individuals access them, and ultimately *who* benefits from public spending for the poor." (Marwell, 2004, 267).

Consequently, nonprofits seek resources from private and public sources. The pursuit of resources results in different nonprofit functions (Moulton and Eckerd, 2012). For instance, nonprofits may act as complements, supplements, or adversaries to government (Young, 2000). As supplements, nonprofits provide services that government fails to provide (Weisbrod, 1977; Douglas, 1987). As complements, nonprofits and government act as partners in service provision (Salamon, 1995). As adversaries, government and nonprofits "act in opposition to one another" via advocacy or regulation (Young, 2000, 157). These different relationships typically reflect different funding structures. As supplements or adversaries, nonprofit stakeholders (e.g., consumers, foundations, donors) must ensure that the nonprofit organizations have the resources needed to operate "within economic feasibility constraints" (Ben-Ner and Van Hoomissen, 1991, 520). As complements, nonprofit receive funding from government that leads them into partnerships (Smith

and Lipsky, 1993; Paarlberg and Zuhlke, 2019). Ultimately, all nonprofits seek resources, because resources are a necessary component of nonprofit operations (Ben-Ner and Van Hoomissen, 1991, 1992; Paarlberg and Gen, 2009).

Political scientists examine government contracting with private service providers, but these studies often fail to separate between for-profit and nonprofit providers (Mettler, 2011; Lerman, 2013). Other studies examine the nature of government-nonprofit contracts (Van Slyke, 2007). Nonprofit contractors often receive additional discretion, less monitoring, longer contracts, and contracts to provide services with greater information asymmetries than for-profit contractors, despite very few differences in overall performance between the two types of providers (Witesman and Fernandez, 2013). Within the nonprofit literature, examination of U.S. government contracting with nonprofits has produced a thread of literature framing nonprofit organizations as the welfare state (Smith and Lipsky, 1993). Inherently, these enterprises frame nonprofit clients as welfare recipients: deserving and politically weak.

2.3.1 The Importance of Being "Deserving"

The concept of "deservingness" plays an important role in the U.S. nonprofit sector. To be "deserving" is to be "worthy of being treated in a particular way, typically of being given assistance" (OED Online, 2021). In an American context, people are considered deserving based on their level of need, "locus of responsibility" (i.e., whether an individual has control over or responsibility for their situation), gratefulness of the recipient for help, and pleasantness of the recipient (Cook, 1979).

As organizations seeking resources, nonprofits rely on the perception that they serve populations who are deserving of support. The perception that the nonprofit sector serves deserving populations partly stems from the sector's religious roots (Bush, 1992), and emphasizing a religious connection can increase the number of donations a nonprofit receives (Ressler, Paxton, and Velasco, 2020).[16] Alternative approaches to the nonprofit sector, like rights-based or economic

---

[16]"The word *charity*, which has now come to represent a technical legal concept, originally referred to a Christian value of benevolence." (Lechterman and Reich, 2020, 174).

models, also acknowledge the important role of deservingness in the sector. These models "view the charity-based approach as potentially perilous in the sense that charity is always tied to the perceived deservingness of the recipient and hence can be revoked at anytime" (Brainard and Siplon, 2004, 440-441). Similarly, there are consequences when nonprofits do not fulfill their mission of public support. When nonprofits do not adequately support deserving populations, it leads to accountability problems via crises of public confidence in the sector (Young, Bania, and Bailey, 1996; Herzlinger, 1996). Holding the nonprofit sector accountable to helping the deserving also has historic roots in the U.S. nonprofit sector. For example, the U.S. charity reform movement of the 1860s and 1870s sought to eliminate mendacity, or "claims for relief by the undeserving" (Hall, 2006, 43).

When Americans believe individuals are deserving of support, it affects their behavior towards them. Bureaucrats are more likely to help individuals they perceive as deserving (Jilke and Tummers, 2018), and nonprofit workers—the new street-level bureaucrats (Smith and Lipsky, 1993)—exhibit similar qualities (Houston, 2006). Certainly, support for nonprofit organizations, including financial resources, derives from sponsors' view that the recipient of nonprofit services or benefits is deserving (Farwell and Weiner, 2000; Bekkers and Wiepking, 2011*b*). However, *who* is seen as deserving is a political construct.

2.3.1.1 *Social Construction and Policy Feedback*

Within public policy, the theory of social construction best articulates how deservingness relates to the distribution of benefits and burdens throughout society (Schneider and Ingram, 1993). Importantly, Schneider and Ingram's (1993) approach deservingness as a political variable (i.e., a concept that exists, varies, and affects political outcomes), rather than a normative outcome (i.e., questions of should a group be considered deserving).

Schneider and Ingram (1993) introduced the idea that *social constructions*, or stereotypes about who is deserving or undeserving of public support, affect the distribution of policy benefits and burdens targeting these groups. Deserving groups receive benefits, whereas undeserving groups receive burdens. More specifically, social constructions of groups and causes are "stereotypes

about particular groups of people that have been created by politics, culture, socialization, history, the media, literature, religion, and the like. Positive constructions include images such as 'deserving,' 'intelligent,' 'honest,' 'public-spirited,' and so forth. Negative constructions include images such as 'undeserving,' 'stupid,' 'dishonest,' and 'selfish.'" (Schneider and Ingram, 1993, 335). A group's political power (i.e., whether it is perceived as strong or weak) also influences its overall perception within the public. Schneider and Ingram (1993) suggest groups can be categorized into four types of social constructions based on the intersection of deservingness and power: Advantaged, Contenders, Dependents, and Deviants (Table 2.1).

Table 2.1: Target Population Types

Constructions			
Power		+	-
	Strong	Advantaged elderly, business, veterans, scientists	Contenders rich, unions, minorities, elites, moral majority
	Weak	Dependents moms, kids, disabled	Deviants criminals, addicts, Communists, flag burners, gangs

Note: Examples of groups organized by types of social constructions. Table reproduced from Figure 1 in Schneider and Ingram (1993, 336).

A group's social construction affects the policy created by government affecting that group, i.e., a policy's *target population* (Schneider and Ingram, 1993). Political leaders "pay attention both to the political power and to the social construction of social groups. Policymaking in a democracy is not simply a matter of raw political power, because leaders have to give reasons for their actions, and those reasons typically involve claims about the worthiness of various groups..." (Schneider and Ingram, 2013, 193). As such, different policy outcomes are functions of target populations' social constructions. Public officials, fearing public retribution, design beneficiary policy for groups that are positively constructed (i.e., Advantaged and Dependents) and burdensome policy for groups that are negatively constructed (i.e., Contenders and Deviants). Similarly, politically

powerful groups (i.e., Advantaged and Contenders) have high control over policy creation and weak groups (i.e., Dependents and Deviants) have little control.

Differences in social construction result in an unequal distribution of policy benefits and burdens across target populations (Schneider and Ingram, 1993). Advantaged target populations receive oversubscribed benefits and undersubscribed burdens because political leaders court their support and loyalty (Schneider and Ingram, 2005, 2013). Similarly, Contenders receive significant benefits because of their political power, but these benefits must be hidden from the public via *sub rosa* policies due to Contender's negative, undeserving construction. Dependents receive undersubscribed benefits and oversubscribed burden; these policies are "heavy on rhetoric and light on actual funding." (Schneider and Ingram, 2013, 194). Deviants receive undersubscribed benefits and very oversubscribed burden; politicians frequently punish these groups to gain political support (Schneider and Ingram, 2005). In short, government provides benefits to powerful groups to gain their allegiance and support, and it is easiest to justify this distribution of benefits when groups are seen as deserving (Schneider and Ingram, 2005, 3).

In addition to affecting policy, social constructions generate politics that reverberate and affect policy and group's political behavior via policy feedback. Policy feedback effects occur when policy creates politics (Lowi, 1972). An important part of Schneider and Ingram's (1993)'s argument is how the distribution of benefits and burdens through public policy reinforces citizen perceptions of target populations. Through policy and public officials' messaging, these constructions become embedded in the public psyche and inform public expectations about policy, as well as group expectations about and realizations of their own political behavior (e.g., Soss, 1999; Mettler, 2002; Schneider and Ingram, 2005). To date, very little research has examined how policy feedback and social constructions affect the nonprofit sector, resulting in calls for new applications and theory development (Appe, 2019; Goss, Barnes, and Rose, 2019).

2.3.2 Political Theories of Nonprofits

Nonprofits' status as political institutions and consequent dependency on deservingness to attract resources make nonprofits vulnerable to political forces like social construction and policy

feedback. Social constructions affect which populations are seen as deserving, a fundamental component of the nonprofit sector, and policy feedback from public policy ultimately affects the nonprofit sector as well. However, existing theories of the nonprofit sector rarely treat nonprofits as political institutions. Fewer examine how social construction and policy feedback affect nonprofits via internal government political dynamics. Political forces like social construction and policy feedback are rarely invoked in existing nonprofit theory (Appe, 2019; Goss, Barnes, and Rose, 2019). In fact, most existing theories of nonprofits do not explicitly identify themselves as political or are not inherently political in that they do not invoke a definition of politics, e.g., the pursuit over the public authority (Moe, 1990). Rather, existing theories of the nonprofit sector evaluate nonprofit behavior as incarnations of democratic principals, expressions of citizen or elite preferences, and responses to government outputs (Lechterman and Reich, 2020; Clemens, 2020).

Many scholars expound upon the role of nonprofits within democracy. Sometimes, these efforts are normative in nature (e.g., Lechterman and Reich, 2020; Reich, 2016) and focus on the importance of associations to the American ethos and political development (De Tocqueville, 1853; Putnam, 2000; Skocpol and Fiorina, 1999).[17] Within civil society, individuals practice important political skills (Verba, Schlozman, and Brady, 1995). At times, nonprofits intentionally construct their target populations into "citizens" for political purposes (Dodge and Ospina, 2016; Goss, Barnes, and Rose, 2019). Clemens (2006) challenges this argument; associations can be exclusive, intolerant, and at times, advance anti-democratic values.

Nonprofits also directly participate in the political process despite formal rules and regulations restricting their political behavior. Some of these studies frame nonprofits as interest groups (Berry, 2005), and examine their participation in overt political advocacy activities like lobbying and advocacy (Fyall, 2016). Lechterman and Reich (2020, 177) suggest that nonprofit advocacy organizations form a *counterpublic* which permits "the expression of ideas that run counter to official government policy." As advocates, nonprofit organizations champion citizen perspectives and

---

[17]A large literature empirically examines the effects of nonprofit organizations on democracy outside of the U.S. (e.g., Paxton, 2002), with some of these studies focusing on burgeoning democracies abroad (e.g., Herrold, 2016). While important, I do not review these studies as they are outside the geographic scope of this endeavor.

act as adversaries to government (Young, 2000). Nonprofit organizations advocate on behalf of their constituents at various levels of government (Chand et al., 2020), including the bureaucracy (Nicholson-Crotty, 2011). Many 501(c)(3) nonprofit managers avoid engaging in such activities because of complicated tax laws, even though these organizations are allowed to participate in some amount of lobbying activity (Berry and Arons, 2003).

In addition to lobbying, some 501(c)(3) nonprofits directly participate in prohibited political activities like electoral activism (Marwell, 2004), thereby violating IRS regulations (Internal Revenue Service, 2020, January 9*b*). Unlike lobbying rules, it's clear that 501(c)(3) organizations are restricted from participating in political campaigns (Berry and Arons, 2003). However, many 501(c)(3) organizations violate these restrictions. As the IRS notes in its training on political campaign activity for nonprofits:

> Since 2004, the IRS has conducted limited scope examinations of allegations of political campaign activity by section 501(c)(3) organizations. While less than half of the allegations received resulted in an examination, the IRS found political campaign intervention in over two-thirds of the organizations that were selected for examination. As we are primarily interested in educating organizations and promoting compliance, in most of these cases, we alerted the organization to the violation and strongly cautioned them not to repeat the activity... We have proposed revocation [of tax exempt status] in a few egregious cases (Internal Revenue Service, 2019, June 10*b*, 6)

In addition to advocacy, other political theories of nonprofits focus on nonprofit organizations as expressions of elite and citizen preferences (Frumkin, 2005; Weisbrod, 1988; Douglas, 1987). Nonprofit theory invoking preferences typically treats preferences as exogenous to government. Similarly, these theories typically address elite and citizen preferences separately. Studies examining the implementation of elite preferences via the nonprofit sector tend to emphasize political consequences (e.g., Reckhow, 2016; Skocpol and Hertel-Fernandez, 2016). Historically, wealthy philanthropists like Carnegie and Rockefeller instituted social visions through the third sector (Hall, 2006). Reckhow (2020, 209) argues that the New Guilded Age of philanthropy, including the efforts of modern philanthropists like Bill Gates and the Walton family, should be examined within political context "as an aspect of the political climate." For example, Teles, Hurlburt, and Schmitt

(2014) examines philanthropic networks within the context of political polarization, and argue that philanthropy is not always tied to solving social problems; rather, philanthropy is a means of political strategy to achieve goals or frustrate opponents' strategies. Skocpol and Hertel-Fernandez (2016) demonstate how the conservative Koch network shapes Republican policy agendas and candidate platforms. Successful philanthropic efforts by elites ultimately result in policy change (Reckhow, 2013, 2016; Goss, 2016).

One of the prominent theories of the nonprofit sector regarding citizen preferences is Weisbrod's (1977) theory of government failure. Weisbrod (1988) argues that the nonprofit sector emerges as the result of government's failure to meet heterogeneous demands. In democratic societies, government service levels depend on the demands of the median voter (Downs, 1957). In homogeneous societies, the preferences of the median voter largely reflect the preferences of the population. However, in heterogeneous societies, the preferences of the median voter do not fully reflect the preferences of the population. Those with preferences different than those of the median voter are left dissatisfied with government service provision and turn to the nonprofit sector. Therefore, as the demand heterogeneity of an area increases, the size of the nonprofit sector increases (Weisbrod, 1977, 1988). Though Weisbrod's (1977) theory largely addresses citizen preferences, the same government failure data generating process may also affect political elites.

Douglas (1987) proposed an existing political theory of nonprofits as a corollary to Weisbrod (1977). Douglas (1987) argues citizens hold distinct public policy preferences and express these preferences through voting. Public policies that are supported by a majority of citizens are provided by government, whereas policies lacking majority support are provided by nonprofits. Like Weisbrod (1977), Douglas (1987) positions nonprofits as alternatives to government and emphasizes the importance of heterogeneous policy preferences. Furthermore, both Weisbrod (1977, 1988) and Douglas (1987) assume a definition of government failure that is based in service provision. Ultimately, Douglas's (1987) argument focuses on the political constraints of government. Government relies on nonprofits to provide services for marginal or specialized needs and to conduct policy experiments.

While early nonprofit theory suggested that nonprofits supplemented government activity in the face of government failure (Weisbrod, 1977), later waves of nonprofit theory addressed how government and nonprofits work as complements (Young, 2000) or partners in service provision (Salamon, 1995). These arguments largely stem from another important nonprofit theory. The theory of "voluntary failure" suggests that nonprofits are the first-order service provider of public goods and that government fulfills these needs when nonprofits fail (Salamon, 1987). Nonprofits may experience voluntary failure because of philanthropic insufficiency, particularism, paternalism, or amateurism. Partnerships between nonprofits and government result from these two institutional types offsetting each others' failures (Salamon, 1995). Today, governments regularly contract out services to nonprofit providers (Smith and Lipsky, 1993). However, this practice can mask the role of government (Mettler, 2002) and cause confusion over the nature of the service provider (Lerman, 2019) and relatedly, accountability structures (Reckhow, 2016). Nonprofits also seek out partnerships with government for their own purposes. For example, Coupet et al. (2020) find that local education nonprofits seek our partnerships with universities in order to more successfully navigate university bureaucracy. Smith and Lipsky (1993) argue that contracts between government and nonprofits occur, in part, because nonprofits rely on funding. Notably, Smith and Lipsky (1993) is one of the few existing theories that applies policy feedback to the institutional relationship between government and nonprofits (Clemens, 2020, 196): "the expanding partnership between government and nonprofits has reconstructed the political roles of both." (Clemens, 2020, 196).

Though theories of nonprofit organizations abound, very few expressly identify themselves as political (Douglas, 1987; Smith and Lipsky, 1993). However, many nonprofit theories are inherently political because they deal in civic participation, preferences, and relational arrangements with government. This lack of intentional theorizing produces theories with three shortcomings in political development. First, existing nonprofit theories assume that preferences are exogenous to government. Preferences themselves can be tied to political parties (Campbell et al., 1960) and electoral institutions (Gerber and Jackson, 1993). Second, existing nonprofit theories define gov-

ernment failure in terms of service (Weisbrod, 1977, 1988; Douglas, 1987). But government failure can be perceived in terms of its political failings, rather than service provision (Hetherington, 2005; Lerman, 2019). Finally, most existing nonprofit theory places nonprofit organizations in relation to governmental outputs (Weisbrod, 1977; Salamon, 1995). Partisan dynamics over elections and political competition are rarely taken into account.

2.4 Application: Why are there no nonprofit prisons?

To illustrate the shortcomings in our current understandings of how political forces affect nonprofits, I review how existing explanations of the nonprofit sector fail to explain the lack of nonprofit-operated prisons in the U.S.. Then, I highlight how political forces fill these gaps before turning to theory development in the next chapter.

The nonprofit sector reflects an important economic and social dimension of American society. As of 2016, there were at least 1.54 million registered nonprofit organizations in the United States (NCCS Team, 2020).[18] In its *The Nonprofit Sector in Brief 2019* report, the Urban Institute's National Center for Charitable Statistics reported that nonprofit organizations represented 5.6 percent of the overall U.S. GDP ($1.047.2 trillion). In 2018, U.S. private charitable contributions totaled an estimated $427.71 billion. Religious organizations received a majority of these donations (29.6%), followed by education (13.9%) and human services (12.2%) organizations to round out the top three classifications of nonprofit gift recipients. In 2017, an estimated 25.1 percent of American adults volunteered with nonprofit organizations. This voluntary effort translates to 8.8 billion hours, at an estimated value of $195 billion dollars (NCCS Team, 2020). Clearly, nonprofits represent an important component of American society.

Despite the size and diversity of the U.S. nonprofit sector, there are no prisons operated by nonprofits (Knafo, 2014).[19] The absence of nonprofit prisons is surprising, given the significant

---

[18]Fiscally small nonprofits, defined as organizations with less than $5,000 in gross receipts, and religious congregations are not required to register with the Internal Revenue Service (IRS). Though many of these organizations register with the IRS anyway (Boris, McKeever, and Leydier, 2017, 10), the true number of U.S. nonprofit organizations is unknown (NCCS Team, 2020).

[19]I confirmed this via data from the Bureau of Justice Statistics and the Federal Bureau of Prisons, and through in-person discussions with visiting scholars to Texas A&M in Spring 2019: David Skarbek and Jamila Michener.

presence of nonprofit organizations within industries with similar characteristics. Figure 2.1 displays the number of U.S. hospitals, nursing homes, universities, and prisons in 2016 by the number of government, for-profit, and nonprofit-operated organizations within each industry. In 2016, there were 2,849 nonprofit community hospitals compared to 1,035 for profit and 956 community hospitals managed by state and local government (American Hospital Association, 2018). Similarly, a majority of universities were operated by nonprofit organizations. In 2016, there were 1,681 nonprofit universities compared to 1,623 public universities and 1,054 for profit universities (Digest of Education Statistics, 2016).[20] Though a majority of nursing homes are operated by for-profit companies (10,811), there are more than three times the number of nonprofit nursing homes (3,666) compared to government-operated nursing homes (1,123) (Harris-Kojetin et al., 2019). Despite the high number of nonprofit organizations in these resource-intensive, residential industries, this pattern does not extend to the U.S. prison system. In 2016, there were at least 5,104 prisons operated by various levels of government (Wagner and Rabuy, 2016) and at least 1,123 privately operated for-profit prisons (Gunderson, 2020). Notably, no prison facilities were operated by nonprofit organizations.

The lack of nonprofit prisons is surprising, given the predominance of nonprofits in structurally similar fields (Figure 2.1). The lack of nonprofit prisons is all-the-more surprising, because current nonprofit theory predicts the existence of nonprofit prison organizations. In other words, nonprofit prisons exist in expectation, but fail to materialize.

Information asymmetries. As noted in Figure 2.1, nonprofits frequently operate organizations (i.e., hospitals, nursing homes, universities) where it is difficult for the public to ascertain information about organizational conditions. In the United States, nonprofit health care organizations emerged in response to concerns over service quality and a deficit of public trust in for profit providers (Hall, 2006). In the late 1800s and early 1900s, negative perceptions of business led to the public belief that nonprofit service providers were more trustworthy than for profit providers (Hall, 2006, 42).

---

[20]University is defined as a degree-granting, postsecondary educational institution.

Figure 2.1: Distribution of U.S. Service Providers by Organizational Type (2016)
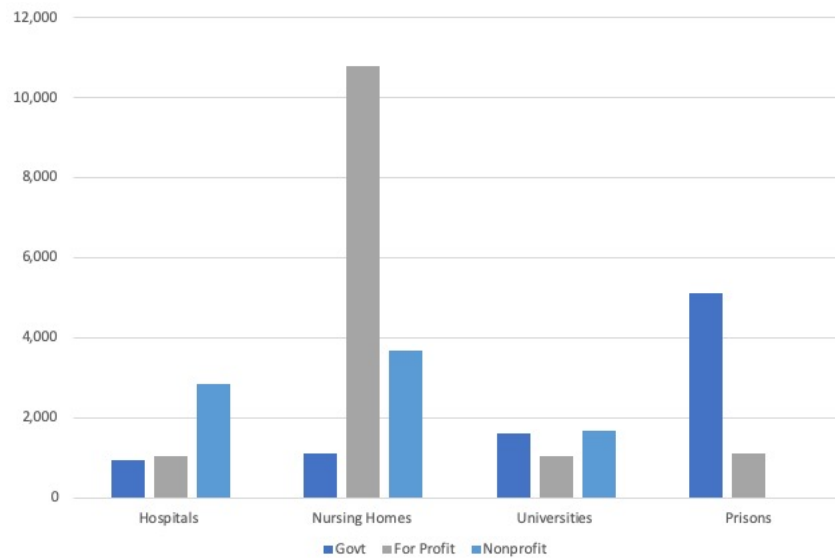
Note: The number of U.S. hospitals, nursing homes, universities, and prisons operated by government, for profit, and nonprofit organizations in 2016.

By the same logic, information asymmetries and contract failure theory (Hansmann, 1980) support the existence of nonprofit prisons. It is very hard to assess the quality of prison services. As in the case of medical care, legal demand is irregular and unpredictable (Arrow, 1963, 948-949). Because the majority of the public does not personally experience prison services, it is difficult for the public to ascertain service quality. Furthermore, since the 1970s, data on prisons is increasingly difficult to find and analyze (Lerman, 2013, 48-49). Nonprofit prisons could arise to resolve this discrepancy. Yet, nonprofit prisons do not materialize to resolve information asymmetries.

Nature of the good. Perhaps information asymmetries fail to resolve in nonprofit prisons because individuals do not tend to plan on directly benefiting from prison. The nature of the good being provided by the nonprofit—for example, private, quasi-public, or public—influences the nature of the nonprofit itself (Ben-Ner and Van Hoomissen, 1991; Paarlberg and Zuhlke, 2019). Nonprofits are more likely to form around private goods, wherein the donor is the direct recipient of the good (Ben-Ner and Van Hoomissen, 1991). Unlike hospitals, nursing homes, and universities, most individuals do not plan on personally experiencing prison services. However, in addition to

private goods, prisons also provide public goods, like security, to the public. In the hypothetical case of nonprofit prisons, potential donors are unlikely anticipate directly benefiting from prisons as future prisoners but may benefit from the public security that prisons provide. Nonprofits form around other public goods, like clean air and water, where the donors receive little personal benefit but bear concentrated personal cost. However, nonprofits prisons have failed to form.

Unmet Demand. Following Weisbrod (1977), nonprofit prisons exist in expectation: demand for nonprofit prisons exists. Modern prisons are plagued by overcrowding, violence, gang activity, and recidivism (Lerman, 2013):

> Scholars have convincingly shown that incarceration reduces job prospects, harms health, and decreases political trust. Moreover, these individual effects have aggregate consequences. Because low-income and minority individuals are over-represented among the currently and formerly imprisoned, mass incarceration exacerbates racial and income inequality, further stratifying American society. (Lerman, 2013, 171)

Taking these problems into account, prison reform advocates typically call for a rehabilitative approach. A rehabilitative approach to incarceration traditionally includes providing inmates with work opportunities, educational programming, and vocational training (Lerman, 2013, 38). More specifically, prison reform advocates have called for nonprofit-operated prisons as a solution to problems plaguing the modern prison system (Moran, 1997; Pozen, 2006; Knafo, 2014). For example, Low (2003) argues that prisons should focus on rehabilitation efforts to reduce reoffense rates, and nonprofits are better suited for this task than for profits due to their nondistribution constraint and the nature of nonprofit workers. Houston (2006) demonstrates that nonprofit workers exhibit admirable, public service motivation qualities. Furthermore, Duwe and Clark (2014) demonstrate that rehabilitative programs successfully reduce recidivism and increase job prospects post-incarceration. Consequently, nonprofit prisons are potentially safer and more effective than private or public prisons because managers face different financial and moral incentives (Moran, 1997; Low, 2003). In a study comparing public, private, and nonprofit juvenile detention centers, Bayer and Pozen (2005) find that nonprofits have the lowest re-arrest and re-conviction rates. Despite demand and evidence, nonprofit prisons have failed to materialize.

Government partnerships. Many of the problems in modern prisons result from their privatization (Low, 2003). Over the past thirty years, the number of private, for-profit prisons has grown in the U.S. (Gunderson, 2020). If government is willing to contract with for-profit prison providers, why do they not contract with nonprofit organizations? Given the broad extent of government contracting with nonprofit providers (Smith and Lipsky, 1993; Mettler, 2002; Lerman, 2019; Milward and Provan, 2000), it is odd that this industry has avoided nonprofit contractors. Furthermore, government contracting with private prisons is largely driven by political accountability concerns regarding problematic prisons (Gunderson, 2020); if government is concerned about avoiding responsibility for prison conditions, then why doesn't government contract with superior nonprofit operated organizations (Bayer and Pozen, 2005)?

2.4.1 A Political Explanation

Perhaps obviously, prisons are different from other organizations because of the politics of punishment (Wilson, 1989). Though a small number of nonprofits operate within prisons or serve formerly incarcerated individuals, it is probably not striking to you, the reader, that no nonprofit prisons themselves exist. Why would nonprofits, a sector designed to support the public good, support "violators of the legal and moral code" (Lerman, 2013, 51)? The insight here is that social construction and policy feedback drive the obvious lack of nonprofit prisons, and that prominent existing nonprofit theories fail to account for these political treatments. To understand how social construction and policy feedback affect the nonprofit sector, a historical review of the development of modern prisons is useful.

Modern prisons, focusing on punitive measures rather than rehabilitative measures, emerged in the 1970s as a function of partisan politics (Lerman, 2013). "In a strategic move to paint themselves as the law and order party, Republicans promised to crack down on crime, painted criminals (and implicitly, urban blacks) as a threat to the social order, and advocated for more and harsher punishment" (Lerman, 2013, 26). In effect, this political strategy started an arms race that lasted through the late 1990s between Democrats and Republicans over which party could be tougher on crime. Concurrently, there was "a movement away from a guiding view of criminal justice insti-

tutions (and prisons in particular) as reformatory and toward a model that emphasized deterrence, retribution, and (especially) incapacitation" (Lerman, 2013, 28). This cultural shift was partly due to partisan framing, as well as influential scholarship that concluded that rehabilitiative methods were ineffective (e.g., Martinson, 1974).[21] Today, prisons vary in their approach and implement different models (DiIulio, 1990; Wilson, 1989), but overall, modern prisons emphasize punitive over rehabilitative approaches (Lerman, 2013). As Lerman (2013, 47) summarizes:

> The end result of these relatively recent reforms was that American prisons became substantially harsher places in which to do time, offering fewer resources and services to inmates. This transition reflected a changing conception of the purpose of corrections; according to the modern ethos of punishment, prison conditions should be austere, not reformative and criminals should be punished, not educated.

As Lerman (2013, 31) describes the punitive term of the modern prison system, she emphasizes how both politicians and scholars began to describe criminals as "evildoers," "dangerous," "super-predators," "impulsive," "brutal," etc. Lerman (2013), who taught at San Quentin prison during graduate school, describes how one correctional administrator "bitingly" described inmates: "On a scale of zero to one, in public opinion they're zeros. Nobody cares about them; they are convicted felons." (193). Lerman (2013) also emphasizes the differences in the perception of prisoners between rehabilitation and punitive models of punishment. Rehabilitative models portray offenders as "products or even victims of their circumstances, and crime as at least in part attributable to society's failure to provide adequate educational and employment opportunities. In marked contrast, the new punitiveness positioned criminals as having transgressed the moral code by making poor choices." (Lerman, 2013, 30-31)

Importantly, the turn towards punitive prisons in the U.S. illustrates a change in the social construction of prisoners. In Schneider and Ingram's (1993) language, offenders within the rehabilitative framework are "Dependents," while offenders within the punitive framework are "Deviants" (see Table 2.1). Clearly, to cast offenders as Deviants was to suggest that these individuals

---

[21]Recent scholarship suggests these earlier findings were partly the result of methodological challenges, and that prison education programs successfully reduce recidivism and increase post-release employment opportunities (Batiuk et al., 2005; Duwe and Clark, 2014).

are undeserving of public support. As both political parties entrenched themselves in this negative language, this perception of prisoners took hold as the dominant public viewpoint via policy feedbacks, thereby informing public expectations over the (lack of) benefits that offenders should receive. "In the politics of criminal justice, the modern prison has become in many ways a physical expression of public condemnation and an outlet for the retributive urge." (Lerman, 2013, 42)

Though deservingness is a fundamental component of the nonprofit sector, existing prominent nonprofit theories rarely take this concept into account as an explanatory variable. Similarly, existing prominent nonprofit theories rarely consider how social constructions like deservingness affect the ability of a nonprofit to attract resources to ultimately form. Nonprofit prisons may have failed to materialize because the resources required to run nonprofits are hard to come by for prisoners. First, donors may be less likely to donate to prisoners (who are generally perceived less positively than other groups competing for donor dollars). Nonprofits compete with each other for resources (Bush, 1992); to serve such an undeserving population is to risk falling prey to the fundamental problem facing nonprofit organizations: the attainment of resources. Similarly, prisoners are also likely unable to provide their own resources to form associations because they have few political and economic resources. For instance, many states deny former felons the right to vote (Wagner and Rabuy, 2016). Though resource-driven arguments are intuitive and prominent within the nonprofit field (Ben-Ner and Van Hoomissen, 1991, 1992), these theories rarely frame political power as a resource. Of course, the case of nonprofit prisons is just one example. In the next chapter, I develop a political theory of nonprofit organizations that details how political forces shape the nonprofit sector.

2.5 Conclusion

This chapter frames nonprofits as political institutions, inherently influenced by political forces. As political institutions, nonprofits represent the private pursuit of the public authority. Nonprofits are a means of private exit when individuals are dissatisfied with government. Though similar to governments, nonprofits as political institutions suffer from a different fundamental problem. Unlike other political institutions, nonprofits resolve the problem of majority rule because they are

private organizations. Instead, nonprofits are restricted by their lack of resources.

While isolating political interests within private organizations protects them from direct political interference, nonprofits' resource dependency leaves them vulnerable to political forces like social construction and policy feedback. However, to date very few existing theories of the nonprofit sector treat nonprofit organizations as political institutions. Most advance theories of the consequences of nonprofit organizations on the quality of government, the interaction of exogenous preferences with government, or the institutional-level comparisons between government outputs and nonprofits.

Recent work calls for the integration of politics with nonprofit theory. When detailing the mechanisms by which nonprofits influence public policy, Fyall (2016, 940) observes the lack of empirical measures of nonprofit power may be due to lack of a political theory rather than observations. In the most recent edition of *The Nonprofit Sector: A Research Handbook*, Clemens (2020) calls for theory development that "attends to the dynamics of the politicization and depoliticization of" the nonprofit form (195) and addresses "the engagement between these private entities and formal political institutions" (201). Similarly, Appe (2019) and Goss, Barnes, and Rose (2019) call for theory building that includes policy feedback effects on the nonprofit sector.

In the next chapter, I advance a political theory of nonprofits that traces how political forces like social construction and policy feedback shape the nonprofit sector through partisanship, elections, and political competition.

3. A POLITICAL THEORY OF NONPROFITS

Where do nonprofits come from? Why are certain causes and groups rich with nonprofit support, while other causes and groups have so few nonprofits supporting them? In the last chapter, I leveraged the lack of U.S. nonprofit operated prisons to highlight the lack of political forces within our existing understanding of nonprofit organizations. Current nonprofit theory fails to adequately treat nonprofit organizations as political institutions, and thus ignores how political forces like social construction and policy feedback shape the nonprofit sector.

In this chapter, I argue that nonprofits emerge as a function of social construction and policy feedback. Nonprofits as political institutions are designed to support deserving populations, but in the U.S., perceptions of who is deserving are a function of partisan politics. Consequently, the effects of these first-order political forces on the nonprofit sector manifest within government and affect the nonprofit sector through partisanship, elections, and political competition. This theory's main contribution is to consider how political forces like social construction and policy feedback affect the nonprofit sector through partisan politics and political competition.

3.1   Who Benefits: How Deservingness and Power Shape the Nonprofit Sector At Large

The fundamental problem facing nonprofits is their lack of resources. In their pursuit of resources, nonprofits are constrained by U.S. regulations that limit them to the pursuit of charitable purposes. This restraint limits them to supporting deserving populations. Therefore, the deservingness of a nonprofit's target population is an important, yet largely overlooked, political force explaining the distribution of the nonprofit sector.

However, "deserving" is a political concept informed by partisanship. I argue that the distribution of the nonprofit sector (i.e., the number of nonprofits that arise to serve different groups and

causes) is a function of the social construction of *who* a nonprofit serves, i.e., a nonprofit's target population. Social constructions are informed by public policy and partisanship (Schneider and Ingram, 1993; Kreitzer and Smith, 2019). In the argument that follows, I use the term *who* broadly; "who" could be a specific group of individuals, like kids or prisoners, or "who" could be a broad mission-based cause, like the arts or the environment. In either case, politics created by policy (Lowi, 1972) spill into the nonprofit sector and affect which causes and groups are supported by nonprofits as well as nonprofit funding structures.

3.1.1 Deservingness as a Function of Partisanship

Schneider and Ingram (1993) conceive of social construction as a function of group deservingness and political power. Social constructions of deservingness inform the distribution of the nonprofit sector.

Schneider and Ingram's (1993) original matrix depiction of their four target population types (see Chapter 2) implied that social constructions were universally held within the population at large. Though Schneider and Ingram (1993, 335-336) suggested that "social constructions are often conflicting and subject to contention," that "not all target populations even have a well-defined social construction," and social constructions can change over time, scholars have only recently begun to empirically examine variance and systemic patterns within social constructions. In an award-winning paper, Kreitzer and Smith (2018) empirically demonstrated that not all members of the public share the same social construction of the same population. For example, some members of the public view immigrants positively while others view them negatively.

When members of the public view the same group differently, it produces variance within a group's social construction. One source of variance within social construction is partisanship (Kreitzer and Smith, 2019). Within the U.S., Republicans and Democrats generally hold different perceptions of which groups are deserving. That partisanship shapes social constructions is unsurprising; social constructions are informed by messages and policy designed by public officials (Schneider and Ingram, 1993). Today, U.S. politics are highly polarized. When partisans only listen to messages and rhetoric employed by their same party elites (Iyengar et al., 2019),

it follows that partisan differences manifest as different social constructions of the same target population (Kreitzer and Smith, 2019). Consequently, Democrats and Republicans hold different social constructions of the same groups. Table 3.1 lists some model examples of Democratic and Republican social constructions using Schneider and Ingram's (1993) typology. For instance, Republicans may positively construct gun owners while Democrats may construct gun owners negatively. Democrats may have positive perceptions of abortion providers, whereas Republicans may have negative perceptions. Democrats and Republicans may also share social constructions of some groups. For instance, both parties may perceive veterans positively and both parties may share negative constructions of adult prisoners.

Table 3.1: Partisan Social Constructions

Democrats			Republicans	

Advantaged	Contenders
labor unions	NRA
scientists	the rich
Dependents	Deviants
veterans	prisoners
transgender	
abortion providers	

Advantaged	Contenders
NRA	labor unions
the rich	scientists
Dependents	Deviants
veterans	transgender
	abortion providers
	prisoners

Note: Examples of social constructions of groups and causes by partisanship. Social constructions by partisanship may vary or be consistent. Table informed by theoretical expectations and partly by Kreitzer and Smith (2019).

With regard to the nonprofit sector, both political parties support groups they view as deserving—it's just that liberals and conservatives hold different perceptions of *who* is deserving (Table 3.1). More pointedly, who Republicans believe is deserving is different from who Democrats believe is deserving of public and nonprofit support. Both liberals and conservatives support nonprofits; liberals like nonprofits because many reflect liberal values, function alongside government, and represent problem-solving. Conservatives like nonprofits because many reflect religious values,

shrink the size of government, and represent innovation at a local level (Frumkin, 2005). Some studies show liberals donate more than conservatives overall to nonprofits (e.g., Wolpert, 1995), while others argue that conservatives are more generous donors (e.g., Brooks and Lewis, 2001). In a recent paper, Farmer, Kidwell, and Hardesty (2020) find that liberals and conservatives give the same overall, but give differently: liberals give less to more charities, while conservatives give more to fewer charities. Interestingly, Farwell and Weiner (2000) find that while both liberals and conservatives think that liberals are the more generous donors, the two groups actually display the same level of giving when they believe the donor recipient is "not at fault" for their circumstances.[1] In other words, liberals and conservatives donate equally to groups when they share a definition about which individuals are deserving of their support.

Given conservatives and liberals donate to charities that align with their political identities (Winterich, Zhang, and Mittal, 2012), differences in nonprofit support likely stem from differences in partisan perception about who is deserving of nonprofit support. For example, Democratic communities are more likely to host nonprofits that support disadvantaged populations defined as populations that have "historically been denied services or civil liberties" on the basis of "sex, age, race, ethnicity, income, gender, sexual orientation, linguistic barriers, and physical and mental health" (Lecy, Ashley, and Santamarina, 2019, 141), while nonprofits with religious missions are more likely to be present in Republican communities (Lecy, Ashley, and Santamarina, 2019).

3.1.2 Deservingness, Policy Feedback, and Nonprofits

Variation in social construction implies some groups will be universally constructed positively (e.g., children), some groups will only be constructed positively by part of the population (e.g., abortion providers), and some groups will almost never be constructed positively (e.g., prisoners). This variation in social construction produces variation in the number of nonprofits serving different groups within the nonprofit sector via policy feedback.

Policy feedback occurs when policy creates politics (Lowi, 1972). Applied to nonprofits, policy

---

[1]The idea that a donor recipient is "not at fault" for their circumstances maps onto one of Cook's (1979) components of deservingness: the locus of responsibility.

feedback occurs when individuals compare their perceptions of who is deserving of benefits to the distribution of benefits allocated by government policy. This comparison produces alignment or misalignment between public policy and public perceptions. Recall that social construction affects the distribution of benefits and burdens within public policy (Schneider and Ingram, 1993). If a group is positively constructed, then public officials have incentives to create beneficial policy targeting that group. If a group is negatively constructed, then public officials have incentives to create burdensome policy. When publicly held social constructions align with the policy actions of public officials, the public is satisfied with public policy. However, when publicly held social constructions do not align with the policy actions of public officials, the public is dissatisfied with public policy. This dissatisfaction leads the public to exit to the nonprofit sector (Weisbrod, 1977, 1988).

The theory of government failure, briefly introduced in the last chapter as one of the existing political theories of the nonprofit sector, argues that the size of the nonprofit sector increases when government fails to provide a desired level or quantity of service (Weisbrod, 1977, 1988). When publicly held social constructions of a target population do not align with public policy targeting that population, the public perceives that government failure is occurring. Individuals dissatisfied with government turn to the nonprofit sector to receive or produce services. Thus, a policy feedback cycle is produced: public policy produces political exit to the nonprofit sector when individuals evaluate policy and determine it has failed. I further detail the political conditions that contribute to this mechanism later in the chapter. For now, the overarching argument is that social constructions—political conceptions of who is deserving—and policy feedback shape the ultimate distribution of the nonprofit sector.

As the variation in a group's social construction increases (i.e., some of the population views them positively, some of the population views them negatively), the likelihood of public dissatisfaction with public policy increases. When the social construction of a target population varies, government officials have to choose between which portion of the population to cater to when designing policy. After government creates a policy that is either beneficial or burdensome, the

59

variance of the group's social construction within the population will cause some individuals to perceive government failure is occurring. If an individual has a positive construction of the group, but the government caters to the part of the population holding a negative construction and creates burdensome policy, the part of the population with a positive viewpoint will perceive that government failure is occurring. When government failure is perceived, individuals will support the group via the nonprofit sector.

Table 3.2: Incentive Alignment

| | | Government Policy Outcomes | |
		Burdensome	Beneficial
Social Construction Variance	Universally Negative	Alignment Both government/public believe in burdensome policy	∅
	Mixed	Misalignment If government caters to negative construction, the public holding a positive construction will perceive government failure	Misalignment If government caters to positive construction, the public holding a negative construction will perceive government failure
	Universally Positive	∅	Alignment Both government/public believe in beneficial policy, but there could be disagreement over the optimal level of benefits

Note: Variance in social constructions range from the universally positive, to the mixed, to the universally negative. When this variance intersects with government policy outcomes, perceived government failure occurs, and policy feedback affects the size of the nonprofit sector.

Table 3.2 depicts how alignment and misalignment between public policy and publicly held social constructions affects the nonprofit sector via perceptions of government failure. Groups that are universally negatively constructed will have the fewest nonprofits supporting them because officials' incentives align with the public's perception, at large. Government and individuals are

both unlikely to support these groups and causes. Similarly, groups that are universally positively constructed will have fewer nonprofits supporting them, because officials' incentives align with the public's perception, at large. However, individuals with a positive construction of universally positively constructed groups may still perceive government failure if the government policy isn't doing "enough" to support a deserving group. The confluence of social construction, policy, and policy feedback generates two hypotheses:

> **Hypothesis 1a: More nonprofits support groups/causes with a positive construction than groups/causes with a negative social construction.**

> **Hypothesis 1b: As the variance of a group/causes' social construction within the population increases, the number of nonprofits supporting those groups/causes will increase.**

3.1.3 Resources

Social constructions also affect the funding structures of nonprofits. Nonprofit revenue mixes and funding structures are complex.[2] Further complicating matters, partisan patterns may exist in nonprofit funding structures. Lecy, Ashley, and Santamarina (2019) find that nonprofits in Democratic communities primarily rely on donations, while nonprofits in Republican communities primarily rely on earned revenue. On a national scale, federal nonprofit funding sometimes reflects presidential ideology, as was the case when the Reagan presidency radically reshaped the funds available to the nonprofit sector (Hall, 2006; Smith and Lipsky, 1993, 62-70). However, nonprofit funding structures are determined by social construction and political power.

I argue that a nonprofit's access to resources is a function of its target population's deservingness and power. Figure 3.1 depicts how key resource types—grants, donations, contract revenue, and other types of revenue—relate to deservingness and power. Within each subfigure, deservingness increases along the x-axis, and power increases along the y-axis. Displaying deservingness and power as a continuum rather than as a matrix is appropriate. Though Schneider and Ingram

---

[2]Though nonprofits also receive non-monetary support, such as gifts of time, blood, goods, etc., my main theoretical focus lies in financial support as non-monetary gifts may have a different data generating process (Houston, 2006).

(1993) presented their original argument as a matrix with four distinct categories (see Chapter 2), in later works they presented social construction as a continuous plot with labels in the four corners (e.g., Schneider and Ingram, 2005, 2019). Kreitzer and Smith (2018, 2019) also plot power and deservingness as continuous, rather than dichotomous, variables in their empirical measurement of social constructions. Similarly, Schneider and Ingram (2013) suggested that the distribution of benefits and burdens through policy "should be thought of as a two-dimensional continuum rather than as categories." (Schneider and Ingram, 2013, 193).

Figure 3.1: Common Nonprofit Resource Types, Deservingness, and Power
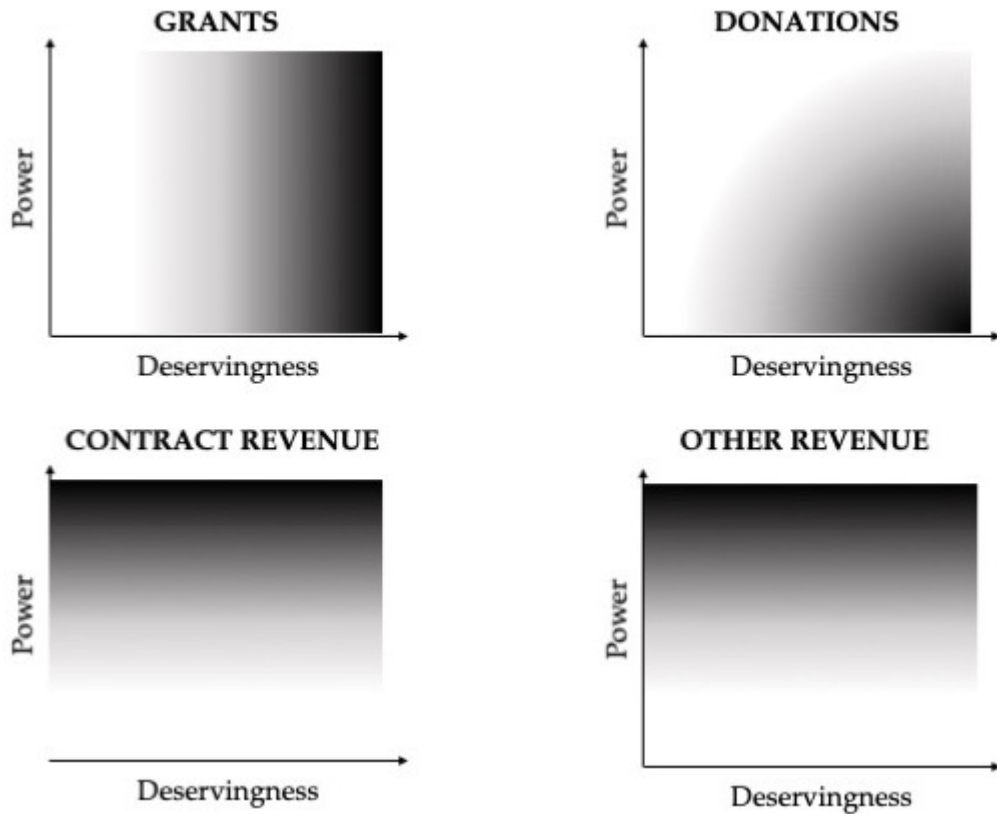
Note: Grants, donations, revenue from contracts, and other revenue (e.g., investment income from dividends, interest, rentals, securities, etc.) relate to a target population's deservingness and power. In the figure, darker shades represent higher values. Lighter shades represent lower values.

As the deservingness of groups increases from undeserving to deserving, groups will receive

increased voluntary contributions like donations and grants from private and public sources. Individuals donate to groups they feel are deserving of support (Farwell and Weiner, 2000). Deserving groups have the capacity to attract contributions from out-group members who view them as deserving, as well as in-group members (Tremblay-Boire, Prakash, and Calderon, 2019). Other resources, like program service revenue and fee-for-service contracts, member dues, and investment income are relatively orthogonal to deservingness. As Schneider and Ingram (2013, 194) describe, deserving groups who are politically weak (i.e., Dependents) are most likely to receive superficial benefits that emphasize rhetoric over funding.

> **Hypothesis 2a: As the social construction of a group/cause becomes increasingly positive, voluntary contributions to nonprofits serving that group/cause increase.**

However, program service revenue and fee-for-service contracts, member dues, and investment income from dividends, interest, rentals, securities, and other assets will increase as the power of groups increases from weak to powerful. Powerful groups have the financial means and capital to produce events, products, or services that translate into revenue. Similarly, government is more likely to contract with powerful groups than with weak groups in an effort to align itself with powerful groups (Schneider and Ingram, 2005, 2013). Comparatively, weak groups do not have the resources to make donations, the capital to produce events or products for sale, or the ability to influence government contracts.

> **Hypothesis 2b: As the social construction of a group/cause becomes increasingly powerful, revenue from government contracts to nonprofits serving that group/cause increase.**

Combining these arguments about deservingness, power, and resources leads to expectations about the types of funding supporting Schneider and Ingram's (1993) typology of groups. Figure 3.2 depicts how the resources available to groups change according to social construction typologies along their two dimensions: power (y-axis) and deservingness (x-axis).[3] Deviants, who

---

[3]It is difficult to disentangle deservingness from power, because in the U.S., deservingness is akin to a form of

Figure 3.2: Resources and Social Construction
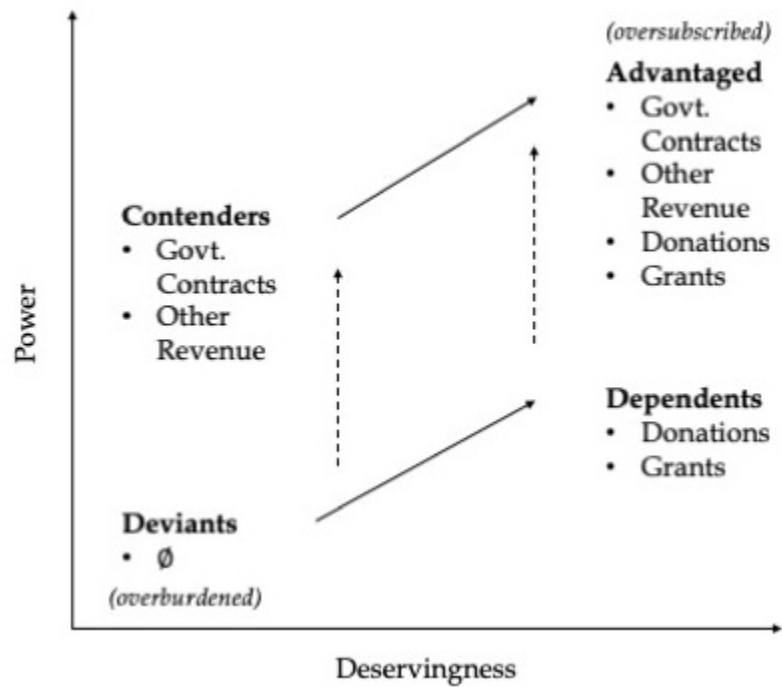
Note: Due to the influence of social construction on resource availability, Deviant groups are supported by an overburdened, or underrepresented, nonprofit sector. Advantaged groups are supported by an oversubscribed, or oversaturated, nonprofit sector. Solid arrows reflect increases in deservingness (Hypothesis 2a). Dotted arrows reflect increases in power (Hypothesis 2b).

are undeserving and politically weak, have very few if any financial resources available to them because they lack public and private support. Furthermore, members may hide or change their affiliation with Deviant groups to avoid negative stigma (Schneider and Ingram, 2005, 8), stripping Deviant groups of potential internal resources. This lack of resources, due to Deviants' social construction, leads to an "overburdened" or underrepresented nonprofit sector. Contenders are able to overcome some of the hurdles facing Deviants because of their political power. Despite their negative construction, Contenders are able to elicit revenue like fee-for-service contracts with government because of their political power. On the other hand, groups with positive constructions face far fewer hurdles to securing financial resources. Dependents benefit from their deserving construction, even though they are less powerful than other groups. Because they are viewed as deserving, Dependents are able to elicit contributions like grants and donations from out-group members. Finally, Advantaged groups receive donations from in-group and out-group members because of their deserving construction, and are powerful enough to solicit contracts and revenue from a variety of sources. Consequently, Advantaged groups have an "oversubscribed," or over-saturated, nonprofit sector.

3.2 Predicting Political Exit to Nonprofits

Social construction and policy feedback shape the U.S. nonprofit sector at large, because social construction informs which groups individuals perceive as being deserving of public support (Schneider and Ingram, 1993) and policy feedback informs whether individuals are satisfied or dis-

---

power. Policy decisions are most easily justified when benefits are bestowed upon deserving groups and burdens are bestowed upon undeserving groups (Schneider and Ingram, 2005, 2013), because U.S. politicians are accountable to the public. Jensen (2005) traces the dependency of U.S. policy benefits allocation to a pension policy enacted by the Fifteenth Congress in 1818 to support veterans of the American Revolutionary War. Importantly, the *Pension Act of 1818* represents a transition in U.S. policy from addressing needs on an individual basis to a group basis as well as the invention of justifications in order to bestow benefits upon these groups. Ultimately, "people in and out of Congress learned to argue over what reasons or criteria or deservedness were adequate for winning particular entitlements... This realization profoundly affected the charter of American democracy and citizenship, in ways and with consequences still discernible in the twenty-first century" (Jensen, 2005, 60).

As such, a group with a deserving construction is more powerful than a group with a negative construction because the barrier to benefits is lower. In other words, a group can be undeserving and without power, but a group cannot be deserving and completely without power; a deserving group is simply less powerful, because some power is inherent in its deserving construction. Accordingly, Figure 3.2 places Dependents slightly above Contenders along the power dimension.

satisfied with government policy targeting these groups. When public policy does not align with individuals' social construction of groups, individuals turn to the nonprofit sector.

Within the U.S. political economy, nonprofits are an alternative political institution that represent the *private pursuit over the public authority*. When individuals are dissatisfied with government, they create or work with nonprofits to protect and pursue their interests. By adopting an alternative form of political institution, nonprofits are a means of *exit*: individuals choose to work within or with a private institution to achieve their policy aims and/or assuage their political dissatisfaction. Now, I discuss the political context when individual dissatisfaction with government and exit to the nonprofit sector is most likely as a function of modern partisan politics.

3.2.1   The Partisan Distribution of Demand Heterogeneity

The theory of government failure is a foundational theory explaining the origins of the nonprofit sector as a response to government failure. Weisbrod (1977) argues that governments cater their services to the median voter (Downs, 1957), and individuals whose preferences differ from the median voter's preferences satisfy their unmet demand via nonprofits. As an economist, Weisbrod (1977) explains unmet demand in terms of dissatisfaction with the quantity or quality of government services.[4]

Weisbrod (1977, 1988) argues that in homogeneous societies, where individuals largely share the same preferences, governments largely meet voter demand for services by catering their services to the median voter's preferences (Figure 3.3a).[5] In Figure 3.3, the thick black line represents the preferences of the median voter and the thin black line represents the overall distribution of voter preferences. Figure 3.3a represents the distribution of demand within homogeneous societies, and Figure 3.3b represents the distribution of demand within diverse societies. In homogeneous societies (Figure 3.3a), the average distance between an individual's preference and the median voter preference is smaller than the average distance between an individual's preference and the

---

[4]I address Weisbrod's (1977) definition of government failure below.

[5]Figure 3.3 is based on Alesina, Baqir, and Easterly (1999), which is frequently used to illustrate the relationship between types of demand and public good distribution within a society, assuming the median voter model of government.

median voter preference in diverse societies (Figure 3.3b). In diverse societies, individual demand is more likely to vary or be heterogeneous (Figure 3.3b); therefore, governments are unable to satisfy voter demand to the same extent that they are able to satisfy voter demand in homogeneous societies (Figure 3.3a). When governments provide service that meets the demand of the median voter, heterogeneous societies produce consumers who are oversatisfied ("low" demanders) and undersatisfied ("high" demanders) with government services. Low demanders, represented by the solid in line Figure 3.3b, are "oversatisfied" because they prefer the government to provide less service. High demanders, represented by the dotted line in Figure 3.3b, are "undersatisfied" because they prefer the government to provide more service.

Oversatisfied individuals who desire a lower level of service from the government (again, represented by the solid thin line in Figure 3.3b) may do nothing, move elsewhere (Tiebout, 1956), or "exert political pressure" to change the tax rate or lower the quality or quantity of services provided by the government (Weisbrod, 1977, 57). On the other hand, undersatisfied individuals who desire a higher quantity or quality of service from the government (again, represented by the dotted thin line in Figure 3.3b) can move elsewhere (Tiebout, 1956), form a lower-level government to increase their service provision (Burns, 1994), or satisfy their demand by turning to the private market or nonprofit sector (Weisbrod, 1977, 57). Because of this envisioned connection between demand heterogeneity, government failure, and the nonprofit sector, Weisbrod's (1977) theory is frequently summarized by the demand heterogeneity hypothesis: *as demand heterogeneity increases, the size of the nonprofit sector increases.*

Figure 3.3: Governments and Homogeneous vs. Heterogeneous Demand

(a) Homogeneous demand   (b) Heterogeneous demand
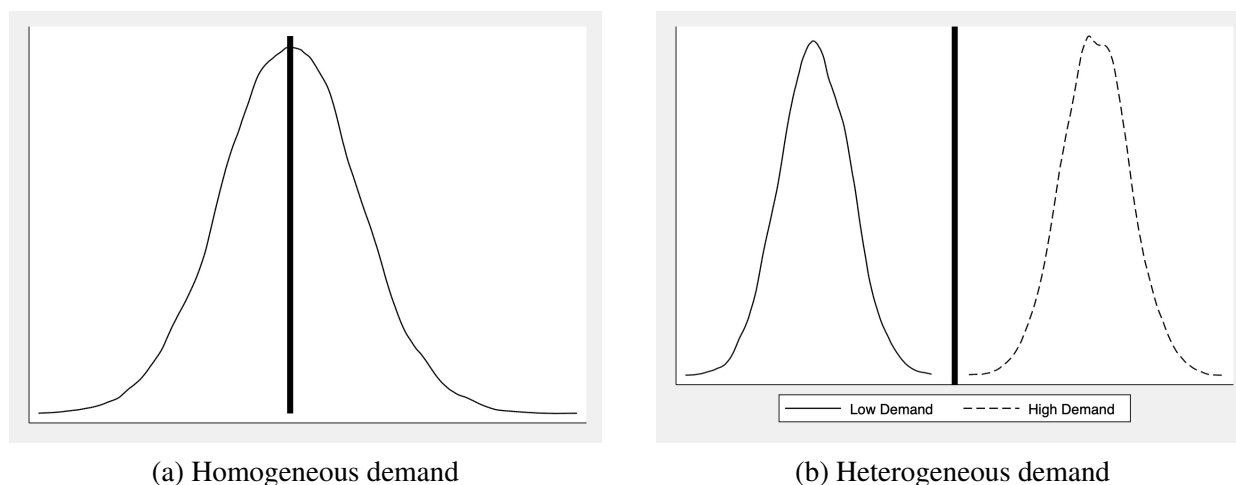
Note: The thick line represents the median voter preference, and the thin line represents voter preferences. Source: Simulated data. Figure a: $N \sim (0, 1)$. Figure b: $N \sim (-4, 1)$ and $N \sim (4, 1)$.

Despite the importance of the demand heterogeneity hypothesis to nonprofit theory, there is little empirical consensus on its explanatory power. Some studies find demand heterogeneity increases the size of the nonprofit sector (e.g., Ben-Ner and Van Hoomissen, 1992; Corbin, 1999), decreases the size of the nonprofit sector (e.g., Grønbjerg and Paarlberg, 2001; Paarlberg and Gen, 2009), and has no effect at all (e.g., Matsunaga, Yamauchi, and Okuyama, 2010; Pryor, 2012).[6] One possible reason for this lack of consensus is the prevalent use of proxies to measure demand heterogeneity, rather than actual measures of diverse policy preferences. Many studies operationalize demand heterogeneity using measures of racial (e.g., Bae and Sohn, 2018; Paarlberg and Gen, 2009), religious (e.g., Matsunaga, Yamauchi, and Okuyama, 2010; Grønbjerg and Paarlberg, 2001), income (e.g., Kim, 2015), or educational diversity (e.g., James, 1993; Marcuello, 1998; Ben-Ner and Van Hoomissen, 1992) in order to proxy for demand heterogeneity. However, using proxies rather than direct measures of policy preference hinders our political understanding of the nonprofit sector.

---

[6]For a comprehensive summary of literature testing the demand heterogeneity hypothesis, see Table 1 in Paarlberg and Zuhlke (2019).

Proxy measures based on diversity are not actual measures of policy preference. Weisbrod (1977, 56) himself writes "that diversity of population characteristics is not, ipso facto, equivalent to heterogeneity of quantities demanded" but that these measures are a useful "first approximation" or starting point. The use of proxies is problematic, because they may correlate with other theoretically important but omitted variables predicting the size of the nonprofit sector. This correlation can confound different theoretical explanations of the nonprofit sector, through omitted variables bias and false interpretations of empirical tests. The universal use of proxies, parading as measures of policy preferences, to test the demand heterogeneity hypothesis within nonprofit scholarship may mask true theoretical processes and mechanisms behind the generation of the nonprofit sector—especially if the true variables are omitted from the empirical model.

I argue that U.S. demand heterogeneity should be conceptualized as a function of partisanship, rather than demographic diversity measures. First, partisanship drives and shapes policy preferences in modern U.S. politics (Campbell et al., 1960). Second, typical proxies for demand heterogeneity correlate with political party affiliation. In the U.S. context, many studies support the correlation between race, religion, education, and income with political party affiliation. Given the omission of political variables from tests of nonprofit theory, it is possible that these demographic proxies are confounding variation in the nonprofit sector caused by American partisan politics.

Reconsider the depiction of heterogeneous demand, this time (literally) colored to reflect the Democratic and Republican parties. In Figure 3.4, individuals of the same political party share policy preferences—Republicans have similar policy preferences (the red, solid line) and Democrats have similar policy preferences (the blue, dotted line)—resulting in a bimodal distribution of preferences. Importantly, policy preferences in the U.S. follow party identification (Campbell et al., 1960), suggesting U.S. policy preferences reflect a bimodal distribution at large.

Figure 3.4: Heterogeneous Demand in a Polarized Society

(a) Republican-led government   (b) Democrat-led government
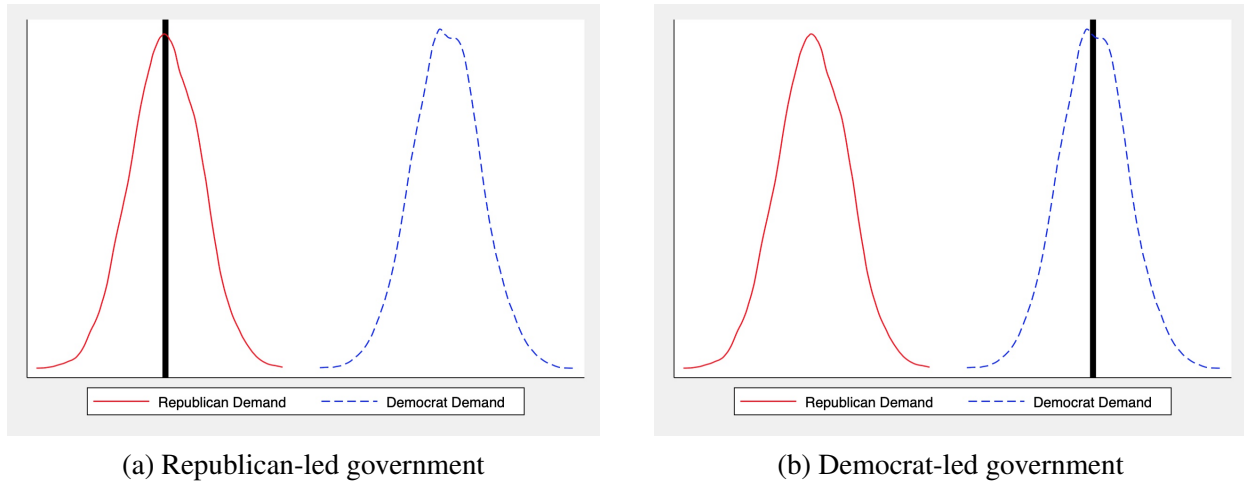
Note: The thick line represents the median voter preference. The thin, red, solid line represents Republican voter preference, and the thin, blue, dotted line represents Democratic voter preference. Source: Simulated data. Two variables (N=10,000), $N \sim (-4, 1)$ and $N \sim (4, 1)$.

The introduction of U.S. partisanship and party politics adds new depth to the theory of government failure. As political polarization in the U.S. increases, Republican and Democratic aggregate policy preferences are less likely to be alike (Brewer, 2005; Layman and Carsey, 2002; Layman, Carsey, and Horowitz, 2006). Applied to Figure 3.4, the bimodal peaks are more likely to be father apart in a polarized society. Though the causes of polarization are difficult to casually identify, one major point of consensus clusters on the role of policy-oriented party activists (Layman, Carsey, and Horowitz, 2006). As Layman, Carsey, and Horowitz (2006, 96) summarize: "party activists help to pull parties and candidates away from the median voter and to create partisan differences on policy issues." Consequently, party elites are less likely to respond to the demands of the overall median voter (Figure 3.3b) and more likely to respond to the demands of their own in-party members.

Within a polarized context, each party has a different median voter and these voters have different characteristics from one another (Brady, Verba, and Schlozman, 2009). As a result, Republican officials are more likely to cater to the median Republican voter (Figure 3.4a) than to the overall

median voter, and Democratic officials are more likely to cater to the median Democratic voter (Figure 3.4b). As Webster (2020, 12) writes about the modern U.S. political climate:

> Instead of appealing to constituents across party lines, politicians in the contemporary era are largely focused on appealing to their own party's supporters while ignoring the desires of opposing party's supporters... rather than representing all of their constituents, politicians today are concerned only with representing those constituents who belong to the same political party as themselves.

Empirically, a study by Wright and Rigby (2020, 15) supports this argument and finds "that state parties are much more responsive to the preferences of their own partisans than those of independents or the other party's supporters, and those differences are substantial just as we would expect in the era of polarized parties."

As such, which party is in power determines which constituents are more likely to be satisfied or dissatisfied with government policy. Importantly, these partisan policy preferences apply to social constructions and the distribution of policy benefits and burdens, because social construction is a function of partisanship (Kreitzer and Smith, 2019). When an individual's preferred party is in power, the government is more likely to meet the individual's demand because the demand distribution is "subsetted" and reflects the demand distribution within a homogeneous society curve (Figure 3.3a). For example, Republicans in a Republican-led government (Figure 3.4a) are likely to have their demands met by the government. When an individual's preferred party is out of power, the distance between government service provision and their level of demand increases, meaning he or she is less likely to receive his or her desired level of service from the government. For example, Democrats in a Republican-led government (Figure 3.4a) are unlikely to have their demands met by the government. Thus, in a polarized context, government failure is often caused by the interaction between individual partisanship and political representation.

3.2.2 Government Failure

Individuals may experience government failure if governments fail to deliver a high quantity or quality of service. This deviation in service quantity or quality is the definition of government

failure that Weisbrod (1977) assumes when crafting his theory of government failure. More accurately, Weisbrod (1977) argues that government failure occurs when government fails to deliver the quantity or quality of *expected* service. My theory approaches expectations about the quantity or quality of service through the lens of social construction and political partisanship. Individuals' policy expectations about the distribution of benefits and burdens are informed by the social constructions they hold (Schneider and Ingram, 1993), and these social constructions are informed by partisanship (Kreitzer and Smith, 2019). As described above, partisans may experience government failure if they are not represented by co-partisans, as elected leaders are more likely to cater to the median voters of their own parties. However, partisans may also experience government failure even when co-partisans attempt to meet their preferences, because *partisans are less likely to believe that government is competent when it is led by members of the opposite party*. For simplicity, I refer to the former scenario as "real" government failure and to the latter scenario as "perceived" government failure.

Individuals may experience "real" government failure when their preferred party is out of power. If an individual's preferred party is not in power, actual government service quantity or quality may fail to meet expectations because different parties have different policy priorities. As described above in Figure 3.4, polarization and elite partisan incentives mean that representatives are more likely to cater to their own in-party members. This state of affairs makes it more likely that individuals who are not represented by their co-partisans will experience "real" government failure. For example, a Democrat represented by Republicans may experience "real" government failure when her Republican representatives fail to provide her desired level of health care reform.

Further complicating matters is the possibility of "perceived" government failure, wherein individuals are dissatisfied with the government *because of the politics of government itself*. Most Americans believe that government services are inferior to private services (Lerman, 2019). In *Good Enough for Government Work*, Lerman (2019) argues that government's poor reputation (i.e., the widespread bipartisan belief that government is incapable and/or inefficient) has created the perception that services provided by government are inherently mediocre. Furthermore, Ler-

man (2019) demonstrates that *both* Republicans and Democrats believe that government services are inferior to private services, regardless of actual service quality. Lerman (2019) attributes this belief to government's bad reputation, created by the historic and repetitive use of disparaging political rhetoric about government performance. Importantly, Lerman's (2019) findings suggest that individuals expect government to offer subpar services; in other words, individuals from both parties are primed to experience government failure when interacting with government services.

Individuals from both parties may also "perceive" government failure as a function of their trust in government, which is closely related to partisanship. Levi and Stoker (2000) define trust as a conditional relationship between two entities. Trust is conditional because trust between entities can vary across events and context. For example, "citizens may entrust their lives to their government during wartime but not trust the bureaucracies that expend funds during peacetime" (Levi and Stoker, 2000, 476). Important predictors of when individuals trust or do not trust government are partisanship and ideology. After summarizing historical studies conducted within the U.S. population, Levi and Stoker (2000, 481) conclude that "whether citizens express trust or distrust is primarily a reflection of their political lives, not their personalities nor even their social characteristics." For example, liberals are more likely to trust the government when Democrats are in office (Hetherington, 2005).

Which party is in power signals to partisans whether they can trust the government, producing government failure that is a function of partisan politics. Individuals are less likely to trust government when their preferred party is not in power, and more likely to trust government when their preferred party is in power. For example, Hetherington and Rudolph (2015) find that poor government performance decreases individuals' trust in government when an individual's preferred party is not in power. Conversely, good government performance increases individual's trust in government when their party is in power. In short, an individual's partisanship and political representation color her evaluation of government performance, regardless of how government is actually performing. Returning to the above example, a Democrat experiences "real" government failure when her Republican representatives fail to pass her desired level of health care reform. A

Democrat experiences "perceived" government failure when her Republican representatives pass her desired level of health care reform, but she believes the reform to be subpar *because* it was passed by Republicans.

Perceived government failure as a function of politics means that the perception of failure, orthogonal to actual government service provision, can spur individuals to turn to the nonprofit sector for political reasons. Like real government failure, perceived government failure can cause individuals to exit to the nonprofit sector, regardless of if the government is actually providing the desired quantity or quality of services. Whereas Weisbrod (1977) and Douglas (1987) suggest that dissatisfied individuals exit to the nonprofit sector based on government outcomes, I argue that these individuals are dissatisfied because of the politics of government itself. In other words, government service does not have to decline in reality for individuals to turn to the nonprofit sector.

3.2.3 To Exit or Voice?

Following real or perceived government failure, individuals can choose to exit to the nonprofit sector or to voice their complaints to government. Hirschman's (1970) theoretical framework helps to explain when exit to the nonprofit sector is most likely as a function of partisanship and political representation. According to Hirschman (1970), the decision to exit or voice is conditioned by loyalty to the firm (in this case, government). If an individual is dissatisfied with a firm's service and feels no loyalty to the firm, the individual is more likely to exit, discontinuing their relationship with the existing firm to patronize a new firm. On the other hand, if a dissatisfied individual feels loyalty to the firm, the individual is more likely to voice his or her discontent to the current firm in an effort to enact change, rather than exit.

Hirschman (1970) defines loyalty as a shared characteristic. Loyalty as a shared characteristic conditions the decision between exit and voice because it affects the cost of either exiting or voicing. If an individual has high loyalty to a firm, it "costs" them more to exit and abandon the firm than to voice their concerns. On the other hand, if an individual has little or no loyalty to a firm, exiting to a new firm is a lower cost option than voice. Another way to think of the conditioning effect of loyalty on the decision to exit or voice is how loyalty changes the likelihood of success-

fully changing a firm's behavior. Clark, Golder, and Golder (2017) interpret loyalty in the context of governments as whether a government is dependent upon its constituents or autonomous. An autonomous government does not depend on an individual voter whereas a dependent government does depend on an individual voter. Therefore, autonomous governments are far less likely than dependent governments to listen to concerns voiced by their constituents, because their ability to remain in power is independent from constituents.

Applied to an American context, I define individual loyalty to government as shared partisanship between elected officials and constituents. Americans' distrust and dislike of members of the opposite party affects their political behavior: Americans feel disdain for members of opposing political parties, and loyalty towards members of their own political party (Iyengar et al., 2019). Similarly, an individual's trust in government and perception of government capacity suffers when an individual's preferred party is not in power (Hetherington and Rudolph, 2015). This conceptualization meets both Hirschman's (1970) and Clark, Golder, and Golder's (2017) definitions of loyalty: shared partisanship is common characteristic and related to dependent/autonomous governments. Applying Clark, Golder, and Golder (2017) to an American context, Democrats under Democratic leadership interact with dependent governments: the government depends on their votes. The dependence of government on these voters makes voice an effective means for these voters to achieve their aims. On the other hand, Democrats under Republican leadership interact with autonomous governments: the government does not depend on their votes. This orthogonality makes exit a more effective means than voice for Democrats in these environments to achieve their aims.

When faced with the decision to exit to the nonprofit sector or voice their discontent directly with government, individuals will evaluate whether a) their elected officials are likely to take their concerns seriously and b) update government services based on their concerns. As previously discussed, government officials are most likely to listen to their co-partisans and to update services based on the concerns of their own party members. This means that loyalty, as defined by shared partisanship between constituents and elected officials, conditions when people are more likely to

achieve their goals via the nonprofit sector or via government.

For example, Democrats represented by Democrats have loyalty to the "firm" of government, because these individuals share party membership with their elected representatives. This shared partisanship makes voice an effective means for these voters to achieve their aims if they desire a different quantity or quality of service from the government, because Democratic elected officials have reason to be responsive to their Democratic constituents. On the other hand, Democrats represented by Republicans will feel less loyal to the government, because these individuals do not share party membership with their elected representatives. The lack of shared partisanship makes exit a more effective means than voice for Democrats in these environments to achieve their political aims, because these elected Republican officials have little reason to be responsive to their Democratic constituents.

Therefore, individuals who do not share partisanship with their representatives are *more likely* to experience or perceive government failure and *less likely* to voice their concerns to government. I define any activity where individuals personally attempt to communicate their dissatisfaction with government to government as "voice." Protesting, communicating to political representatives through letters, phone calls, or social media, or electoral organizing are examples of "voice" because individuals try to directly exert influence over the existing firm (i.e., government) to improve the status quo.

I define both service (e.g., 501(c)(3)) and advocacy (e.g., 501(c)(4)) nonprofits as a form of exit, because both types of nonprofits represent substituting direct, personal communication with government for activity through an alternative political institution—nonprofits (Figure 3.5). When individuals are dissatisfied with government, they may exit and seek out nonprofits as an alternative service provider. Similarly, individuals may exit to advocacy nonprofits as an alternative means of relating their concerns to government (Warren, 2011) thereby outsourcing their voice to these organizations. Even though advocacy nonprofits represent a form of voice, they are a form of voice that is undertaken through an alternative political institution rather than through direct interaction with government. For instance, a dissatisfied individual could voice their concerns directly to

government officials through protest, letters, Tweets; in other words, through activity directly taken by the individual. However, a more effective approach for the same dissatisfied individual may be support an advocacy nonprofit, who will voice her concerns to government on her behalf. Though the actions undertaken by advocacy nonprofits are a form of voice, the individual's first-order decision to outsource their voice to an advocacy nonprofit and change the nature of their personal relationship with government classifies itself as a form of enabled exit (Warren, 2011).

Figure 3.5: Theoretical Model Depicting Nonprofits as an Exit Response to Dissatisfaction
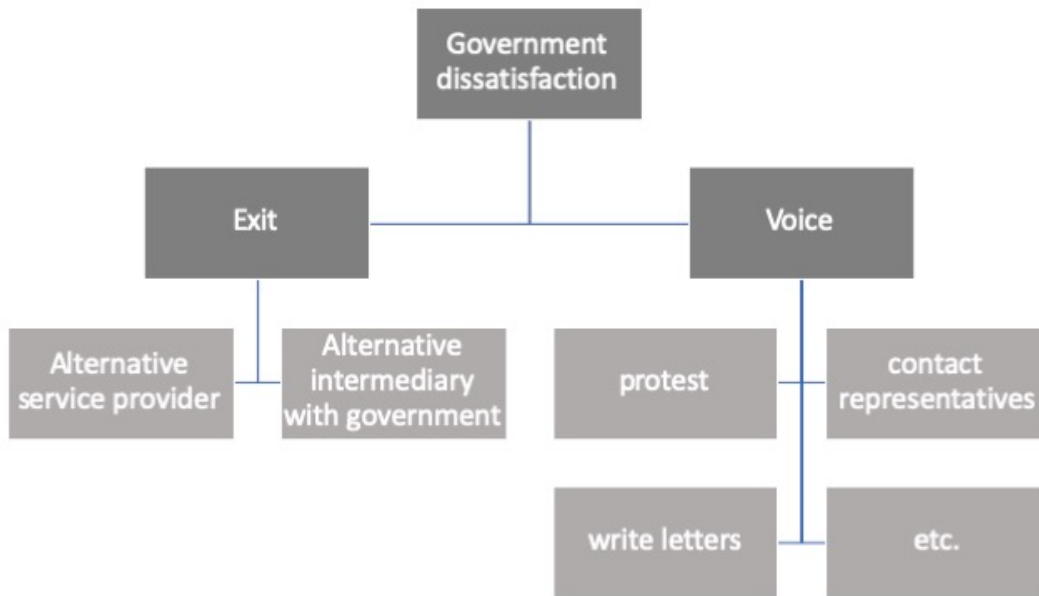
Note: Service nonprofits (e.g., 501(c)(3) organizations) are alternative service providers and advocacy non-profits (e.g., 501(c)(4) organizations) are alternative intermediaries with government.

Nonprofits, whether service or advocacy oriented, are the least costly exit option among the set of exit choices available individuals who are dissatisfied with government. According to Weisbrod (1977), dissatisfied individuals can either move (Tiebout, 1956), form a lower level government (Burns, 1994), petition the government to change its policies or tax rate, or turn to the nonprofit or

private sector for service provision. Of these options, nonprofits are the least costly choice.

First, moving to a new area is possible but highly costly, and in the case of government. There is some evidence of partisan geographic sorting (Tam Cho, Gimpel, and Hui, 2013; Lang and Pearson-Merkowitz, 2015), "though voters appear to be sorting on non-political neighborhood attributes that covary with partisan preferences rather than explicitly seeking politically congruent neighbors" (Martin and Webster, 2020, 215). Moving reflects Tiebout's (1956) classic articulation of constituents "voting with their feet," which is commonly critiqued for ignoring the high cost of moving. Exiting to a local nonprofit that will either provide the desired level of service or voice a citizen's concerns to government is less expensive than identifying a place that meets policy preferences combined with the realized costs of moving.

Second, though many Americans form lower level governments such as special districts, their creation is difficult (Burns, 1994). As Burns (1994, 5) writes: "Given these hurdles, only certain individuals and certain kinds of groups will have the interest and the resources necessary to succeed in these formation efforts." Special districts typically have a singular function or policy goal (Burns, 1994), signaling they are a clear form of exit from the standing government. Though similar to nonprofits, special districts require a higher cost of operation in terms of community buy-in and organization. According to Salamon (1987), nonprofits have fewer obstacles to providing public goods than governments. As Frumkin (2005, 73) summarizes: "when it comes to mobilizing resources for action, government has greater obstacles to overcome and higher costs than the nonprofit and voluntary sector." Again, exiting to nonprofits is less costly than forming a special district.

Third, individuals may voice their concerns to government but this effort will be more costly and less effective than exit when an individual's partisanship does not match the partisanship of their representatives. As I have detailed above, elected officials are more likely to cater to their co-partisan supporters than out-party supporters (Wright and Rigby, 2020). It is irrational for individuals to voice their concerns to government when an exit option is available, if they have no loyalty to the government and believe the government will be unresponsive to their concerns.

Finally, exit to nonprofits is less costly than exit to for-profits. A plethora of evidence suggests that individuals who are dissatisfied with government exit to private service providers, but less empirical research within this vein distinguishes between for-profit and nonprofit providers. For example, Lerman (2019) investigates privatization and competing public/private services but does not theoretically or empirically distinguish between for-profit and nonprofit providers. Other research separates for-profit and nonprofit providers in order to account for the different incentive structures of these organizations. Much of this research focuses on the impacts of the nondistribution constraint, wherein nonprofit organizations cannot distribute their profits to shareholders or owners (Hansmann, 1980). The nondistribution constraint ultimately reduces the cost of working with a nonprofit compared to working with a for-profit organization, which consumers have less reason to trust (Hansmann, 1980).

3.2.4 Testing Exit to the Nonprofit Sector

Consequently, partisan politics—the struggle for electoral office between the two parties, and the resulting dynamics—will affect the the U.S. nonprofit sector. I argue that electoral outcomes and political competition affect nonprofit sector. Practically, these government dynamics represent changes in real or perceived government failure and loyalty to government. Theoretically, these government dynamics reflect changes in how policy defines deserving populations which trigger policy feedback.

If nonprofits are a means of exit via political institutions due to real or perceived government failure, then the outcome of elections should affect the nonprofit sector. Electoral outcomes are a good test of perceived government failure, because immediately following an election the only change is the perception of government. Policies do not change in the immediate aftermath of an election, because policy change takes longer to implement. However, the perception of government may change when a new party is elected. If perceived government failure affects exit to the nonprofit sector, then partisans should change how they relate to the nonprofit sector following an election, even though policy change has not yet occurred.

Therefore, I use elections as a test of whether perceived government failure affects the non-

profit sector. Given the power of partisanship as a social identity (Iyengar et al., 2019), Americans may take an electoral loss in a election personally and interpret the outcome as a signal about the quality or quantity of government service and whether the government is likely to care about their concerns. For instance, many Republican voters were upset following the 2008 election of President Obama because of the potential implications for health policy. Likewise, many Democratic voters were upset following the 2016 election of President Trump because of his proposed policies. Political anger may make people more biased in favor of their own attitudes (Suhay and Erisen, 2018) and more distrustful of government (Webster, 2018, 2020). This dissatisfaction, in the absence of loyalty, should catalyze exit to the nonprofit sector.

Hypothesis 3a: An electoral loss increases an individual's propensity to donate to a nonprofit.

However, an electoral loss may not mean a complete loss of loyalty to the government. As the U.S. has many layers of political representation (i.e., local, state, federal), loyalty can be measured as the degree of political matchingness between a voter and representation at the various levels of government. For instance, a Democrat living in a state with a Democratic governor and a Republican president may have a higher degree of loyalty to the government than a Democrat living in a state with a Republican governor under a Republican president. In other words, if loyalty is a shared characteristic then the degree of loyalty a voter feels toward the government is a function of how many of a voter's representatives are from the voter's party.

Hypothesis 3b: The effect of an electoral loss on the likelihood of nonprofit donations decreases as an individual's loyalty to the government increases.

If nonprofits are a form of political exit, then there should be more nonprofit activity in areas with higher levels of political competition. In areas where the electorate consists mostly of a single party, the government will more consistently satisfy voter demand because elected officials will consistently reflect a majority of voter preferences. Elected representatives will consistently be

from a single political party, reflecting the composition of the voters, resulting in a homogeneous-like demand curve (Figure 3.3a).

This will not be the case when the electorate is relatively balanced between Democrats and Republicans. As the composition of the electorate approaches a relatively equal number of voters from both parties, the government will be less likely to consistently satisfy voter demand. Elected officials may turn over, party-to-party, more frequently, resulting in the government consistently catering to different groups of voters. Members of both parties will experience electoral losses more frequently and as a result, Republicans and Democrats will alternate between being dissatisfied with government services. Since the least-cost option is to exit to the nonprofit sector, the size of the nonprofit sector will increase in areas with high levels of political turnover. In other words, the nonprofit sector caters to this consistent source of unmet demand. Though the source of the unmet demand alternates from party-to-party depending on which party is in power, the existence of unmet demand is dependable and gives rise to a larger nonprofit sector than areas with lower levels of political turnover.

> **Hypothesis 4: As political competition in an area increases, the size of the nonprofit sector in an area increases.**

3.3 Conclusion

Arguments about polarization and its consequences on American politics are not new, and neither are arguments about the relationship between government failure and the nonprofit sector. However, this theory is the first to frame nonprofits as political institutions that are vulnerable to political forces like social construction and policy feedback. Inner governmental dynamics like partisanship, elections, and political competition trigger these forces, thereby spilling over politics into the nonprofit sector.

To summarize, who exits and benefits from exit to the nonprofit sector is a function of social construction and policy feedback. Nonprofits are formally and informally designed to support deserving populations, yet deservingness is a politically informed concept. The relationship between

social constructions and partisanship produces variation in groups' social constructions. This variation results in policy feedback, wherein individuals compare their perceptions of who is deserving of benefits to the benefits and burdens distributed to groups by government policy. When public perception of who is deserving of benefits and government policy do not align, individuals exit to the nonprofit sector. Exit to nonprofits is most likely when individuals are not represented by their co-partisans. This argument generates at least seven hypotheses, listed together here for convenience:

Hypothesis 1a: More nonprofits support groups/causes with a positive construction than groups/causes with a negative social construction.

Hypothesis 1b: As the variance of a group/causes' social construction within the population increases, the number of nonprofits supporting those groups/causes will increase.

Hypothesis 2a: As the social construction of a group/cause becomes increasingly positive, voluntary contributions to nonprofits serving that group/cause increase.

Hypothesis 2b: As the social construction of a group/cause becomes increasingly powerful, revenue from government contracts to nonprofits serving that group/cause increase.

Hypothesis 3a: An electoral loss increases an individual's propensity to donate to a nonprofit.

Hypothesis 3b: The effect of an electoral loss on the likelihood of nonprofit donations decreases as an individual's loyalty to the government increases.

Hypothesis 4: As political competition in an area increases, the size of the nonprofit sector in an area increases.

Notably, this perspective differs from other arguments explaining the enormity of government service provision via nonprofits. First, existing nonprofit theory (Weisbrod, 1977, 1988; Douglas,

1987) treats preferences as exogenous to government. However, I argue that institutions and policy feedback generate preferences. Second, arguments positioning nonprofits as an extension of the U.S. welfare state (Smith and Lipsky, 1993; Milward and Provan, 2000) inherently imply that government contracting with nonprofits increases as the deservingness of populations increases. As a form of "welfare policy," nonprofit serve the weak and deserving (i.e., Dependents). However, I argue that group power, not deservingness, drives government contracting with nonprofit organizations.

In the coming chapters, I test six of the seven hypotheses presented here using data on social construction, nonprofit organizations, elections, and donations.

4.   KIDS OR CONVICTS: HOW SOCIAL CONSTRUCTIONS SHAPE THE NONPROFIT SECTOR

> What constitutes a need to one person is not to another.
>
> *Polonsky, Shelley, and Voola (2002, 73)*

Why are some groups rich with nonprofit support, while other groups have so few nonprofits supporting them? Why do so many nonprofits serve children, while so few serve former prisoners? I argue that *who* a nonprofit serves matters: public perception about the group or cause a nonprofit serves is an important predictor of the emergence of a nonprofit institution. In the last chapter, I argued that public perception about which groups deserve nonprofit support shapes the nonprofit sector. Specifically, nonprofits serve target populations, and are therefore vulnerable to forces of social construction and policy feedback. In other words, *it is not what the nonprofit does but who the nonprofit serves that matters.* The scope and structure of the nonprofit sector depends on who nonprofits serve and the public perception about the deservingness of those groups. Furthermore, I argue that public perception of deservingness is a function of politics, rather than need.

This chapter examines how the social construction of a target population affects the size of the nonprofit sector serving that population. Social construction is the public's perception or stereotype of a social group; the public's view is informed by public officials and by the nature government policy targeting that social group (Schneider and Ingram, 1993). Recently, Kreitzer and Smith (2018) demonstrated that not all members of the public share the same social construction of the same population. For example, some members of the public view immigrants positively while others view them negatively. Often, different social constructions are a function of partisanship (Kreitzer and Smith, 2019). Consequently, members of the public hold *different social constructions of the same* group. I argue that a group's social construction—i.e., perceptions of a group within the public—is key to predicting the size of the nonprofit sector supporting that group.

Specifically, I analyze how a population's social construction affects the number of nonprofit organizations serving that population. Similarly, I test how differences within these public views affect the size of the nonprofit sector. This chapter is one of the first empirical tests to examine how social construction of target populations affects the distribution of the American nonprofit sector.

This investigation has clear implications for philanthropy. Both researchers and practitioners have an active interest in understanding who gives to which nonprofits and why they choose to support some causes and groups over others. By overlooking how public perceptions of groups and causes shapes the nonprofit sector and the role that partisanship plays in informing those public perceptions, society is unable to ameliorate inequities within the nonprofit sector. Better understanding of how these mechanisms affect nonprofit organizations can lead to greater equity within the nonprofit sector at large.

4.1 The Unequal Distribution of U.S. Nonprofit Organizations

In the United States, the number of nonprofits serving different groups and causes is not equally distributed. In Chapter 2, I discussed the difference between the number of nonprofit organizations operating hospitals, nursing homes, universities, and prisons. I used the absence of nonprofit prisons to illustrate how political forces shape the nonprofit sector. Within "existing" nonprofits, the number of organizations supporting different groups and causes is also unequally distributed. Figure 4.1 displays the number of 2017 reporting 501(c)(3) nonprofit organizations by Major National Taxonomy of Exempt Entities (NTEE) category codes, a traditional taxonomy used to categorize nonprofit organizations.[1] A quick glance at the distribution of nonprofit organizations against each of the ten Major NTEE categories suggests that the number of nonprofits within each category is unequal. For example, there are nearly twice as many nonprofits serving arts-driven causes as there are nonprofits serving environmental causes. Numerous nonprofits exist in the education sphere, while fewer serve international causes. This chapter addresses one possible root of this imbalance: public perception of nonprofit target populations.

Consider Figure 4.2, which compares the number of nonprofits serving children to the number

---

[1]I discuss the NTEE codes and review some of their shortcomings later in this chapter.

of nonprofits serving criminals.[2] In 2017, over 50,000 501(c)(3) nonprofits served children, while just over 2,000 501(c)(3) nonprofits served criminals. This imbalance could be due to sheer group size (i.e., in 2017, there were over 73 million children in the U.S. and just over 120,000 criminals), or the difference could be due to the public's perception of these groups. Generally speaking, children are viewed positively within American society while criminals are viewed negatively. In terms of social construction, children are positively constructed whereas criminals are negatively constructed (Kreitzer and Smith, 2019, 2018; Schneider and Ingram, 1993). The difference between the number of nonprofits serving children and the number of nonprofits serving criminals could be rooted in this difference between public perception, especially given the dependency of nonprofit organizations on resources like voluntary contributions, like donations or grants.

Figure 4.1: Nonprofits by NTEE Major Category (2017)
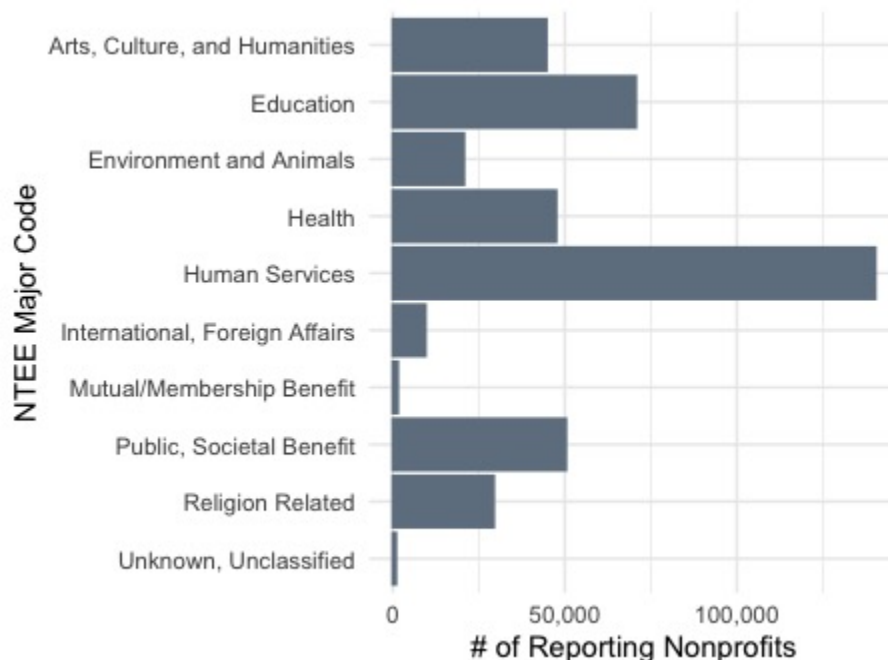
Note: Distribution of reporting 501(c)(3) U.S. nonprofit organizations in 2017 by Major NTEE categories. Private foundations, nonprofits that operate abroad, and foreign groups filing with the U.S. are excluded.

---

[2]I define nonprofits serving children using NTEE codes B19, O19, A23, A52, A6B, A69, B20, B21, B28, B94, E86, F33, G98, H98, I21, I70, I72, I73, J20, J22, K30, K50, N72, O01, O20, O21, O22, O23, O40, O50, O51, O52, O53, O54, O55, O99, P20, P30, P31, P32, P33, P43, P76, and R28. I define nonprofits serving criminals using NTEE codes I50, I80, I20, I21, I50, and I99.

Figure 4.2: The Number of Nonprofits Serving Children or Criminals (2017)
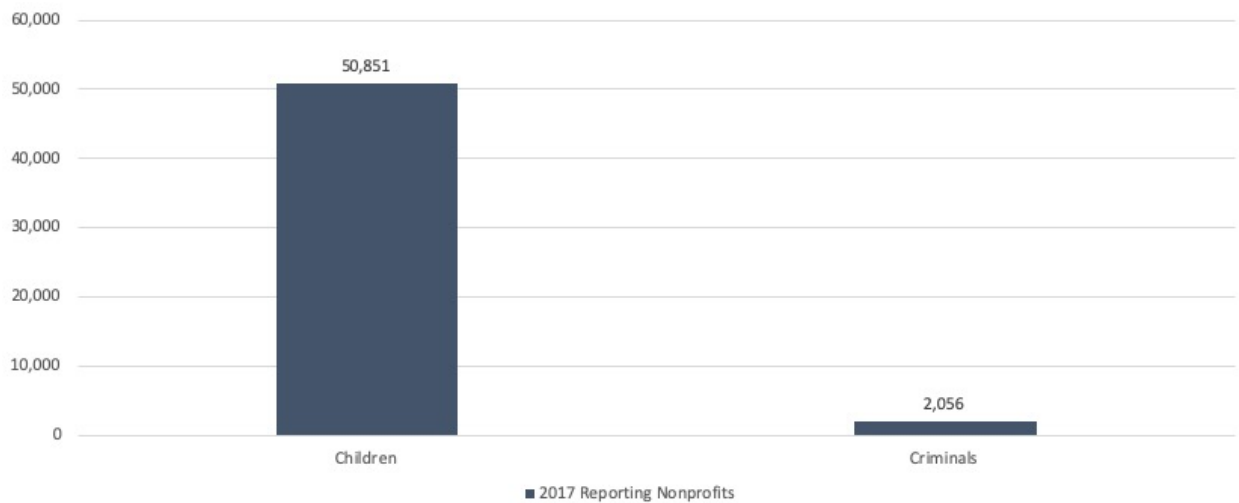
Note: The number of reporting 501(c)(3) nonprofit organizations serving children and criminals in 2017. I defined children as individuals under the age of 18. I defined criminals as individuals within the criminal prosecution process. The Appendix lists specific definitions for each target population examined in this chapter.

4.2 Policy Feedback and the Nonprofit Sector

Tests of political interference within the nonprofit sector are often limited to studies examining whether Democrats or Republicans (or, alternatively, conservatives or liberals) are the most generous donors (e.g., Paarlberg et al., 2019; Brooks and Lewis, 2001; Wolpert, 1995). This limited definition of politics at the individual-level within nonprofit research truncates our understanding of the theoretical influence political forces hold over the development of the nonprofit sector.

One exception is work that examines the relationship between policy feedback and nonprofit organizations (e.g., Smith and Lipsky, 1993). Policy feedback occurs when policy creates politics, an idea famously articulated by Theodore Lowi (1972). When government produces policy, the policy places benefits and/or burdens upon a target population. A target population is the group or cause "targeted" by a public policy. More importantly, a target population is "who benefits or loses from policy" (Schneider and Ingram, 1993, 334). As such, when policy defines a target population, the policy itself can catalyze political interest and inform the political behavior of

those who are affected by the policy (Mettler, 2002; Soss, 1999). "Perhaps the most successful line of research on policy feedback emphasizes the resource/incentive effects of policies on *social groups*. If interest groups shape policies, policies also shape interest groups" (Pierson, 1993, 598). Accordingly, policy feedback can mobilize interest groups and affect how individuals and groups interact with government institutions. For example, Mettler (2002) argued that the G.I. Bill both defined and incentivized the organization of U.S. veterans as an interest group. Others demonstrate that policy feedback influences individuals' engagement with political institutions (Pierson, 1993; Wichowsky and Moynihan, 2008; Soss, 1999).

Despite the influence of policy in defining interest groups and individual political engagement, little research exists on how policy feedback affects nonprofit organizations. This oversight is surprising, given the largely held view of nonprofit organizations as keystones of civil society (De Tocqueville, 1853; Putnam, 2000; Skocpol and Fiorina, 1999) and the at-times direct framing of nonprofit organizations as interest groups (e.g., Berry, 2005). In general, the effects of policy feedback on the nonprofit sector are understudied (Appe, 2019) and undertheorized (Goss, Barnes, and Rose, 2019). As Susan Appe writes: "Not many scholars have blended the work of policy design and feedback scholarship with nonprofit organizations... scholarship on policies' affects on such groups is nascent and few empirical studies address how policies produce both benefits and burdens for nonprofit organizations specifically" (Appe, 2019, 612). Goss, Barnes, and Rose (2019, 452) call for intentionally incorporating nonprofit organizations into policy feedback theory building, urging policy feedback scholars "to take nonprofits more seriously, and for scholars of nonprofits to take feedbacks more seriously," given nonprofits regularly implement public service programs.

The few studies that examine the effects of policy feedback directly on nonprofit organizations focus on how policy feedback affects nonprofits when nonprofits *themselves* are the target of policy. For example, Russell (2018) traces the development of U.S. charitable deduction rates, framed as submerged policies (a la Mettler 2011), over time in response to policy feedback effects on U.S. charitable organizations. Russell (2018) argues that the deduction policy "mobilized charitable or-

ganizations as key stakeholders in the policy's trajectory... charitable organizations incrementally reframed the deduction as a cornerstone protection for donors and charities and a central pillar of the nation's social safety net" (Russell, 2018, 57), thereby producing modern policy. Outside of the U.S., Appe (2019) examines how nonprofits in Ecuador respond when they are the targets of regulatory policy. She finds that nonprofit organizations respond differently to regulatory policy depending on whether their basic purpose is instrumental (i.e., service delivery) or expressive (i.e., advocacy). Interestingly, this basic purpose of a nonprofit in Ecuador is partly a function of *who* the nonprofit serves. When describing how instrumental and expressive nonprofit organizations responded differently to the same regulatory policy, Appe (2019) briefly touches upon how their basic purposes are partly informed by who they serve. Organizations with instrumental functions "were often contracted by government to provide services to vulnerable populations: most often food pantries, homes for the elderly, nursery schools and community centers... These organizations understood the policy reforms as a 'stamp of approval' from government to show that they can deliver public services." (Appe, 2019, 623). On the other hand, organizations with expressive functions "work in policy and programmatic areas in Ecuador such as women's, indigenous, cultural, rural, and environment, and media rights... These organizations were more likely to feel disadvantaged and weakened as a result of the regulatory policy in Ecuador..." (Appe, 2019, 623).

As Appe (2019) hints, in addition to being target populations themselves, nonprofits have *their own* target populations, i.e., the groups and causes served by a nonprofit.[3] As I argued in Chapter 3, these target populations can have feedback effects on nonprofit operations. For instance, nonprofits may change how they evaluate their own activities based on their constituents' definition of effectiveness (Herman and Renz, 1997). Target populations may also affect the ability of a nonprofit to form and its available resources. A working paper by Tremblay-Boire, Prakash, and Calderon (2019) experimentally examines U.S. nonprofit donations and finds that donations are affected by the group served by a nonprofit. In other words, the target population of a nonprofit af-

---

[3]More specifically, a nonprofit's target population is the group or cause who receives benefits or burdens from a nonprofit's activities. However, nonprofits are not viewed traditionally as distributing burdens within a society. As such, I define a nonprofit's target population in terms of benefits and leave the question of whether nonprofits distribute burdens to future work.

fects the likelihood of donors to give to a nonprofit. Tremblay-Boire, Prakash, and Calderon (2019) examine this mechanism though the lens of in-group and out-group theory, not policy feedback, though their evidence supports both processes given in-group members likely hold positive views of themselves due to in-group bias (Greenwald et al., 2002). As Schneider and Ingram (2005, 3) write, "People strongly identify with their own group and exaggerate positive traits, especially at the expense of the lesser regarded others."

Other studies examine how policy feedback affects nonprofits' activities and intentions *towards* their target populations. For example, Goss, Barnes, and Rose (2019) develop arguments about how policy feedback informs the ways nonprofits interact with their targets: if a target population is politically disadvantaged, a nonprofit may seek to "make less visible citizens more visible" via skill-building or opportunities for political action (2019, 463). Similarly, Dodge and Ospina (2016) argue that nonprofits seek to construct their members into citizens to encourage political action. On the other hand, if a target population is politically advantaged, a nonprofit may seek to "make visible citizens less visible when working quietly suits their political needs" (Goss, Barnes, and Rose, 2019, 464). In all of these examples, a nonprofit's target population inadvertently exerts influence over the nonprofit organization.

In sum, very few studies i) examine the effect of policy feedback on nonprofit organizations, ii) explicitly recognize that nonprofits have their own target populations and theorize to these effects, and iii) examine how a nonprofit's target population reflexively affects a nonprofit's operations and structure. Existing literature is only beginning to explore how policy feedback affects nonprofit resources and activity. In many ways, this dissertation meets calls for theory development in this space (Appe, 2019; Goss, Barnes, and Rose, 2019; Mettler and Soss, 2004).[4]

---

[4]When detailing the state of the policy feedback literature within political science, Mettler and Soss (2004, 64) write: "To put the matter bluntly, we are mystified by the failure of communication between students of public policy and students of mass politics. It is difficult to understand why the important works we have reviewed remain exceptional in their efforts to show how government policies affect the potential for citizens to exercise meaningful self-governance and influence how citizens actually think and behave as members of the polity." Seventeen years later, the same claim could apply to the current volume of literature applying policy feedback to the nonprofit sector.

4.3 Theory and Hypotheses

This chapter empirically tests expectations about how positive or negative social construction of nonprofit target populations affects the number of nonprofits serving those recipients. In Chapter 3, I argued that who a nonprofit serves influences the resources available to a nonprofit; specifically, nonprofits serving populations with a positive social construction will have more resources than nonprofits serving populations with a negative social construction, because individuals support nonprofits that support populations they deem as deserving (Farwell and Weiner, 2000).

Schneider and Ingram (1993) ground their definition of social construction partly on notions of deservingness. A positive social construction means a group is perceived as deserving, while a negative social construction means a group is perceived as undeserving. Therefore, I predict that nonprofits emerge when a group is positively constructed. Nonprofits are unlikely to emerge when a group/cause is negatively constructed. I test this prediction in Hypothesis 1a:

> **Hypothesis 1a: More nonprofits support groups/causes with a positive construction than groups/causes with a negative social construction.**

However, not everyone shares the same definition of *who* is deserving (Kreitzer and Smith, 2018, 2019). The variance within the public's perception of a target population, or mix of the public that views the same population as deserving or undeserving, affects the size of the nonprofit sector serving that population. The most nonprofits will emerge when the variance of a group/causes' social construction is largest. When public opinion on a group is mixed, government must decide which part of the population to cater to: the part that views the group positively or negatively. Whatever government decides, a large part of the population will be dissatisfied with government's policy, given the varied perception of the target population. As variance increases, the consequences of this misalignment between public perception and government policy will also increase, driving private exit to the nonprofit sector. Therefore:

> **Hypothesis 1b: As the variance of a group/causes' social construction within the population increases, the number of nonprofits supporting those groups/causes will increase.**

4.3.1 A Note on Mean and Variance

Hypotheses 1a and 1b postulate the directional effects of social construction on nonprofits in terms of *mean* and *variance*, respectively. Many theories rely on the overall expected values of a concept or variable, usually its mean (i.e., average). These arguments often sound like this: *As the value of X increases/decreases, the value of Y increases/decreases.* Usually, such arguments (like the one articulated in Hypothesis 1a) imply that the independent variable (e.g., social construction) is an aggregated value or absolute measure, depending on the unit of analysis and the data structure of the concept being measured. In terms of Hypothesis 1a, I expect that as the *mean* score of a group's social construction increases, the number of nonprofit organizations serving that group will increase.

Figure 4.3: Low Variance vs. High Variance Demonstration
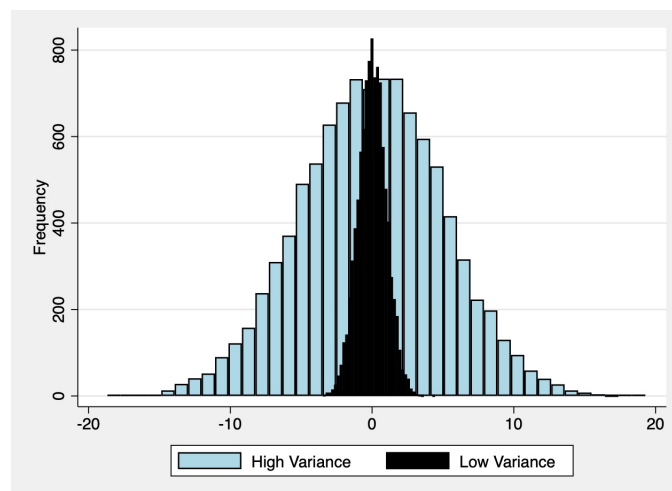
Source: Simulated data. Two variables (N=10,000) both randomly drawn from a normal distribution. Low variance variable: $N \sim (0, 1)$; High variance variable: $N \sim (0, 5)$.

Hypothesis 1b relies on a variable's *variance*, a measure of the spread of a variable around its mean, to explain which nonprofits are most likely to benefit from political exit. Variance is a summary measure of how a variable deviates from its expected value. For instance, consider the

two variables — one with a low variance and one with a high variance — in Figure 4.3. Though each of these variables has the same mean (0), they differ in terms of their variance. As you can see in Figure 4.3, a variable with a higher variance (the light plot) is more "spread" about the variable's mean, whereas a variable with a lower variance (the dark plot) is more tightly disbursed about the variable's mean.[5] In short, the "distance" between the highest/lowest value on the x-axis and the variable's mean is larger for the light, high variance variable than the dark, low variance variable. As such, the high variance variable "varies" across a wider range of values than the low variance variable, which is steadily closer to the variable's mean value. In terms of Hypothesis 1b, I expect that as the *variance* of a group's social construction increases, the number of nonprofit organizations serving that group will increase. Applied to Figure 4.3, I expect more nonprofits will emerge to support the light variable than the dark variable, because the light variable has a larger variance. By comparison, in terms of Hypothesis 1a, I expect the same number of nonprofits to support the light and dark variables, because these variables have the same mean.

4.4   Data

To test Hypotheses 1a and 1b, I analyze how the mean and variance of a group's social construction correlates with the size of the nonprofit sector, measured as the number of nonprofits serving those groups.

The data on the number of nonprofit organizations come from the Urban Institute's National Council for Charitable Statistics (NCCS) 2017 Public Charity Core Files, with public foundations removed. As previously noted in Chapter 2, I test my hypotheses against 501(c)(3) organizations. 501(c)(3) organizations represent a large percent of 501(c) organizations, and they are a conservative case to evaluate the role of politics against nonprofits since they are the most politically restricted of U.S. 501(c) organizations. Additionally, 501(c)(3) nonprofits are able to receive tax-exempt donations, so the effects of target populations may be particularly potent within this subset of nonprofits.

---

[5]More accurately, Figure 4.3 displays the distribution of the two variables. A variable's distribution is informed by its variance and mean. A larger methodological discussion on distributions is outside the scope of this endeavor; see King (1998).

To be included in the NCCS Public Charity Core Files for a given year, a nonprofit must file Form 990 with the IRS. Therefore, only active and reporting organizations are included in the analysis, i.e., smaller organizations are not included.[6] The minimum filing requirement for nonprofit organizations in 2017 was $50,000 in gross receipts, though smaller organizations can voluntarily file. While the analysis is thereby limited to active, larger organizations, I have no reason to expect that smaller nonprofits would be affected differently by the social construction of target populations than larger nonprofits. In fact, smaller nonprofits may face more resource constraints than larger nonprofits, and so may be even more sensitive to the social constructions of target populations.

The data on groups' social construction are provided by Kreitzer and Smith (2018). Kreitzer and Smith (2018) conducted a survey of 1,572 MTurk workers in January 2017 to measure the social construction of groups, as conceptualized by Schneider and Ingram (1993).[7] Kreitzer and Smith (2018) asked respondents to rank the deservingness of different U.S. groups on a scale from 0 to 100, wherein a score of 0 means a group is undeserving and a score of 100 means the group is deserving. The survey specifically asked:

> *Some groups, on average, are viewed as people who contribute to the general welfare of so-ciety and worthy, and thus are deserving of sympathy, pity, or help. Typically, we describe members of this group as good, smart, hardworking, loyal, disciplined, generous, caring of others, respectful, and creative.*
>
> *Meanwhile, there are many other groups that are viewed as a burden to the general welfare of society, and are believed to be underserving of sympathy, pity, or help. Typically, we describe members of this group as greedy, disrespectful, disloyal, immoral, disgusting, dangerous, lazy, and expect others to care for them.*
>
> *Based on what you know about these groups, how deserving or undeserving would you say each of these groups are, generally speaking. Here, 0 means most people in that group are completely undeserving. 100 means most people in that group are very deserving.*

---

[6]Religious organizations may or may not be included in the analysis. Some religious congregations do choose to register with the IRS, though they are not required to do so. For example, Boris, McKeever, and Leydier (2017, 10) estimated that 227,000 religious congregations registered with the IRS in 2013.

[7]To combat known problems with MTurk data, Kreitzer and Smith (2018) included attention checks in their MTurk survey and limited their sample to MTurk participants with high HIT acceptance ratios. Kreitzer and Smith (2018) argue MTurk is an appropriate platform for measuring social constructions, despite MTurk's limitations, as MTurk provides a venue for "crowdsourcing" peoples' perceptions of target populations.

To test Hypothesis 1a, I use the average deservingness score from Kreitzer and Smith's (2018) survey respondents, following the precedent they set in their own work. For example, terrorists, sex offenders, and polluting industries have the the three lowest means within the Kreitzer and Smith (2018) data, suggesting they are considered the least deserving groups within the sample. On the other hand, children, the elderly, and the disabled have the three highest means, suggesting they are considered the most deserving groups within the sample. Figure 4.4 displays the analyzed target populations, ordered top-to-bottom from most-to-least deserving. The full list of target population groups included within the data is in Table 4.1.

Figure 4.4: Mean "Deservingness" Ordered from Least (Bottom) to Most (Top) Deserving
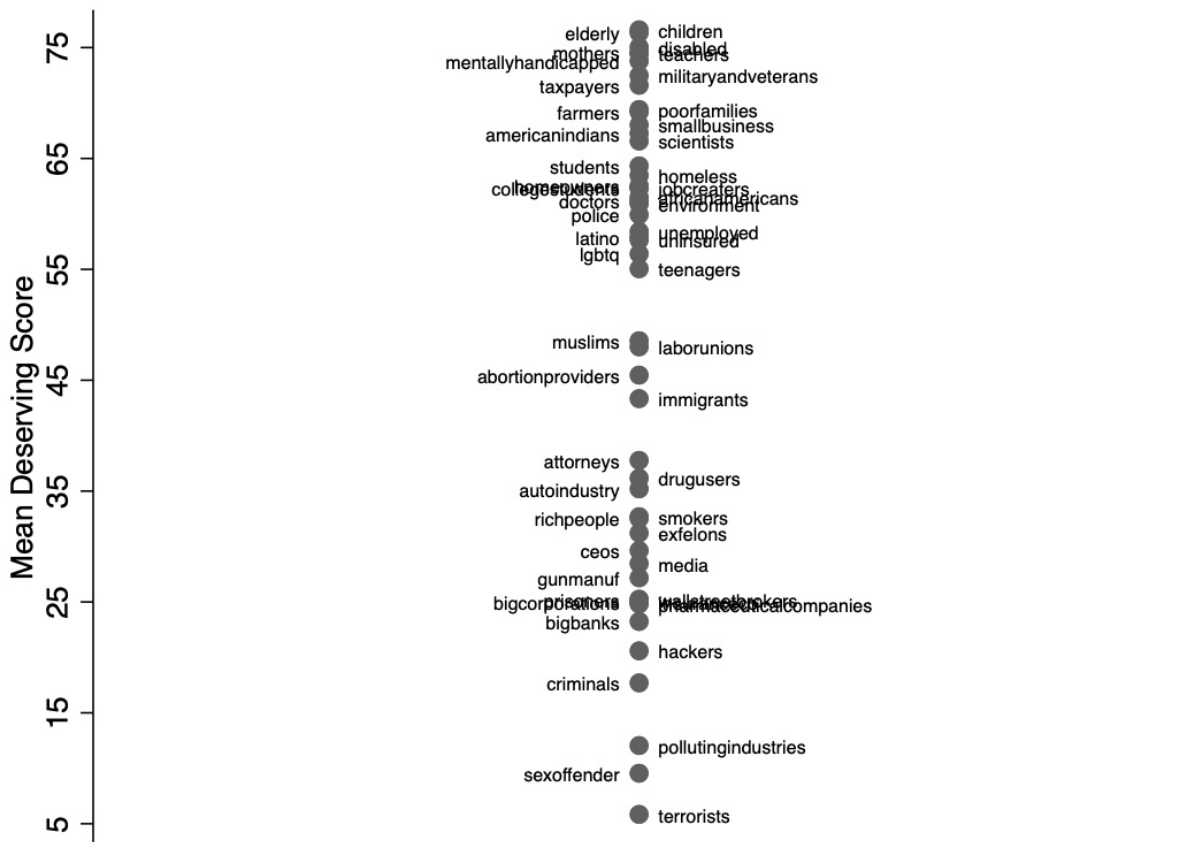
Note: Groups listed in order of mean deservingness score (Kreitzer and Smith, 2018) from most deserving (children, 76.6) to least deserving (terrorists, 5.84).

Table 4.1: Target Populations Included in the Analysis

Abortion providers	Farmers	Police
African Americans	Gun manufacturers	Polluting industries
American Indians	Hackers	Poor families
Attorneys	Homeless	Prisoners
Auto industry	Home owners	Rich people
Big banks	Immigrants	Scientists
Big corporations	Insurance Companies	Sex offenders
CEOs	Job creators	Small businesses
Children	Labor unions	Smokers
College students	Latinos	Students
Criminals	LGBTQ+	Taxpayers
Disabled	Media	Teachers
Doctors	Mentally handicapped	Teenagers
Drug users	Military and veterans	Terrorists
Elderly	Mothers	Unemployed
Environment	Muslims	Uninsured
Ex-felons	Pharmaceutical companies	Wall Street brokers

Note: N = 51. The selection of target populations was limited to the groups included in Kreitzer and Smith's (2018) original survey.

To test Hypothesis 1b, I use a measure of the variance of Kreitzer and Smith's (2018) respondents' ratings of the deservingness of each group. As before, terrorists, sex offenders, and polluting industries exhibit the three lowest variances within the sample. A smaller variance suggests the *highest* consensus within the sample about whether these groups are deserving (or in the case of these three groups, undeserving). On the other hand, a higher variance suggests the *lowest* consensus within the sample about the deservingness of a group. Abortion providers, Muslims, and immigrants exhibit the three highest variances within the sample, suggesting these groups have the least consensus around their deservingness within the survey sample.

Figure 4.5 plots the variance (σ^2) of target population deservingness scores against the mean target population deservingness scores from Kreitzer and Smith's (2018) data. For the groups analyzed in this chapter, there is a nonlinear relationship between the variance and mean of deservingness scores. As already described, target populations like terrorists, sex offenders, and polluting

Figure 4.5: Mean vs. Variance of Target Population "Deservingness"
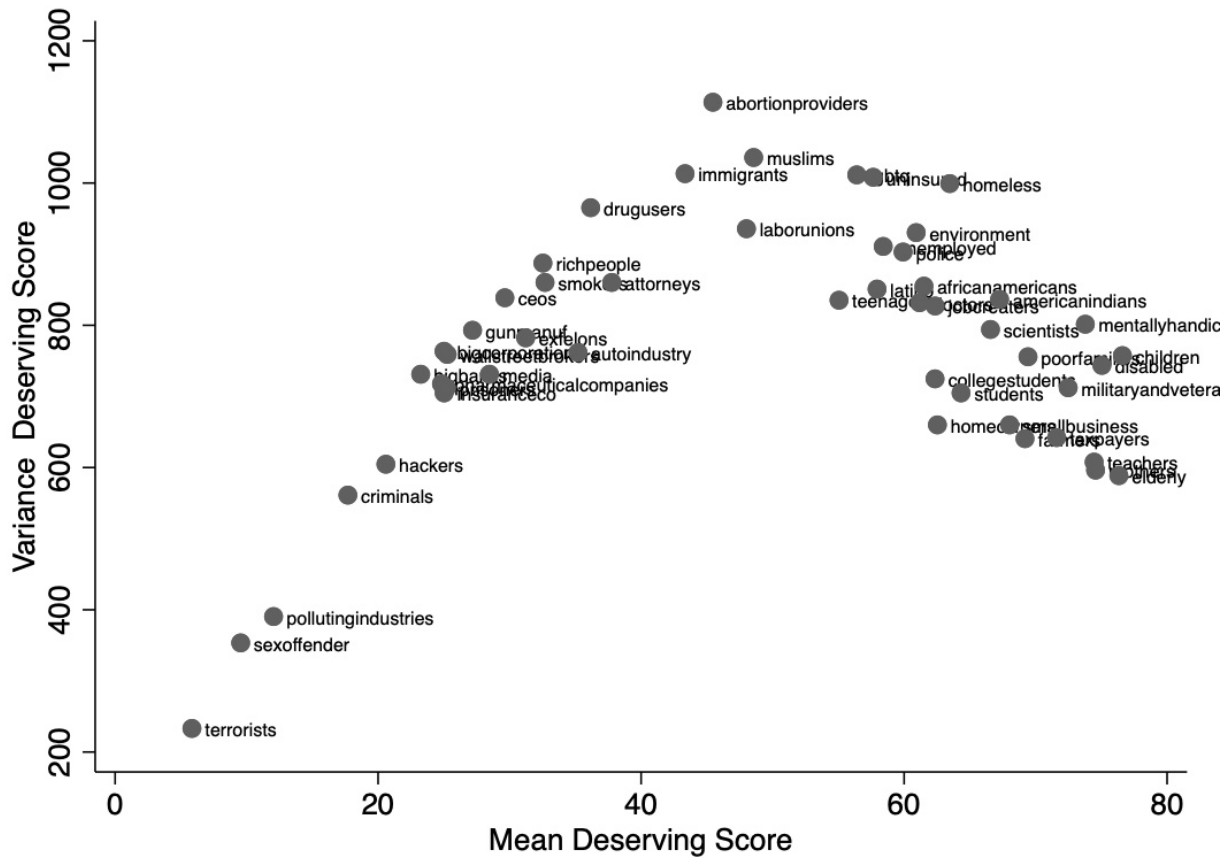
Note: Scatterplot of variance (σ^2) vs. mean (μ) of target population deserving scores from Kreitzer and Smith (2018) MTurk survey. Only target populations analyzed in this chapter are plotted (see Table 4.1).

industries have both the lowest mean and variance; in general, negatively viewed groups exhibit the most consensus within the sample. On the other hand, target populations like children, the elderly, and the disabled have the three highest means and mid-range variance; in general, positively viewed groups exhibit a lower level of consensus than negatively viewed groups. Target populations with the highest variance, like abortion providers, Muslims, and immigrants, exhibit mid-range deserving scores. It is unsurprising that groups with the least consensus exhibit mid-range deserving scores, because averaging high and low deserving scores produces mid-range mean scores.

4.4.1 Matching Target Populations to Nonprofits

To link the data on the deservingness of groups from Kreitzer and Smith's (2018) survey data to the number of nonprofits serving those groups, I rely on the 2017 National Taxonomy of Exempt Entities (NTEE) codes listed in the NCCS Core Files. The NTEE codes were developed in the 1980s by the NCCS with help from major nonprofit organizations, and were subsequently adopted by the IRS to categorize nonprofit organizations in the mid-1990s (Jones, 2019). As Fyall, Moore, and Gugerty (2018, 678) describe:

> The NTEE assigns each legally registered nonprofit a primary NTEE code, intended to correspond with an organization's primary focus or purpose... The development of the NTEE code classification represented a major advance in nonprofit analysis in the United States, providing researchers with a simple and consistent way of defining areas of nonprofit activity, paralleling Standard Industrial Classification (SIC) codes used in the private sector.

NTEE codes are mutually exclusive—nonprofits are only assigned a single, primary code—which is useful for categorization but problematic when nonprofits serve multiple missions (Grønbjerg, 1994; Fyall, Moore, and Gugerty, 2018). Similarly, it is difficult to update NTEE codes over time to reflect evolving nonprofit missions, and many smaller, grassroots organizations that do not qualify for reporting to the IRS are not assigned NTEE codes at all (Ma, 2020). Recent scholarship advocates for alternative nonprofit classification strategies, like text-based coding of nonprofit mission statements to resolve these concerns (Fyall, Moore, and Gugerty, 2018; Ma, 2020). Studies examining the accuracy of NTEE codes often conclude that the NTEE codes undercount the number of nonprofits working within a particular area on a particular issue, likely due to the mutually

exclusive nature of the codes (Grønbjerg, 1994; Fyall, Moore, and Gugerty, 2018). However, these studies typically evaluate a single cross section of the nonprofit sector within a limited geographic space. For example, Fyall, Moore, and Gugerty (2018) find NTEE codes undercount the group of nonprofits that provide housing and shelter-related services in Washington state. The authors suggest that this effect likely varies by nonprofit subsector, but do not test this claim:

> The classification method (NTEE vs. mission statement analysis) is likely less influential when identifying groups of nonprofits operating within highly scrutinized industries—such as hospitals or labor unions. When researching more ambiguous interest areas—such as "education" or "crime-related"—the choice of how to categorize nonprofits will matter more... (Fyall, Moore, and Gugerty, 2018, 692)

For present purposes, the use of NTEE codes is appropriate for three reasons. First, I employ NTEE codes as a means of analyzing the entire universe of 501(c)(3) nonprofits, rather than to inform sample selection. At present, the NTEE codes are the best available measure for working across the entire universe of reporting nonprofit organizations. As recent work shows (Fyall, Moore, and Gugerty, 2018; Ma, 2020), NTEE codes are far from a gold standard; however their use calls to mind Box's famous expression that "All models are wrong but some are useful." Second, some of the problems with NTEE codes, such as missing codes for smaller, grassroots organizations (Ma, 2020) do not apply, because I am only analyzing larger, reporting organizations in this analysis. Finally, the effects of undercounting organizations most likely result in attenuated bias given the ultimate linear modeling specification. If error in the NTEE codes is random or applies uniformly across the sample, then my test is conservative. However, if undercounting varies systemically by nonprofit subsector, as Fyall, Moore, and Gugerty (2018, 692) suggest, then my results are biased as far as undercounting is correlated with group's social construction. This correlation is unlikely, but as a precaution, I limit the generalizations of this analysis to large nonprofit organizations. Even though I do not expect smaller organizations are not affected differently than larger organizations by the social construction of target populations, further analysis is needed to confirm this suspicion.

The goal of this analysis is to examine how the social construction of a nonprofit's target population affects the number of nonprofits serving that target population. Therefore, I linked groups

to nonprofits *serving* those groups using the definition associated with each NTEE code, a lower level of classification than the NTEE Major Groups used in Figure 4.1.[8] For example, Kreitzer and Smith (2018) include "Media" as a target population in their survey. This is a complicated group, because media organizations can be nonprofits.[9] Rather than match Kreitzer and Smith's (2018) media group data with media nonprofits, I matched their Media group data with nonprofits whose *clientele* are media/journalists.

While the NTEE codes themselves are mutually exclusive to a nonprofit, some matched NTEE codes are assigned to multiple groups within the data. This was necessary, given the overlapping nature of some of the target populations (e.g., students and college students). However, when possible I limited repeating NTEE codes within this matching strategy by using mutually exclusive target population definitions. For example, I defined "criminals" as individuals within the criminal prosecution process, "prisoners" as individuals currently serving in an institutions, and "ex-felons" as formerly incarcerated individuals who are denied the right to vote due to a previous felony conviction. The assigned NTEE codes and applied definitions for each target population are available in the Appendix.

To match the data, I first searched for the group name (see Table 4.1) directly within the NTEE definitions. Then, I searched for terms related to the group and read through the NTEE definitions to pair groups with NTEE codes for nonprofits whose services targeted that group. For example, the group name "Abortion providers" yielded no results within the NTEE codes, but search terms like "Planned Parenthood, "family planning," and "right to terminate her pregnancy" were listed within NTEE code definitions.

The NTEE codes can be thought of as coarse measurements. To match the "scale" of the NTEE data, I aggregated some of the groups within the Kreitzer and Smith (2018) data match to the same level of detail as the NTEE codes. For example, I averaged Kreitzer and Smith's (2018) original measures of "veterans," "military," and "soldiers" into a single group because the

---

[8]NTEE code definitions available at `https://nccs.urban.org/publication/irs-activity-codes.`

[9]For example, the National Geographic Society is a 501(c)(3) media organization who *serves* the environment.

NTEE codes combine nonprofits serving these groups into a single category, W30: "Membership organizations that are engaged in promoting the interests of the veterans or active or retired military personnel who are their members."[10] In other cases, I created a new group to subsume Kreitzer and Smith's (2018) groups in order to match the scale of the NTEE codes. For example, I created an "Immigrant" category by combining measures on "Dreamers" and "Illegal aliens;" an "LGBTQ+" category from measures of "Gay men," "Lesbian," and "Transgender"; and a "Drug users" category from measures of "Opiod addicts" and "Marijuana smokers."[11]

Other times, I aggregated groups because different terms measured the social construction of the same target population. For example, Kreitzer and Smith (2018) used different terms to assess the deservingness of the same target population (e.g., "doctors" and "primary care physicians"; "Muslims" and "Muslim men"). For some groups, Kreitzer and Smith (2018) purposely assessed different terms for the same group in order to assess rhetorical framing effects. For example, the mean deserving scores of "African Americans" (67.26), "Black Lives Matter" (45.94), and "Young Black Men" (58.35) differ even though they are largely referring to the same target population. To avoid contaminating the data with framing effects, when multiple terms are used to assess the social construction of the same group I employ the most neutral term within the Kreitzer and Smith (2018) data. For instance, in the example listed above I employ the scores of "African Americans" and exclude the "Black Lives Matter" and "Young Black Men" scores from the analysis.

Consequently, Kreitzer and Smith's (2018) original data is reduced from 73 categories to $N = 51$, where each observation in the data set is a target population. In addition to the data lost from aggregation strategies, I dropped some groups from the original data because they are a political institution (e.g., Congress) or impossible to match in good faith to NTEE code definitions because of the breadth of the group (e.g., white women, white men, middle class, millenials).

Equally important are the groups that remained in the analysis. The Kreitzer and Smith (2018) data includes groups not traditionally associated with the nonprofit sector: terrorists, sex offend-

---

[10]Definition available at `https://nccs.urban.org/publication/irs-activity-codes`.

[11]I noted all of the combined cases with a dummy variable. The results are robust to the inclusion/exclusion of these combined groups. Estimates are provided in the Appendix.

ers, rich people, etc. Common wisdom suggests these groups are not supported by nonprofits. However, it is possible these groups are traditionally unsupported by nonprofits because of their negative social constructions. Therefore, it is important to include groups traditionally not supported by nonprofits in the analysis in order to assess the full range of social construction effects upon the nonprofit sector.[12]

4.4.2 Controlling for Target Population Size

The total number of people in a group may relate positively to the number of nonprofits serving group, as well as a group's social construction. As the number of target population members increases, the number of nonprofits serving that group may increase simply because there are more group members to serve. Similarly, as the number of target population members increases, the social perception of that group may be affected. For instance, a group's perception could become more positive on average, as in-group members view themselves positively (Greenwald et al., 2002). Similarly, larger groups may have more frequent interactions with out-group members, possibly changing public perception. As such, it is necessary to control for the number of members in each target population in the analysis.

To account for this possible confounding variable, I include a control variable for the number of group members in each target population in 2017. To do so required a variety of measurement strategies. Some groups, like "Children," are clearly defined and readily measured by government agencies like the U.S. Census Bureau. Other groups, like the "Environment," are open to interpretation and could be defined multiple ways. Therefore, it is important to employ consistent, valid, and reliable definitions and measures across groups.

To use a consistent measure across target populations, I measured group size as the number of individuals who belong to that group in 2017. In some cases, this was easily measured as the direct number of persons within that target population (e.g., children, students, African Americans, attorneys). In other cases, particularly those of industry (e.g., automotive industry), I measure group

---

[12]As in the case of the combined categories, I assigned these nontraditional groups a dummy variable. The results are robust to the inclusion/exclusion of these nontraditional groups. Estimates are available in the Appendix.

members as the number of employees in 2017.[13] The number of employees is a conservative measure, but captures individuals with direct, measureable, and observable ties to a target population. Additionally, using a measure of employees allows me to keep the unit of the control—an individual person—the same. Measures of individuals belonging to other groups, like "Job creators," the "Environment," and "Abortion providers" needed to be estimated using data from multiple sources. For example, I estimated a group count for the "Environment" as the number of Americans who self-identify as environmentalists using multiple data sets (Gallup, 2021; U.S. Census Bureau, 2017a). In general, the data to create the target population size variable are collected from government and private sources; for example, the U.S. Census Bureau, U.S. Bureau of Labor Statistics, FDIC, Pew, Gallup, the American Medical Association, etc. A table listing the definition I applied for each group as well as the sources of these data is available in the Appendix. Summary statistics for this variable and the other variables in the analysis are provided in Table 4.2.

Table 4.2: Summary Statistics

	N	$Mean$	$St.Dev.$	Min	Max
# 501(c)(3) Nonprofits	51	4640.294	9473.752	0	50851.000
Mean Deserving Score	51	48.428	20.791	5.840	76.600
Deserving Score Variance	51	770.545	170.790	233.173	1113.557
Population per 1000	51	23865.410	33675.790	0.166	150690.800
Mean Power Score	51	41.090	23.927	7.370	86.520

Number of 501(c)(3) nonprofits is the number of reporting 501(c)(3) nonprofits.

4.5 Results and Discussion

The average number of nonprofits serving groups with a mean deservingness score above 50 is 8,185 while the average number of nonprofits serving groups with a mean deservingness score below 50 is 652.[14] This pattern holds following the results of an OLS regression, controlling for the number of group members. Because unobservable, systematic differences may exist between

---

[13]All employment data are seasonally adjusted.
[14]These group means are statistically significantly different ($t = -3.063$, $p < 0.01$).

groups whose target populations members are measured using demographics, employees, or estimated, I test each hypothesis across the full sample and a subset of the data according to differences in group size measure.

4.5.1 Hypothesis 1a: Overall Deservingness

Table 4.3 presents the estimates of a series of OLS regressions testing Hypothesis 1a. Models 1 and 2 test Hypothesis 1a against the full set of target populations ($N = 51$). Model 3 tests Hypothesis 1a against groups when target population size is measured in terms of individuals or employees ($N = 44$), and Model 4 test Hypothesis 1a against groups when target population size measured as the number of individuals ($N = 32$), i.e., eliminates estimated group members. In all cases, as the mean deservingness score of a target population increases, the number of nonprofits serving that target population increases.

Table 4.3: OLS Estimates Testing Hypothesis 1a

	(1) Number NPs	(2) Number NPs	(3) Number NPs	(4) Number NPs
Mean Deserving Score	205.176***	154.402**	154.205**	203.673*
	(58.121)	(63.437)	(74.477)	(111.911)
Population per 1000		0.071*	0.090*	0.092
		(0.039)	(0.049)	(0.059)
Constant	-5295.865*	-4521.047	-4891.755	-7633.870
	(3058.429)	(3021.418)	(3642.769)	(6321.776)
Observations	51	51	44	32
R^2	0.203	0.253	0.253	0.224
Adjusted R^2	0.186	0.222	0.217	0.170

OLS Regression. Standard errors in parentheses.
Models 1 and 2 test Hypothesis 1a against the full set of target populations.
Model 3 tests Hypothesis 1a against groups when target population size is measured using demographics or employees.
Model 4 test Hypothesis 1a against groups when target population size is measured using demographics.
* $p < .10$, ** $p < .05$, *** $p < .01$

When all target populations in the data set are analyzed (Model 2), a one point increase in mean deservingness increases the number of nonprofits serving a target population by roughly

154 nonprofit organizations, controlling for the number of group members. This positive effect is statistically significant with 95% confidence. As target populations that are hard to measure are excluded from the analysis (Model 3), a one point increase in mean deservingness statistically significantly increases the number of nonprofits by 154 organizations. When only nonprofits with groups that are measured using demographics are analyzed (Model 4), a one point increase in the mean deservingness statistically significantly increases the number of nonprofits serving a target population by 203 organizations. These results largely support Hypothesis 1a, that more nonprofits support groups/causes with a positive construction than groups/causes with a negative social construction.

4.5.2   Hypothesis 1b: Variance in Deservingness

Table 4.4 presents the estimates of a series of OLS regressions testing Hypothesis 1b. As in Table 4.3, Models 1 and 2 test Hypothesis 1b against the full set of target populations ($N = 51$). Model 3 tests Hypothesis 1b against groups when target population size is measured in terms of individuals or employees ($N = 44$), and Model 4 tests Hypothesis 1b against groups when target population size measured as individual members ($N = 32$). In addition to the number of individuals within each target population, I control for the mean deservingness score of each group. I also include a squared term of the mean deservingness score of each group, as mean deservingness has a nonlinear relationship with the number of nonprofits (Figure 4.6).[15]

As expected, as the variance of a target population's deserving score increases, the number of nonprofits serving a target population increases. However, in all cases I fail to reject the null hypothesis. Despite the small N in this analysis, outliers may be inflating the standard errors. As such, I perform a second test of Hypothesis 1b employing two measures of deviation within social constructions that are robust to outliers. First, I use the average absolute mean deviation ($\frac{1}{n}\sum_i^n |x_{ig} - \mu_g|$) of respondents' ratings for each group, g, rather than the mathematical variance of each group (σ^2). Compared to σ^2, the average absolute mean deviation is robust to outliers, because

---

[15]The results of Hypothesis 1a are robust to the inclusion of this squared term. Given the effect of deservingness is increasing overall, I present the simpler results in the main paper. Estimates for the models including the squared term are provided in the Appendix.

Figure 4.6: Nonlinear Relationship between Deservingness and # of Nonprofits
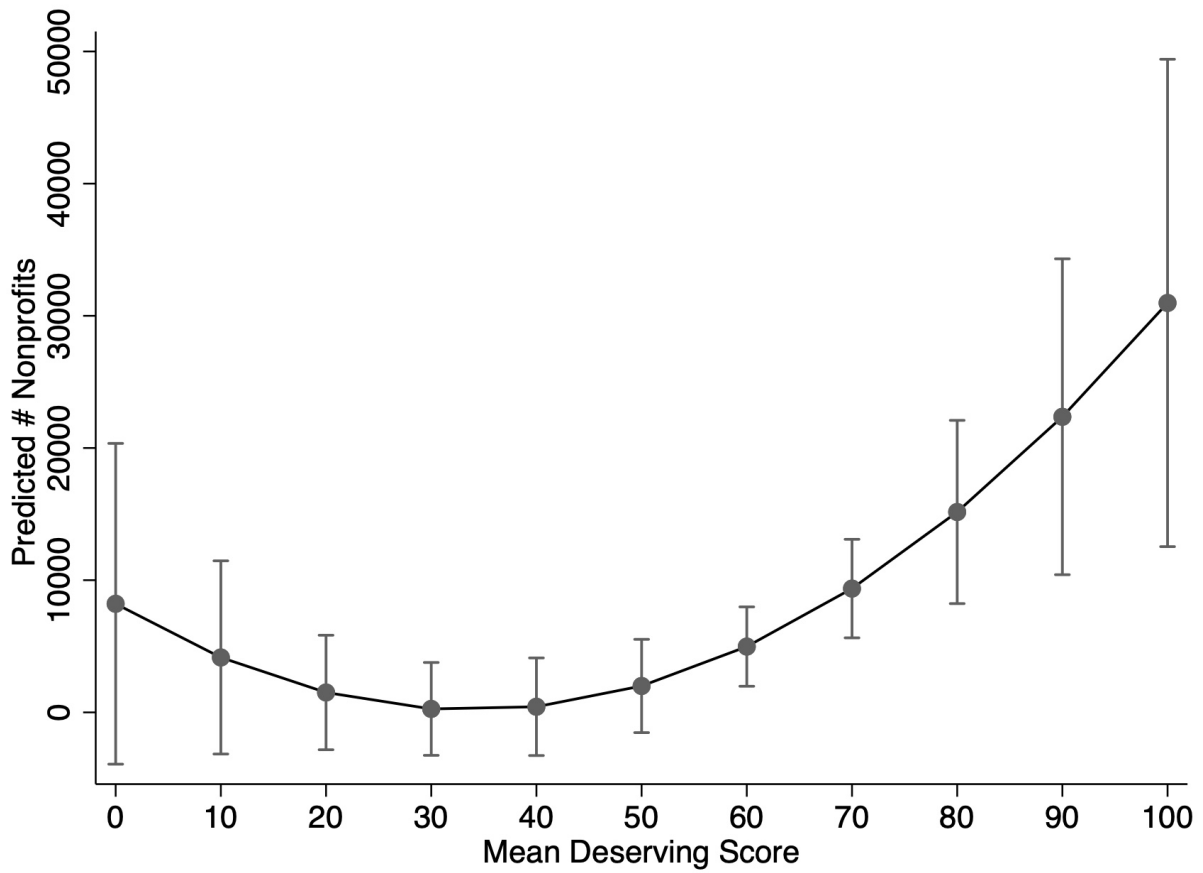
Note: Thin bars represent 95% confidence intervals.

Table 4.4: OLS Estimates Testing Hypothesis 1b

	(1) Number NPs	(2) Number NPs	(3) Number NPs	(4) Number NPs
Deserving Score Variance	-3.570	12.882	17.085	15.819
	(7.908)	(14.795)	(17.284)	(22.027)
Mean Deserving Score		-986.295	-1249.625	-1246.327
		(658.082)	(764.317)	(985.866)
Mean Deserving Score^2		12.334*	14.898*	15.193
		(6.909)	(7.959)	(10.199)
Population per 1000		0.073*	0.098*	0.101
		(0.038)	(0.049)	(0.060)
Constant	7391.455	6572.079	8582.275	8375.513
	(6238.406)	(5941.390)	(7884.575)	(11729.152)
Observations	51	51	44	32
R^2	0.004	0.331	0.336	0.309
Adjusted R^2	-0.016	0.273	0.268	0.206

OLS Regression. Standard errors in parentheses.

Models 1 and 2 test Hypothesis 1a against the full set of target populations.

Model 3 tests Hypothesis 1a against groups when target population size is measured using demographics or employees.

Model 4 test Hypothesis 1a against groups when target population size is measured using demographics.

this measure captures, on average, how much respondents' perceptions deviate from the mean of each group. Second, I use a measure of the average mean difference between partisan perceptions for each group ($|\mu_{Dem} - \mu_{Rep}|$). Figure 4.7 highlights how Republicans and Democrats perceive the deservingness of the same groups, differently, and Table 4.5 provides summary statistics on these alternative variables. A measure comparing perceptional differences between partisans is most theoretically appropriate, given social constructions are a function of partisanship (Kreitzer and Smith, 2019).

Table 4.5: Additional Summary Statistics

	N	Mean	St. Dev.	Min	Max
Average Absolute Mean Deviation	37	23.844	2.839	19.043	28.354
Absolute Mean Party Difference	37	10.902	7.255	0.207	27.545

Figure 4.7: Comparing Mean Deservingness by Partisanship
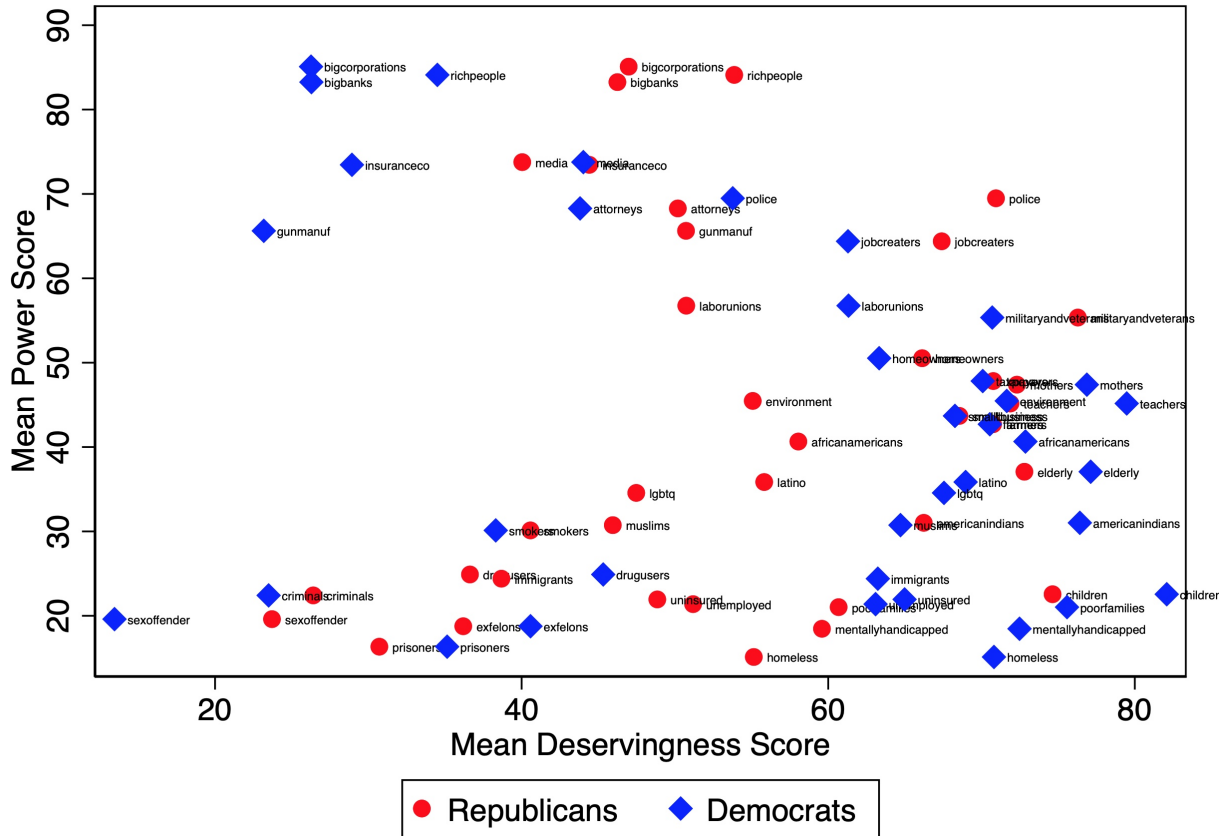
Note: To highlight differences in deservingness by partisanship, this figure plots mean deservingness by partisanship against the average power score for the entire sample (N = 37). However, power scores also vary by partisanship.

These alternative measure are possible thanks to the generous provision of respondent micro-level data by Kreitzer and Smith (2019). While useful that these data are at the micro-level, there are several drawbacks to their useage. First, this data was collected in a different, larger (N > 3,000) MTurk survey in 2018. As such, these social construction data are collected after the number of nonprofit organizations was measured. However, the number of nonprofit organizations does not change drastically from 2017 to 2018.[16] Second, matching these new data within my existing group data reduces the analysis to $N = 37$. Though not ideal, these additional measures—particularly the

---

[16]The most recent NCCS Core File data available are from 2017.

measure comparing partisan mean scores—serve as a proof of concept to inform future analyses.

Table 4.6: OLS Estimates Testing Hypothesis 1b with Alternative Measures of Variance

	(1) Number NPs	(2) Number NPs
Average Absolute Mean Deviation	2328.245**	
	(889.820)	
Absolute Mean Party Difference		163.356
		(182.556)
Mean Deserving Score	-2720.222***	-1375.890**
	(719.460)	(507.952)
Mean Deserving Score^2	31.283***	15.762***
	(7.815)	(5.023)
Population per 1000	0.045	0.039
	(0.034)	(0.037)
Constant	-5961.679	25083.329**
	(15703.885)	(11519.190)
Observations	37	37
R^2	0.489	0.395
Adjusted R^2	0.425	0.319

OLS Regression. Standard errors in parentheses.

* $p < .10$, ** $p < .05$, *** $p < .01$

Table 4.6 presents the estimates of OLS regressions testing Hypothesis 1b with these alternative measures of variance. Given the small N, I test these measures against the full data set, regardless of how group members were measured. As the average absolute mean deviation of a target population increases by one unit (i.e., consensus within the data around a group's mean deserving score decreases), the number of nonprofit organizations serving that group increases by over 2,000 nonprofit organizations.[17] While the effect of absolute mean party difference fails to achieve statistical significance, its effect is in the expected direction: as the difference between Democrats and Republicans' mean perceptions of a group increases, the number of nonprofits supporting that group increases.

---

[17]A one standard deviation increase in average absolute mean deviation increases the number of nonprofits by 0.745 organizations ($p < 0.05$).

Importantly, the fits of the models estimated in Table 4.6 are improved over the models presented in Table 4.4, suggesting that the measure of spread that is robust to outliers predicts more of the variation in nonprofit organizations. Theoretically, extremely high variance may present challenges for coalescing demand in order to produce nonprofit services. For example, critical mass theory explaining collective action suggests that "some threshold of participants or action has to be crossed" before social movements happen (Oliver, Marwell, and Teixeira, 1985, 523). At the upper limits of σ^2, this necessary threshold may be harder to meet because individuals with similar views find it hard to connect with one another. Similar studies examine the nonlinear effect of diversity on public goods provision (Garrow, 2014; Keiser, Mueser, and Choi, 2004).

4.6   What about Power?

In addition to whether a group is perceived as deserving or undeserving, a group's social construction is also a function of its perceived power (Schneider and Ingram, 1993). Importantly, Schneider and Ingram (1993) conceived of a group's social construction as the intersection of a group's deservingness and perceived power (Kreitzer and Smith, 2018).

Hypothesis 1a proposed that more nonprofits support groups/causes with a positive construction than groups/causes with a negative social construction. To this point, the paper has measured social construction using deservingness. But, if power is considered alongside deservingness, then I expect more nonprofits to form to support deserving, weak groups (Dependents) than deserving, powerful groups (Advantaged). In other words, I expect the effect of deservingness on nonprofit organizations to decrease as power increases.

In addition to asking survey respondents to rate the deservingness of target populations, Kreitzer and Smith (2018) asked respondents to rate their perception of groups' power on the same scale of 0-100:

Some groups in society have relatively more political power and resources than others. By political resources we mean that some groups are more united, easy to mobilize, wealthy, skilled, focused on their goals, or accustomed to voting or directly contacting public officials.

Based on what you know about the groups listed below, how politically powerful would you

say each of these groups are, generally speaking. Here 0 means that most people in that group are very powerless. 100 means that most people in that group are incredibly powerful.

To test the conditioning effects of power on deservingness, I use the average power score from Kreitzer and Smith's (2018) respondents (see Table 4.2). For example, the homeless, prisoners, and sex offenders have the three lowest power means within the Kreitzer and Smith (2018) data, suggesting they are considered the least powerful groups within the sample. On the other hand, rich people, big banks, and big corporations have the three highest power means, suggesting they are considered the most powerful groups within the sample. Notably, this survey question measures respondents' *perceptions* of groups' power, rather than *actual* group power via influence over outcomes. Measuring perceptions of power, rather than influence, is problematic when testing theories about political power because hypotheses become unfalsifiable: if the null hypothesis regarding perceived power cannot be rejected, it is because another group must be the truly powerful group (Dahl, 1958). However, in the case of social construction, the use of perceived power measurements is appropriate. Rather than testing arguments about actual influence, I am testing arguments about perceptions of influence.

Table 4.7 presents the OLS estimates including a mean power score for each target population and an interactive term to assess the conditioning effect of power on the effect of deservingness on nonprofit organizations.[18] Because interaction estimates can be hard to interpret, marginal effects and predicted probabilities are presented below in Figure 4.8 and Figure 4.9, respectively.

As made clear by Figure 4.8, as the mean power score increases, the effect of a target population's mean deservingness score on the number of nonprofits serving that target population decreases. The average marginal effect of mean deservingness on the total number of nonprofit organizations is positive and statistically significant ($p < 0.01$) until the mean power score equals 40; when the mean power score is equal to or greater than 40, the average marginal effect of deservingness on the number of nonprofit organizations is no longer statistically significant. Substantively,

---

[18]Table 4.7 employs an OLS estimator on the full data set (N=51). Tests across the subsets of the data, similar to the parsing of the data in Tables 4.3 and 4.4, produce similar results. These estimates and associated figures are provided in the Appendix.

Figure 4.8: Marginal Effect of Mean Deservingness on Nonprofit Organizations, by Power
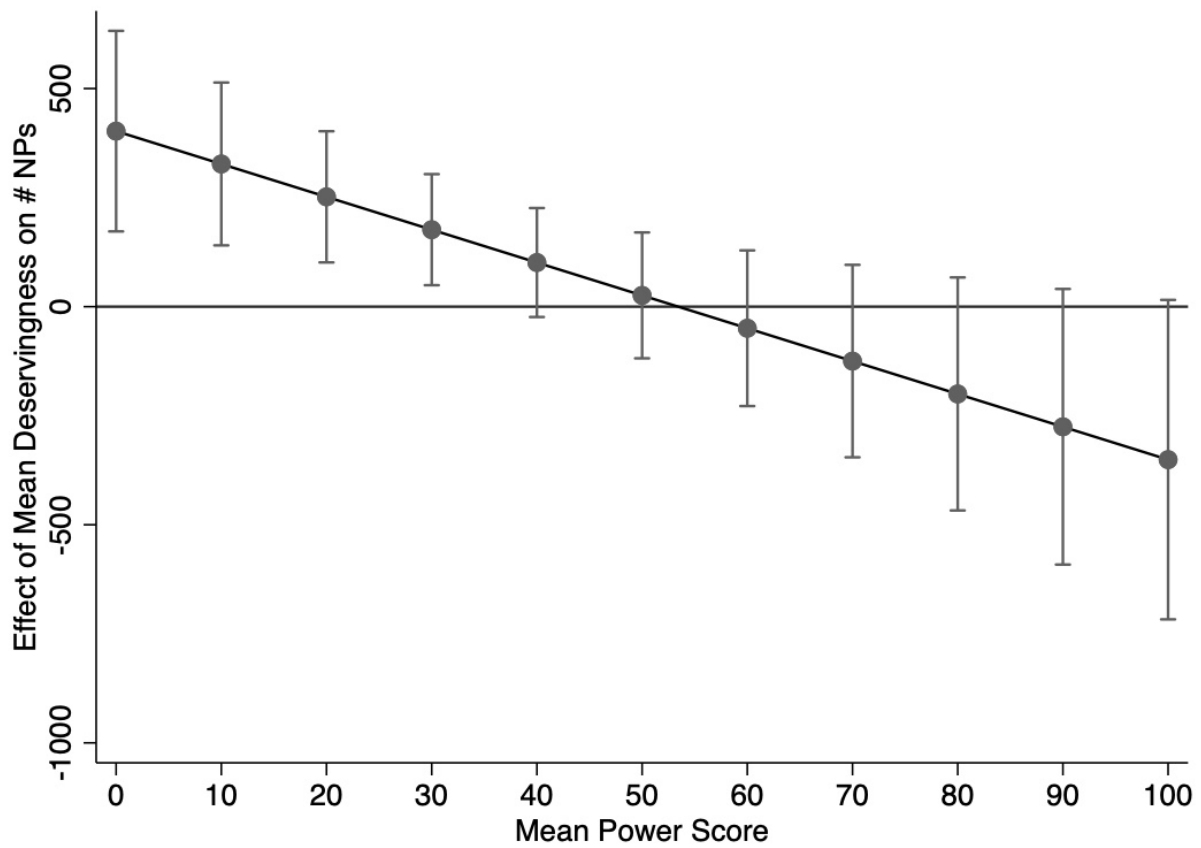
Note: Thin bars represent 95% confidence intervals.

Table 4.7: OLS Estimates Testing Hypothesis 1a, including Power

	(1) Number NPs	(2) Number NPs	(3) Number NPs
Mean Deserving Score	176.781***	446.110***	402.371***
	(61.012)	(114.862)	(114.224)
Mean Power Score	-74.363	201.266*	211.112*
	(53.016)	(113.386)	(110.536)
Mean Deserving Score ×		-7.442***	-7.531***
Mean Power Score		(2.750)	(2.678)
Population per 1000			0.069*
			(0.036)
Constant	-865.186	-11629.447**	-11393.735**
	(4376.162)	(5722.053)	(5573.422)
Observations	51	51	51
R^2	0.234	0.337	0.385
Adjusted R^2	0.202	0.295	0.332

OLS regression. Standard errors in parentheses

* $p < .10$, ** $p < .05$, *** $p < .01$

these findings suggest that deserving groups are supported by nonprofit organizations until these groups are perceived, on average, as powerful. In other words, being seen as deserving affects the number of nonprofit organizations supporting a group, but only if a group is *also* seen as being weak.

This relationship between deservingness and power is made even clearer in Figure 4.9, which plots the predicted number of nonprofit organizations (y-axis) serving deserving and undeserving groups against group power (x-axis). In Figure 4.9, the dark grey line represents groups that are viewed as undeserving; for example, prisoners (mean deserving score = 25.19). The light grey line represents represents groups that are viewed as deserving; for example, the disabled (mean deserving score = 75.04). When groups are viewed as undeserving (the dark grey line), very few nonprofits support them: the predicted number of nonprofits ranges from 306 to 2,590 and fails to reach statistical significance ($p > 0.10$). On the other hand, many more nonprofits support groups that are viewed as deserving (the light grey line): the predicted number of nonprofits has an upper limit of 20,425 ($p < 0.01$). However, as deserving groups are viewed as being increasingly power-

Figure 4.9: Predicted Nonprofits by Deservingness and Power
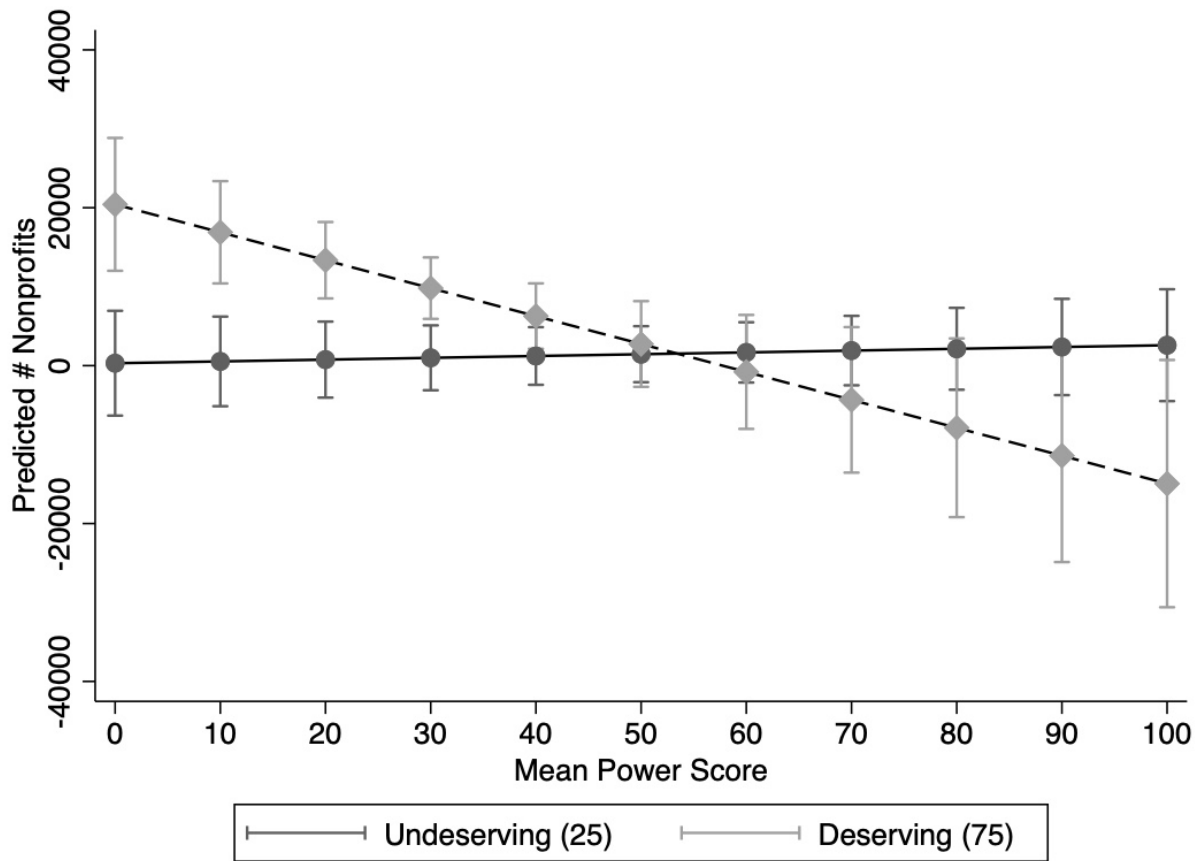
Note: Thin bars represent 95% confidence intervals.

ful, the number of nonprofits supporting them declines and becomes statistically indistinguishable from the number of nonprofits serving undeserving groups. Figure 4.9 suggests that the majority of nonprofit organizations support groups that are deserving and weak: Dependents, in Schneider and Ingram's (1993) typology. These results largely support Hypothesis 1a: more nonprofits support groups with a positive social construction than groups with a negative social construction.

With regard to Hypothesis 1b, I expect that the effect of the variance in deservingness scores will increase in the presence of increasing power. Increased group power may help diverse interests overcome the collective action problem to form nonprofits (Ostrom, 1990). Table 4.8 tests this expectation employing σ^2, and Table 4.9 tests this expectation employing the average absolute mean deviation. As expected, increasing perceptions of power increase the number of nonprofit organizations supporting a target population. Furthermore, the effect of the absolute mean deviation of deservingness on the number of nonprofit organizations increases in the presence of increasing power (Figure 4.10). Overall, when social constructions are operationalized using both power and deservingness, the results are consistent with Hypotheses 1a and 1b.

Table 4.8: OLS Estimates Testing Hypothesis 1b, including Power (Variance)

	(1) Number NPs	(2) Number NPs
Deserving Score Variance	9.775	1.769
	(15.389)	(19.676)
Mean Power Score	-41.613	-245.084
	(53.593)	(313.160)
Deserving Score Variance $\times$		0.262
Mean Power Score		(0.397)
Mean Deserving Score	-835.460	-852.322
	(688.897)	(693.734)
Mean Deserving Score^2	10.587	10.778
	(7.294)	(7.346)
Population per 1000	0.070*	0.071*
	(0.039)	(0.039)
Constant	8289.986	14852.589
	(6364.164)	(11832.586)
Observations	51	51
R^2	0.340	0.347
Adjusted R^2	0.267	0.258

OLS Regression. Standard errors in parentheses.

* $p < .10$, ** $p < .05$, *** $p < .01$

Table 4.9: OLS Estimates Testing Hypothesis 1b, including Power (Average Absolute Mean Deviation)

	(1) Number NPs	(2) Number NPs
Average Absolute Mean Deviation	2322.030**	-1085.347
	(900.313)	(1864.367)
Mean Power Score	-28.340	-1693.528**
	(55.148)	(810.922)
Mean Deserving Score $\times$		64.706**
Mean Power Score		(31.445)
Mean Deserving Score	-2676.358***	-1601.796*
	(732.866)	(871.230)
Mean Deserving Score^2	30.772***	19.959**
	(7.969)	(9.226)
Population per 1000	0.045	0.049
	(0.034)	(0.032)
Constant	-5328.854	56663.714
	(15935.285)	(33727.265)
Observations	37	37
R^2	0.493	0.556
Adjusted R^2	0.411	0.467

OLS Regression. Standard errors in parentheses

* $p < .10$, ** $p < .05$, *** $p < .01$

117

Figure 4.10: Marginal Effect of Absolute Mean Deviation of Deserving on Nonprofit Organizations, by Power
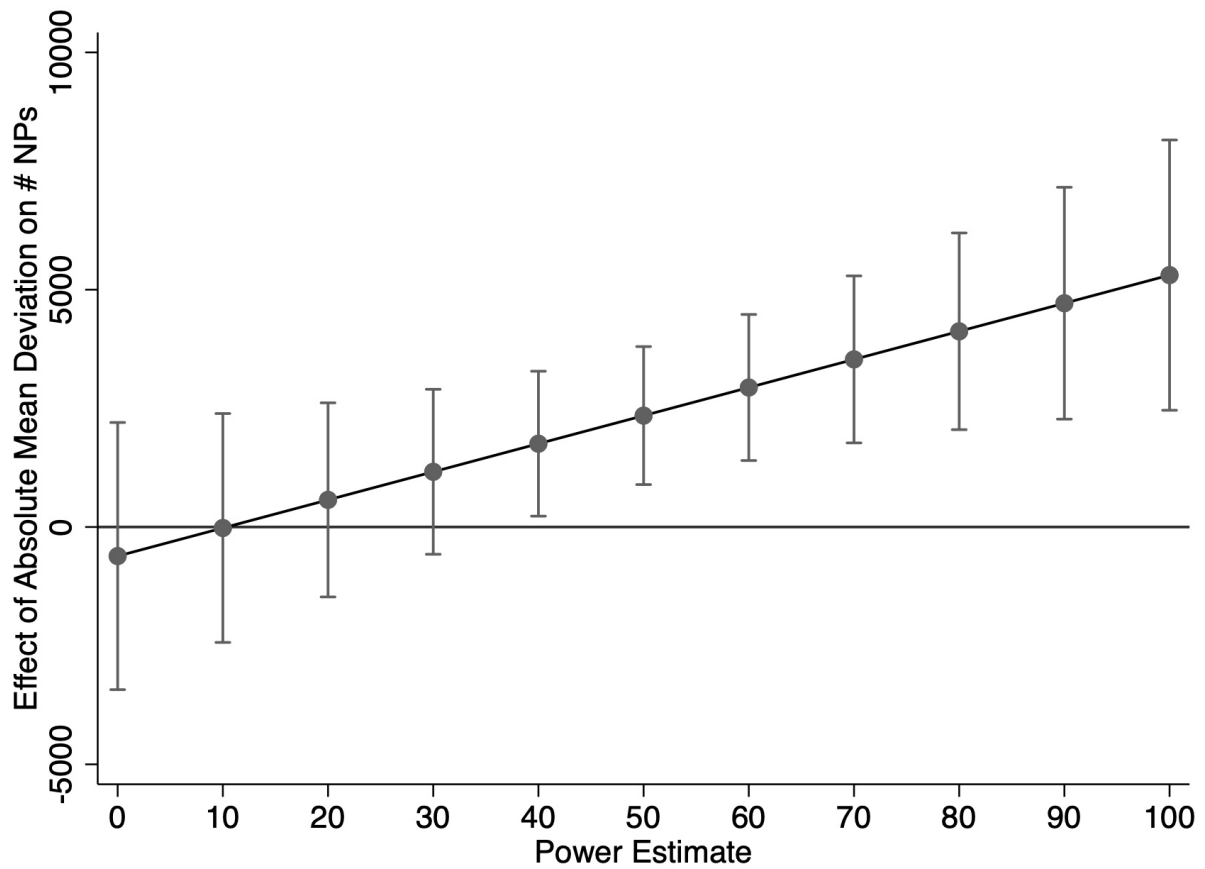
Note: Thin bars represent 90% confidence intervals.

4.7 Conclusion

In explicitly identifying that nonprofit organizations serve target populations and are therefore vulnerable to policy feedback effects, this empirical analysis is one of the first to examine how deservingness as a political construct shapes the nonprofit sector. Using data on social construction measured by Kreitzer and Smith (2018, 2019), this study applies Schneider and Ingram's (1993) definition of social construction to the nonprofit sector and finds that more nonprofits support groups with a positive social construction than groups with a negative social construction. Specifically, the most nonprofits support groups that are viewed, on average, as deserving and politically weak. Furthermore, when there is low consensus on group's deservingness, the most nonprofits support groups that are powerful.

However, this analysis is not without limitations. First, I only analyze large, reporting 501(c)(3) organizations (those with gross receipts of $50,000 or more). While I do not expect smaller nonprofits to be susceptible to social construction in different ways than large organizations, it is possible that smaller organizations are smaller organizations *because* they support negatively constructed groups: organizations are unable to attract resources due to their clientele. If this is the case, while the theoretical mechanisms remains the same, then only examining large nonprofit organizations biases the analysis in favor of Hypothesis 1a. Future work should examine how organizational size relates to target population social construction; I examine how a group's social construction affects a nonprofit's funding structure in the next chapter. Also concerning, the NTEE codes are imperfect measures of nonprofit activity and do not capture the activity of smaller nonprofit organizations (Grønbjerg, 1994; Fyall, 2016; Ma, 2020). For these reasons, the generalizability of these findings is limited to large nonprofit organizations.

Similarly, this analysis relies on measures of social construction that were created using a relatively small sample of MTurkers (Kreitzer and Smith, 2018). Though the measures of deservingness and power employed here exhibit face validity, it is possible that these measures are not representative of the U.S. population. Future work should examine the relationship between a nonprofit and the social construction of a nonprofit's target populations using larger, representative

119

survey data. Larger samples of social construction data will also make it possible to parse out heterogeneous effects of social construction; for example, comparing Republic and Democratic notions of deservingness to nonprofit support. Lecy, Ashley, and Santamarina (2019, 130-131) find that "nonprofits in Democratic supermajority districts are twice as likely to work with vulnerable or disadvantaged groups than those in Republican districts." Some examples of groups that the authors define as "vulnerable or disadvantaged" are minorities, women, and the elderly (Lecy, Ashley, and Santamarina, 2019, 129). It would be ideal to vary who is deserving by partisanship and assess which partisans support which nonprofits.

It's also possible that endogeneity is at play here; while the OLS regression results were discussed in terms of "effects," they are correlations. In particular, it is possible that nonprofit support creates the public perception that a group is deserving and weak. To determine causality, future work should examine case studies of specific nonprofits whose target population's social construction has changed overtime. Similarly, future work should examine how nonprofits frame their target populations via mission statements, fundraising materials, etc., including experimental work which assesses the effect these materials may have on individual perception of group's social construction.

Nonetheless, the results presented here suggest that relationship between social construction and nonprofit organizations is a promising research agenda. Though a relatively novel study, these results are unsurprising. After all, the U.S. nonprofit sector historically exists to help populations that are in need (Hall, 2006). However, these findings do raise new questions about the *perception* of need against the *reality* of need. Are public perceptions of who is deserving true measures need? Consequently, is the nonprofit sector serving those most in need or those perceived as the most in need?

5. DESERVINGNESS, POWER, AND RESOURCES

> The state is thus not exogenous to civil
> society; it plays a critical role in determining
> not only the extent of associational life, but
> also its quality.
>
> *Lerman (2013, 66)*

How does social construction affect nonprofit funding structures? In Chapter 3, argued that who a nonprofit serves affects the types of resources a nonprofit receives. Specifically, positively constructed groups attract voluntary contributions like donations and grants due to the perception that they are deserving. Powerful groups attract fee-for-service revenue like government service contracts due to their influence and power.

In the last chapter, I demonstrated how social construction affects the number of nonprofit organizations serving target populations. Specifically, more nonprofits support positively constructed groups than negatively constructed groups. The most nonprofits support Dependent groups: groups that are perceived as deserving and politically weak. Additionally, more nonprofits support groups with divisive social constructions: as variance in a group's social construction increases, the number of nonprofits supporting that group increases. Furthermore, when there is low consensus on group's deservingness, nonprofits support increases as groups become increasingly powerful.

This chapter builds upon the last chapter's analysis by examining how the social construction of a nonprofit's target population affects the resources that nonprofit organizations receive from public and private sources. I supplement the data from the last chapter on social construction (Kreitzer and Smith, 2018) and the number of nonprofit organizations with data on nonprofit contributions and program revenue. Using illustrative case studies and an empirical analysis, I demonstrate that a population's social construction affects the funding structures of nonprofit organizations.

These preliminary findings hold consequences for our understanding of public service delivery via the nonprofit sector. If nonprofit funding is a function of stereotypes and power, then nonprofit

services may be orthogonal to need. For example, as nonprofits become more reliant on government funding, they become more professionalized (Smith and Lipsky, 1993). This reliance on a particular source of funding has implications for nonprofits' capacity to serve needy clients, as nonprofit accountability to funders requires nonprofits carry out funders' visions of who should receive benefits. In other words, nonprofit programs may help "the least disadvantaged, most promising clients, instead of the most needy" (Stone, 2005, xii) to demonstrate their worth.

5.1 An Endogenous Relationship

Scholars across many disciplines have dedicated energy towards understanding the data generating processes behind private nonprofit donations (Weisbrod and Dominguez, 1986; Frumkin, 2008) and public funding (Witesman and Fernandez, 2013; Van Slyke, 2007; Gazley, 2008; Lecy and Thornton, 2016; Smith and Lipsky, 1993), but fewer studies examine these outputs within social contexts (Van Slyke, 2007; Paarlberg et al., 2019; Ressler, Paxton, and Velasco, 2020). While the influence of funding structures on nonprofit functions are heavily studied (Clotfelter, 1992; Smith and Lipsky, 1993; Weisbrod, 1997; Moulton and Eckerd, 2012), less understood is the relationship between funding structures and the social construction of nonprofit target populations. However, existing research suggests that funding structures affect and are affected by the social construction of nonprofit target populations.

5.1.1 When Funding Structures Determine Social Construction

Funding structures affect nonprofit organizational mission and the organization's perception of its clients, i.e., social constructions. According to Clotfelter (1992, 22), funders (public or private) define which groups are deserving and thus, who receives nonprofit benefits. When funders earmark money for certain causes, the nonprofit sector responds to support those causes. For example, the proliferation of federal government funding to support social causes in the wake of the 1960s catalyzed the size of the nonprofit sector serving those causes, even generating new nonprofit organizations (Smith and Lipsky, 1993). Similarly, private sources of funding like foundations determine who is deserving through "mission control": foundations decide which nonprofits receive

funding, and which do not (Jones, 2007). Consequently, mission drift in nonprofits—"a diversion of time, energy, and money away from a nonprofit's mission" (Jones, 2007, 300)—can occur when nonprofits pursue government, foundation, or commercial funds (Jones, 2007).[1]

Nonprofit organizations are beholden to funders' definitions of who is deserving via accountability structures. Nonprofits must report back to funders on whether they successfully executed their funded task, including whether they distributed benefits to their clients. This accountability mechanism may inform which clients nonprofits consider as deserving of support. Studying nonprofits that provide loans and training programs to women and minority owners of very small businesses (i.e., microenterprise development programs), Jurik and Cowgill (2005) find that organizations choose clients who are most likely to be successful in order to demonstrate their organizations' effectiveness to funders. "This screening process leads to the exclusion of more disadvantaged clients." (194).

Different funding sources may require different standards of accountability. A reliance on government relationships, which typically have more oversight than private sources of funding, may shape a nonprofit's construction of client deservingness to reflect government perceptions. "Many nonprofits make a point out of 'never having taken a cent from the government.' ... such a statement is intended to imply that the nonprofit is true to its mission, uninfluenced by governmental agendas or priorities" (Jones, 2007, 302). For example, Schneider and Ingram (2005, 171-172) conclude after reviewing a series of studies that neighborhood organizations without ties to government funding:

> were the most likely to avoid negative constructions that divided people by race, ethnicity, social class, or gender. A construction of "deviant" and, therefore, not to be included in the distribution of benefits, was rare in the neighborhood programs, where an institutional culture seemed to guide service delivery toward the most needy. This did not mean, however, that there were no social constructions of clients. Instead, clients were constructed as people who had made poor choices and who, with proper treatment, could be resocialized into mainstream values.

[1] Jones (2007) also suggests that nonprofits with plentiful resources may experience mission drift by pursuing to grow their endowments and neglecting the organization's mission, spending money on projects outside of their organization's mission, and investing in board member interests that lie outside the organization's mission.

In many ways, funding availability and accountability mechanisms shape nonprofits' social construction of their clients. For the purposes of this analysis, I am primarily interested in the reverse direction of this relationship: the effect of social constructions on funding structures. Next, I review the literature examining how deservingness and political power affect nonprofit funding.

5.1.2 When Social Construction Determines Funding Structures

Many studies examine the relationship between deservingness and nonprofit organizations and conceive deservingness at both an institutional level and an individual level. At an organizational level, definitions and conceptions of "deserving" vary and largely focus on nonprofit organizational characteristics. For example, "deserving" nonprofits are conceptualized in terms of financial performance (Weisbrod and Dominguez, 1986; Grizzle, 2015), outputs (Okten and Weisbrod, 2000; Charles and Kim, 2016), and nonprofit reputation (Sargeant and Woodliffe, 2007; Grant and Potoski, 2015).

At the individual level, deservingness focuses on nonprofit clients. Surprisingly, few studies examine how *who* the nonprofit serves affects nonprofit donations. One exception, a working paper by Tremblay-Boire, Prakash, and Calderon (2019), examines the effect of a donor sharing identity with nonprofit service recipients on the likelihood of donations. Rather, examining the data generating process behind donations largely focuses on the demographic or intrinsic qualities of donors. Houston (2006, 79) describes a "typical" donor as female, highly educated, older, a high-income earner, who enjoys a prestigious occupation.[2] In a review of more than 500 articles examining giving, Bekkers and Wiepking (2011*b*) identify eight key reasons why people donate money to nonprofits: (1) awareness of a need for a service, (2) solicitation, (3) costs and benefits of donating, (4) altruism, (5) reputation, (6) psychological benefits, (7) values, and (8) efficacy (i.e., the perception of making a difference). Deservingness falls within Bekkers and Wiepking

---

[2]It is impossible to discuss the effect of deservingness on voluntary contributions to nonprofits without discussing the role of religion within the nonprofit sector. Many studies examine how religious affiliation affects nonprofit donations. In one recent study, Ressler, Paxton, and Velasco (2020, 17) demonstrate that nonprofits who signal they are connected to a community via "religious affiliation, connection to a geographic place, or the social networks offered by volunteers" receive more donations. Ressler, Paxton, and Velasco (2020, 5) argue that a religious affiliation connects with a "donation-prone subpopulation", but a religious affiliation could also signal that nonprofits are deserving of support at an organizational level or that these groups serve deserving populations.

(2011*b*) first category, awareness of need, as it relates to personal responsiblity for misfortune (Cook, 1979). For example, Farwell and Weiner (2000) find that liberals and conservatives donate equally when donation recipients are perceived as being not at fault for their circumstances.

At the institutional level, studies examining government funding and the nonprofit sector abound but largely focus on the scope (Lecy and Thornton, 2016; Lu, 2015) and consequences of public funding on nonprofit operations (Smith and Lipsky, 1993; Milward and Provan, 2000; Salamon, 1995), rather than how nonprofit social construction influences the distribution of these funds. Many studies examine the distribution of government funds across the nonprofit sector (Pettijohn et al., 2013; Smith and Lipsky, 1993). For example, nonprofits serving health care, public and societal benefit, and educational purposes receive the most direct federal grants (Lecy and Thornton, 2016), and certain sectors are more reliant on contracting than others (Pettijohn et al., 2013; Smith and Lipsky, 1993; Van Slyke, 2007). Some scholars examine contracting practices after the initial agreement (Van Slyke, 2007; Witesman and Fernandez, 2013), while others examine the qualities of nonprofits that are most likely to lead to an agreement in the first place. Contracting varies by nonprofit subsector (Pettijohn et al., 2013), given U.S. historical precedent to remove government from certain social services (Van Slyke, 2007). At an organizational level, nonprofits are more likely to receive government contracts and funding when nonprofit organizations are structured like bureaucracies, exhibit value alignment with government, and have received government funding in the past (Lu, 2015). Organizational age decreases the likelihood of contracting (Smith and Lipsky, 1993; Lu, 2015), while organizational size increases the likelihood of contracting (Pettijohn et al., 2013; Lu, 2015).

Very few studies directly analyze the relationship between nonprofits' political power and government contracting, though many known predictors could be proxies for political power. Fyall (2016) suggests that the lack of studies examining the influence of nonprofit political power stems from an absence of politically oriented nonprofit theory, rather than empirical evidence. While many scholars adopt a principal-agent relationship to examine government-nonprofit relationships, Van Slyke (2007) demonstrates that nonprofits act as equal partners in contracting relationships,

moving beyond a pure agent role. Fyall (2016) argues that nonprofits exert influence over government as "levers" or advocates. As levers, nonprofits help governments secure funding for public programs that is only available to nonprofits. As advocates, nonprofits can advocate for policies (while public officials cannot) or for increased funding through the creation of new public funding streams. Similarly, Marwell (2004) frames community based organizations (CBOS), a subset of nonprofits, as modern political machines which are able to increase their government contracts via their ability to turnout voters seeking services. CBOs exert political pressure on mayors, governors, and legislators over the allocation of contracts "by engaging in electoral organizing and producing reliable voting constituencies" (277).

5.2 Theory and Hypotheses

In Chapter 3, I argued that the social construction of groups affects the funding structure of nonprofits serving those groups. If a group is powerful and positively constructed, it can solicit funding from its members or from others that view them positively. Powerful, positive groups create nonprofits to supplement the benefits they receive from government policy, if its members feel they don't receive enough benefits from government policy alone. If a group is powerful and negatively constructed, it can escape burdensome public policy because its members have the resources to fund nonprofits. While negatively constructed groups will have a difficult time soliciting voluntary contributions, if they are powerful enough they can exert their influence over government to receive sub rosa benefits, like contracts, in addition to raising alternative revenue through investments, securities, dividends, product sales, and membership dues. On the other hand, groups that are politically weak will only be able to raise voluntary contributions if they are positively constructed. These groups will be able to solicit donations from out-group members that view them as deserving of support.

This argument generates two hypotheses:

Hypothesis 2a: As the social construction of a group/cause becomes increasingly positive, voluntary contributions to nonprofits serving that group/cause increase.

126

Hypothesis 2b: As the social construction of a group/cause becomes increasingly powerful, revenue from government contracts to nonprofits serving that group/cause increase.

5.3   Methods: Illustrations and Analysis

In this chapter, I test Hypotheses 2a and 2b by merging nonprofit funding data on voluntary contributions and program revenues with the previous chapter's data on social construction and nonprofit organizations. Given data limitations and endogeneity between funding structures and social constructions, I also illustrate Hypotheses 2a and 2b using examples of U.S. groups with changing deservingness and political power from U.S. history. To illustrate Hypothesis 2a, I select a case where the deservingness of a group changes: the political vilification of prisoners. To illustrate Hypothesis 2b, I select a case where the power of a group changes: the political empowerment of Black and Latino voters. In both of these illustrations, I focus on how changes in group deservingness and political power changed the funding available to nonprofits supporting those groups.

5.4   Illustrative Cases

Given endogeneity concerns discussed in the literature review, I support Hypotheses 2a and 2b with cases that illustrate the causal mechanism of changing target population social constructions on nonprofit funding structures. In general, some social constructions do not change over time but others do (Schneider and Ingram, 2005). Stagnant or persistent social constructions may be due to path dependency, political institutions, interest groups, policy networks, beliefs and ideologies, and/or group member resignation (Schneider and Ingram, 2005, 5-8). On the other hand, social constructions can change as a result of focusing events, entrepreneurship, social movements, science and technology advances, changing demographic trends, public policy, and/or policy feedback (Schneider and Ingram, 2005, 8-16).

Recall that social constructions can be thought of as continuous dimensions (Schneider and Ingram, 2005, 2013, 2019), as made clear by the empirical efforts of Kreitzer and Smith (2018, 2019). As such, these illustrative cases do not necessarily represent complete shifts across Schneider and

Ingram's (1993) categories (i.e., from Dependent to Deviant or from Dependent to Advantaged). Rather, these cases illustrate shifts in deservingness or power along a continuum. For example, powerful groups become more powerful overtime as their power is "institutionally reinforced" via policy (Schneider and Ingram, 2005, 8). In a recent paper evaluating the effect of social constructions on Arizona policy outcomes, Schneider and Ingram (2019) rank groups as weak, less powerful, and more powerful. Importantly, as these cases demonstrate, even incremental changes in social construction and political power produce significant changes in nonprofit funding structures.

5.4.1 Hypothesis 2a: Changes in Deservingness

Hypothesis 2a suggests that changing perceptions of a group's deservingness produce changes in voluntary contributions to nonprofits, like donations and grants. To illustrate the causal mechanisms of this hypothesis, I review the consequences of decreasing deservingness in the social construction of prisoners (Figure 5.1) on the funding available to nonprofit prison education programs. Were we to assign nonprofit prisons to a quadrant of population types, these nonprofits would serve Deviants (Schneider and Ingram, 1993; Kreitzer and Smith, 2018): individuals who are perceived as both undeserving and politically weak. However, prior to the 1970s, the U.S. held a much more rehabilitative approach to incarceration (Lerman, 2013).

While there are no nonprofits operated by prisons (see Chapter 2), there are a variety of nonprofit organizations that operate within prisons. Some of these organizations provide rehabilitative programming, like prison education programs. Like the modern prison system, funding for these programs was heavily affected by the punitive prison turn that began in the 1970s and lasted through the 1990s (Lerman, 2013). The shift to punitive prisons away from rehabilitative efforts was largely a function of partisan politics, political framing, and rhetoric (Lerman, 2013). Consequently, "once practitioners and policymakers began to question the basic idea that offenders could be succesfully transformed into law-abiding citizens, rehabilitation-oriented programs within prisons quickly lost their appeal... Indeed, perhaps most often cited as a key marker of the 'new punitiveness' was that state and federal funding for rehabilitation programs substantially diminished"

Figure 5.1: Hypothesis 2a Illustration
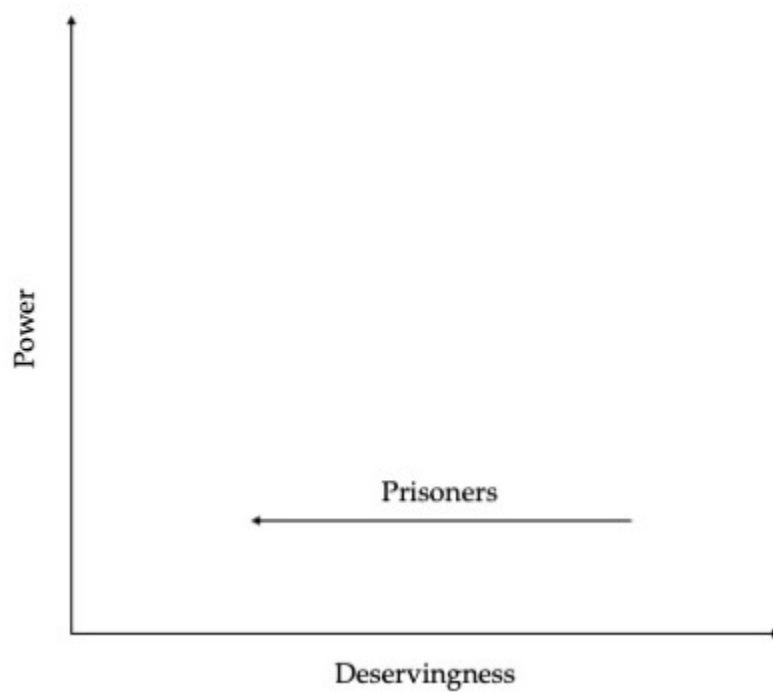
Note: From the 1970s to the 1990s, political rhetoric decreased public perception of the deservingness of prisoners (Lerman, 2013). This diagram represents how this case can be used to illustrate Hypothesis 2a.

(Lerman, 2013, 34). Lerman (2013, 34) describes:

> This devolution was particularly evident in prison-based higher education. Prior to 1994, there were at least 350 of these programs in correctional facilities spread across most of the 50 states and the majority of their funding came from public financing. The "punitive turn" aggressively targeted these expenditures, though; from 1982 through 1994, conservatives in Congress annually proposed legislation that would bar receipt of federal Pell Grants to any incarcerated person. Finally, in 1994, Congress passed the Violent Crime Control and Law Enforcement Act. While only 1 percent of money distributed by the Pell Grant program was at the time going to pay tuition for people in prison, the 1994 legislation had devastating effects on prison college programs. Virtually overnight, programs across the country closed their doors.

Importantly, the change in prisoners' social construction led to the elimination of public grants (i.e., Pell Grants) supporting this target population.[3] Prison education programs are effective at reducing recidivism and increasing job opportunities post-release (Batiuk et al., 2005; Duwe and Clark, 2014). Batiuk et al. (2005) argue policy makers should revisit the 1994 Violent Crime Control and Law Enforcement Act's Pell Grant restrictions in light of the positive effects of prison education programs, which extend to communities and the public at large. By reducing recidivism and increasing inmates' job prospects, prison education programs create safer communities, and increase state budgets via reduced prison populations and increased taxable income opportunities (Duwe and Clark, 2014). However, "policy makers and the general public may view prison educational programming as a waste of tax dollars to an *undeserving* population" (Duwe and Clark, 2014, 455, italics added).

Today, existing prison education programs are largely funded on a voluntary basis. For example, prisoner college education programs in Iowa are "exclusively provided on a volunteer basis," meaning they are "volunteer-supported and funded by volunteers own monies, grants, or donations." (Gorga, 2019). Importantly, this relates to the variance of social constructions (see Chapter 4); within a population, it is possible that a portion of the population positively constructs inmates. Deviants like prisoners may still receive voluntary contributions from individuals who perceive them as deserving. However, these groups will receive fewer voluntary contributions overall be-

---

[3]Notably, incarcerated women receive more educational programming than incarcerated men (Morash, Haarr, and Rucker, 1994). This could be due to the difference in the social constructions of female and male inmates.

cause fewer individuals perceive them as deserving. Describing her experience volunteering with a nonprofit prison education programming provider, Lerman (2013, 201) writes: "students find it hard to believe that the program is supported by donations, that there are people on the outside who are rooting them on, people they have never met but who want them to succeed."

It is unsurprising that prison education programs have a hard time securing funding, given prisoners' social construction. Because they are politically weak, prisoners are unable to exert influence over government contracts, raise capital to produce products for sale, or secure donations or membership from within their own group. And because they are seen as undeserving, prisoners are largely unable to solicit donations from out-group members. In short, nonprofits that serve prisoners and other Deviant groups will have a difficult time securing resources due to their undeserving stereotype and lack of political power.

5.4.2 Hypothesis 2b: Changes in Power

Hypothesis 2b suggests that changing groups' political power produces changes in government contract revenue, because government seeks to align itself with powerful groups (Schneider and Ingram, 2005). Changes in power are harder to evaluate than changes in deservingness, because changes in power in a U.S. context are often related with changes in deservingness. For example, "gays and lesbians, too, have gained considerable political power, but first a common, positive identity—that reconstructed the negative to a positive—had to be developed" (Schneider and Ingram, 2005, 20). However, a clear case of groups' increasing their political power in the U.S. involves minority voters. To illustrate the causal mechanisms of this hypothesis, I trace how funding available from federal contracts to nonprofits serving Black and Latino voters changed as their political power increased (Figure 5.2).

In the 1960s, the expanding political power of previously marginalized groups resulted in an explosion of federal funding available to nonprofits to provide social services (Hall, 2006; Smith and Lipsky, 1993). Framing nonprofits as a new form of political machines, Marwell (2004) argues that community based organizations (CBOs)—a subset of nonprofit organizations—influence the

131

Figure 5.2: Hypothesis 2b Illustration
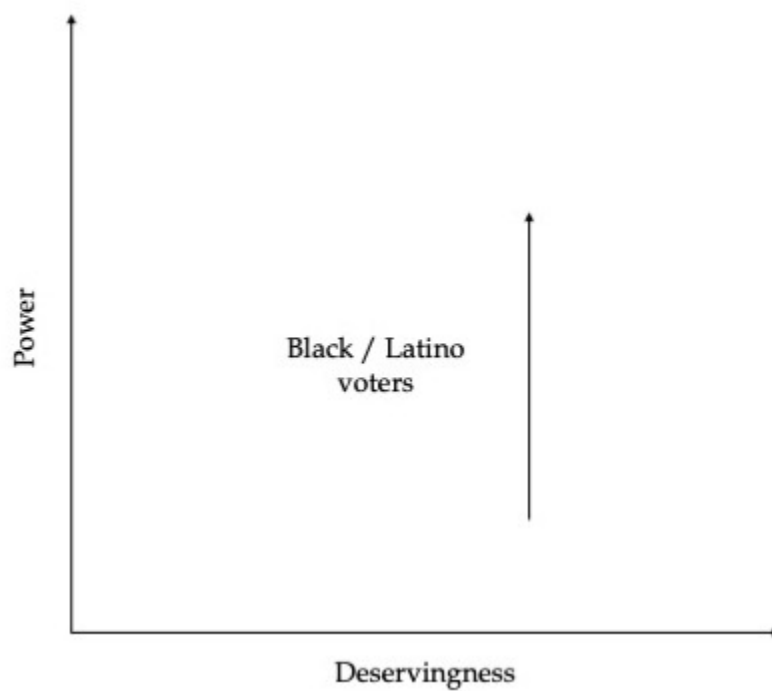
Note: During and after the 1960s, the political power of Black and Latino voters increased. This diagram represents how this case can be used to illustrate Hypothesis 2b.

distribution of government contracts because they serve these powerful voting constituencies.[4] In a recent paper, Schneider and Ingram (2019) also define one aspect of political power of groups in terms of voter turnout. For example, they classify LGBTQ+ and women as groups with slightly more powerful constructions because "these groups all had powerful advocacy groups, high mobilization potential, strong focus and voting turnout." (231)

Marwell (2004) argues that CBOs are the new political machines because they locally allocate service benefits using funding provided by elected officials, and pressure elected officials to provide these contracts via the political voting power of CBO clients.

> Government financial support for CBO service provision activity, combined with CBOs' community building efforts, make it possible for CBOs to establish a patronage-type exchange with local residents. This exchange is more complicated than the machine's, but it functions in the same way: to create and turn out a reliable voting constituency. This cultivation of electoral strength results in the generation of additional government contracts to CBOs, which are vital to organizational survival and expansion. (Marwell, 2004, 269-270)

Marwell (2004) traces this CBO function back to the creation of private, nonprofit Community Action Agencies (CAAs) that received federally allocated dollars to combat the War on Poverty as part of the expanded scope of federal funding in the 1960s. The CAAs were "both an antipoverty and a political strategy... with respect to service delivery, this meant targeting additional public resources to the underserved—usually African American and Latino—populations. In terms of politics, it meant using government expenditures to leverage political support" (268). Marwell (2004) argues CAAs were ultimately undone by their lack of electoral capacity, whereas CBOs today "deploy electoral strategies, and they do so to influence the politics of public resource allocation for social provision" (271). Fyall (2016) similarly argues that nonprofits have the capacity to influence the dispersion of government funds via leveraging (e.g., influence over government to help secure funds specifically earmarked for nonprofits) and advocacy (e.g., nonprofits lobby government for particular policies or the creation of new funding streams).

---

[4]CBOs are all nonprofits, but not all nonprofits are CBOs. CBOs are tied to one locality, misson-oriented towards the needs of locally disadvantaged residents, and "characterized by the significant participation of 'community members'" (Marwell, 2004, 270).

"Like the machine, today's CBOs can organize voters to affect the allocation of public resources (service contracts) and direct those resources to specific persons within neighborhoods (patronage)" (Marwell, 2004, 278). For example, Marwell (2004) traces the 1993 election and 1997 re-election of New York City Mayor Rudolph Giuliani and some of the electoral success of New York Governor Pataki to the Latino vote, an important and growing voting segment, via a CBO (Lindale Center for Service) in New York City. In return for the electoral power wielded by Lindale Center for Service, this group receives millions of dollars worth of government contracts (Marwell, 2004, 285).

5.5 NCCS Data Analysis

As illustrated above, a target population's social construction affects the funding available to a nonprofit serving that target population. As the deservingness of prisoners decreased from the 1970s through the 1990s, the U.S. eliminated inmate access to higher education Pell Grants. As the power of minority voters increases, government contracts become available to community based nonprofits serving these voters. To quantitatively test Hypotheses 2a and 2b, I merge nonprofit financial data with the data on social construction and the number of nonprofit organizations analyzed in the previous chapter. As such, the unit of analysis is the target population.

The National Council for Charitable Statistics (NCCS) data, which are the source of the data on nonprofits' National Taxonomy of Exempt Entities (NTEE) codes and organizational numbers, also provide data measuring the total dollar contributions, program revenue, and total overall revenue ($ USD) of nonprofit organizations in 2017. To measure voluntary contributions, I adopt the NCCS measure of total contributions, which combines the total number of grants and donations (both cash and in-kind) reported by a nonprofit on its 990 IRS form. To measure revenue generated by contracts, I adopt the NCCS measure of program revenue, which combines revenue generated by government contracts, fee-for-service payments, and membership dues. Though these data are not exclusive to government contracts, the additional revenue sources should a) also increase as power increases, and b) be minor in comparison to contracting revenue. In general, the NCCS data are the most common source of nonprofit financial data (Lecy and Thornton, 2016), and compile

information from the 990 forms filed by nonprofits with the IRS. As in the last chapter, smaller nonprofits are excluded from the data as they are not required to file 990 forms with the IRS.

To aggregate the financial data to the target population level, I aggregate the total amount of nonprofit contributions, program revenue, and total revenue by NTEE codes. As before, the NTEE codes serve as a link between the nonprofit and social construction data. I match these aggregated amounts to each target population using the same NTEE codes assigned to each group in the previous chapter.[5] These aggregated values represent the total contributions, total program revenue, and total overall revenue of the nonprofit sector serving each target population in the data.

To test each hypothesis, I employ two dependent variables. First, I employ the logged total contributions or logged total program revenue to evaluate overall funds within these categories.[6] Second, I measure nonprofit reliance on each funding type following Lecy, Ashley, and Santamarina (2019). I calculate the percent of total revenue from contributions or program revenue, respectively. This measure reflects what percentage of a nonprofit's total revenue comes from contributions or program revenue. Outside of these revenue sources, a nonprofit's total revenue consists of total investment income, net rental income, special events income, inventory gross profit, sales of securities and other assets, and other income.[7] As in the previous chapter, I employ Kreitzer and Smith's (2018) mean deservingness and power scores as the independent variables in each respective hypothesis. Given funding is aggregated to the target population level, I control for the number of 501(c)(3) nonprofit organizations serving each target population. Summary statistics are available in Table 5.1.

Table 5.2 presents OLS estimates testing Hypothesis 2a. Models 1 and 2 test Hypothesis 2a against a logged measure of total contributions, and Model 3 tests Hypothesis 2a against a percent total revenue from contributions. Models 2 and 3 include a squared deservingness term, to capture the nonlinear relationship between target groups' mean deserving scores and the total con-

---

[5]See Chapter 3 for the full list of target populations, and the Appendix for NTEE code-target population assignments.

[6]I log the total values to address skew. Histograms of all financial variables are provided in the Appendix.

[7]For the NCCS codebook, see `https://nccs-data.urban.org/dd2.php?close=1&form=Core+2013+PC`.

Table 5.1: Summary Statistics

	N	Mean	St. Dev.	Min	Max
Total Revenue from Cont.	51	6.170×10^9	13.300×10^9	0	72.200×10^9
% Total Revenue from Cont.	51	43.133	30.238	0	95.182
Total Program Revenue	51	16.900×10^9	41.800×10^9	0	202.000×10^9
% Total Revenue from Program Revenue	51	35.336	28.223	0	98.441
Mean Deserving Score	51	48.428	20.791	5.840	76.600
Mean Power Score	51	41.090	23.927	7.370	86.520
Number of Reporting 501(c)(3) Nonprofits	51	4640.294	9473.752	0	50851.000

Table 5.2: OLS Estimates Testing Hypothesis 2a

	(1) Cont. (logged)	(2) Cont. (logged)	(3) % Total Revenue
Mean Deserving Score	-0.033	0.293***	2.475**
	(0.029)	(0.107)	(1.113)
Mean Deserving Score^2		-0.003***	-0.028**
		(0.001)	(0.012)
Mean Power Score	0.020	0.005	-0.205
	(0.019)	(0.018)	(0.187)
Number of Nonprofits (Logged)	2.602***	2.442***	2.966
	(0.207)	(0.196)	(2.045)
Constant	2.600	-1.953	-9.403
	(1.552)	(2.026)	(21.096)
Observations	51	51	51
R^2	0.882	0.903	0.267
Adjusted R^2	0.875	0.895	0.203

OLS regression. Standard errors in parentheses.

Models 1 and 2 regress predictors on total contributions (logged).

Model 3 regresses predictors on % total revenue from contributions.

* $p < .10$, ** $p < .05$, *** $p < .01$

tributions serving each target population. This nonlinear relationship between deserving and total contributions is surprising: donations and grants statistically significantly increase as mean deserving scores approach 50, then statistically significantly decrease as mean deserving scores approach 100 (Figure 5.3).

In Model 3, as the mean deserving score of a group increases by one point, the reliance of nonprofits' total revenue on contributions statistically significantly increases by roughly two and a half percent. Though a two percent increase sounds substantively small, for the average total group program revenue in the data ($6,170,000,000), a two percent increase represents an additional $154,250,000 in voluntary contributions. Given the statistically significant effect of the squared deserving score term, this effect dampens as deservingness approach the maximum (Figure 5.3). This nonlinear relationship also exists when examining the reliance of nonprofits on voluntary contributions (5.4). Nonprofits serving groups with mid-range mean deserving scores are most reliant on voluntary contributions, while nonprofits serving groups with low or high mean deserving scores do not rely on voluntary contributions. Interestingly, the mean power score appears to have no relationship with total contributions or the reliance of revenue on contributions.

Table 5.3 presents estimates testing Hypothesis 2b. Model 1 tests Hypothesis 2b against a logged measure of total program revenue, and Models 2 and 3 test Hypothesis 2b against percent total revenue from program revenue. Models 1 and 2 employ OLS estimators given the continuous nature of the dependent variable; however, percent total revenue from program revenue is skewed.[8] Therefore, I employ a Poisson estimator in Model 3.

As the mean power score of a target population increases, the logged total program revenue of nonprofits serving that target population increases (Model 1). Though this effect is in the expected direction, it fails to achieve statistical significance. Similarly, as the mean power score of a group increases, the percent of nonprofits' revenue that comes from program revenue increases but fails to achieve statistical significance (Model 2). When the modeling strategy accounts for the skewed distribution of this variable (Model 3), the effect is statistically significant with 99% confidence.

---

[8]Histograms of all financial variables are available in the Appendix.

Figure 5.3: Predicted Total Contributions (Logged)
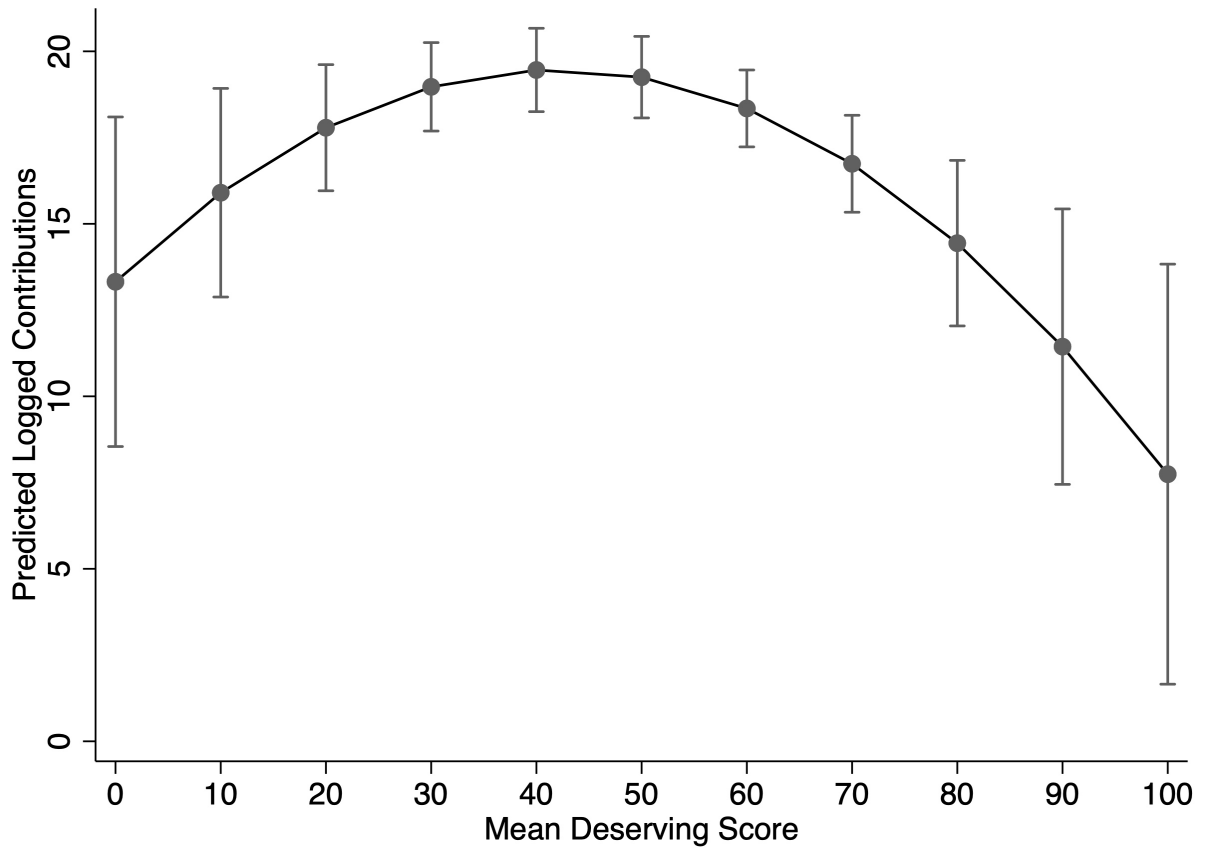
Note: Thin bars represent 95% confidence intervals.

Figure 5.4: Predicted % Total Revenue from Contributions
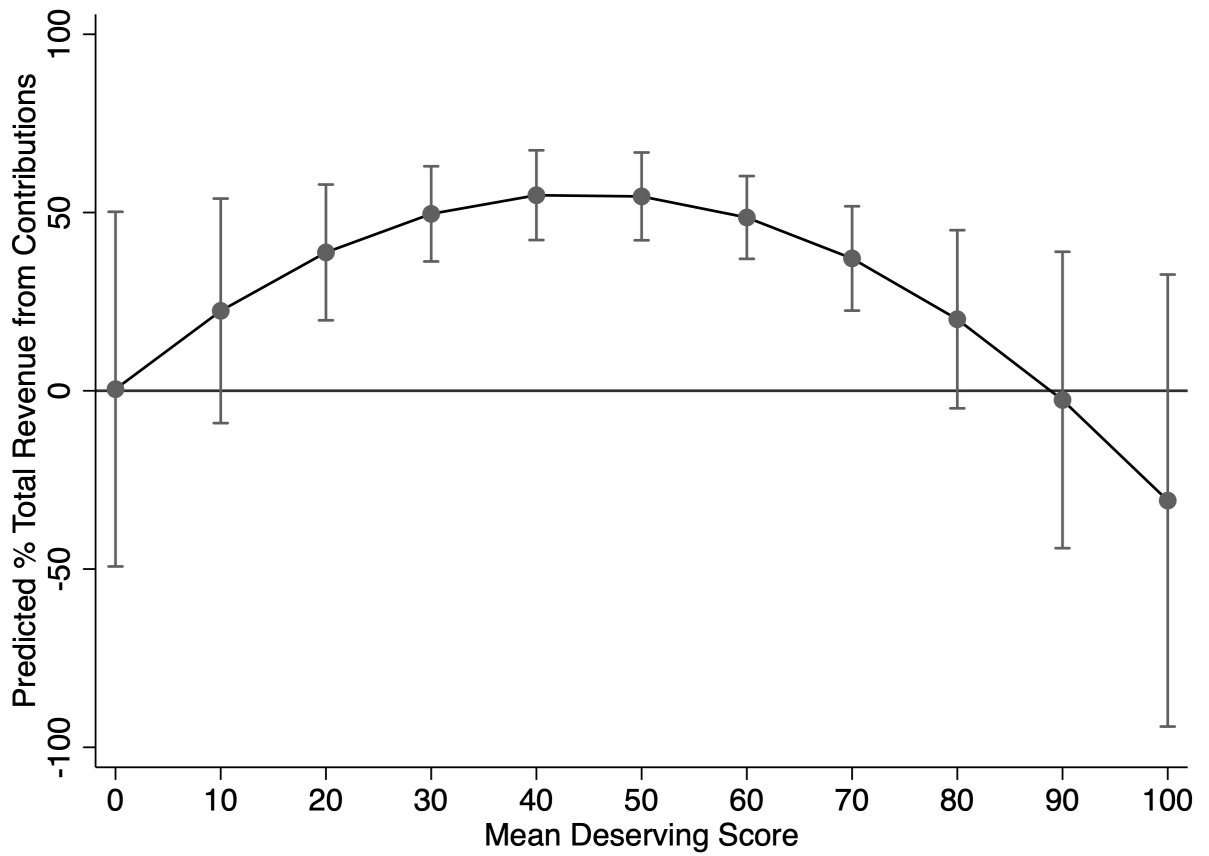
Note: Thin bars represent 95% confidence intervals.

Table 5.3: Estimates Testing Hypothesis 2b

	(1) Prog. Rev. (logged)	(2) % Total Revenue	(3) % Total Revenue
Mean Power Score	0.017	0.174	0.006***
	(0.019)	(0.162)	(0.001)
Mean Deserving Score	0.205*	-0.539	0.013
	(0.111)	(0.961)	(0.008)
Mean Deserving Score^2	-0.003**	0.004	-0.000**
	(0.001)	(0.010)	(0.000)
Number of Nonprofits (logged)	2.584***	6.709***	0.253***
	(0.204)	(1.766)	(0.015)
Constant	-1.734	0.839	1.413***
	(2.106)	(18.217)	(0.209)
Observations	51	51	51
R^2	0.899	0.373	
Adjusted R^2	0.891	0.318	
Pseudo R^2			0.328

Models 1 and 2 estimate OLS regression. Model 3 estimate Poisson regression. Standard errors in parentheses.

Model 1 regresses predictors on total program revenue.

Models 2 and 3 regresses predictors on % total revenue from programs.

* $p < .10$, ** $p < .05$, *** $p < .01$

Figure 5.5 plots the predicted percent total revenue from programs against increasing power. As the mean power score of a target population increases by one point, the percent of total revenue attributed to programs increases by 0.22%.[9] Again, though this seems like a small increase, substantively a 0.22% increase represents a gain in program revenue of \$37,180,000 for the average value within the data. On the other hand, the deservingness of groups exhibits an inconsistent relationship with program revenue. As the deservingness of groups increases, total program revenue increases and then decreases. However, the deservingnes of groups appears to have no relationship with nonprofit organization's reliance on program revenue.

5.6   Discussion

Given endogeneity between social construction and funding structures, the estimates from the quantitative analysis examining a single cross section cannot be interpreted as causal effects be-

---

[9]This is the average marginal effect, $p < 0.01$.

Figure 5.5: Predicted % Total Revenue from Programs
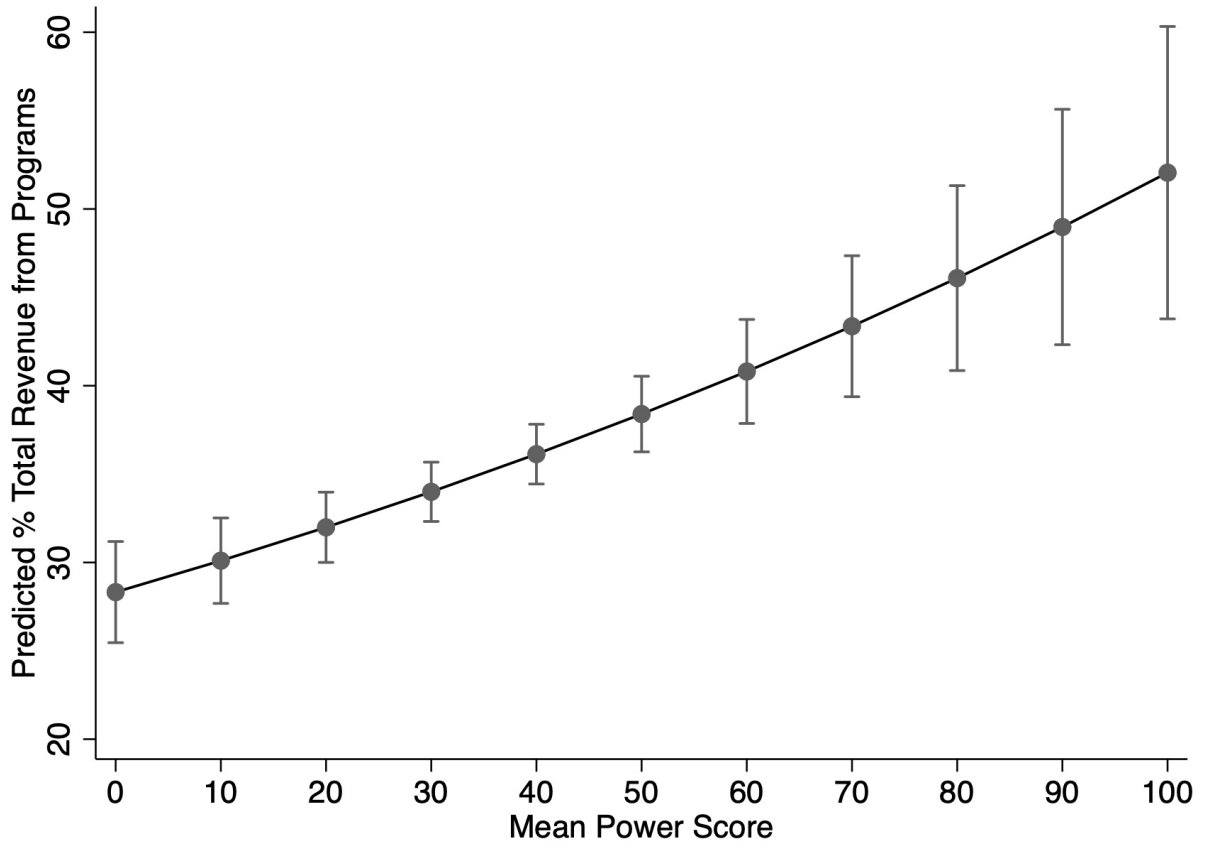
Note: Thin bars represent 95% confidence intervals.

tween social construction, power, and nonprofit funding structures. However, the illustrative stories lend support to the expected causal direction of this relationship. Increasing deservingness increases voluntary contributions like donations and grants, and increasing political power increases revenue from government contracts.

Interestingly, the relationship between deservingness and voluntary contributions is nonlinear. As groups' mean deservingness scores approach the maximum value of 100, the total amount of voluntary contributions and organizational reliance on voluntary contributions decreases. This declining effect could occur for a few reasons. First, it could be that when groups are the most deserving, government provides benefits for them and not the nonprofit sector. In other words, this nonlinear trend is the consequence of a substitution effect (Weisbrod, 1977, 1988; Young, 2000), wherein government provides for the most deserving groups.

Second, a similar crowding-out effect may exist between power and deservingness. Chapter 4 demonstrated that the most nonprofits emerge to support deserving and weak populations. The observed nonlinear effect could be due to the power of these super deserving groups. Though the effect of power on the percent of total revenue from voluntary contributions failed to reach statistical significance (Table 5.2), the direction of the coefficient suggests that reliance on contributions decreases as power increases. Additionally, as power increases, reliance on program revenue increases (Figure 5.5). Whether donations and other sources of funding crowd each other "out" or "in" is debated, with some studies finding in favor of the former (Kim and Van Ryzin, 2014; Kingma, 1995), others the latter (e.g., Okten and Weisbrod, 2000), or no relationship at all (Horne, Johnson, and Van Slyke, 2005; Lu, 2016). Future work should examine trade-offs between power and deservingness on nonprofit funding structures.

Finally, the nonlinear relationship between contributions and funding could be a function of divisive group social constructions. Recall the figure in Chapter 4, plotting mean deservingess of target populations against variance of target population's deservingness scores. Groups with mid-range deserving averages had the highest variance in their social constructions. According to this chapter's analysis, groups with mid-range deserving scores receive the highest amount of

contributions. Possibly, these groups receive the highest amount of donations *because* their social constructions are politically contested. Future work should examine which partisans give to which nonprofits to disentangle any confounding political effects producing a relationship between contested social constructions and voluntary contributions.

5.7 Conclusion

Despite this suggestive evidence, the results of the quantitative analysis are inherently weak given the shortcomings of the data. First, the analysis may suffer from ecological fallacy; data from many organizations are aggregated in order to assess the impact of target populations' social constructions on nonprofit funding. A stronger analysis would match social construction of target populations to each individual nonprofit organization. An analysis at the organizational level could also control for organizational characteristics that affect funding structures, such as organizational age and size (Smith and Lipsky, 1993; Lu, 2015). Second, the study employs a measure of perceived power, rather than realized power. Given I am interested in studying influence in this analysis, a measure of perceived power is problematic (Dahl, 1958). Finally, an ideal analysis would analyze the effect of deservingness and power on each type of funding—grants, donations, contract revenue, and other revenue—separately. Though the NCCS data combines funding measures (e.g., donations and grants), newly available nonprofit data like the partnership between the IRS and Amazon make more detailed funding analyses possible. More data would also make it possible to evaluate the funding structures of nonprofits serving Advantaged, Dependent, Contender, and Deviant groups through evaluation of the compounding effects of power and deservingness on funding structures.

However, these weaknesses are slightly dampened by the illustrative cases. In both cases, changes in group deservingness and political power caused changes in the funding structures of nonprofits serving these groups. In addition to support for the proposed causal direction of the hypotheses, these cases provide additional validity to the results of the quantitative analyses.

However, despite these shortcomings, the results suggest that deservingness and power increases nonprofits' reliance on voluntary contributions and contract revenues, respectively. Though

the analysis is limited to large nonprofits that file 990 forms with the IRS, I have no reason to expect that smaller nonprofits are affected differently than large nonprofits by these relationships. In fact, as Marwell's (2004) story illustrates, even CBOs have the capacity to influence government at the local and state level if they serve politically powerful groups.

This chapter primarily focused on how social constructions affect funding, but funding can also affect social constructions. In addition to the avenues already suggested, future work should examine how funding and nonprofits actively participate in changing groups' social construction and political power. Funding can change social constructions, because policies codify social constructions which shape public expectations (Schneider and Ingram, 2005, 1993). Similarly, nonprofits "have many times been open to marginalized or disadvantaged groups of citizens who have been denied participation in formal political institutions." (Lechterman and Reich, 2020, 177). For example, nonprofit organizations played critical roles in establishing political rights of women and gay/lesbian Americans (Lechterman and Reich, 2020). Time series analyses would address these endogeneity concerns.

6. RAGE GIVING: NONPROFIT DONATIONS AS POLITICAL EXIT

> There are high stakes to points of political contestation in the nonprofit sector; without care and attention to governing principles, the sector is susceptible to the same dark forces of elitism, inequality, and the pursuit of wealth and power that can corrupt governments.

Powell and Bromley (2020b, 169)

When are individuals most likely to exit to the nonprofit sector? In Chapter 3, I argued that social construction and policy feedback affect nonprofits through inner governmental dynamics like partisan politics. Specifically, feedback between the distribution of benefits through public policy and personal conceptions of deservingness result in perceptions of government failure. When partisans are not represented by their co-partisans, perceptions of government failure are more likely.

In the previous chapters, I examined how deservingness and political power shape the distribution and funding of the nonprofit sector. Nonprofits are most likely to support deserving groups, and deserving groups are more likely to receive voluntary contributions like grants and donations than undeserving groups. Here, I anchor these forces to the results of U.S. elections using a case where policy feedback is likely to generate perceptions of government failure and exit to the nonprofit sector. Specifically, I examine the consequences of U.S. elections on the nonprofit sector and conceptualize exit as nonprofit donations. Using the time series data collected by the American National Election Survey (ANES) during U.S. presidential election years (1992-2016), I find that experiencing an electoral loss increases an individual's propensity to donate to a nonprofit or charity within an election year. This finding suggests that nonpartisan nonprofit donations are a form of political behavior that political science has yet to adequately consider.

As in the previous two chapters, the findings presented here hold consequences for our understanding of the function of the nonprofit sector. If election outcomes affect a nonpartisan nonprofit

sector, is the sector truly independent from U.S. politics? This chapter squarely positions nonprofit organizations as institutional actors within the U.S. political economy by examining how electoral dynamics generate exit to the nonprofit sector. Finally, this chapter acts as a rallying call for better future data collection in order to study the politicized relationship between the government and the nonprofit sector.

6.1 Rage Giving After the 2016 Presidential Election

Five days after President Trump's election in the 2016 U.S. presidential race, the American Civil Liberties Union (ACLU) received 120,000 donations totaling $7.2 million dollars (Chandler, 2016; Mark, 2016). During the same five-day window following President Obama's 2012 reelection, the ACLU received only 354 donations totaling $27,806 (Mark, 2016). Across the U.S., many liberally oriented nonprofits experienced record-breaking levels of giving in the days following Trump's election. For example, the Sierra Club "nearly quadrupled its monthly donation record" (Chandler, 2016). The Trevor Project, a LGBTQ support organization, signed on nearly 1,000 new monthly supporters (Mark, 2016; Chandler, 2016), and the Anti-Defamation League experienced a 50-fold increase in online donations largely (90%) from first-time donors (Chandler, 2016). By the end of November 2016, Planned Parenthood received 260,000 contributions from donors, one-fourth of whom signed on to be monthly contributors (Itkowtiz, 2016).

The American media referred to the increase in nonprofit support following President Trump's election as the "Trump surge" (Chandler, 2016; Mark, 2016). More colorfully, the phenomenon has been referred to as "rage giving" (Kaplan, 2017; Hilser-Wiles et al., 2018; McCambridge, 2016). Distraught citizens, unhappy with the election outcome, chose to support nonprofit organizations with missions in stark contrast to the stated agenda of the newly elected President. "Rage giving" may not be a unique political behavior to liberals. For example, individual donations to the National Rifle Association (NRA) increased following the election of President Obama from $50.6 million in 2008 to $66.9 million in 2009.[1] This increase in donations could be consistent

---

[1]These measures aggregate data on direct and indirect contributions, gifts, and similar amounts to the NRA from individuals in 2008 and 2009, using information filed by the NRA to the IRS on 990 forms. These measures do not include government grants or non-monetary gifts.

with an "Obama surge," a conservative reaction to President Obama's election to office. Webster (2020) argues that anger is a defining characteristic of American politics that reduces trust in and commitment to government institutions. Consequently, rage over electoral outcomes may cause Americans to support a different institution: nonprofit organizations.

6.2   Political Explanations of Nonprofit Donations

The literature addressing individual donations to nonprofits is vast and spans disciplines such as behavioral economics, psychology, marketing, sociology, and political science.[2] Most research has focused on the propensity to donate as a function of individual characteristics. Few studies have examined the effect of national events on nonprofit donations, and even fewer studies have examined nonprofit donations as a function of political events or partisan politics.

Many studies examine the relationship between individual characteristics and giving to nonprofits. Statistically significant relationships between donations to nonprofits and individual characteristics such as religion (Jackson et al., 1995; Vaidyanathan, Hill, and Smith, 2011), education (Bekkers and Wiepking, 2011c), age (Clotfelter, 1997; Bekkers and Wiepking, 2011c), race (Hodgkinson et al., 1996; Steinberg and Wilhelm, 2005), gender (Themudo, 2009; Mesch et al., 2011; Andreoni and Vesterlund, 2001), marital status (Jencks, 1987; Andreoni, Brown, and Rischall, 2003), income (Ostrower, 1997; Iannaccone, 1998; James III and Sharpe, 2007), and where people live (Wolpert, 1995) have been demonstrated many times over.

Many of these individual characteristics contribute to or are highly correlated with an individual's political ideology. When included, an individual's political ideology is an important predictor of donating behavior. Winterich, Zhang, and Mittal (2012) demonstrate that both conservatives and liberals give to charities that align with their political identities. Similarly, Farmer, Kidwell, and Hardesty (2020) find that liberals and conservatives give the same overall, but give differently: liberals give less to more charities, while conservatives give more to fewer charities.

---

[2]Many types of gifts can be donated to nonprofits (i.e., blood, time, non-monetary assets, etc.). In this study I focus on gifts of money. It's possible that different theories explain different types of donations to nonprofits. I focus on monetary gifts to help limit the scope of the large question, "Why do people give to nonprofits?", and leave the examination of different types of donations to future work.

However, there is no outright consensus on whether conservatives or liberals give more to nonprofits. Some studies argue individuals with conservative traits give more to nonprofits (Brooks and Lewis, 2001; Brooks, 2006; Derin-Güre and Uler, 2010), but the effect of conservative ideology on giving behavior is difficult to parse out from religiosity's effect. Some studies find that conservative ideology's positive relationship with giving is heavily mediated by religion; when religion is controlled for, the strong support for conservative generosity falters (Vaidyanathan, Hill, and Smith, 2011; Forbes and Zampelli, 2013). On the other hand, Winterich, Zhang, and Mittal (2012, 349-350) find that religion has no significant effect as a replacement for the effect of political conservatism on donations, despite a statistically significant correlation between the two measurements.[3] Still, other studies argue liberals exhibit higher levels of giving (Wolpert, 1995). Lecy, Ashley, and Santamarina (2019) find that nonprofit organizations located in Democratic majority voting districts are more reliant on donations, whereas nonprofit organizations located in Republican dominated voting districts rely on earned revenue. Yen and Zampelli (2014) find that religious conservatives give less than liberals to non-religious organizations. Interestingly, Farwell and Weiner (2000) find that while both liberals and conservatives think that liberals are more generous to nonprofits, the two groups actually display the same level of giving under specific conditions.

The effect of an individual's political environment on an individual's propensity to donate also receives very little attention in the existing literature. This is surprising given individual beliefs are triggered by informational cues within their environment (Zaller, 1992). An individual's environment may be an important predictor of donations in simple or complex ways. Simply, individuals may donate only after they are asked to donate (Bekkers and Wiepking, 2011*b*). More obscurely, an individual's membership in institutions may condition their decision to donate (Vaidyanathan, Hill, and Smith, 2011; DiMaggio, 1997). Very few articles focus on the interaction between individuals and their environment, and hardly any focus on the interaction between individuals and their political environment. Models that fail to capture the moderating effect of an individual's po-

---

[3]Religion also has no significant effect on donations when included as a control in the model against Republican, possibly due to the correlation between the two measures.

litical environment on an individual fail to consider that individuals with the same characteristics may act differently in different political environments. When studies do include measures of political environment, these variables are often treated as measures of individual characteristics rather than measures of context. For example, studies of nonprofit donations that employ Elazar's (1966) political culture (e.g., Bielefeld, 2000; Bielefeld, Rooney, and Steinberg, 2005; Corbin, 1999) treat political culture as a measure of individual preference on par with other individual characteristics. Methodologically, this treatment creates an ecological inference problem wherein aggregate data is used to explain individual behavior. On the other hand, when measures of political environment are treated as measures of context, most studies only model the direct effect. For example, studies that control for Democratic or Republican party majority within a state (e.g., Bielefeld, Rooney, and Steinberg, 2005; Esparza, 2009; Hughes and Luksetich, 1999) only model the direct effect of political environment on donations. Theoretically, only modeling the direct effect of political environment fails to account for how the political environment moderates the effect of individual characteristics on donating behavior. Using an interactive model, Paarlberg et al. (2019) find Republicans in non-Republican-dominated counties are less likely to donate than Republicans in Republican-dominated counties.[4] This finding suggests interactive models may prove fruitful when studying who donates to nonprofits. In sum, operationalizing political environments as individual characteristics creates a methodological problem, and modeling political environments as direct effects creates a theoretical problem. Both scenarios harm inferences about the political roots of nonprofit donations.

Political events at the national level may influence an individual's propensity to donate because national political events are highly salient. Ideology may inform people's reactions to national political events because individuals with different beliefs react differently to the same event. Kim, Oh, and Jung (2010) demonstrate individual beliefs about the role of government (measured as political ideology and political party) affect whether people prefer to make charitable donations or

---

[4]To my knowledge, this is one of two existing studies (the other being Winterich, Zhang, and Mittal (2012)) on nonprofit donations that employs an interactive model, and the only study that employs an interactive model to study the effect of environmental context on nonprofit donations.

pay higher taxes following Hurricane Katrina. Individuals with different ideologies also differ in their beliefs of whether solutions to social problems are necessary (Skitka et al., 2002). However, the influence of national political events such as presidential elections on donor behavior is rarely studied. Karlan and List (2007) accidentally captured such an effect during a field study on the effectiveness of nonprofit matching strategies (i.e., whether a nonprofit offering to match a donor's gift increases the number of donations). The authors ran a field experiment using a liberally oriented nonprofit treatment shortly after the election of George W. Bush in 2004. They found that donations come primarily from liberals within Republican-dominated states, but offer no explicit theoretical reason for this finding since the study's goal is to study the effectiveness of various matching strategies. Lange and Stocking (2009) extend Karlan and List's (2007) study to online donations and control for the effects of the 2008 Obama-McCain presidential election on a liberally oriented nonprofit. Lange and Stocking (2009) find the election has no effect on donations. Similarly, in another paper Margolis and Sances (2017) find that Republican donation levels are unaffected by the 2012 re-election of Obama. These studies, taken together, suggest that liberals may donate when they lose a national election and are in a political environment that reflects the national outcome. Furthermore, liberals and conservatives may react differently to general election outcomes.

In sum, the existing literature offers no explanation for the political nature of nonprofit donations across political context and events. Current explanations are primarily limited to the individual level, and many studies fail to account for possible relationships between individual factors. When studies do take an individual's political environment into consideration, the interaction between individuals and their environment is rarely accounted for; measures of political environment are used to measure the aggregate preference of individuals or to proxy for government funding levels. Finally, the effect of national political events such as presidential elections on nonprofit donations is rarely studied, and when examined, only for one election at a time. Positioning nonprofit donations in political context must account for the individual and the reaction of the individual to political events.

6.3 Theory and Hypotheses

This chapter empirically tests expectations about the political conditions underwhich individuals exit to the nonprofit sector. In Chapter 3, I argued that nonprofits present a means of exit when individuals are dissatisfied with government, given nonprofits' capacity to provide public goods and services. This argument is grounded in two seminal theories: Weisbrod's (1988) nonprofit theory of "government failure" and Hirschman's (1970) economic theory of the firm: exit, voice, and loyalty. I define "exit" as the decision to support the nonprofit sector. Feedback between policy and personal conceptions of deservingness cause government dissatisfaction. When an individual is dissatisfied with an existing firm (i.e., government), they exit to a new firm (i.e., a nonprofit). In the case of U.S. politics, I conceptualize "loyalty" as shared partisanship between an individual and their elected representatives. Shared partisanship conditions the decision to exit or voice following dissatisfaction with government because it informs individual expectations about government capacity and response.

Following a presidential election, Republicans or Democrats may become dissatisfied with government if the outcome of the event conflicts with their personal partisanship, which informs individual views of deservingness and the distribution of benefits and burdens. Consequently, these dissatisfied individuals donate to nonprofits. Electoral losses capture a moment of perceived government failure, because in the immediate aftermath of an election, real policy changes have yet to occur—the only change is the perceived transition to an opposing political party. When an opposing political party is in power, individuals are more likely to perceive that government has failed and less likely to voice their concerns about that failure to government, due to the loss of loyalty. Therefore, suffering an electoral loss should trigger both a sense of government failure in an individual and a loss of loyalty to the government, catalyzing exit to the nonprofit sector. I test this prediction in Hypothesis 3a:

> **Hypothesis 3a: An electoral loss increases an individual's propensity to donate to a nonprofit.**

Similarly, I test how increasing loyalty to the government via layers of representation may dampen effect of an electoral loss on exit in Hypothesis 3b:

Hypothesis 3b: The effect of an electoral loss on the likelihood of nonprofit donations decreases as an individual's loyalty to the government increases.

6.4 Research Design

The data to test my hypotheses come from the American National Election Survey's (ANES) Time Series surveys from seven election years: 1992, 1996, 2000, 2004, 2008, 2012, and 2016. The use of presidential elections is fitting when testing Hypotheses 3a and 3b, because Americans largely think about national government when they think about government (Hopkins, 2018) and the outcomes of presidential elections are typically observed and known to individuals. I focus on election years, because I am interested in explaining exit to the nonprofit sector in response to electoral outcomes.[5] I focus on these specific election years because the ANES began asking consistent questions about nonprofit giving in 1992.

I operationalize exiting to the nonprofit sector as making a monetary donation to a nonprofit. The dependent variable measures whether or not an individual has donated to an organization, taken from the ANES post-election survey. In 2016, the ANES updated the wording of this question to: "Not counting a religious organization, during the past 12 months, have you given money to any other organization concerned with a political or social issue, or have you not done this in the past 12 months?" Prior to 2016, the question was worded as: "Many people are finding it more difficult to make contributions to church or charity as much as they used to. How about you—were you able to contribute any money to church or charity in the last 12 months?" Given the dependent variable is measured using two different instruments, I perform two analyses: a single-year analysis of 2016 and a pooled analysis for 1992-2012.[6] The breakdown of these variables is provided in Table 6.1.

---

[5]Data limitations also restrict the examination of non-electoral years.

[6]Total observations by year in the pooled analysis are included in the Appendix.

Table 6.1: Percentages of Dependent and Independent Variables

	2016	Pooled (1992-2012)
% donated	24.67	78.39
% who identify as Democrat	51.34	-
% whose partisanship does not match the president-elect's	-	42.93%

Though this binary measure of charitable donations allows me to test a theory of individual-level behavior using individual-level data, the ANES data are imperfect. First, the question about donations employed from 1992-2012 combines donations to religious and non-religious organizations. This combination is problematic because donations to religious organizations likely have a different data generating process than donations to non-religious organizations. However, given that religious giving is likely more consistent than other kinds of donations, using a measure which also captures religious giving creates a bias in favor of the null hypothesis when testing the effects of rage giving. Furthermore, religious organizations are legally tax-exempt, nonprofit entities, and therefore technically comparable to other nonprofits. I account for the influence of religious giving by controlling for the importance of religion to an individual. Fortunately, the 2016 ANES survey asks about religious giving in a separate question; we can be more confident in the use of the ANES data if the results are consistent across the 2016 and the pooled analyses.

Second, the dependent variable is self-reported and may be subject to social desirability bias. Comparing self-reported donations to actual donations, Bekkers and Wiepking (2011*a*) unsurprisingly find that self-reported donations are significantly, positively inflated. Furthermore, they demonstrate that this desirability bias is systematically related to education, religiosity, and household income. When there is systematic measurement error in limited dependent variables, the bias in the estimates is not necessarily attenuated (Cook and Weidmann, 2019). Therefore, social desirability bias may pose a problem for inference. Third, both questions measuring the output ask whether an individual has donated in the past 12 months. Though the questions measuring the dependent variables were both asked in the post-election survey, there is no way of knowing if these donations were made prior to the election. Therefore, we cannot infer a causal relationship from

these data. However, we can interpret whether or not experiencing an electoral loss correlates with individual giving behavior, controlling for alternative explanations. Given the novelty of juxtapositioning the nonprofit sector against partisan politics, the ANES data are the best available data to test this question because they contain the most consistent nonprofit donation measures over the longest period of time, as well as a measure of individual partisanship. Individual-level political science data rarely account for nonprofit measures, and individual-level nonprofit data rarely include political variables like partisanship.

In the pooled analysis examining presidential elections from 1992-2012, the independent variable is whether an individual's partisanship matches the partisanship of the president-elect, measured as 0 = matching and 1 = not matching. For example, a Republican in 1992 would be coded a value of 1 given the election of President Clinton. This variable was constructed by comparing information on a respondent's partisanship, measured in the pre-election survey, to the partisanship of the president-elect.[7] I expect the coefficient of not sharing partisanship with the president-elect to be positive, indicating an increased propensity to donate when an individual suffers an electoral loss. In the 2016 analysis, the independent variable is whether an individual is a Democrat, measured as a binary variable where 0 = Republican and 1 = Democrat.[8] In 2016, I expect the effect of being a Democrat to have a positive coefficient, indicating an increased propensity to donate following the election of President Trump. Individuals who identified as Independents were dropped from the pooled and 2016 analyses, but are later employed within a robustness check.

In both the 2016 and pooled analyses, I control for individual characteristics with demonstrated links between donations and partisanship: importance of religion to one's life, marital status, female, white, if the respondent voted in the election, and total household income.[9] Finally, I include a control for an individual's relative economic status to their previous self, as people who are better or worse off than they were previously may have a higher or lower capacity to donate. This vari-

---

[7]This variable was constructed using a question that asked individuals which party they most identify with.

[8]Replacing these partisan measures with measures constructed from ideology produces the same results. These results are included in the Appendix.

[9]I measure household income on a continuous scale from 1-9 for the pooled analysis and 1-28 for the 2016 analysis. This was necessary given the ANES asks individuals to select a category that their overall household income falls into. More information on the construction of this variable is included in the Appendix.

able is measured on an ordinal scale from 1-3, where 1= an individual is better off, 2 = they are the same, and 3 = an individual is worse off. Additionally, this economic self-relevance variable helps control for macroeconomic forces which affect U.S. presidential elections. All controls, apart from whether an individual voted, come from the ANES pre-election survey. Summary statistics of these variables are presented in Table 6.2.

Table 6.2: Summary Statistics of Control Variables in 2016 and Pooled (1992 - 2012) Data

	Mean	St. Dev	Min	Max	N
Household Income					
2016	16.889	7.731	1	28	1,601
Pooled	5.764	2.278	1	9	4,577
Religious					
2016	0.657	0.475	0	1	1,601
Pooled	0.750	0.433	0	1	4,577
Married					
2016	0.545	0.498	0	1	1,601
Pooled	0.550	0.498	0	1	4,577
Female					
2016	0.542	0.498	0	1	1,601
Pooled	0.524	0.499	0	1	4,577
White					
2016	0.851	0.356	0	1	1,601
Pooled	0.790	0.407	0	1	4,577
Voted in election					
2016	0.901	0.299	0	1	1,601
Pooled	0.883	0.322	0	1	4,577
Economically the same					
2016	0.458	0.498	0	1	1,601
Pooled	0.175	0.380	0	1	4,577
Economically worse off					
2016	0.231	0.422	0	1	1,601
Pooled	0.361	0.480	0	1	4,577

Note: Summary statistics of the dependent variables are provided in Table 6.1.

Given the limited dependent variable, I employ a binary probit estimator to test the hypotheses using the 2016 and the 1992-2012 pooled data. To control for election-specific effects in the pooled

analysis, I include year-fixed effects. Fixed-year effects also help control for a possible "Trump effect," "Obama effect," and any other specifics of a particular election, including economic conditions. Fixed-year effects is an appropriate approach to modeling repeated cross sectional data when the researcher is not interested in measuring effects across time (Lebo and Weber, 2015); as such, my interpretations are limited to the within-election-year correlation between of an individual's mismatched partisanship and her or his propensity to donate.

6.5 Hypothesis 3a: Results and Discussion

The coefficients from the full 2016 model are plotted in Figure 6.1 and the predicted probability of making a charitable donation in 2016 by partisanship is presented in Figure 6.2.

As expected, the coefficient of being a Democrat in the 2016 analysis is positive, indicating that being a Democrat correlates positively with an increased propensity to donate to a cause-oriented, nonreligious organization within the year President Trump was elected (ie., the year a Democrat suffered an electoral loss.)[10] These results support Hypothesis 3a. Substantively, being a Democrat instead of a Republican increases an individual's probability of donating to a nonprofit by 12.25%—a large increase in giving between partisans, given the groups demonstrate similar levels of giving overall (Farwell and Weiner, 2000).[11] The predicted probabilities of Republicans and Democrats donating in 2016 are presented in Figure 6.2.

These results are consistent across the 1992-2012 pooled analysis, which models whether an electoral loss (i.e., an individual's partisanship does not match the partisanship of the president-elect) correlates with the likelihood of an individual donating to a charity or church. This test is biased towards the null, given the dependent variable includes religious as well as cause-oriented, non-religious giving.

As seen in Figure 6.3, the coefficient of suffering an electoral loss, or having mismatched partisanship with the president-elect, correlates positively with the propensity to make a charitable donation within an election year. Once again, these results support Hypothesis 3a. This estimate is

---

[10]Recall the 2016 ANES question about donating specifies these conditions of the gift.
[11]The is the average marginal effect ($p < 0.01$).

Figure 6.1: 2016 Analysis: Plotted Coefficient Estimates
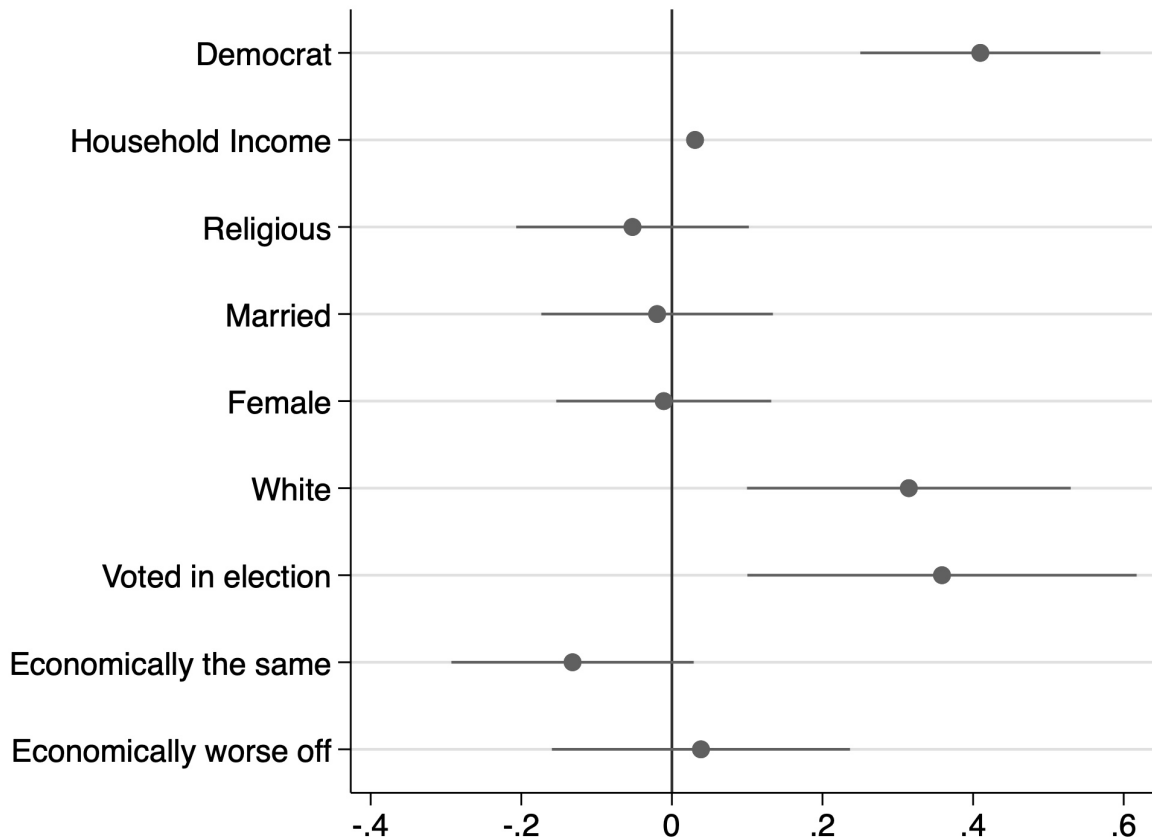
Note: Coefficient plot of binary probit estimates. Thin bars represent 95% confidence intervals. N = 1,601.

statistically significant, even accounting for personal economic fluctuations, religiosity, and other important drivers of charitable donations like household income, marital status, gender, and race. Notably, the correlation between being religious and the propensity to donate is much higher in the pooled analysis than in the 2016 analysis, likely due to the inclusion of religious organizations within the dependent variable. Substantively, experiencing an electoral loss increases an individual's probability of making a charitable donation by 3.62%.[12] This increase, though substantially large, likely underestimates the true effect due to the inclusion of religious giving in the dependent variable. Religious giving is likely less volatile over time, producing a higher baseline level of giv-

_____
[12]This is the average marginal effect ($p < 0.01$).

Figure 6.2: 2016 Analysis: Predicted Probability of Donating by Partisanship
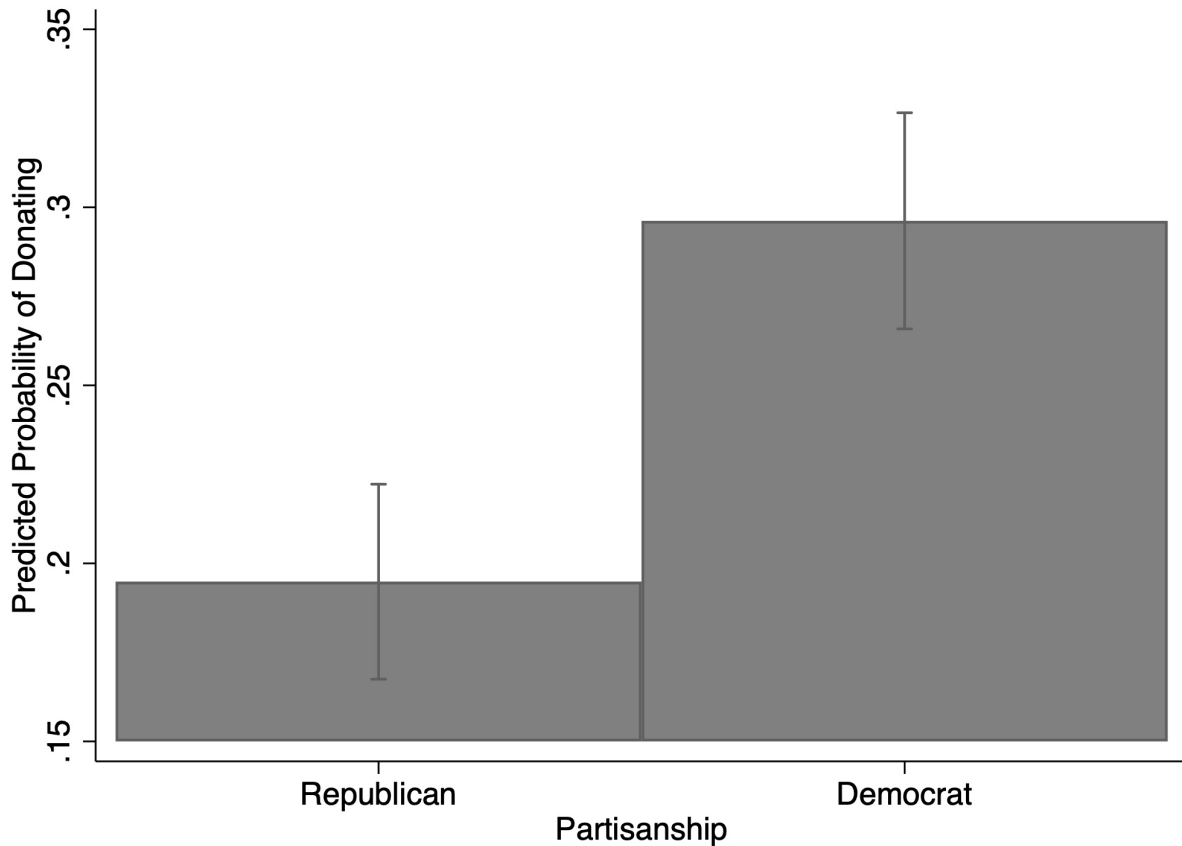
Note: Predicted probabilities, generated from binary probit estimates. Thin bars represent 95% confidence intervals.

ing overall (Table 6.1). The predicted probabilities of an individual's partisanship matching that of the president-elect and of an individual's partisanship not matching that of the president-elect in 1992-2012 are presented in Figure 6.4.

Evidence in support of rage giving is substantively stronger in the 2016 analysis, but statistically significant and consistent across analyses. In both analyses, partisans who suffered an electoral loss were more likely to donate to a nonprofit within an election year than partisans who "won" an election. This consistency lends credibility to the results despite concerns over the dependent variable. First, there is qualitative evidence that President Trump's election catalyzed giving to various nonprofits. This evidence is consistent with the results of the 2016 analysis. Sec-

Figure 6.3: Pooled Analysis (1992-2012): Plotted Coefficient Estimates
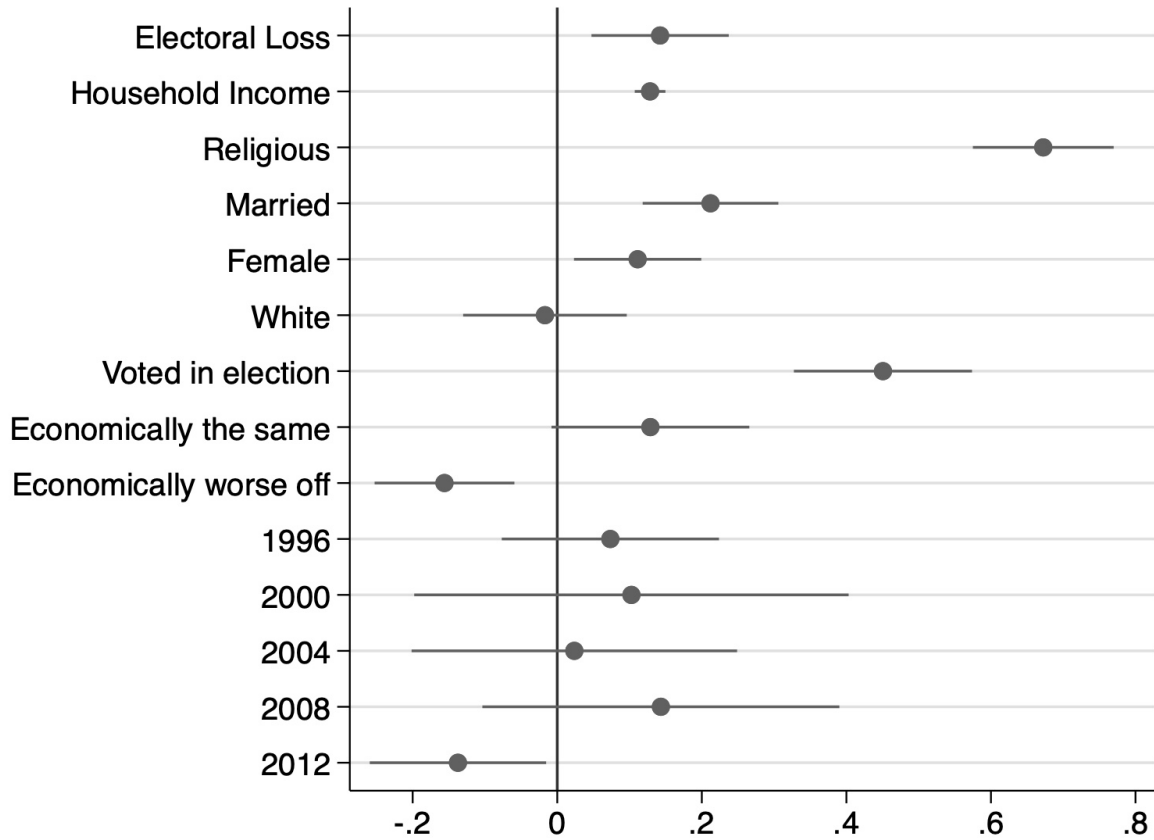
Note: Coefficient plot of binary probit estimates. Thin bars represent 95% confidence intervals. N = 4,577.

ond, the weaker results of the pooled analysis could be due to measurement error in the dependent variable. From 1992-2012, the ANES asked if an individual contributed to a church or a charity. Though U.S. churches are nonprofits and comparable to the nonprofit organizations, it's likely that religious giving has a different data generating process than other forms of donating. For instance, religious giving is likely robust to political events. Consider the coefficients on the control variable measuring the importance of religion to an individual. In the pooled analysis, in which the dependent variable includes donations to churches, as religious importance to an individual increases, the likelihood of making a donation increases (Figure 6.3). In the 2016 analysis, in which the dependent variable does not include religious giving, the positive effect of importance of religion

Figure 6.4: Pooled Analysis (1992-2012): Predicted Probability of Donating by Matching Partisanship
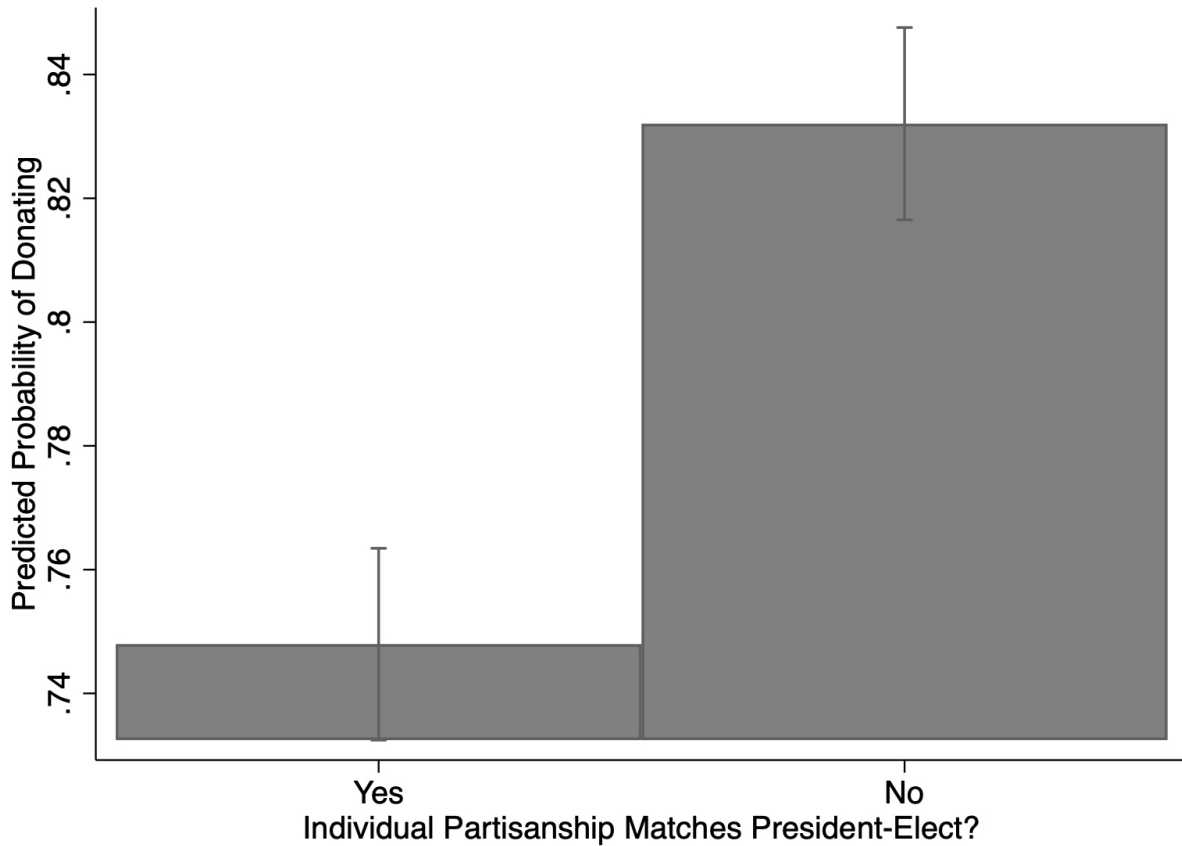
Note: Predicted probabilities, generated from binary probit estimates. Thin bars represent 95% confidence intervals.

disappears (Figure 6.1). As such, the results of the 2016 analysis lend confidence to the interpretation of the pooled analysis results being weakened by measurement error in the dependent variable. Third, causality is a problem in this study given the ANES asks if an individual donated anytime within an election year. An ideal study would model these tests using true time series data, but individual-level panel data containing both partisanship and donation behavior are rarely, if ever, collected. The strong correlation between mismatched partisanship in election years and donations suggests nonprofit donations as a political behavior are worth further investigation, and justifies further data collection on this front.

6.5.1 Comparing Republicans and Democrats

Given the strong results in the 2016 analysis, it could be the case that the pooled results are driven primarily by Democrats. It's possible that Democrats react more strongly than Republicans when the Democratic candidate loses an election, given Democrats' higher baseline trust in and dependence on government. In order to compare the effect of experiencing an electoral loss between Democrats and Republicans, I subset the pooled analysis data (election years 1992-2012) and re-estimate the same models.[13] I am restricted to comparing partisan reactions to electoral losses using the dependent variable that includes religious giving, because the improved dependent variable only exists for 2016. Meaning, there is no variation in which partisan group loses an election against the dependent variable that does not include religious giving.

Figure 6.5: Predicted Probability of Donating: Republicans vs. Democrats

(a) Republicans   (b) Democrats
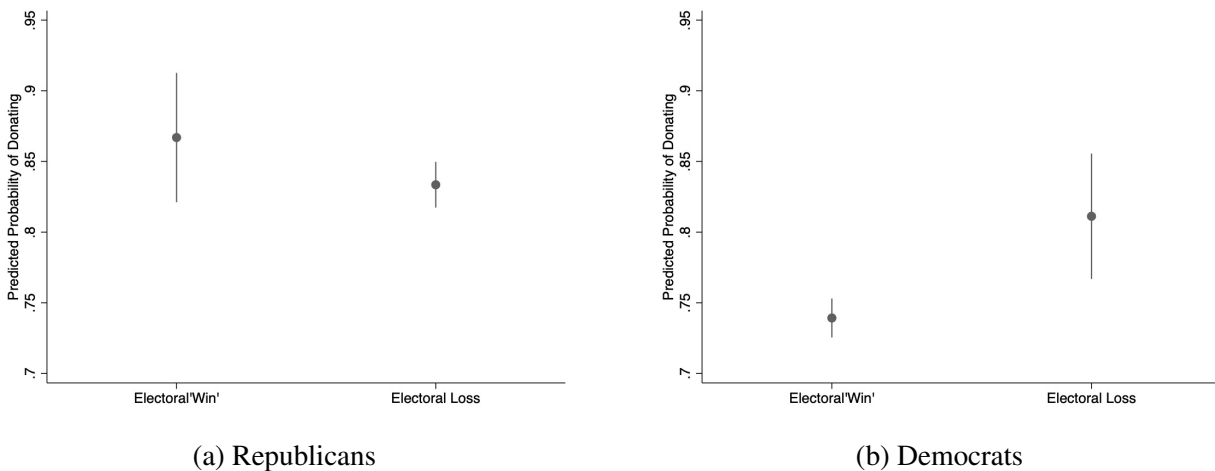
Note: Thin bars represent 95% confidence intervals.

Figure 6.5 compares the predicted probabilities of Republican (Figure 6.5a) and Democratic (Figure 6.5b) donations in years their candidate wins the election and years their candidate loses

---

[13]In the model analyzing Republican reactions, N = 1,957. In the model analyzing Democrats, N = 2,620. The full set of estimates for both models is available in the Appendix.

the election. Notably, the overall probabilities of donating are high. This high propensity to give is likely due to the inclusion of religious giving in the dependent variable. In the pooled data set, 78% of respondents reported donating (Table 6.1). As seen in Figure 6.5a, Republican giving is consistent across election outcomes. This consistency could be due to religious giving by Republican partisans, which is likely robust to electoral outcomes. On the other hand, Democrats (Figure 6.5b) increase their probability of donating in years when the Democratic candidate loses the presidential election compared to years when the Democratic candidate wins the presidential election.[14]

These results suggest that Democrats are prone to rage giving following a presidential election, while Republicans are not. Based on these results, it's possible that Democrats drive the pooled analysis findings presented in Figure 6.4. However, Republican "rage giving" could be masked by the inclusion of religious giving in the dependent variable. It may be that Republican giving follows a similar pattern to Democratic giving when religious donations are not included, but testing this claim requires better data.

6.5.1.1 Republican Rage Giving in 1996

Individual-level data containing measures on partisanship and nonprofit donation behavior are rare. Though far from ideal, the ANES is one of the few data sources that contains both of these variables, measured consistently across time, as well as the most time points of these data. Even when data contain both political and nonprofit measures, these data are typically only collected at a single point in time. For example, the General Social Survey (GSS) asks respondents about their donation behavior, but the questions are typically not repeated after a single year. The lack of repeated measures makes it difficult to study the influence of political events on nonprofit donations overtime. However, though it's not possible to pool data overtime in the GSS or to analyze elections consistently, it is possible to test whether respondents in the GSS exhibit rage giving behavior within particular years.

---

[14]The marginal effect of an electoral loss is not statistically significant ($p > 0.1$), most likely due to multicollinearity caused by the inclusion of fixed year effects. When fixed year effects are excluded from the model, the marginal effect of an electoral loss on the likelihood of donating is statistically significant ($p < 0.1$).

To further explore whether Republicans are prone to rage giving controlling for the effect of religious giving, I analyze whether Republicans gave following the re-election of Bill Clinton in 1996. Following the election of Bill Clinton in 1992, Republicans won control of the House and Senate in 1994, suggesting general displeasure with the Clinton presidency. In 1996, the GSS asked respondents "Approximately how much money or the cash equivalent of property have you contributed in each of the fields listed above in the past twelve months?"[15] For this analysis, I use the measure of total contributions a respondent made for "Public/society benefit." Unlike the ANES, this measure is in total U.S. dollars ($), rather than a binary measure of donating behavior, allowing for a more refined analysis. Also unlike the ANES, the 1996 GSS separately asks about total religious giving (also measured in total USD) in the same question series, allowing to control specifically for a respondent's total amount of religious giving against other forms of monetary gifts. In addition to this new control for religious giving, I include the same control variables as in the ANES analyses: total household income, how frequently a respondent attends religious services, change in economic status, and whether a respondent is married, female, or white.[16]

In 1996, as respondents increasingly identified as Republican, they contributed more money to public and social benefit (Figure 6.6). This behavior is as expected: within the year President Clinton was re-elected, Strong Republican individuals contributed nearly $900 dollars more to public and social causes than Strong Democratic individuals, accounting for religious giving, religiosity, and other important predictors of charitable donations. Furthermore, only respondents who identify as Republican (Near Republican Independents, Not Strong Republicans, and Strong Republicans) exhibit statistically significant levels of giving in 1996. As a respondent becomes increasingly Republican along the partisan scale, he or she donates an average of $103 more to public and societal benefit in 1996 ($p < 0.05$).[17]

This 1996 GSS analysis lends support to the findings of the ANES analysis by providing additional insight into one of the years included within the pooled analysis. In 1996, Republicans

---

[15]This is the only year the GSS asked this question.

[16]Summary statistics of the GSS data are included in the Appendix.

[17]OLS regression estimates are provided in the Appendix.

Figure 6.6: Partisanship and 1996 Contributions to Public and Society Benefit, GSS Data
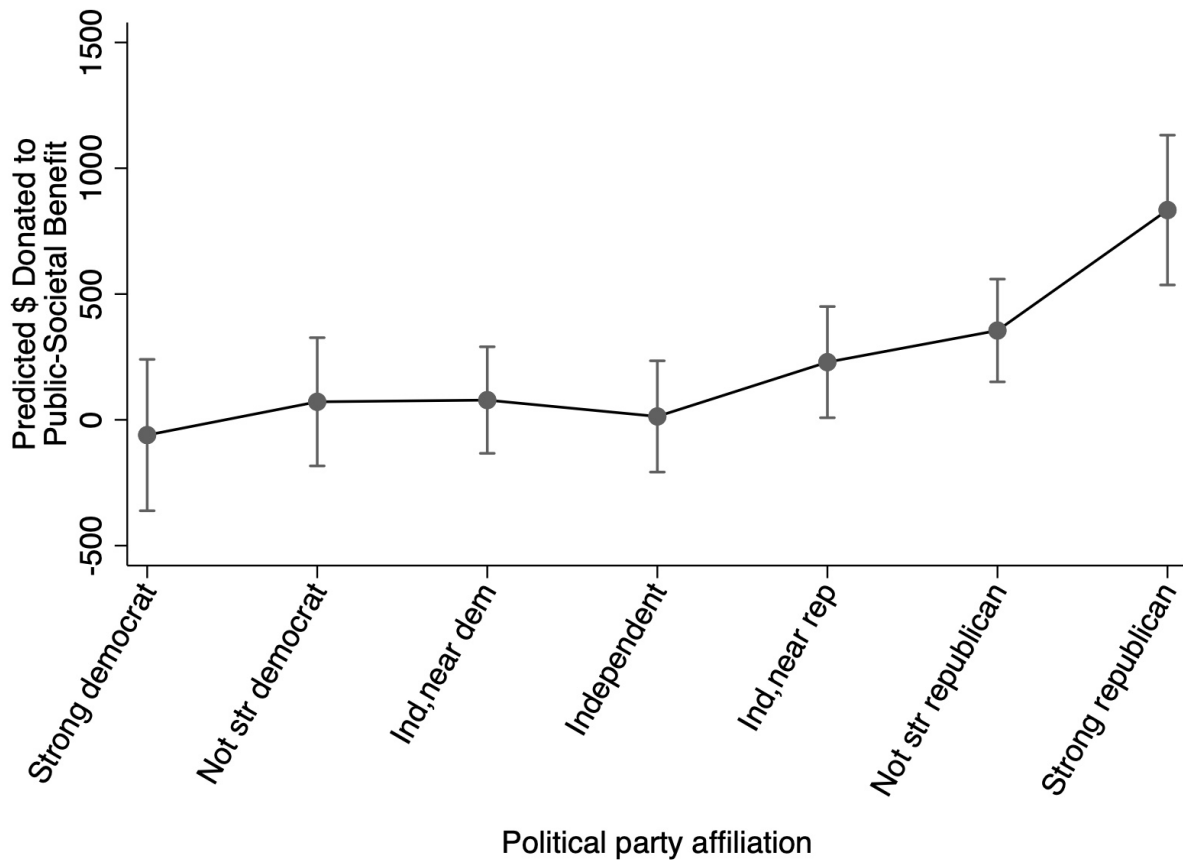
Note: Predicted outcomes using estimates from an OLS regression. Note: Thin bars represent 95% confidence intervals. N = 54

donated more than Democrats during a year that the Republican candidate lost the presidential election.[18] This finding mirrors the results of the pooled ANES analysis, which suggest that partisans are more likely to donate in years their candidate loses a presidential election than in years their candidate wins a presidential election. Furthermore, though the GSS analysis comprises a single snapshot in time, this analysis addresses the supposed influence of religious giving within the pooled analysis. Controlling for their total amount of religious giving, Republicans donated statistically significant amounts within a year their candidate lost the election. This more refined outcome measure provides preliminary evidence that Republicans may also give in response to political dynamics. Observing the effects of elections on nonprofit donations across the ANES and GSS, two major, national surveys, lends confidence to this chapter's arguments.

---

[18]Of course, it is possible that Republicans gave more because Democrats gave less, given the Democratic candidate won the election.

6.5.2   Robustness Check: Do Independents Rage Give?

Given the shortcomings of the ANES data, I further verify these results by leveraging Independents within the ANES survey as a robustness check. In the original analyses, ANES respondents who identified as Independents are dropped from the analysis. Theoretically, Independents should not be affected by an electoral loss the same way partisans are. When partisans suffer an electoral loss, they become dissatisfied with the national government and exit via donations to nonprofits. A true independent's political behavior should not be affected by presidential electoral outcomes. Given that individuals are rarely true independents, replacing the independent variable with a measure of whether or not an individual is a political independent provides a robustness check that is biased against the null hypothesis.

As a robustness check, I repeat the 2016 (Figure 6.7b) and pooled analyses (Figure 6.7a) and replace the independent variable with a measure of whether or not an individual is an independent, measured as 1 = Independent, 0 = otherwise.[19] I expect that there will be no relationship between Independents and the propensity to donate. If Independents are more likely to donate in election years, it is likely that the issues in the data or a spurious variable is driving the correlation between partisan electoral losses and the propensity to donate.

---

[19] 0 = an individual identifies as a Republican or a Democrat.

Figure 6.7: Relationship between Independent Partisanship and Giving

(a) Pooled Analysis (1992-2012)　　　　　　(b) 2016 Analysis
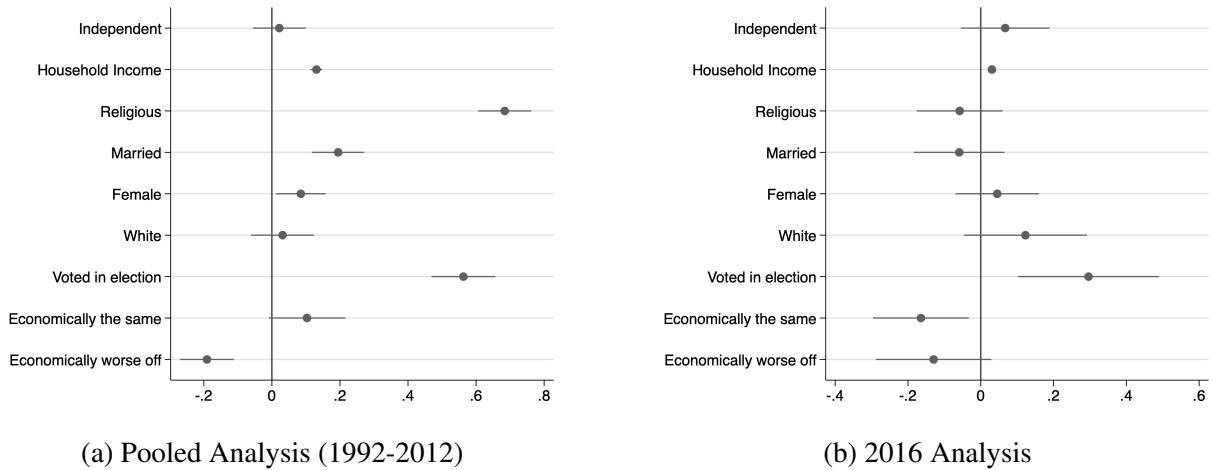
Note: Coefficient estimates from a binary probit regression. Note: Thin bars represent 95% confidence intervals.

As expected, in both the pooled (Figure 6.7a) and the 2016 (Figure 6.7b) analyses, there is no correlation between being an Independent and an underlying propensity to donate across election years. These results support the argument that suffering an electoral loss increases a partisan individual's propensity to donate to a nonprofit.

6.6   Hypothesis 3b: Results and Discussion

Hypothesis 3b states expectations about the conditioning effect of loyalty on an individual's exit to the nonprofit sector. In the test of Hypothesis 3a, the independent variable bakes the absence of loyalty into the construction of the independent variable by examining whether an individual shares partisanship with the president-elect. However, degrees of loyalty may further condition an individual's decision to exit to the nonprofit sector as a function of U.S. federalism. The U.S. has several layers of political representation—local, state, and national—and each of these layers may shape an individual's loyalty to the government. Shared partisanship with representatives at other levels of government may dampen the effect of experiencing an electoral loss at the federal level on the likelihood of nonprofit donations. If individuals share partisanship with representatives at

the local or state level, they may be less likely to exit to the nonprofit sector because some of their representatives may be receptive to their voice. Accordingly, I expect that the effect of suffering a political loss will decrease as individuals' shared partisanship with their state representatives increases.

I test this expectation using both the pooled and 2016 ANES data. In both data sets, the lowest level of geographic residency consistently available is the state in which respondents live. As such, I test whether an individual's state level political representation conditions their decision to exit and donate to a nonprofit. Applied to 2016, I expect that Democrats' propensity to donate will decrease in the presence of an increasing proportion of Democratic state representatives. Applied to the pooled data set, I expect the same effect on Democrats when their presidential candidate loses an election. However, Republicans should exhibit the opposite effect: an increased propensity to donate as Democratic representation increases at the state level.

Given the contextual nature of Hypothesis 3b, a multilevel modeling strategy is theoretically ideal (Steenbergen and Jones, 2002). However, the structure of the ANES data do not lend themselves easily to multilevel analysis. For example, "the ideal circumstances for estimating multilevel models are balanced designs (i.e., equal numbers of level- 1 units per level-2 unit)" (Steenbergen and Jones, 2002, 225). The ANES data are not balanced, given the repeated cross sectional structure of the data. Furthermore, multilevel modeling does not work well in small samples (Stegmueller, 2013; Steenbergen and Jones, 2002), though this limitation was recently challenged (Elff et al., 2021). Though the overall sample size of ANES data is relatively large, it decreases unequally when the data are parsed into Republicans and Democrats across state groups, which makes estimating a multilevel model challenging.[20] Finally, "multilevel models also place a hefty premium on valid and reliable measurements. Bad measures in multilevel models 'get worse' because such a heavy demand is places on the data in terms of estimating coefficients and variance components." (Steenbergen and Jones, 2002, 234). Already discussed at length, the problems with

---

[20]For example, in the pooled data the number of Republicans by state ranges from 1 - 144, and the number of Democrats by state ranges from 0 - 245. The small n of some states restricts the number of level-2 groups to less than 50. The number of level-2 groups is further restricted by the number of partisans per state when the data are parsed into years.

the dependent variable in the pooled analysis may be exacerbated in a multilevel modeling context.

Therefore, I estimate a binary probit model with an interactive term (Clark, Golder, and Golder, 2017) and clustered standard errors. Franzese (2005) demonstrates that the generic multilevel model is similar to an interactive model with a compound error term.[21] In my model specification, the interactive term evaluates the cross-level conditioning effect of loyalty on partisanship, and the clustered standard errors address inefficient and inaccurate standard errors (Franzese, 2005). In particular, I cluster the standard errors at the state level to account for the global component of the compound error term. In the pooled analysis, I employ multiway clustering with small sample correction to include the year, following Cameron, Gelbach, and Miller (2012). As in the test of Hypothesis 3a, I exclude independents from the analysis. Respondents from Washington, D.C. and Nebraska are also excluded, because D.C. does not have representation at the state level and Nebraska holds nonpartisan state elections.

The 2016 data on state representation within state legislatures come from the 2016 Book of the States report on party affiliations of representatives within state House/Assemblies and Senates, published by The Council of State Governments. The representative data on state legislatures for the pooled analysis come from the Correlates of State Policy Project (Jordan and Grossmann, 2017).[22] From these data, I created a measure to represent the number of Democratic representatives within the state legislature by adding the proportion of Democrats within the state House/Assembly and the proportion of Democrats within the state Senate. For this measure of Democratic representation at the state level, a value of 0 means Democrats hold 0% of seats within the state House/Assembly and Senate, and a value of 2 means Democrats hold 100% of seats within the state House/Assembly and Senate. To facilitate interpretation of this measure, I standardize it wherein a score of 0 is the average proportion of Democratic representatives at the state-level, a score of 1 means a state has an above average proportion of Democratic state representatives (1

---

[21]Following Franzese (2005), a generic multilevel or hierarhical model with a single level-1 predictor and single level-2 predictor can be expanded by substitution to $y_{ij} = \gamma_{00} + \gamma_{01}z_j + \gamma_{10}x_{ij} + \gamma_{11}z_jx_{ij} + (u_1x_{ij} + u_{0j} + \epsilon_{ij})$, where i indicates level-1 and j indicates level-2. An interactive model includes $\gamma_{01}z_j + \gamma_{10}x_{ij} + \gamma_{11}z_jx_{ij}$, leaving the compound error term $(u_1x_{ij} + u_{0j} + \epsilon_{ij})$ to be addressed via alternate strategies.

[22]These data sources are comparable. Jordan and Grossmann (2017)'s Correlates of State Policy Project supplements Klarner's (2013) data using the same data from the Book of the States, but only through 2015.

standard deviation above the average, to be precise), and a score of -1 means a state has a proportion of Democratic state representatives one standard deviation below average. In general, this measure operationalizes the degree of loyalty to the government a Democratic individual may experience with the government, using the comparative average of Democratic representation within the state legislature.

Figure 6.8: Marginal Effect of Electoral Loss on Donating By State Democratic Representation (Pooled Analysis)

| (a) Democrat | (b) Republican |
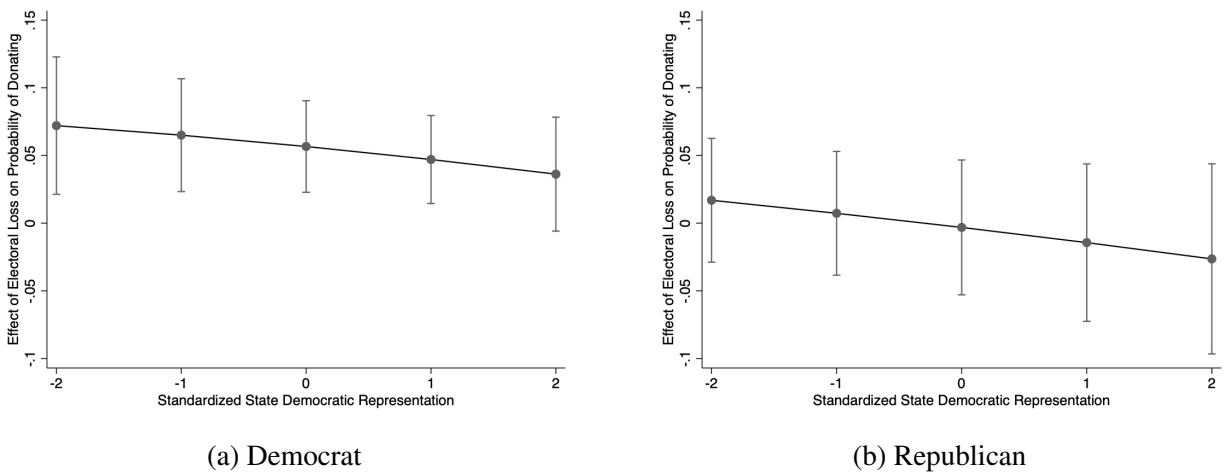
Note: Thin bars represent 95% confidence intervals.

Figure 6.8 displays how the average marginal effect of suffering an electoral loss on an individual's propensity to donate changes as the level of Democratic representation at the state level increases. In general, Democrats who suffer an electoral loss are more likely to donate to a nonprofit. As the average level of Democratic representation in state legislatures increases, Democrats who suffer an electoral loss are less likely to donate to a nonprofit (Figure 6.8a), though the average marginal effect of this conditioning variable is not statistically significant. For example, when Democratic state representation is two standard deviations below average, a Democrat who loses an election has a 7.21% chance of donating to a nonprofit. On the other hand, when Democratic

170

Table 6.3: Binary Probit Estimates Testing Hypothesis 3b (Pooled)

	(Republicans) Donate	(Democrats) Donate
Electoral Loss	-0.01	0.21***
	(0.12)	(0.06)
Standardized State Dem. Rep.	-0.02	-0.05*
	(0.03)	(0.03)
Electoral Loss ×	-0.05	-0.04
Standardized State Dem. Rep.	(0.03)	(0.04)
Household Income	0.10***	0.14***
	(0.03)	(0.01)
Religious	0.82***	0.61***
	(0.06)	(0.05)
Married	0.31***	0.18***
	(0.09)	(0.06)
Female	0.15**	0.09
	(0.07)	(0.08)
White	0.04	-0.04
	(0.11)	(0.07)
Voted in election	0.44***	0.40***
	(0.09)	(0.08)
Economically the same	0.29***	0.15*
	(0.09)	(0.08)
Economically worse off	-0.19**	-0.15*
	(0.09)	(0.08)
Constant	-0.86***	-0.88***
	(0.19)	(0.10)
Observations	1883	2521
AIC	1475.04	2598.81
BIC	1524.90	2651.30

Clustered standard errors by state and year in parentheses.

* $p < .10$, ** $p < .05$, *** $p < .01$

Table 6.4: Binary Probit Estimates Testing Hypothesis 3b (2016)

	Donate
Democrat	0.39***
	(0.06)
Standardized State Dem. Rep.	0.05
	(0.06)
Democrat ×	0.06
Standardized State Dem. Rep.	(0.07)
Household Income	0.03***
	(0.01)
Religious	-0.03
	(0.08)
Married	-0.01
	(0.07)
Female	-0.00
	(0.08)
White	0.34***
	(0.10)
Voted in election	0.39**
	(0.18)
Economically the same	-0.15
	(0.10)
Economically worse off	0.02
	(0.10)
Constant	-1.97***
	(0.23)
Observations	1577
AIC	1680.91
BIC	1745.27

Clustered standard errors by state in parentheses.

* p<.10, ** p<.05, *** p<.01

Figure 6.9: Marginal Effect of being a Democrat on Propensity to Donate By State Democratic Representation (2016)
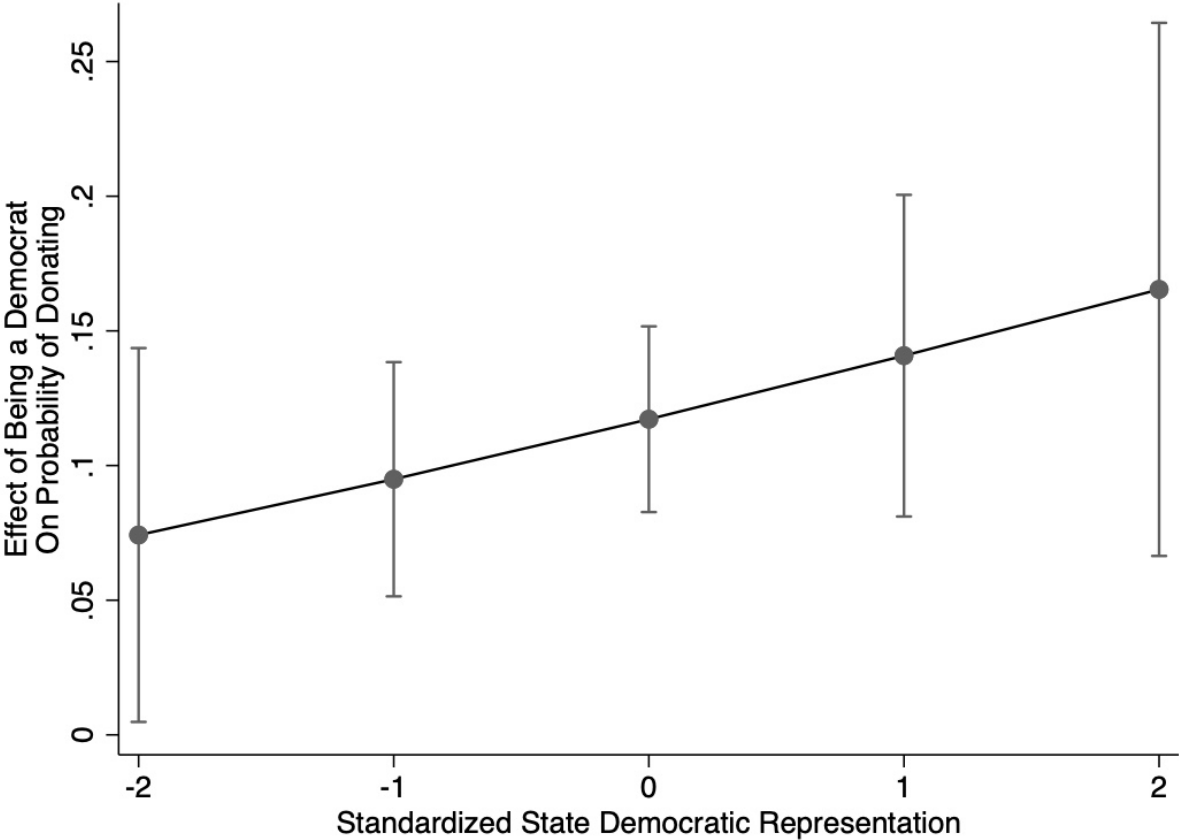
Note: Thin bars represent 95% confidence intervals.

state representation is two standard deviations above average, a Democrat who loses an election has a 3.62% chance of donating to a nonprofit. Contrary to expectations, Democratic representation also has no statistically significant effect on the probability of Republican's donations to nonprofits (Figure 6.8b).

While the pooled data analysis substantively supports Hypothesis 3b in the Democratic case, analysis of the 2016 data does not. Surprisingly, the effect of being a Democrat in 2016 on the probability of donating increases in the presence of increasing Democratic representation (Figure 6.9). Rather than dilute the effect of a Democratic individual's propensity to donate, a Democrat's probability of donating in 2016 increases as Democratic representation of a state increases. Similar to the pooled analysis, when Democratic state representation is two standard deviations below average, a Democrat who loses an election has a 7.42% chance of donating to a nonprofit. However, when Democratic state representation is two standard deviations above average in 2016, a Democrat who loses an election has a 16.54% chance of donating to a nonprofit. As in the pooled analysis, the marginal effect is not statistically significant. Given Democrats' anger surrounding the outcome of the 2016 presidential election, it's possible that the presence of other Democrats amplified, rather than diluted, individuals' propensity to donate via social pressure, information sharing, and/or increased social capital.

The conflicting substantive results between Figure 6.8a and Figure 6.9 could be due the result of problems with the dependent variable in the pooled analysis or unique 2016 effects, among others. Further analysis is necessary to understand the exact mechanism by which loyalty to the government conditions an individual's propensity to exit to the nonprofit sector.

6.7 Conclusion

This chapter's analyses demonstrate that nonprofit donations correlate with the outcomes of U.S. presidential elections as a function of an individual's partisanship. Given the literature's mixed findings examining the relationship between partisanship and generosity, there is no reason to expect one partisan group to be more systematically generous than the other. The consistent findings across this study's 2016 and pooled analyses suggest partisans donate in response to po-

litical events and context, and lend support to the theoretical proposition that nonprofits provide a means of exit from American government. Analysis of respondents in the 1996 GSS survey data provider further supporting evidence, and a robustness check demonstrates that there is no correlation between being an Independent and the propensity to donate within an election year.

However, is not possible to definitively state whether U.S. presidential election outcomes drive nonprofit donations due to data limitations. The ANES measures donation data at an annual level (i.e., the question asks whether respondents donated in the past 12 months), meaning it is unclear whether individuals donated to a nonprofit before or after an election. While individuals may donate in anticipation of losing an election, the construction of the ANES data presents a causality issue. However, the ANES presents the best available data to study rage giving over time, given its repeated use of consistent questions about respondents' donating behavior and partisanship. While another independently collected national survey, the GSS, corroborates the findings, better data collection overall is needed to adequately test the individual-level effects of political dynamics on exit to the nonprofit sector via charitable giving. Despite causal data limitations, there is ample anecdotal evidence that American political events affect the likelihood of donations to apolitical nonprofits. For example, the outcome of the 2016 presidential election generated record-breaking donations to many 501(c)(3) nonprofits—the most politically restricted type of U.S. charitable organization. Despite its data limitations, this study provides provides an initial demonstration that American partisan politics spill over into the nonprofit sector.

7.   CONCLUSION

> While we do our good works let us not forget
> that the real solution lies in a world in which
> charity will have become unnecessary.
>
> ———————————————————————
>
> Chinua Achebe

In this dissertation, I advance a new, political theory of the U.S. nonprofit sector. I frame nonprofits as political institutions that facilitate the private pursuit of public authority. As political institutions, nonprofits are shaped by political forces like social construction and policy feedback through partisan dynamics. Current nonprofit political theory fails to address how these political forces affect the nonprofit sector. In particular, existing nonprofit theories relate government and nonprofits to each other in terms of governmental outcomes. However, these explanations often fail to address how demand for nonprofits is influenced by politics. Through tests of six hypotheses, I demonstrate that nonprofits are affected by political forces through partisanship and elections.

Positioning nonprofit organizations as political institutions encapsulates a contradiction within nonprofits: they are at once both public and private. However, this contradiction is nothing new within the nonprofit literature. Nonprofit organizations are full of contradictions; they are simultaneously private and public in nature (Clemens, 2006); they supplement government activity as alternative service providers, or sometimes act as complements or adversaries (Young, 2000). Nonprofits protect citizens from the state, and at the same time rely on state legal systems of rights and regulations to define their legitimacy (Lechterman and Reich, 2020, 176). Nonprofits may mark the boundary between public and private life (Clemens, 2020), or they may signal the synthesis of public and private life, as I have argued here. Our most contested public issues are embroidered by the presence of nonprofits, allowing for the private pursuit of public outcomes. Positioning nonprofits as political institutions resolves these contradictions, enriching our understanding of how and why these institutions house these competing concepts.

7.1 Why Nonprofit Scholars Should Care About Politics

To date, very few nonprofit studies account for the role of partisan politics within the nonprofit sector (e.g., Paarlberg et al., 2019; Lecy, Ashley, and Santamarina, 2019). This oversight, though recognized (e.g., Appe, 2019; Goss, Barnes, and Rose, 2019; Lechterman and Reich, 2020; Clemens, 2020), is problematic. Nonprofits are inherently political institutions, part and parcel of the U.S. political system. As institutions, nonprofits consist of informal constraints and formal rules that produce political, economic, and social outcomes (North, 1991). As political institutions, nonprofits solve collective action problems, facilitate coercion and redistribution, and encase and protect political interests (Moe, 1990). Throughout U.S. history, political actors utilized the nonprofit sector as an alternative means of pursuing political ends when their desired outcomes were unlikely via government (Hall, 2006). Despite these observations and arguments tracing the origins of the nonprofit sector to partisan politics (Neem, 2003), nonprofit theory is typically apolitical. The lack of political arguments about nonprofits could be due to path dependency from early nonprofit theory or modern IRS restrictions on nonprofit organizations (Marwell, 2004; Fyall, 2016).

Setting aside the roots of this oversight, the lack of theorizing invoking how politics affect the nonprofit sector limits our understanding of why and when nonprofits emerge, how they function within society, and the consequences of their activities. Failure to account for political forces within nonprofit theory may be the culprit behind mixed empirical support for major nonprofit theories. For example, tests of the theory of government failure (Weisbrod, 1977) often proxy for demand heterogeneity using variables that correlate with partisanship. Failing to account for politics and true policy preferences within these tests may result in omitted variables bias, thereby producing mixed empirical results.

Similarly, our understanding of who gives to nonprofits and why is limited by the lack of politics within nonprofit theory. To date, very few studies examine if *who* a donation benefits matters to the donor (e.g., Tremblay-Boire, Prakash, and Calderon, 2019). I argue that who a nonprofit serves is an important predictor of voluntary contributions to nonprofit organizations. I find that nonprofits are most likely to serve deserving populations and least likely to support undeserving

populations (Chapter 4). I also find that nonprofits that serve deserving populations are more reliant on voluntary contributions (Chapter 5). Though intuitive, the relationship between deservingness and nonprofit support was previously untested within nonprofit scholarship. This oversight is likely due to the fact that this proposition rests upon the most basic assumption of the nonprofit sector: that nonprofits serve deserving populations. However, as I have argued, deservingness is a social construct (Schneider and Ingram, 1993); political parties hold different social constructions of the same groups (Kreitzer and Smith, 2018, 2019). Because social constructions vary by partisanship, individuals hold different definitions of who is deserving. Ultimately these differences translate into support for different nonprofits. This insight is crucial to understanding the nonprofit sector, yet is unexamined within the ink spilt on investigating who gives to which nonprofits and why.

I also demonstrate that political events—like elections—play an important role in generating donations to nonprofit organizations (Chapter 6). To date, very few studies examine the effects of political context on nonprofit donations (e.g., Paarlberg et al., 2019). Juxtapositioning nonprofits against political events opens exciting new lines of research for nonprofit scholars. Future research should investigate shock waves in the nonprofit sector caused by elections, political competition, and unpredictable political events like protests and death. To do so will require better data collection that marries political variables with traditional nonprofit variables.

7.1.1 A Critique and Response

Recent scholarship suggests that nonprofit theories based on individual preference and active institutional choice do not apply in a modern context where the relationships between nonprofits and governments are complex and confounded (e.g., Clemens, 2020). Clemens (2020, 207) argues that theories like Weisbrod (1977) and Douglas (1987), which rely on individual observation and decision making about service sources, are no longer valid because individuals cannot tell whether the service they receive comes from a nonprofit, for-profit, or private provider, and this is necessary information in order to choose a new service provider. In other words, individuals cannot actively choose to exit to nonprofits because they do not know if they services they receive are provided by government, nonprofits, or for-profit providers. Partly as a consequence of government's effort

to privatize its services, citizens do not know which services are publicly funded and often over-look the influence of government in their own lives (Mettler, 2011). As Lerman (2019, 90) writes: "Many citizens are unable to correctly distinguish among government, private firms, and nonprofits, even when they personally and directly engage with specific providers in order to receive these services or benefits." If citizens do not recognize a service is provided by government, how can policy feedback lead them to be dissatisfied with government?

This critique evaporates when we consider that *citizens do not need to know the provider of their service to believe that government has failed them.* First, in Chapter 6 I demonstrate that individuals donate to nonprofits on the basis of perceived government failure following elections. Perceived government failure may be just as important to the nonprofit sector as real government failure. Second, when individuals receive low quality services, they *assume* they are from a government provider, regardless of the true provider. In a clever experiment, Lerman (2019, 90-91) demonstrates that citizens believe any low quality service comes from government, regardless of whether the service is provided by a public or private provider. In light of both these findings, if individuals perceive that they or a group they feel is deserving is receiving poor quality service, they will assume government is providing it to them, and turn to alternative service providers, like nonprofits. Therefore, it does not matter if citizens cannot distinguish between service providers, because if they experience service failure they will assume that government is the responsible provider.

7.2 Why Political Scientists Should Care About Nonprofits

Within political science, nonprofits are frequently framed as interest groups (Berry, 2005) or grouped together with for profits as private service providers (Mettler, 2011; Lerman, 2019). However, nonprofits are unique institutions that deserve their own attention within the discipline of political science. I argue that nonprofits are important but undertheorized political players within the U.S. political economy. Positioning nonprofits within the context of American partisan politics enriches our understanding of elite and citizen behavior and political institutions. Furthermore, defining nonprofits as political institutions raises critical implications for democracy and equity.

In this dissertation, I largely overlooked the relationship between political elites and nonprofits in favor of examining the relationships between citizens and nonprofits. In particular, I demonstrated that the effects of partisanship on citizen behavior extend beyond citizen interactions with government. Partisanship affects who citizens consider to be deserving (Kreitzer and Smith, 2019), thereby influencing nonprofit support (Chapter 3). Furthermore, I demonstrated that citizens are likely to "rage give" to nonprofits following electoral outcomes that do not align with their personal partisanship (Chapter 6). This preliminary evidence suggests that nonprofit donations are an understudied form of political behavior. Questions regarding elite behavior and the nonprofit sector are no less interesting. When do political elites start nonprofits? Are nonprofits effective in lobbying political elites? Under what political contexts does government rely on nonprofits to provide services?

Exit to nonprofits increases accountability problems with government (Reckhow, 2013). First, government itself can obfuscate its activities by contracting with the nonprofit sector. Nonprofit service delivery and government contracting can make it hard to know which institution is responsible for service delivery, thereby making it hard for the public to hold the appropriate institution accountable when they are dissatisfied (Lerman, 2019; Mettler, 2011; Milward and Provan, 2000). For example, privatizing prisons is a means of government avoiding accountability for prisoners' legal concerns (Gunderson, 2020). When positioned as political institutions, nonprofits translate from independent, parallel institutions to a similar means for government and political elites to avoid accountability. This perspective merits further investigation. Second, the choice to adopt a nonprofit organizational structure is a decision that weighs costs and benefits within a political context (Smith and Lipsky, 1993; Young, Bania, and Bailey, 1996). By adopting a private, nonprofit organizational structure, individuals protect their interests from public interference and oversight while enjoying the benefits of a priviledged tax status. Many examples of political losers turning to the nonprofit sector to pursue their political goals punctuate U.S. history (Hall, 2006). Though they are private organizations, nonprofits inherently affect the distribution of public goods and services. Nonprofits distribute these benefits while remaining unaccountable to the electorate. Furthermore,

nonprofits' tax exempt status translates into all tax payers subsidizing nonprofits, regardless of whether a nonprofit serves an individual's personal values.

Government may believe the exit to nonprofits is in its best interest. Hirschman (1970) argues that a firm may benefit from the existence of other firms that its customers can exit to. When people exit to a new firm, they no longer need to voice their concerns about service to the old firm. Hirschman (1970) argues that the people most likely to exit are the individuals most likely to have the loudest voices. When they exit, it decreases the overall "volume" of voice that a firm experiences. Applying this argument to government, government may benefit from individuals' political exit to nonprofits, because it suppresses the loudest voices that government may experience. In particular, according to my argument, the exit to the nonprofit sector depresses the number of voices from the opposing political party. Without these voices, government has more freedom to swing between extremes and cater to one political viewpoint or the other. In other words, government has less incentive to compromise. If nonprofits didn't exist, dissatisfied people from the opposing political party would have no exit option, meaning they would be more likely to voice their concerns to government, which could drive government more towards the median voter between the two parties.

However, government officials' decision to not act and to allow nonprofits to fill this vacuum is a political decision in itself reflecting government's "second face of power" (Bachrach and Baratz, 1962). When government chooses inaction as its official policy, individuals who prefer action can exit to the nonprofit sector. This exit decreases pressure on government to take action. In addition to normative questions about what the role of government and the nonprofit sector should be, the consequences of exiting to the nonprofit sector may lead to a less politically engaged public because individuals rely on nonprofits, and not government, for the distribution of benefits to deserving groups.

Though government may benefit in the short term from political exit to nonprofits, the emergence of nonprofits may ultimately weaken democracy. This conclusion is surprising, because most existing arguments about associations suggest that nonprofits strengthen democracy. In addi-

tion to lowering the incentive for people to directly voice their concerns to government, political exit may dampen the public's overall incentive to participate in government. When people exit to nonprofits to distribute benefits to deserving groups, they have less incentive to actively participate in government. The political exit to nonprofits can increase apathy towards government, because people feel they distribute and receive benefits, and have their influence, apart from government. This apathy can decrease voter turnout, ultimately shifting the composition of the U.S. median voter. In turn, this decreases government incentives to be responsive to voters and the public at large, causing more political exit to nonprofits. This process of exit and political apathy will repeat, if left unacknowledged and unaddressed. This line of reasoning ultimately suggests that a robust nonprofit sector shifts the median voter. Future empirical and theoretical investigation of this proposition promises rich advances in political science and public administration.

Equally concerning are implications for equity within the nonprofit sector. Nonprofits support deserving populations, but who is deserving is a function of politics (Chapter 4). Given the influence of politics on definitions of who is deserving, nonprofits are not guaranteed to fulfill their mission of helping those in need; rather, nonprofits help those that donors *think* are most in need. These perceptions, along with political power, affect nonprofit funding structures (Chapter 5). Nonprofits supporting deserving populations are reliant on voluntary contributions, while nonprofits supporting politically powerful populations are reliant on contracts and other revenues. Nonprofits that rely on voluntary contributions are vulnerable, given social constructions are impermanent and can change (Schneider and Ingram, 2005, 2013). Nonprofits with powerful populations are able to exert influence over government to receive contracts, but who is powerful is not always deserving. Given nonprofits' fundamental need to attain resources, these organizations may construct who is deserving on their own or serve powerful groups, contrary to the sector's charitable mission. Finally, partisan dynamics effect the nonprofit sector (Chapter 6). Despite legal regulations barring nonprofits from electoral activity, election outcomes determine nonprofit donations. If we ignore the effects of political forces on nonprofits, then practitioners and scholars cannot address inequalities within the sector rooted in these forces.

7.3 Overall Theoretical and Empirical Limitations

Theoretically, this dissertation has other shortcomings. For instance, the argument does not currently address when or how political elites establish nonprofits as political institutions. This phenomena certainly occurs: government actors and institutions intentionally creates nonprofit organizations to support public missions and agencies. For example, nonprofits were created by government to support NASA, the White House, the Forest Service, and the Smithsonian, to name a few government agencies. These organizations explicitly state that their missions are to support various government bureaucracies and institutions. I plan to address nonprofit political institutions created by political elites in future work.

Theoretically, future research should also consider how nonprofits intertwine with American political processes. Positioning nonprofits as a means of political exit as an alternative service providers and/or intermediaries with government merits further investigation and holds potential as a fruitful research agenda comparing nonprofits against electoral outcomes, political competition, political messaging, legislative votes, and other political phenomena. Nonprofit institutions have traditionally been studied independently from political phenomena, given the mission of the sector to support the public good. Framing nonprofits as political institutions conceptualizes nonprofit donations and volunteerism as a form of political behavior and opens new questions about the purpose, function, and development of the nonprofit sector.

However, in order to pursue these theoretical avenues, better data are needed. The data limitations of this dissertation are largely due to the lack of existing individual-level data that includes political measures of interest alongside nonprofit measures of interest. Nonprofit organizations are rarely framed as political institutions; the newness of this juxtaposition means existing data containing both political and nonprofit measures are rare. When data do include measures of both these phenomena, they are often rough (as in the ANES data used in Chapter 6) or only measured at a single point in time (as in the GSS data, also used in Chapter 6). These shortcomings limit our ability to study how political dynamics affect the nonprofit sector. For example, beyond presidential elections, other political events like the Black Lives Matter social movement or the death

of Justice Ruth Bader Ginsberg also generated record-level amounts of nonprofit giving. However, no data currently exists to systematically study the impact of unpredictable political events on nonprofit donations. Practically, future political research should consider nonprofits during the data collection process in order to study how the political sector affects and is affected by the nonprofit sector.

REFERENCES

Administration, U.S. Small Business. 2019. 2019 Small Business Profile. Technical report SBA Office of Advocacy. Retrieved February 12, 2021 from `https://cdn.advocacy.sba.gov/wp-content/uploads/2019/04/23142719/2019-Small-Business-Profiles-US.pdf`.

Alesina, Alberto, Reza Baqir, and William Easterly. 1999. "Public goods and ethnic divisions." *The Quarterly journal of economics* 114 (4): 1243–1284.

AMA Physician Masterfile. 2017. Number of People per Active Physician by Specialty, 2017. Technical report Association of American Medical Colleges. Retrieved February 12, 2021 from `https://www.aamc.org/data-reports/workforce/interactive-data/number-people-active-physician-specialty-2017`.

American Bar Association (ABA). 2020. ABA National Lawyer Population Survey, Historical Trend in Total National Lawyer Population 1878-2020. Technical report ABA Archives. Retrieved from `https://www.americanbar.org/content/dam/aba/administrative/market_research/total-national-lawyer-population-1878-2020.pdf`.

American Congress of Obstetricians and Gynecologists (ACOG). 2017. The Obstetrician-Gynecologist Workforce in the United States: facts, figures, and implications. Technical report American Congress of Obstetricians and Gynecologists Washington, DC: .

American Hospital Association. 2018. "Fast Facts on U.S. Hospitals - 2018 Pie Charts.".

URL: *https://www.aha.org/statistics/2018-01-09-fast-facts-us-hospitals-2018-pie-charts*

Andreoni, James, Eleanor Brown, and Isaac Rischall. 2003. "Charitable giving by married couples who decides and why does it matter?" *Journal of human Resources* 38 (1): 111–133.

Andreoni, James, and Lise Vesterlund. 2001. "Which is the fair sex? Gender differences in altruism." *The Quarterly Journal of Economics* 116 (1): 293–312.

Anheier, Helmut K, and Lester M Salamon. 2006. "The nonprofit sector in comparative perspec-

tive." *The nonprofit sector: A research handbook* 2: 89–116.

Appe, Susan. 2019. "Nonprofit organizations as interpretive communities: responses to policy reforms and the shaping of civil society in Ecuador." *Policy Studies* 40 (6): 609–627.

Arrow, Kenneth J. 1963. "Uncertainty and the welfare economics of medical care." *The American Economic Review* 53: 941–973.

Bachrach, Peter, and Morton S Baratz. 1962. "Two faces of power." *The American political science review* 56 (4): 947–952.

Bae, Kwang Bin, and Hosung Sohn. 2018. "Factors contributing to the size of nonprofit sector: Tests of government failure, interdependence, and social capital theory." *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations* 29 (3): 470–480.

Batiuk, Mary Ellen, Karen F Lahm, Matthew McKeever, Norma Wilcox, and Pamela Wilcox. 2005. "Disentangling the effects of correctional education: Are current policies misguided? An event history analysis." *Criminal justice* 5 (1): 55–74.

Bayer, Patrick, and David E Pozen. 2005. "The effectiveness of juvenile correctional facilities: public versus private management." *The Journal of Law and Economics* 48 (2): 549–589.

Becker, Annika. 2018. "An experimental study of voluntary nonprofit accountability and effects on public trust, reputation, perceived quality, and donation behavior." *Nonprofit and Voluntary Sector Quarterly* 47 (3): 562–582.

Bekkers, René, and Pamala Wiepking. 2011*a*. "Accuracy of self-reports on donations to charitable organizations." *Quality & Quantity* 45 (6): 1369–1383.

Bekkers, René, and Pamala Wiepking. 2011*b*. "A literature review of empirical studies of philanthropy: Eight mechanisms that drive charitable giving." *Nonprofit and Voluntary Sector Quarterly* 40 (5): 924–973.

Bekkers, René, and Pamala Wiepking. 2011*c*. "Who gives? A literature review of predictors of charitable giving part one: Religion, education, age and socialisation." *Voluntary Sector Review* 2 (3): 337–365.

Ben-Ner, Avner. 1994. "Who benefits from the nonprofit sector? Reforming law and public policy

towards nonprofit organizations.".

Ben-Ner, Avner, and Theresa Van Hoomissen. 1991. "Nonprofit organizations in the mixed economy: A demand and supply analysis." *Annals of public and cooperative economics* 62 (4): 519–550.

Ben-Ner, Avner, and Theresa Van Hoomissen. 1992. "An empirical investigation of the joint determination of the size of the for-profit, nonprofit and government sectors." *Annals of public and cooperative economics* 63 (3): 391–415.

Berchick, Edward R., Emily Hood, and Jessica C. Barnett. 2018. Health Insurance Coverage in the United States: 2017. Technical Report P60-264 Current Population Reports U.S. Government Printing Office, Washington, D.C.: . Retrieved February 12, 2021 from `https://www.census.gov/content/dam/Census/library/publications/2018/demo/p60-264.pdf`.

Berry, Jeffrey M. 2005. "Nonprofits and civic engagement." *Public Administration Review* 65 (5): 568–578.

Berry, Jeffrey M, and D. F. Arons. 2003. *A voice for nonprofits*. Brookings Institution Press.

Bielefeld, Wolfgang. 2000. "Metropolitan nonprofit sectors: Findings from NCCS data." *Nonprofit and Voluntary Sector Quarterly* 29 (2): 297–314.

Bielefeld, Wolfgang, Patrick Rooney, and Kathy Steinberg. 2005. "How do need, capacity, geography, and politics influence giving." *Gifts of money in Americas communities* pp. 127–158.

Boris, Elizabeth T, Brice McKeever, and Beatrice Leydier. 2017. *Roles and Responsibilities of Nonprofit Organizations in a Democracy*. Rowman & Littlefield, in partnership with The Urban Institute.

Boris, Elizabeth T, and C Eugene Steuerle. 2017. *Nonprofits & government: Collaboration & conflict*. Rowman & Littlefield, in partnership with The Urban Institute.

Brady, Henry E, Sidney Verba, and Kay Schlozman. 2009. Redistribution, Polarization, and Medians: Bringing Data to Downsian Puzzles. In *APSA 2009 Toronto Meeting Paper*.

Brainard, Lori A, and Patricia D Siplon. 2004. "Toward nonprofit organization reform in the

voluntary spirit: Lessons from the internet." *Nonprofit and Voluntary sector quarterly* 33 (3): 435–457.

Brewer, Mark D. 2005. "The rise of partisanship and the expansion of partisan conflict within the American electorate." *Political Research Quarterly* 58 (2): 219–229.

Bronson, Jennifer, and Ann Carson. 2019. Prisoners in 2017. Technical Report NCJ 252156 Bureau of Justice Statistics. Retrieved February 12, 2021 from `https://www.bjs.gov/content/pub/pdf/p17.pdf`.

Brooks, Arthur C. 2006. *Who really cares: America's charity divide–who gives, who doesn't, and why it matters*. Basic books.

Brooks, Arthur C, and Gregory B Lewis. 2001. "Giving, volunteering, and mistrusting government." *Journal of Policy Analysis and Management* 20 (4): 765–769.

Burns, Nancy. 1994. *The formation of American local governments: Private values in public institutions*. New Yor: Oxford University Press, Inc.

Bush, Richard. 1992. "Survival of the nonprofit spirit in a for-profit world." *Nonprofit and Voluntary Sector Quarterly* 21 (4): 391–410.

Cameron, A Colin, Jonah B Gelbach, and Douglas L Miller. 2012. "Robust inference with multiway clustering." *Journal of Business & Economic Statistics* .

Campbell, Angus, Philip E Converse, Warren E Miller, and Donald E Stokes. 1960. *The american voter*. University of Chicago Press.

Center for Behavioral Health Statistics and Quality. 2018. 2017 National Survey on Drug Use and Health: Detailed Tables. Technical report Substance Abuse and Mental Health Services Administration Rockville, MD: . Retrieved online February 12, 2021 from `https://www.samhsa.gov/data/sites/default/files/cbhsq-reports/NSDUHDetailedTabs2017/NSDUHDetailedTabs2017.pdf`.

Centers for Disease Control and Prevention. 2018. Cigarette Smoking Among U.S. Adults Lowest Ever Recorded: 14% in 2017. Technical report CDC Newsroom. Retrieved February 12, 2021 from `https://www.cdc.gov/media/releases/2018/`

`p1108-cigarette-smoking-adults.html#:~:text=An%20estimated%`

`2014%20percent%20of,67%20percent%20decline%20since%201965.`

Chand, Daniel E, M Apolonia Calderon, Daniel P Hawes, and Lauren O'Keeffe. 2020. "Serving immigrant communities: Effectiveness of nonprofit legal aid organizations in an age of heightened enforcement." *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations* pp. 1–13.

Chandler, Adam. 2016. "The Post-Election Surge in Donations.". *The Atlantic* online. Published 14 Nov 2016.

  URL: *https://www.theatlantic.com/business/archive/2016/11/donald-trump-donations/507668/*

Charles, Cleopatra, and Mirae Kim. 2016. "Do donors care about results? An analysis of nonprofit arts and cultural organizations." *Public Performance & Management Review* 39 (4): 864–884.

Clark, Peter B, and James Q Wilson. 1961. "Incentive systems: A theory of organizations." *Administrative science quarterly* pp. 129–166.

Clark, William Roberts, Matt Golder, and Sona N Golder. 2017. "The British Academy Brian Barry prize essay: An exit, voice and loyalty model of politics." *British Journal of Political Science* 47 (4): 719–748.

Clemens, Elisabeth S. 2006. "The Constitution of Citizens: Political Theories of Nonprofit Organizations." In *"The Nonprofit Sector: A Research Handbook*, ed. Walter W. Powell, and Richard Steinberg. 2nd ed. pp. 32–65.

Clemens, Elisabeth S. 2020. "Nonprofits as Boundary Makers: The Politics of Choice, Mobilization, and Arbitrage." In *The Nonprofit Sector: A Research Handbook*, ed. Walter W. Powell, and Patricia Bromley. 3rd ed. pp. 192–207.

Clotfelter, Charles T. 1992. *Who benefits from the nonprofit sector?* University of Chicago Press.

Clotfelter, Charles T. 1997. "The economics of giving." *Giving better, giving smarter: Working papers of the national commission on philanthropy and civic renewal* pp. 31–55.

Cook, Fay Lomax. 1979. "Who should be helped?: Public support for social services.".

Cook, Scott J., and Neils B. Weidmann. 2019. "Lost in Aggregation: Improving Event Analysis

with Report-Level Data." *American Journal of Political Science* 63: 250–264.

Corbin, John J. 1999. "A study of factors influencing the growth of nonprofits in social services." *Nonprofit and voluntary sector quarterly* 28 (3): 296–314.

Coupet, Jason, Kate Albrecht, Teshanee Williams, and Sue Farruggia. 2020. "Collaborative Value in Public and Nonprofit Strategic Alliances: Evidence From Transition Coaching." *Administration & Society* 52 (3): 405–430.

Dahl, Robert A. 1958. "A critique of the ruling elite model." *The American Political Science Review* 52 (2): 463–469.

Dahl, Robert A. 1961. *Who governs?: Democracy and power in an American city*. Yale University Press.

De Tocqueville, Alexis. 1853. *De la democratie en Amerique*. "English edition: Reeve, H. (2004) Democracy in America: The Complete and Unabridged Volumes I and II. New York: Bantam Dell".

Department of Defense. 2017. 2017 Demographics Profile of the Military Community. Technical report Office of the Deputy Assistant Secretary of Defense for Military Community and Family Policy (ODASD (MC&FP)). Retrieved February 12, 2021 from `https://download.militaryonesource.mil/12038/MOS/Reports/2017-demographics-report.pdf`.

Department of Veterans Affairs. 2019. Profile of Veterans: 2017. Technical report National Center for Veterans Analysis and Statistics. Retrieved February 12, 2021 from `https://www.va.gov/vetdata/docs/SpecialReports/Profile_of_Veterans_2017.pdf`.

Derin-Güre, Pinar, and Neslihan Uler. 2010. "Charitable giving under inequality aversion." *Economics Letters* 107 (2): 208–210.

Desai, Sheila, Rachel K Jones, and Kate Castle. 2018. "Estimating abortion provision and abortion referrals among United States obstetrician-gynecologists in private practice." *Contraception* 97 (4): 297–302.

Digest of Education Statistics. 2016. Table 317.40. Number of degree-granting postsecondary

institutions and enrollment in these institutions, by enrollment size, control, and classification of institution: Fall 2016. Technical report National Center for Education Statistics.

URL: *https://nces.ed.gov/programs/digest/d17/tables/dt17₃17.40.asp*

DiIulio, John J. 1990. *Governing prisons*. Simon and Schuster.

DiMaggio, Paul. 1997. "Culture and cognition." *Annual review of sociology* 23 (1): 263–287.

Dodge, Jennifer, and Sonia M Ospina. 2016. "Nonprofits as "Schools of Democracy" A Comparative Case Study of Two Environmental Organizations." *Nonprofit and Voluntary Sector Quarterly* 45 (3): 478–499.

Douglas, James. 1987. "Political theories of nonprofit organization." In *The Nonprofit Sector: A Research Handbook*, ed. Powell. 1st ed. Vol. 43 p. 45.

Downs, Anthony. 1957. *An economic theory of democracy*. New York: Harper Row.

Duwe, Grant, and Valerie Clark. 2014. "The effects of prison-based educational programming on recidivism and employment." *The Prison Journal* 94 (4): 454–478.

Easton, David. 1965. "A systems analysis of political life.".

Elazar, Daniel J. 1966. "American Federalism: A View from the States.".

Elff, Martin, Jan Paul Heisig, Merlin Schaeffer, and Susumu Shikano. 2021. "Multilevel analysis with few clusters: improving likelihood-based methods to provide unbiased estimates and accurate inference." *British Journal of Political Science* 51 (1): 412–426.

Esparza, Nicole. 2009. "Community factors influencing the prevalence of homeless youth services." *Children and Youth Services Review* 31 (12): 1321–1329.

Executive Office for United States Attorneys (EOUSA). 2017. United States Attorneys' Annual Statistical Report Fiscal Year 2017. Technical report U.S. Department of Justice. Retrieved February 12, 2021 from `https://www.justice.gov/usao/page/file/1081801/download`.

Farmer, Adam, Blair Kidwell, and David M Hardesty. 2020. "Helping a few a lot or many a little: political ideology and charitable giving." *Journal of Consumer Psychology* 30 (4): 614–630.

Farwell, Lisa, and Bernard Weiner. 2000. "Bleeding hearts and the heartless: Popular perceptions

of liberal and conservative ideologies." *Personality and Social Psychology Bulletin* 26 (7): 845–852.

Federal Bureau of Investigation. 2017. Full-time Law Enforcement Employees by Region and Geographic Division by Population Group Number and Rate per 1,000 Inhabitants, 2017, Table 70. Technical report Criminal Justice Information Services Division. Retrieved February 12, 2021 from `https://ucr.fbi.gov/crime-in-the-u.s/2017/crime-in-the-u.s.-2017/tables/table-70`.

Federal Deposit Insurance Company (FDIC). 2017. Commercial Banks - Financial - Number of Full Time Employees. Technical report Historical Bank Data. Retrieved February 12, 2021 from `https://banks.data.fdic.gov/explore?displayFields=STNAME%2CNUMEMP&selectedEndDate=2019&selectedReport=CBF&selectedStartDate=1934&selectedStates=0&sortField=YEAR&sortOrder=desc`.

Feigenbaum, Susan. 1980. "The case of income redistribution: a theory of government and private provision of collective goods." *Public Finance Quarterly* 8 (1): 3–22.

Fontenot, Kayla, Jessica Semega, and Melissa Kollar. 2017. Income and Poverty in the United States: 2017. Technical Report P60-263 U.S. Census Bureau, Current Population Survey Annual Social and Economic Supplements (CPS ASEC). Retrieved February 12, 2021 from `https://www.census.gov/library/publications/2018/demo/p60-263.html`.

Forbes, Kevin F, and Ernest M Zampelli. 2013. "The impacts of religion, political ideology, and social capital on religious and secular giving: evidence from the 2006 Social Capital Community Survey." *Applied Economics* 45 (17): 2481–2490.

Fortune Magazine. 2017. "Fortune 500." Online. Retrieved February 12, 2021 from `https://fortune.com/fortune500/2017/`.

Franklin, Ursula. 1999. *The real world of technology*. House of Anansi.

Franzese, Robert J. 2005. "Empirical strategies for various manifestations of multilevel data." *Political Analysis* pp. 430–446.

Frumkin, Peter. 2005. *On being nonprofit: A conceptual and policy primer.* Harvard University Press.

Frumkin, Peter. 2008. *Strategic giving: The art and science of philanthropy.* University of Chicago Press.

Fyall, Rachel. 2016. "The power of nonprofits: Mechanisms for nonprofit policy influence." *Public Administration Review* 76 (6): 938–948.

Fyall, Rachel, M Kathleen Moore, and Mary Kay Gugerty. 2018. "Beyond NTEE codes: Opportunities to understand nonprofit activity through mission statement content coding." *Nonprofit and Voluntary Sector Quarterly* 47 (4): 677–701.

Gallup. 2021. "Environment.". Retrieved online February 13, 2021 from `https://news.gallup.com/poll/1615/environment.aspx`.

Garrow, Eve E. 2014. "Does race matter in government funding of nonprofit human service organizations? The interaction of neighborhood poverty and race." *Journal of Public Administration Research and Theory* 24 (2): 381–405.

Gazley, Beth. 2008. "Beyond the contract: The scope and nature of informal government–nonprofit partnerships." *Public administration review* 68 (1): 141–154.

Gerber, Elisabeth R, and John E Jackson. 1993. "Endogenous preferences and the study of institutions." *American Political Science Review* pp. 639–656.

Gorga, Allison. 2019. "Triaging Rehabilitation." *Prisoner Reentry in the 21st Century: Critical Perspectives of Returning Home* .

Goss, Kristin A. 2016. "Policy plutocrats: How America's wealthy seek to influence governance." *PS, Political Science & Politics* 49 (3): 442.

Goss, Kristin A, Carolyn Barnes, and Deondra Rose. 2019. "Bringing organizations back in: Multilevel feedback effects on individual civic inclusion." *Policy Studies Journal* 47 (2): 451–470.

Grant, Laura E, and Matthew Potoski. 2015. "Collective reputations affect donations to nonprofits." *Journal of Policy Analysis and Management* 34 (4): 835–852.

Greenwald, Anthony G, Mahzarin R Banaji, Laurie A Rudman, Shelly D Farnham, Brian A Nosek, and Deborah S Mellott. 2002. "A unified theory of implicit attitudes, stereotypes, self-esteem, and self-concept." *Psychological review* 109 (1): 3.

Grizzle, Cleopatra. 2015. "Efficiency, stability and the decision to give to nonprofit arts and cultural organizations in the United States." *International Journal of Nonprofit and Voluntary Sector Marketing* 20 (3): 226–237.

Grønbjerg, Kirsten A. 1994. "Using NTEE to classify non-profit organisations: an assessment of human service and regional applications." *Voluntas: International Journal of Voluntary and Nonprofit Organizations* 5 (3): 301–328.

Grønbjerg, Kirsten A, and Laurie Paarlberg. 2001. "Community variations in the size and scope of the nonprofit sector: Theory and preliminary findings." *Nonprofit and voluntary sector quarterly* 30 (4): 684–706.

Gunderson, Anna. 2020. "Why do states privatize their prisons? The unintended consequences of inmate litigation." *Perspectives on Politics* pp. 1–18.

HackerOne. 2019. The 2019 Hacker Report. Technical report HackerOne. Accessed online February 13, 2021 from `https://www.hackerone.com/resources/reporting/the-2019-hacker-report`.

Hall, Peter Dobkin. 2006. "A Historical Overview of Philanthropy, Voluntary Associations, and Nonprofit Organizations in the United States, 1600-2000." In *"The Nonprofit Sector: A Research Handbook*, ed. Walter W. Powell, and Richard Steinberg. 2nd ed. pp. 32–65.

Hanhoerster, Heike. 2015. "Should I stay or should I go? Locational decisions and coping strategies of Turkish homeowners in low-income neighbourhoods." *Urban Studies* 52: 3106–3122.

Hansmann, Henry. 1981. "The rationale for exempting nonprofit organizations from corporate income taxation." *The Yale Law Journal* 91 (1): 54–100.

Hansmann, Henry B. 1980. "The role of nonprofit enterprise." *The Yale law journal* 89 (5): 835–901.

Hardin, Garrett. 1968. "The tragedy of the commons." *Journal of Natural Resources Policy Re-*

search 1 (3): 243–253.

Harris-Kojetin, L, M Sengupta, JP Lendon, V Rome, R Valverde, and C Caffrey. 2019. "Long-term Care Providers and Services Users in the United States, 2015–2016." *Vital Health Stat* 3 (43).

URL: *https://www.cdc.gov/nchs/data/series/$sr_0$3/$sr03_4$3 − 508.pdf*

Henry, Meghan, Rian Watt, Anna Mahathey, Jillian Ouellette, and Aubrey Sitler. 2020. The 2019 Annual Homeless Assessment Report (AHAR) to Congress. Technical report U.S. Department of Housing and Urban Development, Office of Community Planning and Development. Retrieved February 12, 2021 from `https://www.huduser.gov/portal/sites/default/files/pdf/2019-AHAR-Part-1.pdf`.

Herman, Robert D, and David O Renz. 1997. "Multiple constituencies and the social construction of nonprofit organization effectiveness." *Nonprofit and voluntary sector quarterly* 26 (2): 185–206.

Herrold, Catherine E. 2016. NGO policy in pre-and post-Mubarak Egypt: Effects on NGOs' roles in democracy promotion. In *Nonprofit Policy Forum*. Vol. 7 De Gruyter pp. 189–212.

Herzlinger, Regina E. 1996. "Can public trust in nonprofits and governments be restored?" *Harvard business review* 74 (2): 97–107.

Hetherington, Marc J. 2005. *Why trust matters: Declining political trust and the demise of American liberalism*. Princeton University Press.

Hetherington, Marc J, and Thomas J Rudolph. 2015. *Why Washington won't work: Polarization, political trust, and the governing crisis*. University of Chicago Press.

Hilser-Wiles, Suzanne, Patricia Watson, Grant Forssberg, and Jim McKey. 2018. "Giving USA 2018 Annual Report on Philanthropy.". Grenzebach, Glier, and Associations and Giving USA. Online webinar. Hosted June 14, 2018.

URL: *http://www.grenzebachglier.com/wp-content/uploads/2018/06/Grenzebach-Glier-Webinar-Giving-USA-Report-6.12.2018.pdf*

Hirschman, Albert O. 1970. *Exit, voice, and loyalty: Responses to decline in firms, organizations, and states*. Vol. 25 Harvard university press.

Hirth, Richard A. 1999. "Consumer information and competition between nonprofit and for-profit nursing homes." 18: 219–240.

Hodgkinson, Virginia A, Murray S Weitzman, John A Abrahams, Eric A Crutchfield, and David R Stevenson. 1996. *Nonprofit Almanac 1996-1997*. Jossey-Bass.

Holbein, John. 2016. "Left behind? Citizen responsiveness to government performance information." *American Political Science Review* 110: 353–368.

Hopkins, Daniel J. 2018. *The increasingly United States: How and why American political behavior nationalized*. University of Chicago Press.

Horne, Christopher S, Janet L Johnson, and David M Van Slyke. 2005. "Do charitable donors know enough—and care enough—about government subsidies to affect private giving to nonprofit organizations?" *Nonprofit and Voluntary Sector Quarterly* 34 (1): 136–149.

Houston, David J. 2006. ""Walking the walk" of public service motivation: Public employees and charitable gifts of time, blood, and money." *Journal of public administration research and theory* 16 (1): 67–86.

Hughes, Patricia Nold, and William A Luksetich. 1999. "The relationship among funding sources for art and history museums." *Nonprofit Management and Leadership* 10 (1): 21–37.

Iannaccone, Laurence R. 1998. "Introduction to the Economics of Religion." *Journal of economic literature* 36 (3): 1465–1495.

Internal Revenue Service. 2018. Internal Revenue Service Data Book, 2017. Technical Report Publication 55B Washington, DC: .

Internal Revenue Service. 2019, August 7*a*. "Exempt Purposes - Internal Revenue Code Section 501(c)(3)." Online. Accessed 23 June 2020.
URL: *https://www.irs.gov/charities-non-profits/charitable-organizations/exempt-purposes-internal-revenue-code-section-501c3*

Internal Revenue Service. 2019, August 7*b*. "Organizational Test - Internal Revenue Code Section 501(c)(3)." Online. Accessed 23 June 2020.
URL: *https://www.irs.gov/charities-non-profits/charitable-organizations/organizational-test-*

internal-revenue-code-section-501c3

Internal Revenue Service. 2019, December 20*a*. "Lobbying." Online. Accessed 23 June 2020.

   URL: *https://www.irs.gov/charities-non-profits/lobbying*

Internal Revenue Service. 2019, December 20*b*. "Political and Lobbying Activities." Online.
   Accessed 23 June 2020.

   URL: *https://www.irs.gov/charities-non-profits/charitable-organizations/political-and-lobbying-activities*

Internal Revenue Service. 2019, December 21. "Exempt Organization Types." Online. Accessed
   23 June 2020.

   URL: *https://www.irs.gov/charities-non-profits/exempt-organization-types*

Internal Revenue Service. 2019, June 10*a*. "Applying for Tax-Exempt Status Overview Course."
   Printable PDF Version. Accessed 23 June 2020.

   URL: *https://www.stayexempt.irs.gov/se/files/downloads/ApplyingforExemptStatus$_{Print}$.pdf*

Internal Revenue Service. 2019, June 10*b*. "Political Campaigns and Charities: The Ban on Polit-
   ical Campaign Intervention Course." Printable PDF Version. Accessed 23 June 2020.

   URL: *https://www.stayexempt.irs.gov/se/files/downloads/PoliticalCampaigns$_{Print}$.pdf*

Internal Revenue Service. 2020, January 31. "Application for recognition of exemption." Online.
   Accessed 23 June 2020.

   URL: *https://www.irs.gov/charities-non-profits/application-for-recognition-of-exemption-1*

Internal Revenue Service. 2020, January 9*a*. "Annual Exempt Organization Return: Who Must
   File." Online. Accessed 23 June 2020.

   URL: *https://www.irs.gov/charities-non-profits/annual-exempt-organization-return-who-must-file*

Internal Revenue Service. 2020, January 9*b*. "The Restriction of Political Campaign Intervention
   by Section 501(c)(3) Tax-Exempt Organizations." Online. Accessed 23 June 2020.

   URL: *https://www.irs.gov/charities-non-profits/charitable-organizations/the-restriction-of-political-campaign-intervention-by-section-501c3-tax-exempt-organizations*

Internal Revenue Service. 2020, June 11. "Lifecycle of an Exempt Organization." Online. Accessed 23 June 2020.

URL: *https://www.irs.gov/charities-non-profits/life-cycle-of-an-exempt-organization*

Internal Revenue Service. 2020, March 17. "Exemption Requirements - 501(c)(3) Organizations." Online. Accessed 28 April 2020.

URL: *https://www.irs.gov/charities-non-profits/charitable-organizations/exemption-requirements-501c3-organizations*

Itkowtiz, Colby. 2016. "'It's unprecedented in our history': Trump's election inspired millions in nonprofit donations.". "*Washington Post* online. Published 30 Nov 2016.".

URL: *https://www.washingtonpost.com/news/inspired-life/wp/2016/11/30/its-unprecedented-in-our-history-after-trumps-election-millions-of-dollars-poured-into-nonprofits/*

Iyengar, Shanto, Yphtach Lelkes, Matthew Levendusky, Neil Malhotra, and Sean J Westwood. 2019. "The origins and consequences of affective polarization in the United States." *Annual Review of Political Science* 22: 129–146.

Jackson, Elton F, Mark D Bachmeier, James R Wood, and Elizabeth A Craft. 1995. "Volunteering and charitable giving: Do religious and associational ties promote helping behavior?" *Nonprofit and Voluntary Sector Quarterly* 24 (1): 59–78.

James, Estelle. 1993. "Why do different countries choose a different public-private mix of educational services?" *Journal of human resources* pp. 571–592.

James III, Russell N., and Deanna L Sharpe. 2007. "The nature and causes of the U-shaped charitable giving profile." *Nonprofit and Voluntary Sector Quarterly* 36 (2): 218–238.

Jaskyte, Kristina. 2004. "Transformational leadership, organizational culture, and innovativeness in nonprofit organizations." *Nonprofit Management and Leadership* 15 (2): 153–168.

Jaskyte, Kristina, and William W Dressler. 2005. "Organizational culture and innovation in nonprofit human service organizations." *Administration in social work* 29 (2): 23–41.

Jencks, C. 1987. "Who gives to what?" In *The Nonprofit Sector: A Research Handbook*, ed. Walter W Powell. 1st ed.

Jensen, Laura S. 2005. "Constructing and Entitling America's Original Veterans." In *Deserving and entitled: Social constructions and public policy.* SUNY Press pp. 35–62.

Jilke, Sebastian, and Lars Tummers. 2018. "Which clients are deserving of help? A theoretical model and experimental test." *Journal of Public Administration Research and Theory* 28 (2): 226–238.

Jones, Deondre'. 2019. "National Taxonomy of Exempt Entities (NTEE) Codes.". Retrieved February 24, 2021 from `https://nccs.urban.org/project/national-taxonomy-exempt-entities-ntee-codes`.

Jones, Marshall B. 2007. "The multiple sources of mission drift." *Nonprofit and Voluntary Sector Quarterly* 36 (2): 299–307.

Jordan, Marty P, and Matt Grossmann. 2017. "Correlates of US state public policies: Announcing a new database." *Michigan State University* 23.

Jurik, Nancy, and Julie Cowgill. 2005. "The Construction of Client Identities in a Post-welfare Social Service Program: The Double Bind of Microenterprise Development." In *Deserving and entitled: Social constructions and public policy.* SUNY Press pp. 173–196.

Kaplan, Larry. 2017. "How Far Does the Post-election Nonprofit Giving Surge Extend?". *Nonprofit Quarterly* online. Published 17 April 2017.

URL: *https://nonprofitquarterly.org/nonprofit-giving-surge-extend/*

Karlan, Dean, and John A List. 2007. "Does price matter in charitable giving? Evidence from a large-scale natural field experiment." *American Economic Review* 97 (5): 1774–1793.

Keiser, Lael R, Peter R Mueser, and Seung-Whan Choi. 2004. "Race, bureaucratic discretion, and the implementation of welfare reform." *American Journal of Political Science* 48 (2): 314–327.

Kim, Jungbu, Seong Soo Oh, and Taehyun Jung. 2010. "Funding for disaster recovery: Increased taxes or charitable donations to nonprofits?" *International Journal of Public Administration* 33 (3): 151–159.

Kim, Mirae. 2015. "Socioeconomic diversity, political engagement, and the density of nonprofit organizations in US counties." *The American Review of Public Administration* 45 (4): 402–416.

Kim, Mirae, and Gregg G Van Ryzin. 2014. "Impact of government funding on donations to arts organizations: A survey experiment." *Nonprofit and Voluntary Sector Quarterly* 43 (5): 910–925.

King, Gary. 1998. *Unifying political methodology: The likelihood theory of statistical inference*. University of Michigan Press.

Kingma, Bruce R. 1995. "Do profits "crowd out" donations, or vice versa? The impact of revenues from sales on donations to local chapters of the American Red Cross." *Nonprofit Management and Leadership* 6 (1): 21–38.

Klarner, Carl. 2013. "State partisan balance data, 1937–2011." *Harvard Dataverse* 1: 2013.

Knafo, S. 2014.

Kreitzer, Rebecca J, and Candis Watts Smith. 2018. "Reproducible and replicable: An empirical assessment of the social construction of politically relevant target groups." *PS: Political Science & Politics* 51 (4): 768–774.

Kreitzer, Rebecca J., and Candis Watts Smith. 2019. "Where's the Party in Social Construction Theory? Partisan Mappings of Politically Relevant Target Groups." *Working Paper* .

Lang, Corey, and Shanna Pearson-Merkowitz. 2015. "Partisan sorting in the United States, 1972–2012: new evidence from a dynamic analysis." *Political Geography* 48: 119–129.

Lange, Andreas, and Andrew Stocking. 2009. Charitable memberships, volunteering, and discounts: Evidence from a large-scale online field experiment. Technical report National Bureau of Economic Research.

Lasswell, Howard D. 1958. *Politics: Who Gets What, When, and How*. New York: Meridian Books.

Layman, Geoffrey C, and Thomas M Carsey. 2002. "Party polarization and" conflict extension" in the American electorate." *American Journal of Political Science* pp. 786–802.

Layman, Geoffrey C, Thomas M Carsey, and Juliana Menasce Horowitz. 2006. "Party polarization in American politics: Characteristics, causes, and consequences." *Annu. Rev. Polit. Sci.* 9: 83–110.

Le, Vu. 2020, September 8. "Wealth hoarding, tax avoidance, and how nonprofits are complicit." Online. Nonprofit AF blog. Accessed 8 Sept 2020.

URL: *https://nonprofitaf.com/2020/09/wealth-hoarding-tax-avoidance-and-how-nonprofits-are-complicit/*

Lebo, Matthew J., and Christopher Weber. 2015. "An effective approach to the repeated cross-sectional design." *American Journal of Political Science* 59: 242–258.

Lechterman, Ted, and Rob Reich. 2020. "Political Theory and the Nonprofit Sector." In *The Nonprofit Sector: A Research Handbook*, ed. Walter W. Powell, and Patricia Bromley. 3rd ed. pp. 171–191.

Lecy, Jesse D, and David M Van Slyke. 2012. "Nonprofit sector growth and density: Testing theories of government support." *Journal of Public Administration Research and Theory* 23 (1): 189–214.

Lecy, Jesse D, Shena R Ashley, and Francisco J Santamarina. 2019. "Do nonprofit missions vary by the political ideology of supporting communities? Some preliminary results." *Public Performance & Management Review* 42 (1): 115–141.

Lecy, Jesse, and Jeremy Thornton. 2016. "What Big Data Can Tell Us about Government Awards to the Nonprofit Sector: Using the FAADS." *Nonprofit and Voluntary Sector Quarterly* 45 (5): 1052–1069.

Lerman, Amy E. 2013. *The modern prison paradox: Politics, punishment, and social community.* Cambridge University Press.

Lerman, Amy E. 2019. *Good enough for government work: The public reputation crisis in America (and what we can do to fix it).* University of Chicago Press.

Levi, Margaret, and Laura Stoker. 2000. "Political trust and trustworthiness." *Annual review of political science* 3 (1): 475–507.

Lott, Cindy M, and Marion Fremon-Smith. 2017. *State Regulatory and Legal Framework.* Rowman & Littlefield, in partnership with The Urban Institute.

Low, Daniel L. 2003. "Nonprofit private prisons: The next generation of prison management."

New Eng. J. on Crim & Civ. Confinement 29: 1.

Lowi, Theodore J. 1972. "Four systems of policy, politics, and choice." *Public administration review* 32 (4): 298–310.

Lu, Jiahuan. 2015. "Which nonprofit gets more government funding? Nonprofits' organizational attributes and their receipts of government funding." *Nonprofit Management and Leadership* 25 (3): 297–312.

Lu, Jiahuan. 2016. "The philanthropic consequence of government grants to nonprofit organizations: A meta-analysis." *Nonprofit Management and Leadership* 26 (4): 381–400.

Ma, Ji. 2020. "Automated Coding Using Machine Learning and Remapping the US Nonprofit Sector: A Guide and Benchmark." *Nonprofit and Voluntary Sector Quarterly* p. 0899764020968153.

Marcuello, Carmen. 1998. "Determinants of the non-profit sector size: An empirical analysis in Spain." *Annals of Public and Cooperative Economics* 69 (2): 175–192.

Margolis, Michele F, and Michael W Sances. 2017. "Partisan differences in nonpartisan activity: The case of charitable giving." *Political Behavior* 39 (4): 839–864.

Mark, Michelle. 2016. "The ACLU has raised $7.2 million since the election —and it isn't the only one cashing in.". *Business Insider* online. Published 16 Nov 2016.

   URL: *https://www.businessinsider.com/nonprofit-donations-are-still-surging-days-after-trumps-election-2016-11*

Martin, Gregory J, and Steven W Webster. 2020. "Does residential sorting explain geographic polarization?" *Political Science Research and Methods* 8 (2): 215–231.

Martinson, Robert. 1974. "What works?-Questions and answers about prison reform." *The public interest* 35: 22.

Marwell, Nicole P. 2004. "Privatizing the welfare state: Nonprofit community-based organizations as political actors." *American sociological review* 69 (2): 265–291.

Matsunaga, Yoshiho, Naoto Yamauchi, and Naoko Okuyama. 2010. "What determines the size of the nonprofit sector?: A cross-country analysis of the government failure theory." *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations* 21 (2): 180–201.

McCambridge, Ruth. 2016. "A New Form of Donor Motivation: Rage Donating!". *Nonprofit Quarterly* online. Published 15 Nov 2016.

   URL: *https://nonprofitquarterly.org/new-form-donor-motivation-rage-donating/*

Mesch, Debra J, Melissa S Brown, Zachary I Moore, and Amir Daniel Hayat. 2011. "Gender Differences in Charitable Giving." *International Journal of Nonprofit and Voluntary Sector Marketing* 16 (4): 342–355.

Mettler, Suzanne. 2002. "Bringing the state back in to civic engagement: Policy feedback effects of the GI Bill for World War II veterans." *American Political Science Review* pp. 351–365.

Mettler, Suzanne. 2011. *The submerged state: How invisible government policies undermine American democracy*. University of Chicago Press.

Mettler, Suzanne, and Joe Soss. 2004. "The consequences of public policy for democratic citizenship: Bridging policy studies and mass politics." *Perspectives on politics* pp. 55–73.

Milward, H Brinton, and Keith G Provan. 2000. "Governing the hollow state." *Journal of public administration research and theory* 10 (2): 359–380.

Moe, Terry M. 1990. "Political institutions: The neglected side of the story." *Journal of Law, Economics, & Organization* 6: 213–253.

Mohamed, Besheer. 2018. "New estimates show U.S. Muslim population continues to grow." *Pew Research Center* . Retrieved February 12, 2021 from `https://www.pewresearch.org/fact-tank/2018/01/03/new-estimates-show-u-s-muslim-population-continues-to-grow/`.

Moran, R. 1997. "A Third Option: Nonprofit Prisons.". New York Times.

Morash, Merry, Robin N Haarr, and Lila Rucker. 1994. "A comparison of programming for women and men in US prisons in the 1980s." *Crime & Delinquency* 40 (2): 197–221.

Moulton, Stephanie, and Adam Eckerd. 2012. "Preserving the publicness of the nonprofit sector: Resources, roles, and public values." *Nonprofit and Voluntary Sector Quarterly* 41 (4): 656–685.

Najam, Adil. 2000. "The four C's of government third Sector-Government relations." *Nonprofit management and leadership* 10 (4): 375–396.

National Center for Education Statistics. 2019. Number and percentage distribution of teachers in public and private elementary and secondary schools, by selected teacher characteristics: Selected years, 1987-88 through 2017-18, Table 209.10. Technical report U.S. Department of Education. Retrieved Feburary 12, 2021 from `https://nces.ed.gov/programs/digest/d19/tables/dt19_209.10.asp`.

National Center for Missing & Exploited Children (NCMEC), Records and Access Unit. 2018. Registered sex offenders in the United States and its territories per 100,000 population. Technical report NCMEC. Retrieved February 12, 2021 from `https://leg.mt.gov/content/Committees/Interim/2019-2020/Law-and-Justice/Meetings/Nov-2019/sj19-doj-map-sex-offenders-per-capita-november-2019.pdf`.

National Science Board, National Science Foundation. 2019. Science and Engineering Indicators 2020: Science and Engineering Labor Force. Technical Report NSB-2019-8 Science and Engineering Indicators 2020 Alexandria, VA: . Retrieved February 12, 2021 from `https://ncses.nsf.gov/pubs/nsb20198/`.

National Shooting Sports Foundation. 2020. Firearm and Ammunition Industry Economic Impact Report 2020. Technical report National Shooting Sports Foundation. Retrieved February 23, 2021 from `https://www.nssf.org/wp-content/uploads/2020/04/2020-Economic-Impact.pdf`.

NCCS Team. 2020. The Nonprofit Sector in Brief 2019. Technical report Urban Institute: National Center for Charitable Statistics. Accessed 13 Jan 2021.

> **URL:** *https://nccs.urban.org/publication/nonprofit-sector-brief-2019the-nonprofit-sector-in-brief-2019*

Neem, Johann N. 2003. "Politics and the origins of the nonprofit corporation in Massachusetts and New Hampshire, 1780-1820." *Nonprofit and Voluntary Sector Quarterly* 32 (3): 344–365.

Newhouse, Joseph P. 1970. "Toward a theory of nonprofit institutions: An Economic Model of a Hospital." *The American Economic Review* 60 (1): 64–74.

Newport, Frank. 2018. "In U.S., Estimate of LGBT Population Rises to 4.5%." *Gallup*

. Retrieved February 12, 2021 from `https://news.gallup.com/poll/234863/estimate-lgbt-population-rises.aspx`.

Nicholson-Crotty, Jill. 2011. "Nonprofit organizations, bureaucratic agencies, and policy: Exploring the determinants of administrative advocacy." *The American Review of Public Administration* 41 (1): 61–74.

North, Douglass C. 1991. "Institutions." *Journal of Economic Perspectives* 5 (1): 97–112.

OED Online. 2021. "deserving.". accessed March 20, 2021.

Okten, Cagla, and Burton A Weisbrod. 2000. "Determinants of donations in private nonprofit markets." *Journal of public economics* 75 (2): 255–272.

Oliver, Pamela, Gerald Marwell, and Ruy Teixeira. 1985. "A theory of the critical mass. I. Interdependence, group heterogeneity, and the production of collective action." *American journal of Sociology* 91 (3): 522–556.

Olson, Mancur. 1965. *The Logic of Collective Action: Public Goods and the Theory of Groups*. Harvard University Press.

Ostrom, Elinor. 1990. *Governing the commons: The evolution of institutions for collective action*. Cambridge university press.

Ostrower, Francie. 1997. *Why the wealthy give: The culture of elite philanthropy*. Princeton University Press.

Paarlberg, Laurie E, Rebecca Nesbit, Richard M Clerkin, and Robert K Christensen. 2019. "The Politics of Donations: Are red counties more donative than blue counties?" *Nonprofit and Voluntary Sector Quarterly* 48 (2): 283–308.

Paarlberg, Laurie E, and Samantha Zuhlke. 2019. "Revisiting the theory of government failure in the face of heterogeneous demands." *Perspectives on Public Management and Governance* 2 (2): 103–124.

Paarlberg, Laurie E, and Sheldon Gen. 2009. "Exploring the determinants of nonprofit coproduction of public service delivery: The case of K-12 public education." *The American Review of Public Administration* 39 (4): 391–408.

Paxton, Pamela. 2002. "Social capital and democracy: An interdependent relationship." *American sociological review* pp. 254–277.

Pettijohn, Sarah L. 2013. Federal government contracts and grants for nonprofits. Technical report Urban Institute.

Pettijohn, Sarah L, Elizabeth T Boris, Carol J De Vita, and Saunji D Fyffe. 2013. "Nonprofit-government contracts and grants: Findings from the 2013 national survey." *Washington, DC: The Urban Institute* .

Pfeffer, Jeffrey, and Gerald R Salancik. 1978. *The external control of organizations: A resource dependence perspective*. New York: Harper & Row.

Pierson, Paul. 1993. "When effect becomes cause: Policy feedback and political change." *World Pol.* 45: 595.

Pollan, Michael. 1991. *Second nature: A gardener's education*. Open Road+ Grove/Atlantic.

Polonsky, Michael Jay, Laura Shelley, and Ranjit Voola. 2002. "An examination of helping behavior—Some evidence from Australia." *Journal of Nonprofit & Public Sector Marketing* 10 (2): 67–82.

Powell, Walter W, and Patricia Bromley. 2020*a*. *The nonprofit sector: A research handbook*. 3rd ed. Stanford University Press.

Powell, Walter W, and Patricia Bromley. 2020*b*. *The Nonprofit Sector: A Research Handbook*. 3 ed. Stanford University Press.

Pozen, D. 2006. "The private, nonprofit prison.". The Boston Globe.
  URL: *http://archive.boston.com/news/globe/editorial$_o$pinion/oped/articles/2006/02/21/the$_p$rivate$_n$onpro*

Pryor, Frederic L. 2012. "Determinants of the size of the nonprofit sector." *The European Journal of Comparative Economics* 9 (3): 337.

Putnam, Robert D. 2000. "Bowling alone: America's declining social capital." In *Culture and politics*. Springer pp. 223–234.

Reckhow, Sarah. 2013. *Follow the money: How foundation dollars change public school politics*. Oxford University Press.

Reckhow, Sarah. 2016. "More than patrons: How foundations fuel policy change and Backlash." *PS: Political Science & Politics* 49 (3): 449–454.

Reckhow, Sarah. 2020. "Politics, Philanthropy, and Inequality." In *The Nonprofit Sector: A Research Handbook*, ed. Walter W. Powell, and Patricia Bromley. 3rd ed. pp. 208–226.

Reich, Rob. 2016. "Repugnant to the whole idea of democracy? On the role of foundations in democratic societies." *PS: Political Science & Politics* 49 (3): 466–472.

Ressler, Robert W, Pamela Paxton, and Kristopher Velasco. 2020. "Donations in social context." *Nonprofit Management and Leadership* .

Russell, Kelly L. 2018. "The politics of hidden policy: Feedback effects and the charitable contributions deduction." *Politics & Society* 46 (1): 53–80.

Sabic-El-Rayess, Amra. 2014. "Acting and reacting: Youth's behavior in corrupt educational settings." *Peabody Journal of Education* 89: 70–85.

Salamon, Lester M. 1987. "Of market failure, voluntary failure, and third-party government: Toward a theory of government-nonprofit relations in the modern welfare state." *Journal of voluntary action research* 16 (1-2): 29–49.

Salamon, Lester M. 1995. *Of Market Failure, Voluntary Failure, and Third Party Government: Toward a Theory of Government-Nonprofit Relations in the Modern Welfare State*. JHU Press.

Salamon, Lester M, and Helmut K Anheier. 1998. "Social origins of civil society: Explaining the nonprofit sector cross-nationally." *Voluntas: International journal of voluntary and nonprofit organizations* 9 (3): 213–248.

Salamon, Lester M, Leslie C Hems, and Kathryn Chinnock. 2000. *The nonprofit sector: for what and for whom?* Johns Hopkins University Institute for Policy Studies Baltimore, MD.

Sargeant, Adrian, and Lucy Woodliffe. 2007. "Gift giving: An interdisciplinary review." *International Journal of Nonprofit and Voluntary Sector Marketing* 12 (4): 275–307.

Schneider, Anne, and Helen Ingram. 1993. "Social construction of target populations: Implications for politics and policy." *American political science review* 87 (2): 334–347.

Schneider, Anne L., and Helen Ingram. 2013. In *Handbook of constructionist research*, ed.

James A Holstein, and Jaber F Gubrium. Guilford Publications chapter 10, pp. 189–211.

Schneider, Anne L, and Helen M Ingram. 2005. *Deserving and entitled: Social constructions and public policy*. SUNY Press.

Schneider, Anne L, and Helen M Ingram. 2019. "Social constructions, anticipatory feedback strategies, and deceptive public policy." *Policy Studies Journal* 47 (2): 206–236.

Shepsle, Kenneth A. 1991. "Discretion, institutions, and the problem of government commitment." *Social theory for a changing society* pp. 245–265.

Skitka, Linda J, Elizabeth Mullen, Thomas Griffin, Susan Hutchinson, and Brian Chamberlin. 2002. "Dispositions, scripts, or motivated correction? Understanding ideological differences in explanations for social problems." *Journal of personality and social psychology* 83 (2): 470.

Skocpol, Theda. 2016. "Why political scientists should study organized philanthropy." *PS-Political Science & Politics* 49 (3): 433–436.

Skocpol, Theda, and Alexander Hertel-Fernandez. 2016. "The Koch network and republican party extremism." *Perspectives on Politics* 14 (3): 681.

Skocpol, Theda, and Morris P Fiorina. 1999. "Making sense of the civic engagement debate." *Civic engagement in American democracy* pp. 1–26.

Smith, Steven Rathgeb, and Michael Lipsky. 1993. *Nonprofits for hire: The welfare state in the age of contracting*. Harvard University Press.

Social, Economic, & Housing Statistics Division, Financial & Market Characteristics Branch. 2021. Quarterly Residential Vacancies and Homeownership, Fourth Quarter 2020. Technical Report CB21-15 U.S. Census Bureau. Retrieved February 12, 2021 from `https://www.census.gov/housing/hvs/files/currenthvspress.pdf`.

Soss, Joe. 1999. "Lessons of welfare: Policy design, political learning, and political action." *American Political Science Review* pp. 363–380.

Steenbergen, Marco R, and Bradford S Jones. 2002. "Modeling multilevel data structures." *american Journal of political Science* pp. 218–237.

Stegmueller, Daniel. 2013. "How many countries for multilevel modeling? A comparison of

frequentist and Bayesian approaches." *American Journal of Political Science* 57 (3): 748–761.

Steinberg, Richard, and Mark Wilhelm. 2005. "Religious and secular giving, by race and ethnicity." *New Directions for Philanthropic Fundraising* 2005 (48): 57–66.

Stone, Deborah. 2005. "Foreword." In *Deserving and entitled: Social constructions and public policy.* SUNY Press pp. ix–xii.

Strickland, Ruth Ann, and Shannon K Vaughan. 2008. "The hierarchy of ethical values in nonprofit organizations: A framework for an ethical, self-actualized organizational culture." *Public Integrity* 10 (3): 233–252.

Suhay, Elizabeth, and Cengiz Erisen. 2018. "The role of anger in the biased assimilation of political information." *Political Psychology* 39 (4): 793–810.

Tam Cho, Wendy K, James G Gimpel, and Iris S Hui. 2013. "Voter migration and the geographic sorting of the American electorate." *Annals of the Association of American Geographers* 103 (4): 856–870.

TEConomy Partners, LLC, and The Pharmaceutical Research and Manufacturers of America (PhRMA). 2019. The Economic Impact of the U.S. Biopharmaceutical Industry: 2017 National and State Estimates. Technical report TEConomy Partners, LLC. Retrieved February 12, 2021 from `https://www.phrma.org/-/media/Project/PhRMA/PhRMA-Org/PhRMA-Org/PDF/D-F/Economic-Impact-US-Biopharmaceutical-Industry-December-2019.pdf`.

Teles, Steven, Heather Hurlburt, and Mark Schmitt. 2014. "Philanthropy in a Time of Polarization." *Stanford Social Innovation Review* 12 (3): 44–49.

Themudo, Nuno S. 2009. "Gender and the nonprofit sector." *Nonprofit and Voluntary Sector Quarterly* 38 (4): 663–683.

Tiebout, Charles M. 1956. "A pure theory of local expenditures." *Journal of political economy* 64 (5): 416–424.

Transactional Records Access Clearinghouse (TRAC). 2017. Domestic Terrorism Prosecutions

Outnumber International. Technical report Syracuse University. Retrieved Feburary 13, 2021 from `https://trac.syr.edu/tracreports/crim/481/`.

Tremblay-Boire, Joannie, Aseem Prakash, and M. Apolonia Calderon. 2019. Crisis on the Border and Discord at Home: Examining Donor Support for Nonprofits working on Latin American Immigration Issues. In *48th Annual ARNOVA Conference*. San Diego, CA: ARNOVA.

Trimble, Megan. 2017. "U.S. Has Most Millionaires in World, High Wealth Gap." *U.S. News & World Report* . Retrieved February 12, 2021 from `https://www.usnews.com/news/best-countries/articles/2017-11-17/number-of-millionaires-in-america-hits-new-high`.

Uggen, Christopher, Ryan Larson, and Sarah Shannon. 2016. 6 Million Lost Voters: State-Level Estimates of Felony Disenfranchisement, 2016. Technical report The Sentencing Project Washington, DC: . Retrieved online February 12, 2021 from `https://www.sentencingproject.org/wp-content/uploads/2016/10/6-Million-Lost-Voters.pdf#page=17`.

U.S. Bureau of Labor Statistics. 2017*a*. Automotive Industry: Employment, Earnings, and Hours. Technical report Current Employment Statistics. Retrieved February 12, 2021 from `https://www.bls.gov/iag/tgs/iagauto.htm#emp_national`.

U.S. Bureau of Labor Statistics. 2017*b*. Insurance Carriers and Related Activities: NAICS 524. Technical Report CES5552400001 Current Employment Statistics. Retrieved February 12, 2021 from `https://data.bls.gov/timeseries/CES5552400001?amp%253bdata_tool=XGtable&output_view=data&include_graphs=true`.

U.S. Bureau of Labor Statistics. 2017*c*. Occupational Employment and Wages, May 2017, 11-1011 Chief Executives. Technical report Occupational Employment Statistics. Retrieved February 12, 2021 from `https://www.bls.gov/oes/2017/may/oes111011.htm`.

U.S. Bureau of Labor Statistics. 2017*d*. Utilities industry has highest union membership rate in private sector in 2017. Technical report U.S. Department of Labor. Retrieved February 12, 2021 from `https://www.bls.gov/opub/ted/2018/`

utilities-industry-has-highest-union-membership-rate-in-private-sector-in
htm.

U.S. Bureau of Labor Statistics. 2019. Occupational Employment Statistics Query System. Technical report Occupational Employment Statistics. Retrieved February 12, 2021 from https://data.bls.gov/oes/#/home.

U.S. Bureau of Labor Statistics. 2021. 1. Employment status of the civilian noninstitutional population, 1950 to date. Technical report Labor Force Statistics from the Current Population Survey. Retrieved Feburary 13, 2021 from https://www.bls.gov/cps/cpsaat01.htm.

U.S. Census Bureau. 2017*a*. 5-Year Estimates, Table DP05. Technical report American Community Survey. Retrieved February 12, 2021 from https://data.census.gov/cedsci/table?q=United%20States&g=0100000US&tid=ACSDP5Y2017.DP05&hidePreview=true.

U.S. Census Bureau. 2017*b*. Table 1. Enrollment Status of the Population 3 Years Old and Over, by Sex, Age, Race, Hispanic Origin, Foreign Born, and Foreign-Born Parentage: October 2017. Technical report Current Population Survey. Retrieved February 12, 2021 from https://www.census.gov/data/tables/2017/demo/school-enrollment/2017-cps.html.

U.S. Census Bureau. 2018. Enrollment Status of the Population 3 Years and Over, by Sex, Age, Race, Hispanic Origin, Foreign Born, and Foreign-Born Parentage: October 2017, Table 1. Technical report Current Population Survey, School Enrollment Supplement. Retrieved February 12, 2021 from https://www.census.gov/data/tables/2017/demo/school-enrollment/2017-cps.html.

U.S. Census Bureau. 2019*a*. Children Ever Born, Number of Mothers, and Percent Childless by Age and Marital Status, and by Nativity: June 2018, Table 2. Technical report Current Population Survey. Retrieved February 13, 2021 from https://www.census.gov/data/tables/2018/demo/fertility/women-fertility.html#par_list_57.

U.S. Census Bureau. 2019*b*. Foreign-Born Population by Sex, Age, and Year of Entry: 2017, Table

2.1. Technical report Current Population Survey, Annual Social and Economic Supplement, 2017. Retrieved February 12, 2021 from `https://www.census.gov/data/tables/2017/demo/foreign-born/cps-2017.html`.

U.S. Census Bureau, Population Division. 2020. Annual Estimates of Housing Units for the United States, Regions, and States: April 1, 2010 to July 1, 2019. Technical Report NST-EST2019-ANNHU U.S. Census Bureau. Retrieved February 12, 2021 from `https://www.census.gov/data/tables/time-series/demo/popest/2010s-total-housing-units.html`.

U.S. Department of Agriculture. 2017. 2017 Census of Agriculture, Chapter 1, Table 52 - Selected Producer Characteristics. Technical report National Agricultural Statistics Service. Retrieved February 12, 2021 from `https://www.nass.usda.gov/Quick_Stats/CDQT/chapter/1/table/52/state/US/year/2017`.

Vaidyanathan, Brandon, Jonathan P Hill, and Christian Smith. 2011. "Religion and charitable financial giving to religious and secular causes: Does political ideology matter?" *Journal for the Scientific Study of Religion* 50 (3): 450–469.

Vallier, Kevin. 2018. "Exit, voice, and public reason." *American Political Science Review* 112: 1120–1124.

Van Slyke, David M. 2007. "Agents or stewards: Using theory to understand the government-nonprofit social service contracting relationship." *Journal of public administration research and theory* 17 (2): 157–187.

Verba, Sidney, Kay Lehman Schlozman, and Henry E Brady. 1995. *Voice and equality: Civic voluntarism in American politics*. Harvard University Press.

Wagner, Peter, and Bernadette Rabuy. 2016. Mass Incarceration: The Whole Pie 2016. Technical report Prison Policy Initiative.

URL: *https://www.prisonpolicy.org/reports/pie2016.html*

Warren, Mark E. 2003. "The political role of nonprofits in a democracy." *Society* 40 (4): 46–51.

Warren, Mark E. 2011. "Voting with your feet: Exit-based empowerment in democratic theory."

American Political Science Review 105: 683–701.

Webster, Steven W. 2018. "Anger and declining trust in government in the American electorate." *Political Behavior* 40: 933–964.

Webster, Steven W. 2020. *American Rage: How Anger Shapes Our Politics*. Cambridge University Press.

Weisbrod, Burton A. 1977. *The voluntary nonprofit sector: An economic analysis*. Lexington Books.

Weisbrod, Burton A. 1997. "The future of the nonprofit sector: Its entwining with private enterprise and government." *Journal of Policy Analysis and Management: The Journal of the Association for Public Policy Analysis and Management* 16 (4): 541–555.

Weisbrod, Burton A, and Nestor D Dominguez. 1986. "Demand for collective goods in private nonprofit markets: Can fundraising expenditures help overcome free-rider behavior?" *Journal of public economics* 30 (1): 83–96.

Weisbrod, Burton Allen. 1988. *The nonprofit economy*. Cambridge, Massachusetts: Harvard University Press.

White, Gillian B. 2018. "The U.S. Economy Added 1.2 Million Jobs in 2017." *The Atlantic* . Retrieved February 12, 2021 from `https://www.theatlantic.com/business/archive/2018/01/december-jobs-report/549782/`.

Wichowsky, Amber, and Donald P Moynihan. 2008. "Measuring how administration shapes citizenship: A policy feedback perspective on performance management." *Public Administration Review* 68 (5): 908–920.

Wilson, James Q. 1989. *Bureaucracy: What government agencies do and why they do it*. Basic Books, Inc.

Winterich, Karen Page, Yinlong Zhang, and Vikas Mittal. 2012. "How political identity and charity positioning increase donations: Insights from moral foundations theory." *International Journal of Research in Marketing* 29 (4): 346–354.

Witesman, Eva M, and Sergio Fernandez. 2013. "Government contracts with private organizations:

Are there differences between nonprofits and for-profits?" *Nonprofit and Voluntary Sector Quarterly* 42 (4): 689–715.

Wolpert, Julian. 1995. "Giving and region: Generous and stingy communities." *New directions for philanthropic fundraising* 1995 (7): 11–30.

Wolpert, Julian. 2002. "The distributional impacts of nonprofits and philanthropy." In *Measuring the impact of the nonprofit sector*. Springer pp. 123–136.

Wrickson, W., C. Lee, and S. von Schrader. 2019. *2017 Disability Status Report: United States*. Ithaca, NY: Cornell University Yang-Tan Institute on Employment and Disability (YTI). Retrieved February 12, 2021 from `https://www.disabilitystatistics.org/StatusReports/2017-PDF/2017-StatusReport_US.pdf`.

Wright, Gerald C, and Elizabeth Rigby. 2020. "Income Inequality and State Parties: Who Gets Represented?" *State Politics & Policy Quarterly* p. 1532440020912461.

Yen, Steven T, and Ernest M Zampelli. 2014. "What drives charitable donations of time and money? The roles of political ideology, religiosity, and involvement." *Journal of Behavioral and Experimental Economics* 50: 58–67.

Young, Dennis R. 2000. "Alternative models of government-nonprofit sector relations: Theoretical and international perspectives." *Nonprofit and voluntary sector quarterly* 29 (1): 149–172.

Young, Dennis R. 2013. *If not for profit, for what?* (1983 Print Edition) Lexington Books.

Young, Dennis R, Neil Bania, and Darlyne Bailey. 1996. "Structure and accountability a study of national nonprofit associations." *Nonprofit Management and Leadership* 6 (4): 347–365.

Zaller, John R. 1992. *The nature and origins of mass opinion*. Cambridge University Press.

APPENDIX A

APPENDIX

A.1 Chapter 2

A.1.1 Political Restrictions on 501(c)(3) Nonprofit Organizations

501(c)(3) nonprofits cannot "attempt to influence legislation as a substantial part of its activities and it may not participate in any campaign activity for or against political candidates" (Internal Revenue Service, 2020, March 17). The specifics of these regulations are based on the type of tax-exempt organization, whether *political activities* or *legislative activities* are involved, and the scope of the action (Internal Revenue Service, 2019, December 20*b*). Within the universe of 501(c)(3) organizations, different rules apply to private foundations than to other organizations (Internal Revenue Service, 2019, December 20*b*). However, in general the restrictions facing 501(c)(3) organizations are very clear. Regarding *political activities*, the Internal Revenue Code states zero-tolerance for any partisan campaign activity:

> all section 501(c)(3) organizations are absolutely prohibited from directly or indirectly participating in, or intervening in, any political campaign on behalf of (or in opposition to) any candidate for elective public office. Contributions to political campaign funds or public statements of position (verbal or written) made on behalf of the organization in favor of or in opposition to any candidate for public office clearly violate the prohibition against political campaign activity. Violating this prohibition may result in denial or revocation of tax-exempt status and the imposition of certain excise taxes. (Internal Revenue Service, 2020, January 9*b*).

However, if a political activity is undertaken in a non-partisan way, then it is not in violation of the prohibition. For instance, the IRS cites non-partisan voter registration and education efforts that do not directly or indirectly favor a candidate as an example of this type of activity (Internal Revenue Service, 2020, January 9*b*). Nonpartisan activities can successfully or unsuccessfully skirt prohibited activities depending on context and circumstances. For instance, 501(c)(3) nonprofits can conduct voter education, create voter guides, publish voting records, and host political candidates

at organizations events if these materials are nonpartisan and unbiased or these events are unrelated to an election. On the other hand, activities intending to be nonpartisan and unbiased may be taken out of context and imply support for a candidate if they are published during an election, mention voting or the election, host election activities within the context of an event, etc (Internal Revenue Service, 2019, June 10*b*). Clearly, 501(c)(3) organizations can participate in the political arena under certain conditions.

The scope of a 501(c)(3) nonprofit's action is more important regarding *legislative activities*. The IRS defines lobbying as attempting to influence legislation at any level of government (Internal Revenue Service, 2019, December 20*a*). Regulation around lobbying is not as stark as regulation around political campaigns. For instance, the Internal Revenue Service (2019, December 20*a*) website states that "a 501(c)(3) organization may engage in some lobbying, but too much lobbying activity risks loss of tax-exempt status." Educating the public about public policy issues is not considered lobbying. Similarly, a charity can "advocate for or against a particular issue as long as that advocacy furthers its mission" (Internal Revenue Service, 2019, June 10*b*, 4). However,

> an organization will be regarded as attempting to influence legislation if it contacts, or urges the public to contact, members or employees of a legislative body for the purpose of proposing, supporting, or opposing legislation, or if the organization advocates the adoption or rejection of legislation. (Internal Revenue Service, 2019, December 20*a*)

If a 501(c)(3) nonprofit participates in political or legislative activity, it could lose its tax-exempt status or "be subject to an excise tax on the amount of money spent on that activity" (Internal Revenue Service, 2019, June 10*b*).[1] To help nonprofits understand these political restrictions, the IRS provides a number of online resources including virtual courses, applied examples, and a free newsletter.

Despite these consequences and resources, many 501(c)(3) nonprofits violate these prohibitions on political campaign activities. As the IRS notes in its training on political campaign activity for nonprofits:

---

[1]An excise tax is a tax paid by the supplier or producer on a specific good or service.

Since 2004, the IRS has conducted limited scope examinations of allegations of political campaign activity by section 501(c)(3) organizations. While less than half of the allegations received resulted in an examination, the IRS found political campaign intervention in over two-thirds of the organizations that were selected for examination. As we are primarily interested in educating organizations and promoting compliance, in most of these cases, we alerted the organization to the violation and strongly cautioned them not to repeat the activity... We have proposed revocation [of tax exempt status] in a few egregious cases (Internal Revenue Service, 2019, June 10*b*, 6)

It's clear that 501(c)(3) organizations are restricted from participating in overt political campaigns, yet many 501(c)(3) organizations violate these restrictions according to the IRS. When violations do occur, the IRS training suggests that education is the preferred solution. Therefore, its likely that many 501(c)(3) nonprofits that violate these restrictions are currently operational. Furthermore, the IRS quote above states that the IRS only investigated half of the reported infractions; given the IRS found two-thirds of half of their sample committed violations, the number of 501(c)(3) nonprofits participating in restricted political activities is likely widespread. Finally, individuals who work at nonprofits are not restricted from participating in political activity. There is no equivalent of the Hatch Act for the nonprofit sector, though individuals are restricted from partaking in political activity on behalf of their organization.

I leave the question of when, how, and the extent to which 501(c)(3) nonprofits and nonprofit employees violate political and legislative activities to future research. For now, the point I intend to make is that nonprofits sometimes, intentionally or unintentionally, participate in restricted political activities. Despite the clarity of the written restriction on political activity, its implementation invites a lot of room for interpretation and error based on context. The restrictions on lobbying are written less clearly (Berry and Arons, 2003), suggesting that 501(c)(3) nonprofits can engage in *some but not too much* lobbying. As such, the assumption that 501(c)(3) organizations do not participate in overt political activities does not always hold.

A.2   Chapter 4: Social Construction

Figure A.1: Marginal Effect of Deservingness by Power when Group Size Measured Using Demographics or Employees
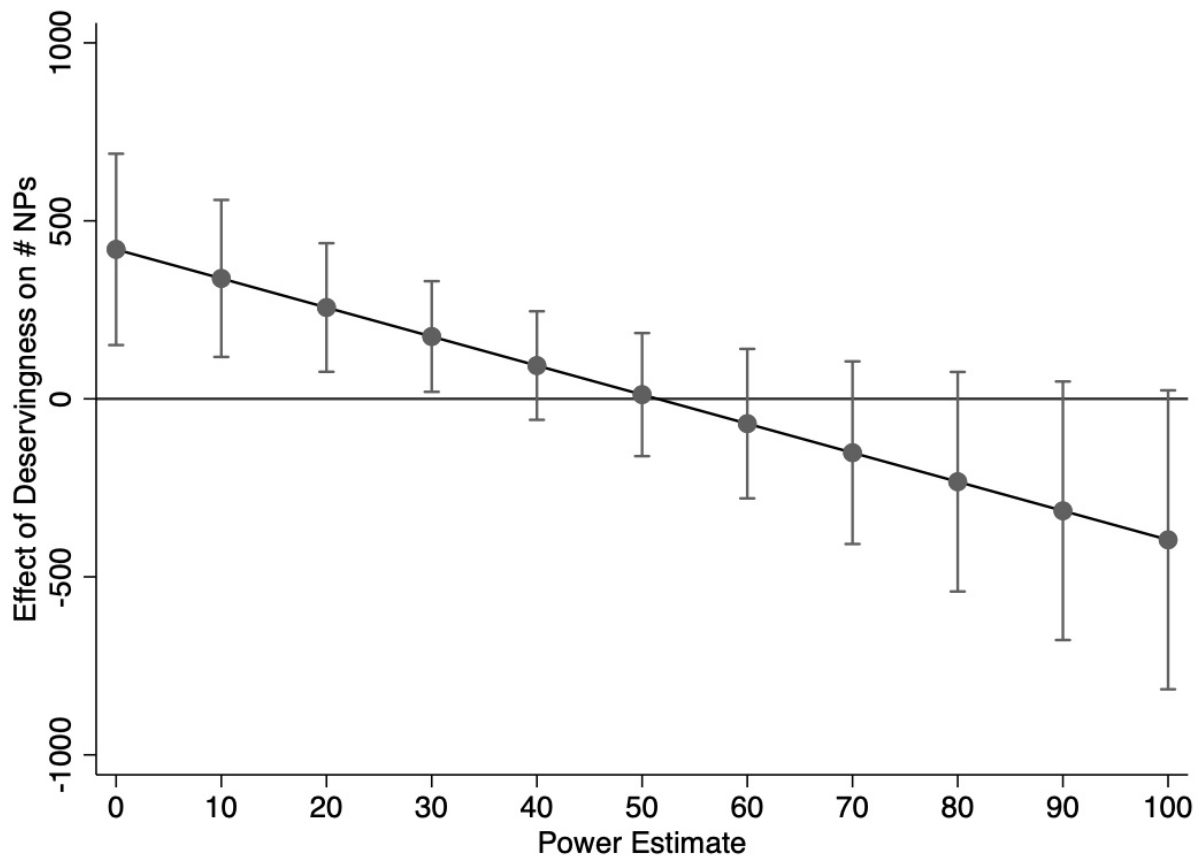
Table A.1: Target Populations and Assigned NTEE codes

Group	NTEE codes
Abortion providers	E42, E32, R61
African Americans	V31, R30, R22, R01, R02, R03, R05, R11, R12, R19, R20, R99
American Indians	A54
Attorneys	I01, I03
Auto industry	M42
Big banks	W22
Big corporations	Y20, T20, S41, S40, T21
CEOs	
Children	B19, O19, A23, A52, A6B, A69, B20, B21, B28, B94, E86, F33, G98, H98, I21, I70, I72, I73, J20, J22, K30, K50, N72, O01, O20, O21, O22, O23, O40, O50, O51, O52, O53, O54, O55, O99, P20, P30, P31, P32, P33, P43, P76, R28
College students	B25, B40, B41, B42, B43, B80, B82, B83, B84
Criminals	I50, I80, I20, I21, I50, I99
Disabled	B28, E50, E60, E70, E92, G84, H84, I19, J20, J30, J33, K34, K36, L20, L21, L24, N72, P32, P44, P52, P71, P73, P82, R23
Doctors	G90, G92, G94, G96, G98, G9B, H90, H92, H94, H96, H98, H99, H9B, E03
Drug users	F20, F21, F22, J30, F50
Elderly	E92, I70, J20, K30, K34, K36, L20, L21, L22, P44, P52, P75, P81, R25
Environment	C01, C05, C19, C20, C27, C30, C32, C34, C35, C36, C40, C41, C50, C60, C99, U50
Ex-felons	I31, I40
Farmers	K20, K25, K26, K28, Q31, K03,
Gun manufacturers	N61, R60
Hackers	
Homeless	L19, L40, L41, P85
Home owners	L50, L30, L80, L81
Immigrants	P84, R21, R22
Insurance companies	E31, Y20, Y23, Y35
Job creators	S31, J01, J20, J33, S30, S32, S40, S43, S99
Labor unions	J40, V37, Y24, Q30
Latinos	A23, A53, A6C, P84, R22, V33
LGBTQ+	P88, R26, Q70, R01
Media	R63

Note: NTEE codes assigned to each target population. Table continues on next page.

Target Populations and Assigned NTEE codes (Continued)

Group	NTEE codes
Mentally handicapped	F19, F30, F31, F32, F33, F40, F60, F70, F80, F99, G25, H25, P82
Military and veterans	W30
Mothers	I70, I71, P31, P33, P40, P42, P43, P45, P46, P47, E32, E42, E86
Muslims	X40
Pharmaceutical companies	E6A
Police	I60, M60, M03
Polluting industries	
Poor families	E32, K30, K31, K35, L20, P44, P51, P52, P58, P60, Q33
Prisoners	I30, I43, I44, I50
Rich people	
Scientists	U03, V03, U20
Sex offenders	
Small business	Q30, S41, S43
Smokers	F52
Students	B20, B21, B24, B25, B28, B29, B30, B40, B41, B42, B43, B50, B60, B70, B80, B82, B83, B84, B90, B92, B94, C60, P52, Q22
Tax Payers	P51
Teachers	B03, B94, Y33
Teenagers	O20, O21, O22, O23, O30, O31, O40, O41, O42, O43, O50, O51, O52, O53, O54, O55
Terrorists	
Unemployed	J19, J20, J21, J22, J30, J33, Y24
Uninsured	E31, E80, E86
Wall Street Brokers	

Note: NTEE codes assigned to each target population.

Table A.2: Group counts of target populations

Group	Definition	Data Source
Abortion providers	estimated # of practicing OB-GYNs who provide abortions	American Congress of Obstetricians and Gynecologists (ACOG) (2017); Desai, Jones, and Castle (2018)
African Americans	# African Americans	U.S. Census Bureau (2017a)
American Indians	# American Indian or Alaskan Native	U.S. Census Bureau (2017a)
Attorneys	# active attorneys	American Bar Association (ABA) (2020)
Auto industry	# employees in automobile manufacturing and retail trade	U.S. Bureau of Labor Statistics (2017a)
Big banks	# full-time employees at FDIC insured banks	Federal Deposit Insurance Company (FDIC) (2017)
Big corporations	# employees at Fortune 500 companies	Fortune Magazine (2017)
CEOs	# of CEOs	U.S. Bureau of Labor Statistics (2017c)
Children	# people under age 18	U.S. Census Bureau (2017a)
College students	# students enrolled in undergraduate (2 and 4-year colleges) and graduate school	U.S. Census Bureau (2017b)
Criminals	# of criminal defendants in U.S. District Court of Magistrate proceedings	Executive Office for United States Attorneys (EOUSA) (2017)
Disabled	# of people, all ages, that report having one or more disabilities	Wrickson, Lee, and von Schrader (2019)
Doctors	# active physicians	AMA Physician Masterfile (2017)
Drug users	# of people over age 12 who report using marijuana or opioids in the past year	Center for Behavioral Health Statistics and Quality (2018)
Elderly	# people age 65 and over	U.S. Census Bureau (2017a)
Environment	estimated # of Americans who self-identify as environmentalists (2016)	Gallup (2021); U.S. Census Bureau (2017a)
Ex-felons	# of individuals on parole, probation, or post-sentence who are disenfranchised due to former felony convictions (2016)	Uggen, Larson, and Shannon (2016)
Farmers	# of producers	U.S. Department of Agriculture (2017)

Note: Data are for 2017 unless otherwise noted in the variable definition. Data from alternative years was only used when data from 2017 were unavailable. Employment data are seasonally adjusted. # estimated = provided by an organization; estimated # = I personally estimated using available data.

Group counts of target populations (Continued)

Group	Definition	Data Source
Gun manufacturers	# of employees at companies that manufacture firearms, ammunition, or related supplies	National Shooting Sports Foundation (2020)
Hackers	estimated # of hackers in the U.S. (2018)	HackerOne (2019)
Homeless	# estimated homeless people (sheltered and unsheltered)	Henry et al. (2020)
Homeowners	estimated # of homeowners	Social, Economic, & Housing Statistics Division, Financial & Market Characteristics Branch (2021); U.S. Census Bureau, Population Division (2020)
Immigrants	total foreign born population	U.S. Census Bureau (2019*b*)
Insurance companies	# people employed by insurance carriers and related activities	U.S. Bureau of Labor Statistics (2017*b*)
Job creators	# of new jobs added	White (2018)
Labor unions	# wage and salary workers who are members of unions	U.S. Bureau of Labor Statistics (2017*d*)
Latinos	# Latino or Hispanic	U.S. Census Bureau (2017*a*)
LGBTQ+	estimated # people who identify as LGBTQ+	Newport (2018); U.S. Census Bureau (2017*a*)
Media	# people employed by media and communication, including equipment and support (2019)	U.S. Bureau of Labor Statistics (2019)
Mentally handicapped	# people with cognitive disability in the U.S.	Wrickson, Lee, and von Schrader (2019)
Military and veterans	# of active duty military and veterans	Department of Defense (2017); Department of Veterans Affairs (2019)
Mothers	# of mothers between ages 15-50 (2018)	U.S. Census Bureau (2019*a*)
Muslims	# people who identify as Muslim	Mohamed (2018)
Pharmaceutical companies	# of people employed by the biopharmaceutical industry	TEConomy Partners, LLC and The Pharmaceutical Research and Manufacturers of America (PhRMA) (2019)
Police	# full-time law enforcement employees	Federal Bureau of Investigation (2017)

Note: Data are for 2017 unless otherwise noted in the variable definition. Data from alternative years was only used when data from 2017 were unavailable. Employment data are seasonally adjusted. # estimated = provided by an organization; estimated # = I personally estimated using available data.

Group counts of target populations (Continued)

Group	Definition	Data Source
Polluting industries	# employees in the mining (oil and gas) industry (2019)	U.S. Bureau of Labor Statistics (2019)
Poor families	# persons in families below the poverty line	Fontenot, Semega, and Kollar (2017)
Prisoners	U.S. prison population	Bronson and Carson (2019)
Rich people	# millionaires in the U.S.	Trimble (2017)
Scientists	# people employed in Science and Engineering occupation, holding a bachelors, masters, doctorate, or professional degree	National Science Board, National Science Foundation (2019)
Sex offenders	# of individuals registered in state sex offender registries	National Center for Missing & Exploited Children (NCMEC), Records and Access Unit (2018)
Small business	# employed by small businesses	Administration (2019)
Smokers	# of adult, "everyday" or "some day" smokers	Centers for Disease Control and Prevention (2018)
Students	# students (ages 3 and up) enrolled in school in October 2017	U.S. Census Bureau (2018)
Tax Payers	# individual income tax returns filed	Internal Revenue Service (2018)
Teachers	# of public and private school teachers in 2017-2018 school year	National Center for Education Statistics (2019)
Teenagers	# of children ages 10-19	U.S. Census Bureau (2017a)
Terrorists	# of terrorism related prosecutions	Transactional Records Access Clearinghouse (TRAC) (2017)
Unemployed	# of people over 16 unemployed in the civilian labor force	U.S. Bureau of Labor Statistics (2021)
Uninsured	# of people without any health insurance coverage for the entire calendar year	Berchick, Hood, and Barnett (2018)
Wall Street Brokers	# of people employed as securities, commodities, and financial service sales agents (2019)	U.S. Bureau of Labor Statistics (2019)

Note: Data are for 2017 unless otherwise noted in the variable definition. Data from alternative years was only used when data from 2017 were unavailable. Employment data are seasonally adjusted. # estimated = provided by an organization; estimated # = I personally estimated using available data.

Table A.3: Robustness Check: Hypothesis 3a

	(1) Number NPs	(2) Number NPs	(3) Number NPs
Mean Deserving Score	178.20**	175.51**	171.91**
	(79.63)	(70.43)	(80.60)
Population per 1000	0.07	0.06	0.07
	(0.04)	(0.04)	(0.05)
Constant	-5941.02	-4682.86	-5424.29
	(4142.88)	(3262.82)	(4225.16)
Observations	44	44	40
R^2	0.232	0.279	0.234
Adjusted R^2	0.194	0.244	0.193

Model 1 drops nontraditional groups from the analysis.

Model 2 drops groups that I combined from the analysis.

Model 3 drops organizations from the analysis.

OLS Regression. Standard errors in parentheses.

* $p < .10$, ** $p < .05$, *** $p < .01$

Table A.4: Hypothesis 3a with a Squared Mean Term

	(1) Number NPs	(2) Number NPs	(3) Number NPs	(4) Number NPs
Mean Deserving Score	-444.402	-476.277	-598.246	-643.944
	(305.497)	(299.152)	(387.109)	(513.600)
Mean Deserving Score^2	7.228**	7.039**	8.175*	8.958
	(3.342)	(3.268)	(4.132)	(5.306)
Population per 1000		0.068*	0.086*	0.089
		(0.038)	(0.047)	(0.057)
Constant	6147.134	6593.468	9031.469	8987.925
	(6057.054)	(5926.030)	(7869.214)	(11596.525)
Observations	51	51	44	32
R^2	0.274	0.320	0.320	0.295
Adjusted R^2	0.243	0.277	0.269	0.220

Models 1 and 2 test Hypothesis 1a against the full set of target populations.

Model 3 tests Hypothesis 1a against groups when target population size is measured using demographics or employees.

Model 4 test Hypothesis 1a against groups when target population size is measured using demographics.

OLS Regression. Standard errors in parentheses

* $p < .10$, ** $p < .05$, *** $p < .01$

Table A.5: Robustness Check: Interaction When Group Size Measured using Demographics or Employees

	(1) Number NPs	(2) Number NPs	(3) Number NPs
Mean Deserving Score	179.23**	472.20***	419.77***
	(75.96)	(134.68)	(132.73)
Mean Power Score	-80.20	219.09	233.24*
	(63.89)	(131.24)	(126.90)
Mean Deserving Score ×		-8.05**	-8.16**
Mean Power Score		(3.14)	(3.03)
Population per 1000			0.09*
			(0.05)
Constant	-640.46	-12698.42*	-12584.92*
	(5610.85)	(7055.43)	(6811.25)
Observations	43	43	43
R^2	0.225	0.336	0.397
Adjusted R^2	0.186	0.285	0.334

OLS Regression. Standard errors in parentheses.

* $p < .10$, ** $p < .05$, *** $p < .01$

Table A.6: Robustness Check: Interaction when Group Size Measured Using Demographics

	(1) Number NPs	(2) Number NPs	(3) Number NPs
Mean Deserving Score	302.90***	459.51**	425.79**
	(108.23)	(192.88)	(187.72)
Mean Power Score	-218.01*	176.49	252.38
	(113.58)	(417.81)	(406.80)
Mean Deserving Score ×		-7.23	-8.45
Mean Power Score		(7.36)	(7.16)
Population per 1000			0.10
			(0.06)
Constant	-3996.57	-12016.86	-13039.99
	(6678.46)	(10558.03)	(10234.68)
Observations	31	31	31
R^2	0.260	0.285	0.355
Adjusted R^2	0.207	0.206	0.256

OLS Regression. Standard errors in parentheses

* $p < .10$, ** $p < .05$, *** $p < .01$

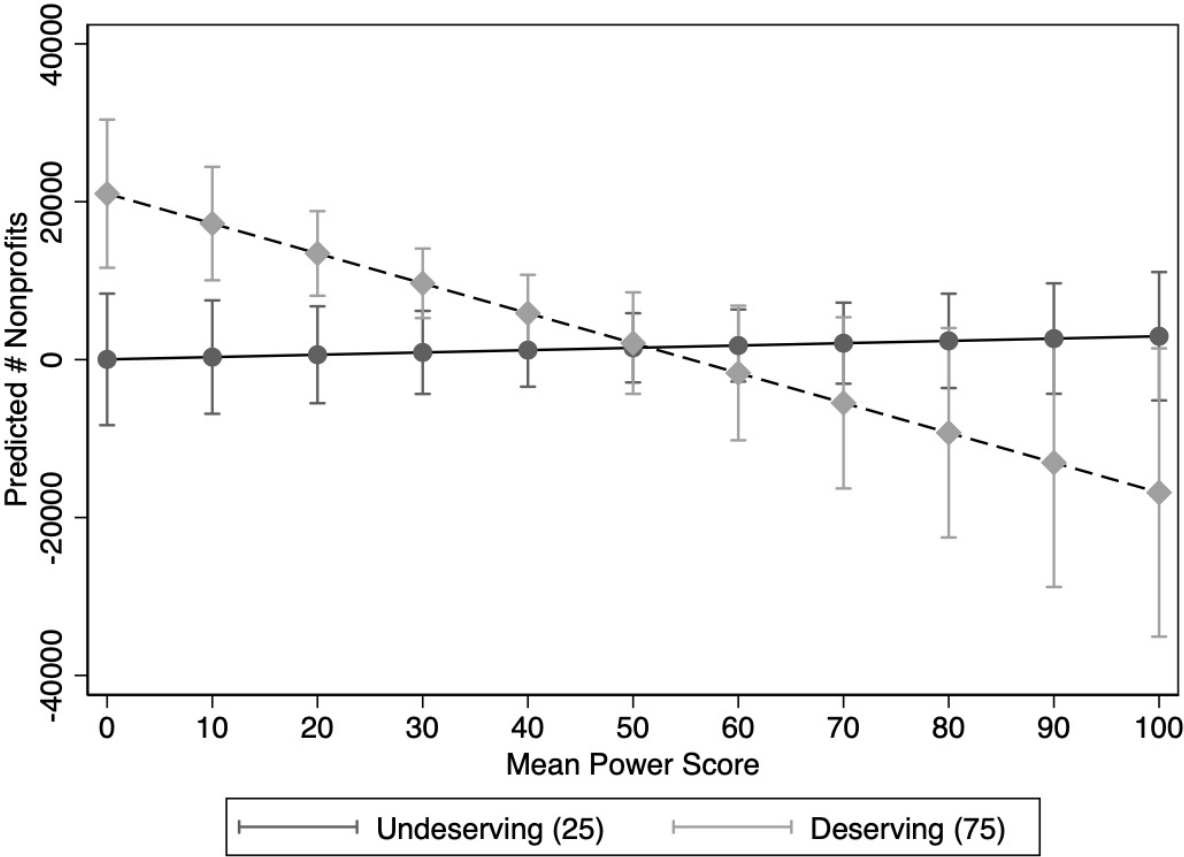Figure A.2: Predicted Nonprofits when Group Size Measured Using Demographics or Employees

Figure A.3: Marginal Effect of Deservingness by Power when Group Size Measured Using Demographics
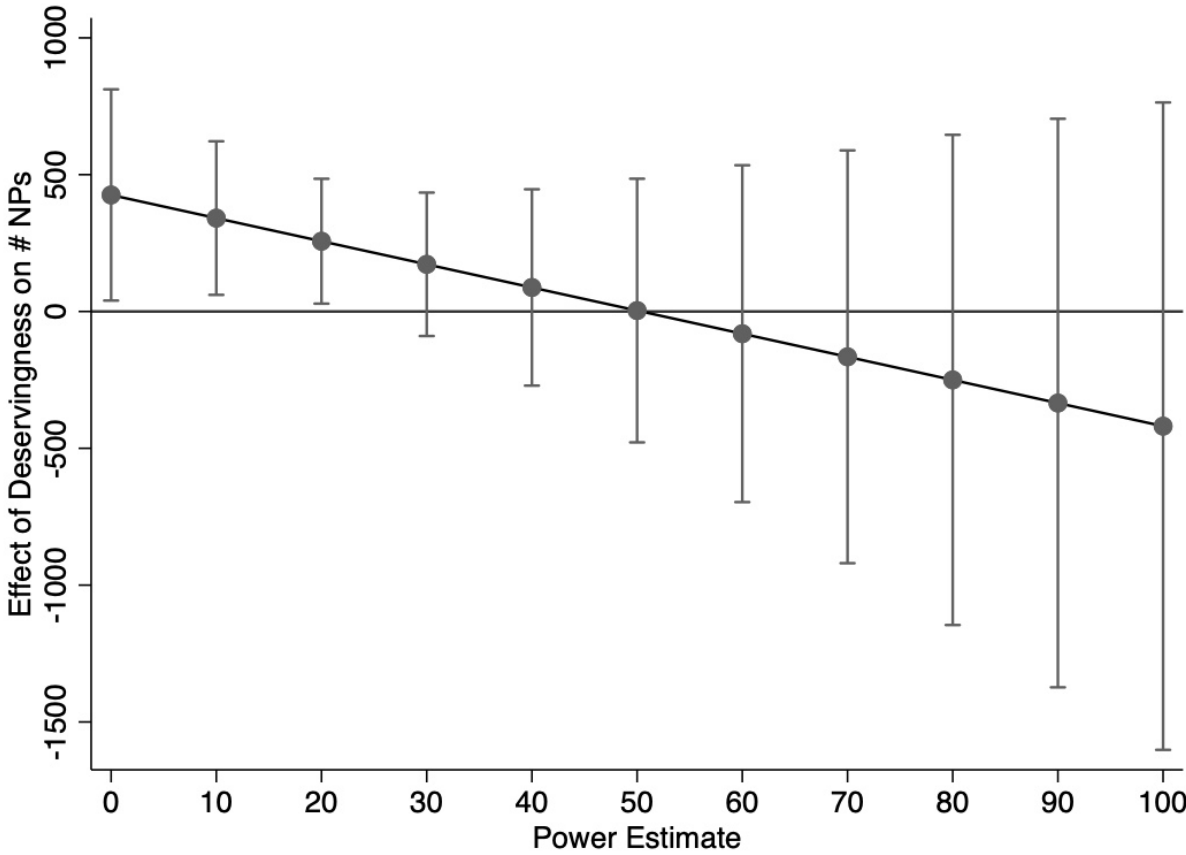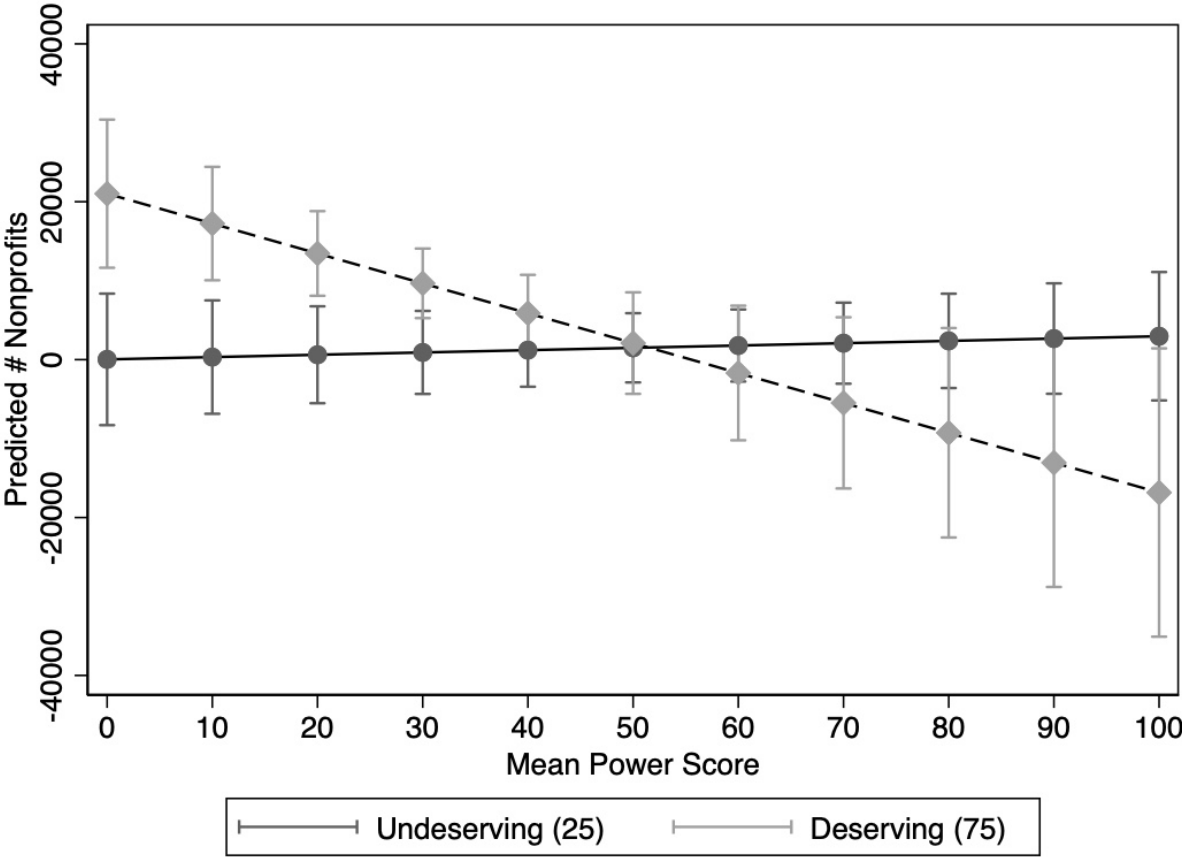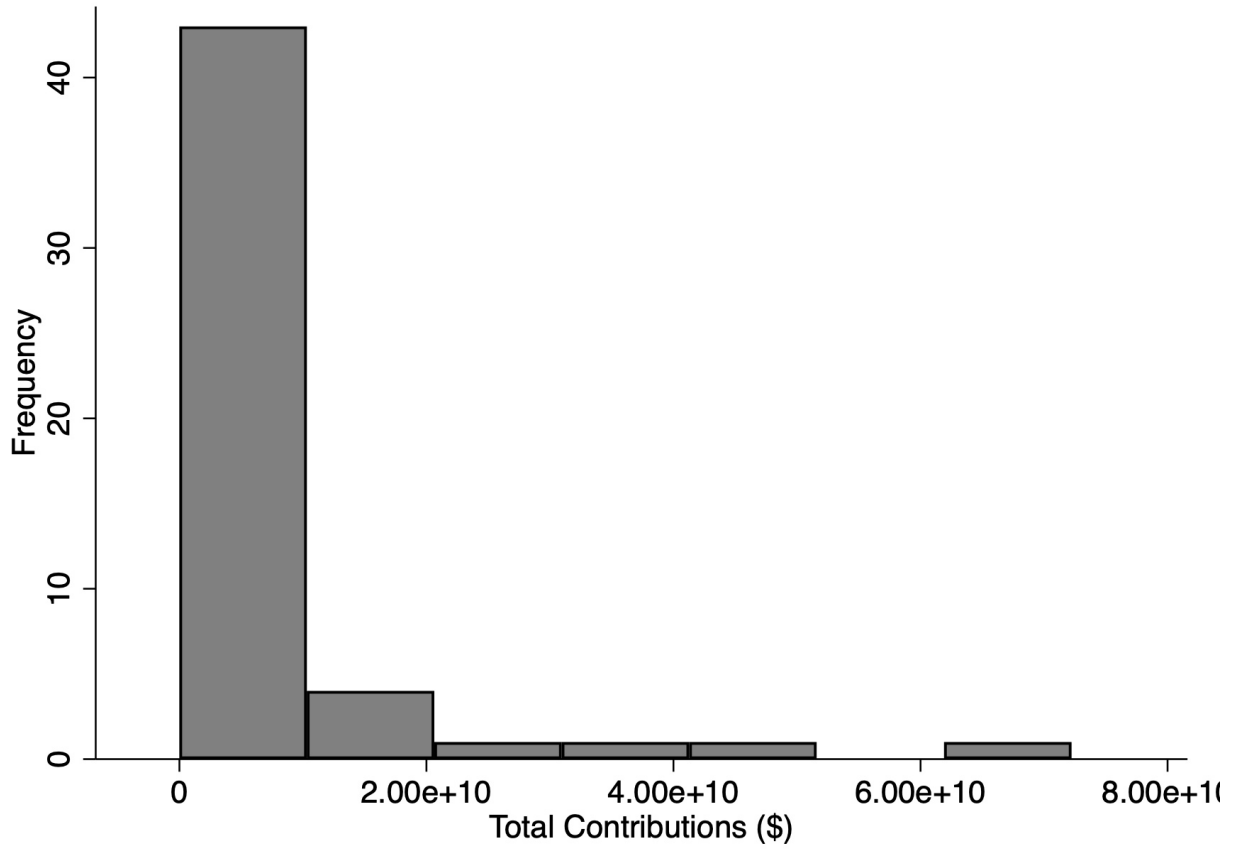
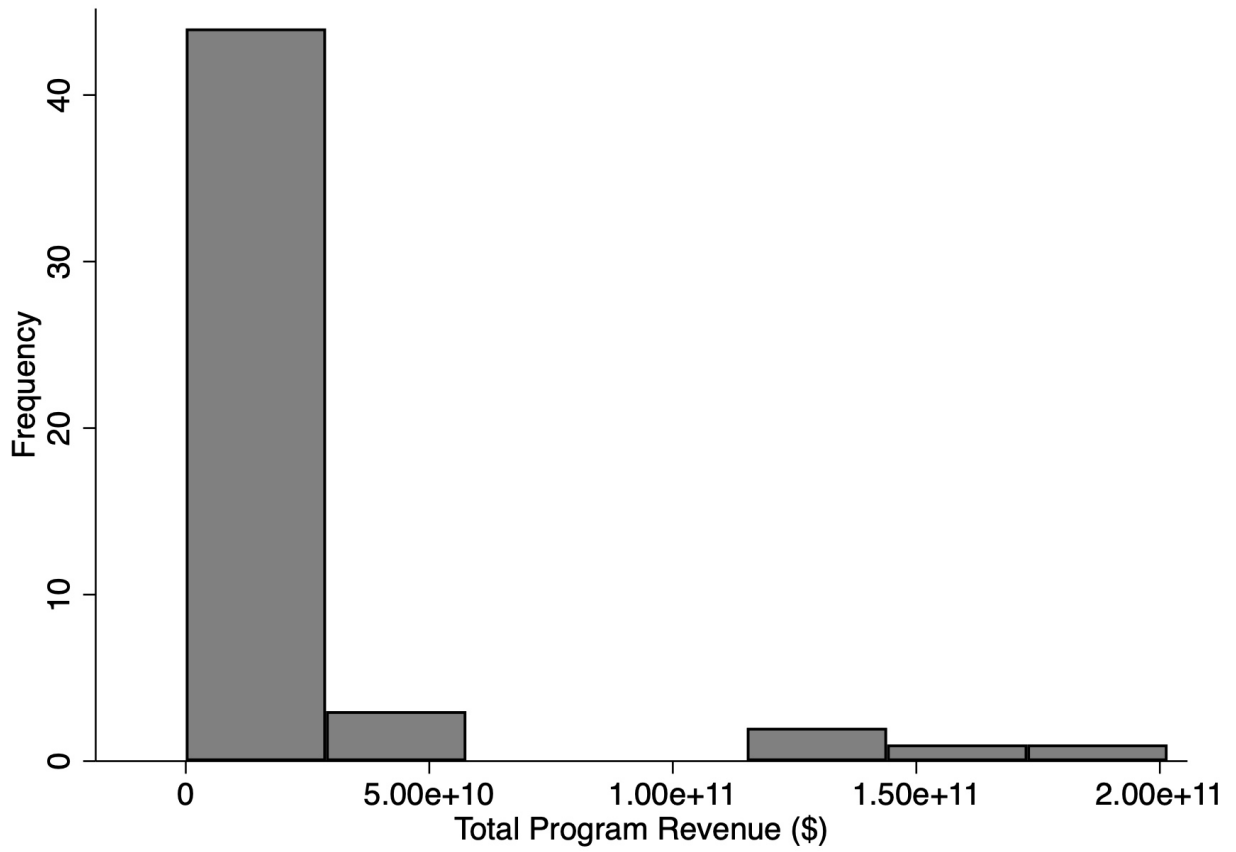Figure A.4: Predicted Nonprofits when Group Size Measured Using Demographics

A.3 Chapter 5: Funding Structures
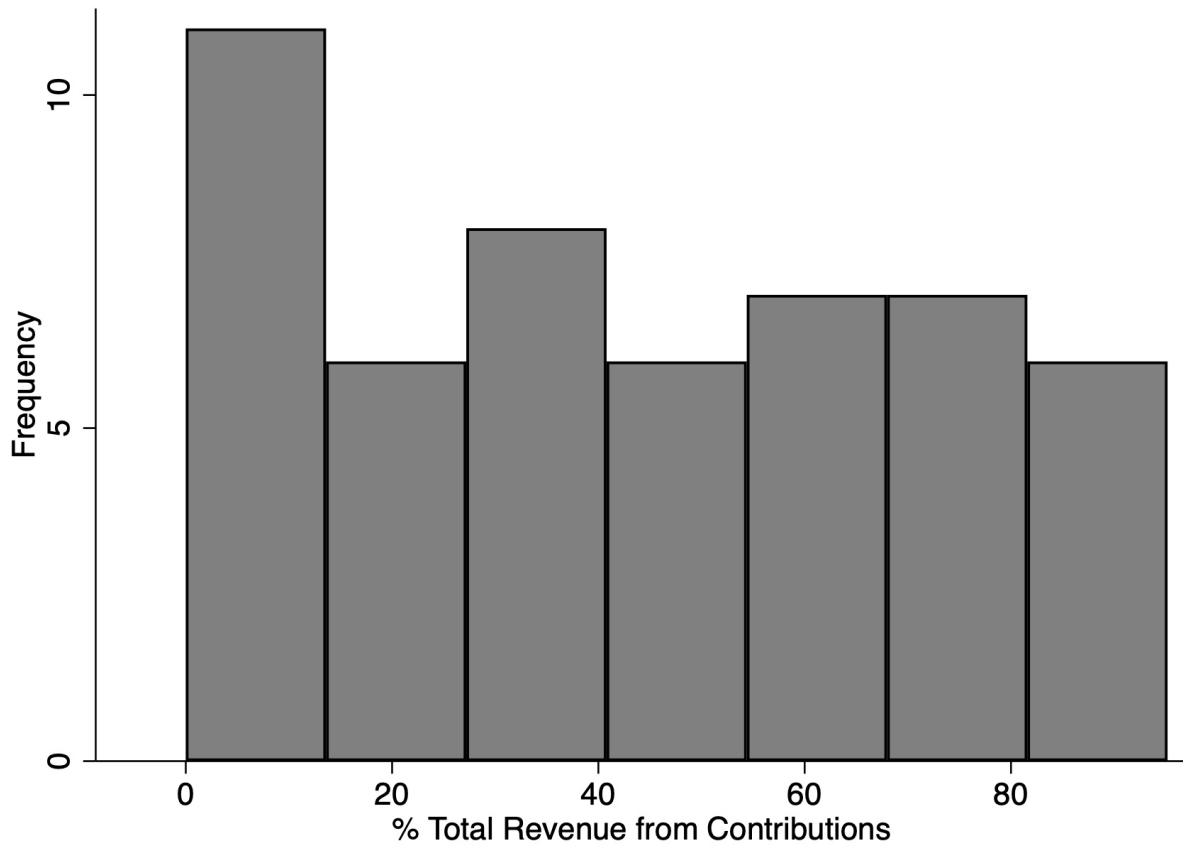
Figure A.5: Distribution of Total Contributions (2017)

Source: NCCS Core Files

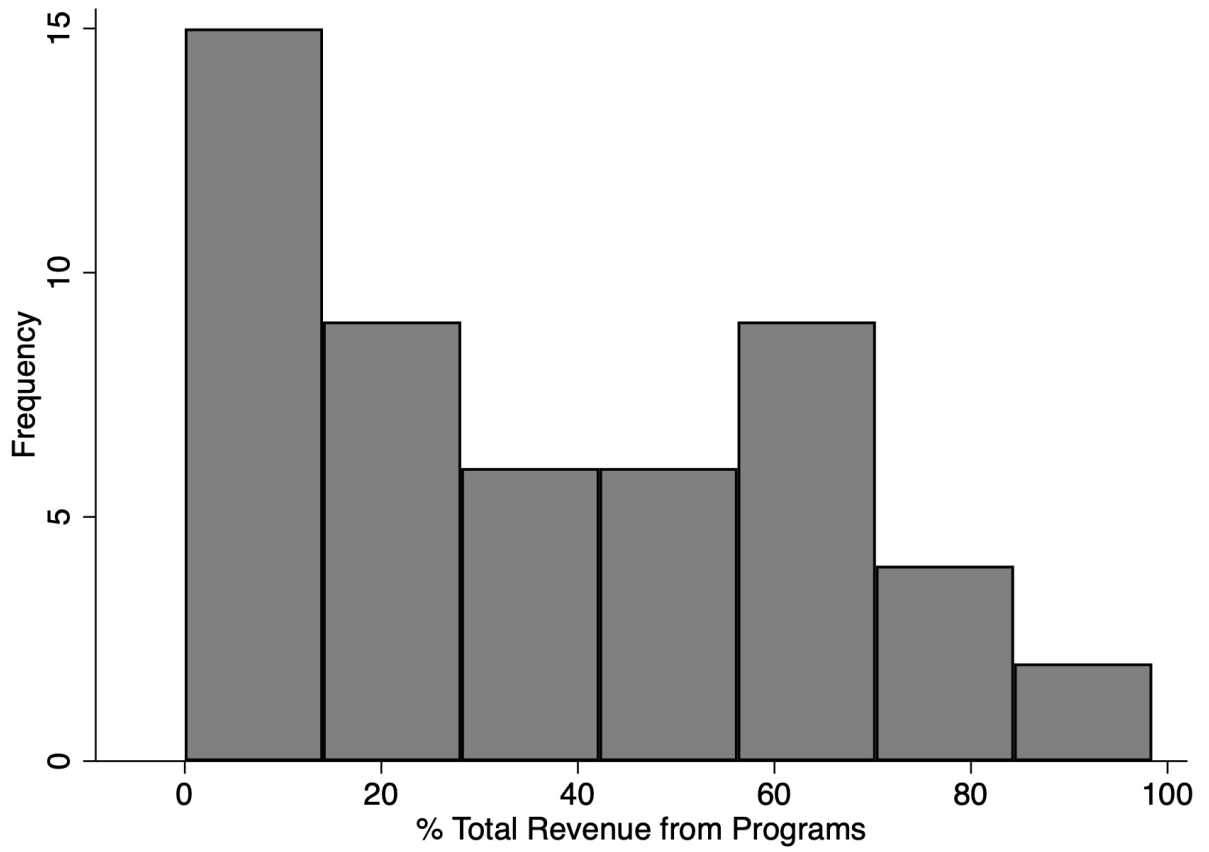Figure A.6: Distribution of Total Program Revenue (2017)

Source: NCCS Core Files

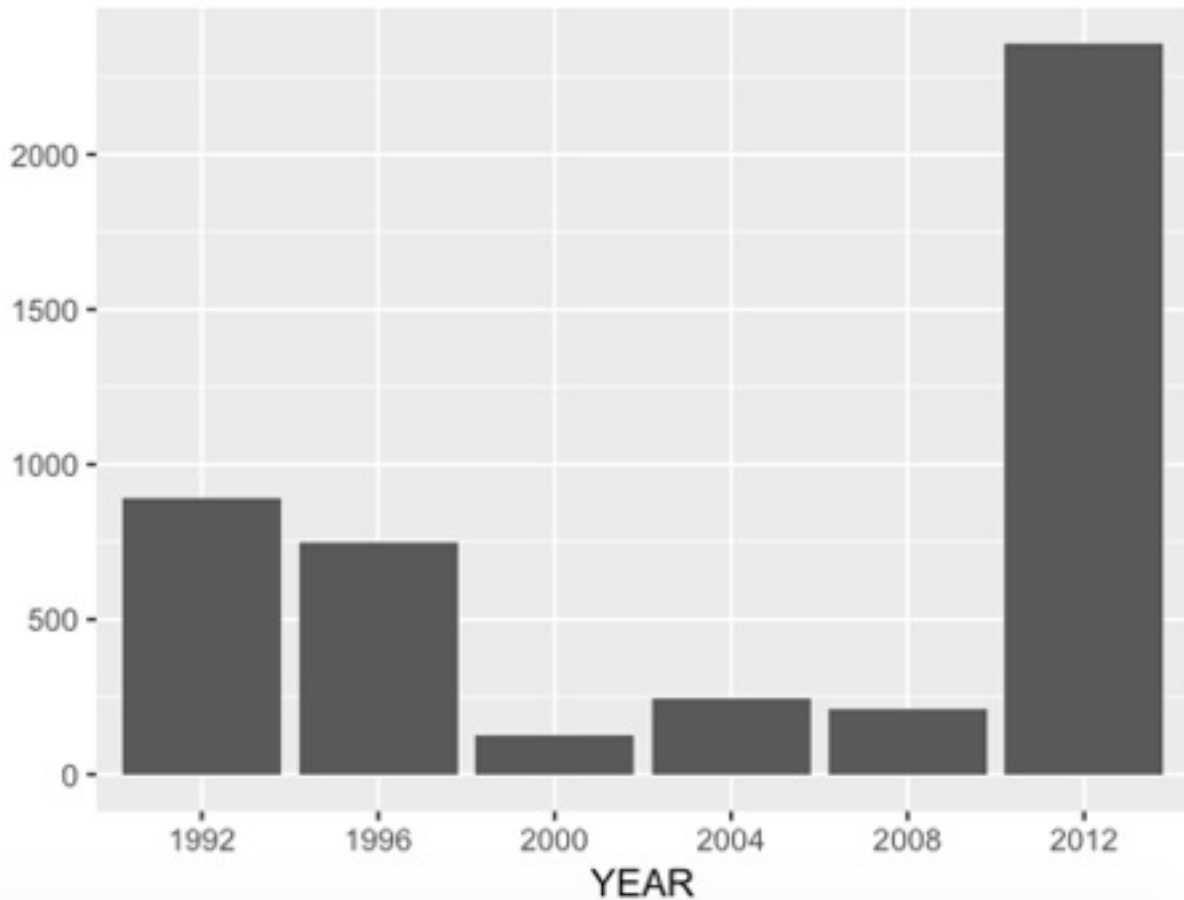Figure A.7: Distribution of % Total Revenue from Contributions

Source: NCCS Core Files

Figure A.8: Distribution of % Total Revenue from Programs

Source: NCCS Core Files

A.4 Chapter 6: Rage Giving

Figure A.9: Total Observations by Year in the Pooled Analysis

Source: ANES Data

A.4.1 Construction of Household Income variable from ANES data ranges

The ANES from 1992-2012 uses different income categories to measure a respondent's earned income. In order to pool these data over time, I compared the income ranges asked in each year of the ANES and recoded them based on where they overlapped. Though imperfect, my assigned ordinal measure captures increasing income.

Table A.7: Construction of the Household Income variable using ANES ranges

ANES income range ($)	Assigned Scale Value
> 5000	1
5000 - 9999	2
10000-14999	3
15000-24999	4
25000-34999	5
35000-49999	6
50000-74999	7
75000-104999	8
105000+	9

A.4.2 Partisanship vs. Ideology

When partisanship is replaced by Ideology in the models, the results are the same. Ideology is coded on a scale from 1-7, where 1-3 = strong, moderate, and weak liberal, 4 = moderate, 5-7 = weak, moderate, and strong conservative.

In 2016, the results show that conservatives are less likely to give than liberals. This is substantively the same result as when Partisanship was used in the main text. Those estimates and results demonstrated that Democrats were more likely to give than Republicans.

In the pooled analysis, the match variable from the main text was replaced by the creation of a new match variable based on ideology. To construct this new match variable, I collapsed Ideology into a measure of whether an individual was conservative or not, then compared this to the ideology of the president-elect. If individuals shared ideologies with the president-elect, then Match = 0. If individuals did not share ideology with the president-elect, then Match = 1. I discarded moderates from the pooled analysis. The results from the pooled analysis are consistent when using ideology instead of partisanship. When individuals have a different ideology than the president-elect, they are more likely to donate to nonprofits.

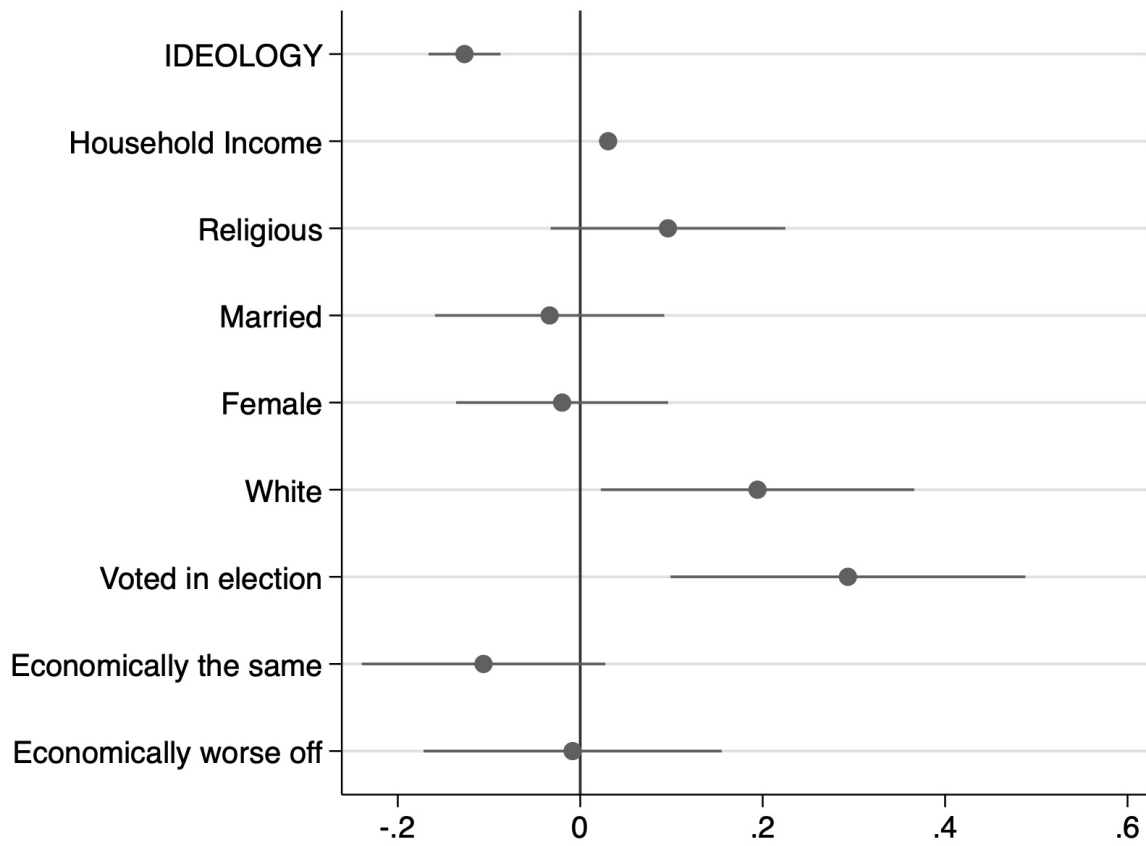Figure A.10: 2016 Analysis with Ideology: Plotted Coefficient Estimates

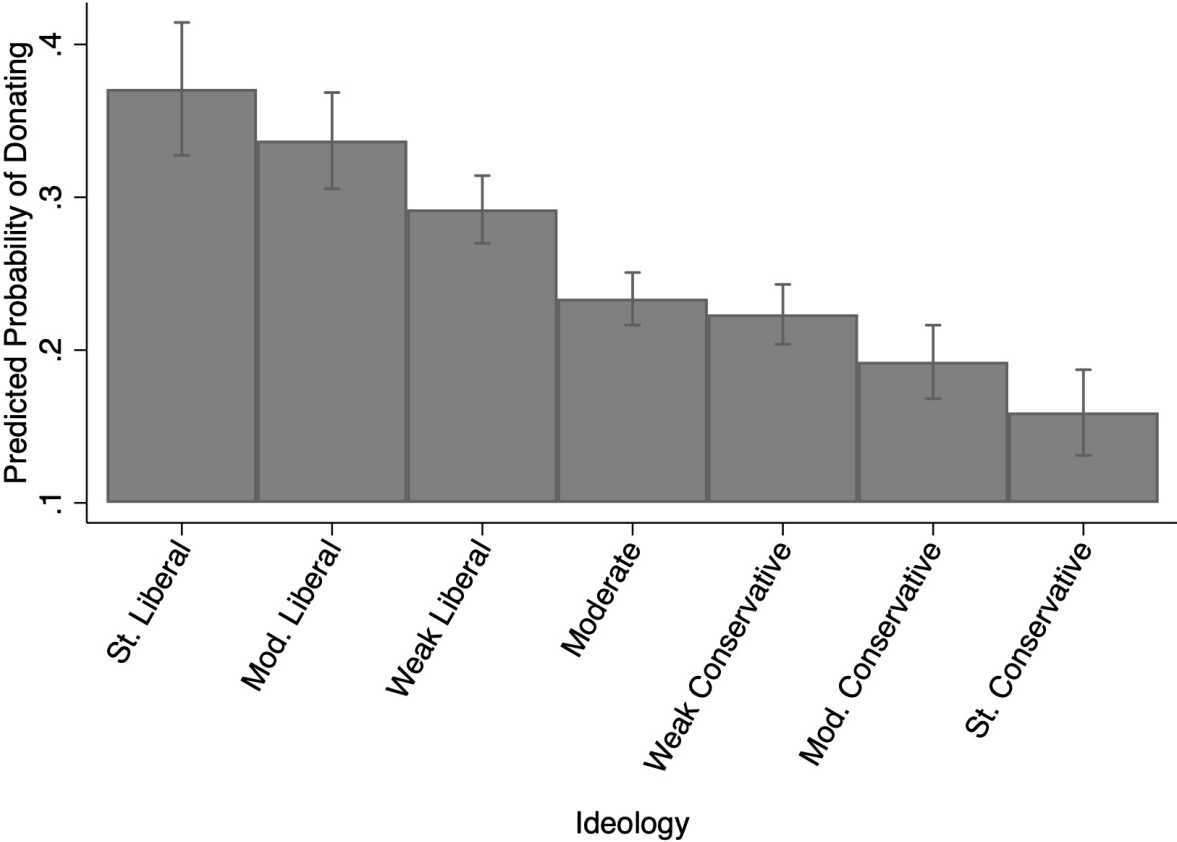Figure A.11: 2016 Analysis with Ideology: Predicted Probability of Donating

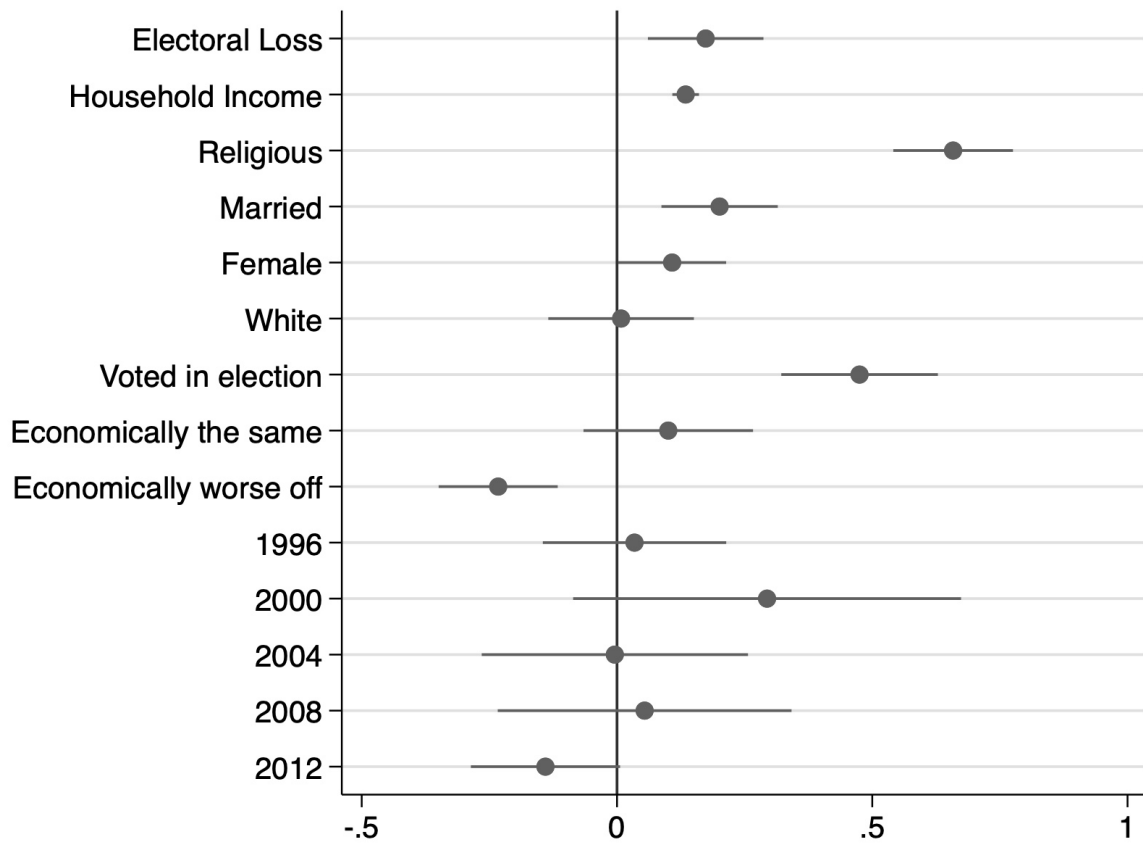Figure A.12: Pooled Analysis (1992 - 2012) with Ideology: Plotted Coefficient Estimates
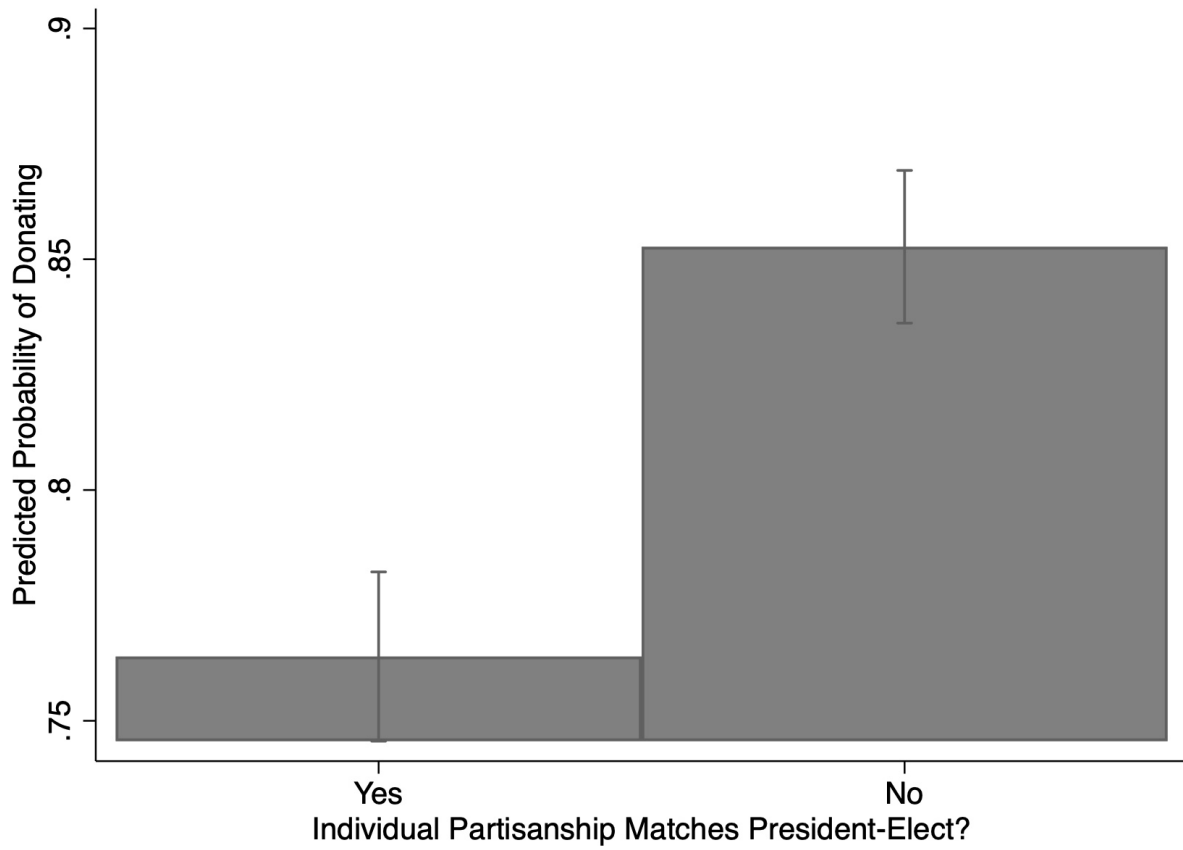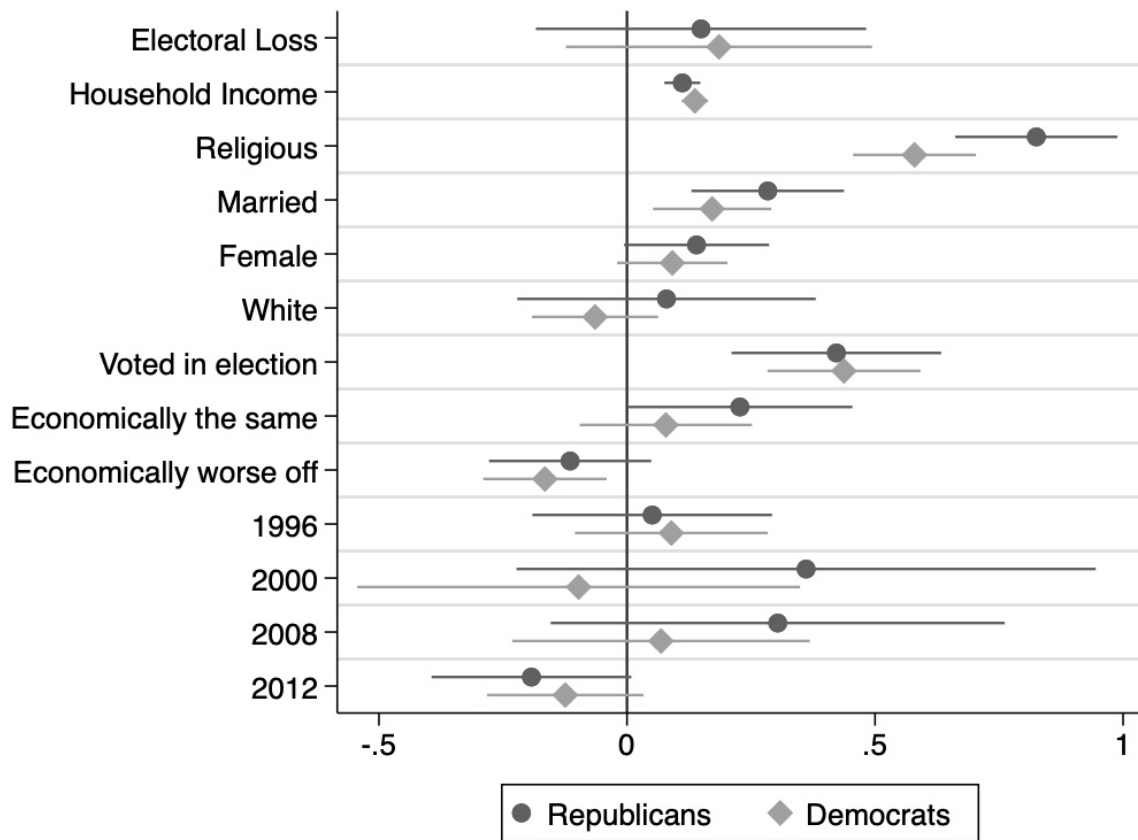
Figure A.13: Pooled Analysis (1992 - 2012) with Ideology: Predicted Probability of Donating

A.4.3 Republicans vs. Democrats

Figure A.14 plots the estimated coefficients of all variables included in the separate models assessing Republican and Democratic rage giving.

Figure A.14: Coefficient Plot of Binary Logit Estimates, Republicans vs. Democrats

Note: Thin bars represent 95% confidence intervals.

A.4.4 GSS Analysis Regression Estimates

Table A.8: Summary Statistics of 1996 GSS Data

	Mean	St. Dev	Min	Max	N
$ Contributed to Public-Society Benefit	240.00	579.789	0	3000	53
$ Contributed to Religious Groups	1879.434	2965.402	0	11000	53
Partisanship	3.283	1.965	0	6	53
Total family income	11.604	1.080	7	12	53
Attend Religious Services	5.151	2.389	0	8	53
Married	0.755	0.434	0	1	53
Female	0.528	0.504	0	1	53
White	0.906	0.295	0	1	53
Economic Well Being	1.660	0.678	1	3	53

Table A.9: 1996 GSS OLS Regression Estimates

	(1) How much money contributed in pub-soc benefit
Political party affiliation	102.659**
	(40.606)
How much money contributed to religious org	0.061**
	(0.030)
Total family income	-77.800
	(83.089)
How often attend religious services	5.650
	(36.795)
Married	48.252
	(177.247)
Female	-373.547**
	(151.133)
White	522.696*
	(285.395)
econ	-9.684
	(111.663)
Constant	366.154
	(972.429)
Observations	53
R^2	0.343
Adjusted R^2	0.224

Standard errors in parentheses

*$p < .10$, ** $p < .05$, *** $p < .01$