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Do Nonprofit Missions Vary by the Political Ideology of Supporting Communities? Some Preliminary Results

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ABSTRACT

Nonprofit missions reflect the values of those that create, manage, and support them. We know that the U.S. population has undergone a "big sort" that has resulted in increased community homogeneity along racial, economic, and political lines. We do not know, however, how this process has impacted the nonprofit sector, as there is little work looking at the geographic distribution of nonprofit missions as a function of the demographics of communities in which they operate. To identify the effects of community values on the nonprofit mission, we use landslide voting districts as a proxy for political ideology and propensity score matching to pair districts with statistically equivalent demographic characteristics. Nonprofits in matched voting districts are compared to identify differences in activities, mission, and funding. Missions shape how communities allocate resources to target populations and interest groups, so observed differences in mission may help explain variation in social outcomes across communities.

KEYWORDS

demographic sorting; nonprofit mission; political ideology; propensity score matching; public goods

America's nonprofit sector has steadily increased in social, political, and economic importance, because of sustained growth over past decades. It now accounts for roughly 10% of the U.S. economy (McKeever et al., 2016), and has been shown to significantly impact the quality of life (Rupasingha et al., 2000; Sharkey et al., 2017) and economic vitality of communities (Isserman et al., 2009; Salamon et al., 2012). It plays an important role in the delivery of essential government services (Boris, de Leon, Roeger, & Nikolova, 2010; Smith & Lipsky, 2009), and nonprofits experiment with new social programs and business models, thus serving as engines for social innovation and economic growth (Fleishman, 2007; Kanter, 1999).

As a result of their large potential impact, the unequal distribution of nonprofit activities and funding should be a concern for nonprofit scholars and policy makers. For example, U.S. counties in the year 2000 hosted an

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Color versions of one or more of the figures in the article can be found online at www.tandfonline.com/mpmr.
Replication files are available at https://github.com/lecy/political-ideology-of-nonprofits

average of 29 human services nonprofits per 100,000 residents, but the count ranged from zero to 189, representing vast differences in nonprofit density across communities (Lecy & Van Holm, 2013). Wealthy and educated communities generate more nonprofits per capita (Kim, 2015), and concentrated poverty has a negative impact on the viability of nonprofits and businesses (Small & McDermott, 2006). Nelson and Gazley (2014) show how school supporting nonprofits can be coopted by wealthy districts to circumvent efforts to equalize school funding, exacerbating existing inequalities. Thus, tax expenditures allocated through the nonprofit sector might disproportionately flow to privileged communities. Garrow (2012), for example, shows that government grants and contracts are less likely to be awarded to nonprofits located in minority communities while controlling for other sociodemographic factors.

The existing density literature focuses on explanations for the large variation in the number of nonprofits across communities, but fails to consider variation along another important dimension—that of nonprofit mission. The nonprofit organizational vehicle and the corresponding tax code were designed to empower citizens to act locally to solve public problems through voluntary means tailored to needs and values of specific communities. The government has remained relatively agnostic about what constitutes a legitimate public good or interest group, taking a more or less laissez-faire approach to mission formation as long as organizations obey laws regarding charitable giving. Thus, the nonprofit sector accommodates a vast array of missions and purposes. Some nonprofit organizations have goals of protecting minorities, creating inclusive communities, and ameliorating social and economic inequality. Others have exclusive membership criteria that primarily benefit privileged populations (Reich, 2012). Others are created to pursue pet causes of wealthy donors (Giridharadas, 2018). Business associations, homeless shelters, country clubs, the American Civil Liberties Union, and the National Rifle Association all operate under the same nonprofit umbrella.

This article presents preliminary research on the geography of nonprofit mission. We know that both inclusive and exclusive nonprofit missions are observed in the sector, and that some organizations work to promote broad public agendas of social equity, and some work to resist them. We do not know, however, if these mission types vary systematically across geographies. If missions are unevenly distributed across geographies, the nonprofit sector might serve functionally different roles within communities, a situation that would have significant public policy implications. To examine variation in mission, we present a feasible approach to determining whether nonprofit missions vary as a function of the underlying values and identities of the communities that create and host them.

This research fills a gap by providing a systematic approach to studying variation in nonprofit missions across communities. In so doing, it helps us understand whether nonprofit missions are largely shaped by norms of the broader philanthropic sector, creating mission convergence across communities, or whether core values and interests of local populations exert a significant influence on charitable purpose, creating systematic variation in the types of activities that we expect to observe. The primary contribution of the article is the development of several taxonomies for categorizing nonprofit missions along multiple dimensions. The current taxonomy used by the sector, the National Taxonomy of Exempt Entities (NTEE; https://nccs.urban.org/classification/national-taxonomy-exempt-entities), categorizes organizational mission by topics such as arts, education, environment, health, human services, etc. These broad categories are not sufficient to make meaningful qualitative distinctions related to mission motivation, intent, and target population. We develop three taxonomies that measure differences in form of collective action represented by the nonprofit mission (social capital foci, special interest group, or service providers), focus on disadvantaged target populations, and the explicitly religious identity of the organization. The taxonomy is used to demonstrate how scholars can explore the variation in nonprofit mission across communities.

We also contribute matching methodologies that help to link underlying community values and political ideology to nonprofit mission while controlling for important demographic considerations. We demonstrate this approach using landslide voting districts as a proxy for the underlying values of the community, allowing us to compare nonprofits in liberal census tracts (those with more than 70% of voters supporting Barack Obama in the 2008 presidential elections) to conservative census tracts (those who voted more than 70% in favor of John McCain).

The major challenge with this approach is that political ideology is strongly predicted by demographics. Massive population sorting over the past five decades has resulted in a tight coupling of urban spaces, people, and political ideology (Bishop, 2009; Murray, 2013; Tiebout, 1956).[1] Liberals are predominantly found in racially diverse and dense neighborhoods, while conservative populations are predominantly suburban and White. As a result, neighborhoods that are compared based upon political ideology also have very different demographic profiles. To study how values relate to nonprofit mission independent of these other neighborhood characteristics, political ideology must be isolated from its typical correlates of race, wealth, and population density.

Using a propensity score matching approach, we create a set of 51 districts representing Democratic supermajority voters, and 51 districts representing Republican supermajority voters, both matched on

demographic characteristics. Nonprofits were geocoded to identify those located within the study districts. We then categorized nonprofit missions using the proposed taxonomy to test for variation in mission across community type. We find that nonprofit density and size is roughly comparable across Democratic and Republican communities, but they differ in sources of revenue—nonprofits in the Democratic sample are more reliant on donations while those in the Republican sample are reliant on earned revenues. With regards to mission, nonprofits in Democratic communities are more likely to target disadvantaged populations (41% of missions versus 20%, p-value = 0.02). Nonprofits in Republican communities are slightly more likely to have explicitly religious missions (24% versus 14%, p-value = 0.09). Communities do not vary on the proportions of social capital, social service, and special interest entities observed (p-value = 0.52). These results represent preliminary findings derived from a small sample, but they suggest meaningful variation in nonprofit mission and demonstrate the feasibility of the matching process.

Nonprofits operate through a privileged status that exempts them from most forms of taxation, makes them uniquely eligible to receive foundation grants and government contracts that require 501(c)(3) status, and are perceived as important stakeholders in the policy process. As a result of these quasipublic roles and privileges, the distribution of nonprofit missions and activities should be of broader public interest. This preliminary work serves as a departure point for a more systematic examination of this topic. The data and code used for the matching process are provided by the authors for easy replication,[2] and the protocols for categorizing mission according to the derived taxonomies are available in the Appendix B.

Review of the literature

We are interested in how communities shape nonprofits, and subsequently how nonprofits shape communities. Specifically, how the values of a community influence nonprofit mission, and subsequently how mission may shape the types of services available and populations supported by the nonprofit sector.

The bulk of the current work that makes linkages between community characteristics and nonprofit activities focuses primarily on the relationship between demographic characteristics of host communities and the location decision, or density, of nonprofit organizations (Allard, 2004; Gronbjerg & Paarlberg, 2001; Lecy & Van Slyke, 2012). Broadly speaking, this literature has focused on how diverse and complex populations will have more need for nonprofits, and thus we might expect more nonprofits in these communities. Similarly, communities with assets such as wealth, foundation

capital, and social capital are expected to be able to support higher nonprofit density (Kim, 2015).

Local demand theory (Bielefeld, 2000; Salamon, 1995) posits that economically and ethnically diverse communities will create or attract more nonprofit organizations to serve their needs. There is modest empirical support for this claim. For example, several studies have documented greater density of nonprofit organizations in urban areas, which typically have more diverse populations and more demand for services (Bielefeld, 2000; Bielefeld, Murdoch, & Waddell, 1997; Gronbjerg & Paarlberg, 2001; Joassart-Marcelli & Wolch, 2003; Poon & Lai, 2008). Allard (2004) found that city-center poor have greater access to services than those in the suburbs. Corbin (1999) and Peck (2008) found that nonprofits are more likely to locate in areas with greater need.

Many studies, however, have found demand-side theories of nonprofit density to be lacking. Bielefeld (2000) identified an inverse relationship between poverty rates and the number of nonprofit providers in a community. Joassart-Marcelli and Wolch (2003) found that nonprofit spending per person declines as poverty rates increase, the number of organizations per poor person decreases as poverty rates increase. Nonprofits are more likely to locate in middle and upper income communities (Ben-Ner, 2002; Ben-Ner & Van Hoomissen, 1992; Bielefeld & Murdoch, 2004; Bielefeld et al., 1997; Peck, 2008; Stater, 2010). These results are not surprising since wealthier communities have more financial and social capital that can be devoted to building and operating nonprofits. Additionally, like any enterprise, nonprofits need to locate where they can find necessary talent to deliver services. Ben-Ner and Van Hoomissen (1992), for example, identified a significant relationship between human capital in a community and the number of nonprofits.

Government failure theory provides a slight nuance to local demand theory in that it posits that governments will do a poor job at tailoring public goods and services to diverse needs of communities, and thus nonprofits are expected to form to fill the gaps (Hansmann, 1979). Demand is created because of diversity, not deprivation—even wealthy communities with good public schools will create private religious options to supplement the basic offerings provided by the state. Alternatively, nonprofits may create tailored social services to meet distinctive needs of minority groups, such as agencies for refugee or immigrant populations. Thus, according to government failure theory communities that are more diverse will have larger nonprofit sectors.

Contemporary studies on the government failure theory—the relationship between population heterogeneity and the size of the nonprofit sector—have yielded mix results. Ben-Ner and Van Hoomissen (1992) find that racial diversity is positively related to the number of educational nonprofits

but negatively related to the number of social service nonprofits. Bielefeld, Murdoch, and Waddell (1997) found that, across Dallas County census block groups, nonprofits were more likely to locate in neighborhoods characterized by more racial diversity and larger proportions of aging citizens, but are less likely to locate in communities that are economically diverse. Corbin (1999) found no relationship between social service nonprofits and racial diversity. Allard (2009) later found that minority neighborhoods have access to half as much social services as predominately White neighborhoods.

These density studies are useful because they help us understand how community characteristics shape the overall level of nonprofit activities. However, they do not make explicit claims about the types of nonprofit activities. Stater (2010) has argued that it is problematic to measure the number of nonprofits without examining the distribution of service type and populations served. The broader nonprofit literature contains several frameworks that make general claims about how values of a community will influence nonprofit mission. Scott (2008), for example, describes the collective ideology of a community as a set of institutional mechanisms, including regulative, normative, and cognitive forces, through which political orientation might influence the nonprofit landscape. Normative mechanisms arising from the social structure shape the standards of appropriate and expected behaviors within the community. Political orientation and underlying values can place constrains on the choice set of community actors. Similarly, Jack and Anderson (2002) detail how cognitive structures shape and articulate conceptions of need, and, therefore, determine how a community prioritizes problems. This shared understanding supports consensus on which community behaviors are perceived as desirable or acceptable and which behaviors are perceived as deviant, and similarly which types of missions add value to the community. Thus, ideology creates rules that affect access to local resources and support. These processes could deter the formation of nonprofits that deviate from expected norms or make it more likely for favorable nonprofits to survive and grow.

This last point is important because the vast majority of nonprofit resources are both raised and spent locally (Bielefeld et al., 1997; Wolpert, 1993b), making nonprofits largely beholden to local interests. Philanthropic behavior largely reflects the characteristics of the donor communities (Hamilton & Ilchman, 1995; Havens et al., 2007; Irvin, 2007; Wolpert, 1988, 1995, 2001a, 2001b;), providing a clear link between ideology and resources availability. Startup nonprofits rely predominantly on donations from community members versus grants or earned revenues, making them dependent upon revenue that can be assumed to represent voluntary support for a mission or cause (Lecy, Van Slyke, & Yoon, 2016).

These links are not explicit in the density literature. Demand-side theories suggest that we should see more service nonprofits tailoring services to minority communities, but the empirical support for demand theory is weak, assumedly because of limited financial and social capital in these communities. Supply-side theories link the wealth of a community to nonprofit density and are more predictive of sector size, but they do not make specific predictions about what types of nonprofit activities we expect to observe, only that there will be more of them. Only a few studies emphasize the link between community characteristics and nonprofit mission. Wolpert (1993a), for example, found that education, health, and cultural nonprofit are more likely to provide services in wealthy suburbs while urban communities had a higher level of nonprofit activity targeting the poor.

Prior studies that have examined political culture as an explanation for the variation in nonprofit location have linked political differences to differences in the types of nonprofits. Lee, Wolch, and Walsh (1999) argued that demand, especially for poverty related activities, was not sufficient for explaining the location decisions of nonprofits. Rather, they demonstrated that location is related to interorganizational ties and the political culture of the community, with poverty-serving organizations most likely located in areas that had a political culture that was more open to controversial human service facilities. Bielefeld, Rooney, and Steinberg (2005) hypothesized that states with greater Republican dominance in the state legislature would be expected to have more conservative populations that would be less likely to donate to nonprofits providing welfare services. They also developed a set of hypotheses based on Elazar's (1994) typology of political culture. Elazar distinguished three types of political cultures that measure citizens' attitudes about the proper role of government as being moralistic, individualistic, or traditionalistic. They found that communities with moralistic political cultures have larger nonprofit sectors; those with individualistic political cultures have smaller nonprofit sectors more oriented toward individual, entrepreneurial activities; and those with traditionalistic political cultures have smaller nonprofit sectors providing traditional and conservative services. However, these findings are not constant across studies. Corbin (1999) did not find a relationship between individualistic political culture and the size of the social service sector. Kim (2015) found that counties with more politically engaged residents, regardless of political party, had more nonprofits than did otherwise similar communities.

There seems to be an implicit consensus that ideology will certainly impact nonprofit missions and activities, but we did not see clear predictions about what they might be. This might not be surprising because the relationship between values, demographics, and mission is quite challenging to disentangle. Will a nonprofit founder be more influenced by her

personal belief system, or by the community needs that she directly observes? As Bishop (2009) notes: "Places that are economically vibrant—that produce more technology and discover more marketable ideas—generally have looser social connections. People there are less likely to join clubs, volunteer, or attend church. These places, on average, vote Democratic. Other people seem to prefer places with tighter social ties. Residents of these communities volunteer, join, and stay closer to their families. They largely vote Republican." Location, lifestyle, diversity, wealth, and ideology have all become intimately linked. Isolating the impact of ideology requires strong controls for other demographic factors. To move the discussion forward, in the next section, we introduce the use of matching techniques to build groups that have identical demographic profiles but distinctive political ideologies.

Data and methods

We wish to examine the relationship between underlying values held by a community and the kinds of nonprofits created within a community. Although these values cannot be observed directly, political ideology is a good signal of many interesting facets of a community. It is employed here as a feasible proxy for the values that a community holds. The research question is challenging, however, due to a tight coupling of community demographics and political ideology. It is difficult to separate the effects of key demographic factors—race, poverty, and population density—from other cultural factors that may impact the kinds of nonprofits created within a community. We would ideally compare communities that vary by political ideology but have identical demographics profiles. As a result of decades of demographic sorting, however, political ideology is extremely intertwined with demographics. Dense, diverse neighborhoods in cities tend to vote Democrat, and the more homogenous and wealthy suburbs tend to vote Republican (Figure 1).

The natural experiment for such as study would require identifying two towns or neighborhoods that have near identical population demographics, similar economies, and comparable histories, but for accidental or organic reasons one happens to hold strong liberal values and the other is strongly conservative. As an example of this type of study, when the physician Stewart Wolf discovered that the immigrant community of Roseto, PA, was an extreme positive outlier regarding myocardial health, his team initially hypothesized that the outcome could be explained by genetic factors. They identified neighboring Pennsylvanian towns comprised primarily of immigrants from the same region in Italy to control for genetics that would

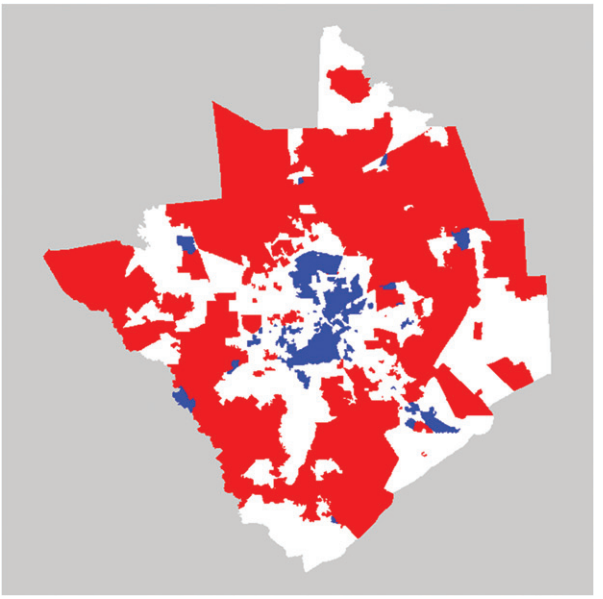

Figure 1. Voting Patterns in the 2008 Presidential Elections in Houston.
Notes: Blue represents Democratic supermajority districts; red represents Republican supermajority districts; and white represents districts in which no supermajority exits. Most cities follow similar patterns of segregation by political ideology.

have been otherwise unobservable, and thus were able to eliminate that hypothesis (Egolf et al., 1992).

Since identical communities are difficult to identify in practice, we utilize a matching strategy to isolate the effects of political ideology from other demographic factors. We first identify Democratic and Republican supermajority districts by isolating only those with more than 70% or less than 30% of votes cast for Barack Obama in the 2008 elections. To maximize generalizability across states we use presidential voting data as our proxy for political ideology. For the sake of testing a new research methodology, we are limiting our analysis to the state of Texas, but this research design could be replicated in other states or scaled to the national level. Data were obtained from the Harvard Election Data Archive project (https://projects.iq.harvard.edu/eda), a source for 2008 presidential election results at voting district level for all 50 states. Texas contains 8,400 separate voting districts (VTDs). In the 2008 election of John McCain versus Barack Obama, Texas had 1,451 Democratic supermajority districts and 2,886 Republican supermajority districts, representing 51% of all voting districts in the state.

We match these districts based upon demographic characteristics using a propensity score technique to erase differences in population density, race, and poverty. This creates the desired comparison of geographic units that differ only by political ideology and not demographics, thus in theory isolating the effects that community values have on mission by holding

constant other population characteristics. Demographics information was obtained from the U.S. Census at the census tract level. We used the 2010 5-year American Community Survey data from Table S0601 for data on population (HC01_EST_VC01), poverty (HC01_EST_VC72), and race (White = HC01_EST_VC20 and Black = HC01_EST_VC21). Population density was calculated using the land area field in the TIGER 2010 Voting Districts shapefiles.

Voting districts and census tracts do not all share contiguous boundaries, so merging voting data and census data can be tricky. The Missouri Census Data Center (http://mcdc.missouri.edu) has created tools that map voting districts to census tracts using geographic apportionment. Since the relationships are not nested, it will not be a one-to-one relationship; that is, one voting district can match to multiple census tracts. As a result, we select the census tract for each voting district that has the highest apportionment rate (geographical overlap). The mean apportionment rate is 89% (standard deviation of 17%), with a median of 100% overlap. There are 3, 513 census tracts in Texas. Unfortunately, because of inconsistency in unique VTD IDs between the two data sources only 1,305 of the voting districts could be matched to census tracts. Of the 1,305 districts, 680 of them were supermajority districts: 216 Democrat and 464 Republican.

The baseline comparison of demographic characteristics across political groups yields nonequivalent samples. We employed a propensity score model that matches districts on three characteristics: diversity (percentage of the population that is Black), poverty rates, and population density. Since matching works best when there are multiple control group candidates for each treatment group, we used Democratic supermajority districts as the treatment case, and Republican supermajority districts as the control case. We attempted several matching methods available via the "MatchIt" package in R (Ho et al., 2011), but the traditional technique like nearest-neighbor and optimal procedures did not produce balanced samples. We instead used a genetic search algorithm that generates appropriate covariate weights for the propensity scores (Sekhon, 2011). Of the 680 candidate voting districts, our final sample consists of 102 districts, 51 Democrat and 51 Republican, which are statistically identical on the three demographic characteristics. See Table 1 for a comparison of pre-match and post-match community characteristics.

Our identifying assumption of this approach is that through this matching process the final sample of communities do not differ in socioeconomic characteristics, but they have distinctive political ideologies. The balanced sample includes one Republican supermajority district for each demographically equivalent Democratic supermajority district. If the matching approach is effective, we can assert that it is cultural factors and not

demographic factors driving differences in the nonprofit mission observed across these districts. The typical caveats of propensity score techniques apply, however—we cannot eliminate the possibility that differences are driven by measured characteristics that were not included in the matching model, or unmeasured characteristics that cannot be easily modeled.

Finally, nonprofits were spatially joined to the 102 voting districts using geographic latitude and longitude coordinates provided in the National Center for Charitable Statistics (NCCS) Core 2010 dataset (https://nccs-data.urban.org/data.php?ds=core). There are 22,295 nonprofits in Texas in the Core 2010 dataset, and 20,593 of those have geographic coordinates. The spatial join returns a set of 158 nonprofits within matched Democratic supermajority districts, and 165 nonprofits in Republican supermajority districts. The subsequent analysis compares missions across this set of nonprofits based upon the assumption that they differ primarily by political ideology of founders or supporters, not on demographics of communities.

Results

We examine nonprofits in the matched districts to see whether nonprofits located in Republican communities differ from those located in Democratic communities in any significant way. We compare nonprofits by age, size, financial support, subsector categorizations (activity codes), and the three taxonomies of the nonprofit mission.

Community financial support

Using IRS tax data from the National Center for Charitable Statistics (https://nccs-data.urban.org/index.php), we examine the operating characteristics of nonprofits in the matched districts. From a purely descriptive perspective, nonprofits do not vary in size or age across political ideology (See Table 2). The median nonprofit age is approximately 19.5 years in both groups. Republican nonprofits are slightly larger (median total revenue of $163,300 a year versus $106,200 for those in Democratic districts), but this difference is not statistically significant. However, they do differ in their source of revenue. Those in Democratic supermajorities tend to be much more reliant on donative contributions, deriving 65% of total revenue from donations versus 27% for those in Republican supermajority districts. This might be driven partly by the differences in organization activities across the communities (see below)—social benefit and youth nonprofits would be more likely to rely on donations than health nonprofits, for example. However, the result is surprising given work by Brooks (2007), that makes the claim that conservatives are more generous with

charitable contributions. These divergent findings might partly be explained by conservative charitable giving being directed to religious institutions, which are not required to file tax disclosures, and are thus largely absent from the NCCS nonprofit database.

Nonprofit purpose

The IRS and NCCS have developed a system called the National Taxonomy of Exempt Entities to describe nonprofit activities. It includes 25 broad categories, plus an "other" group. We can use these codes to compare nonprofit purposes across community type. Although there are too few nonprofits in many of the categories to make conclusive inferences, we do observe difference across community types that are significant at the 0.05 level in a χ^2 test.

It is not possible to make conclusive inferences from the small sample sizes in each category, but some interesting patterns emerge. We see similar rates of human service and religious purpose nonprofits across both community types, but Democratic districts are more likely to support community improvement, youth development, societal benefit, and disease prevention nonprofits, whereas Republican districts are more likely to support education, arts, recreation, and housing nonprofits. In very broad terms, it looks as though nonprofits in Democratic supermajority districts tend to focus more on economic development, broad community benefit, and support for vulnerable groups, while nonprofits in Republican districts seem to focus more on providing specialized services and amenities to community members. To achieve more robust observations, the sample should be expanded to adequately compare rates of activities across communities. Larger samples would also allow for the use of NTEE subcodes, which provide for more granular comparisons within an activity code. As we will explain in the next section, there are significant limits to solely relying on activity classifications.

Classifying mission statements

NTEE codes are useful for categorizing nonprofit missions by topic, but they fail to capture important distributive and normative implications of activities such as which interest groups are the intended beneficiaries of programs. For example, consider these mission statements from two environmental nonprofits and two housing nonprofits in the sample (paraphrased for the sake of anonymity):

> [Environmental Nonprofit A] has a mission to promote, preserve, and enhance the natural resources of the Texas coast, for their intrinsic value and benefit to humankind, through a public education and community-based consensus approach.

> [Environmental Nonprofit B] is dedicated to providing educational opportunities and information to stakeholders as they seek to capitalize on the enduring benefits to be gained from promoting the region's vast wind energy resources.
>
> [Housing Nonprofit A] is a mutual self-help housing corporation that teaches groups of low-income families how to work together to construct their own homes in communities with otherwise substandard housing options.
>
> [Housing Nonprofit B] is a professional care community in a quiet residential area that offers individualized independent living services for seniors who can care for themselves but want to enjoy a low-maintenance life and independent living.

In these examples, the first environmental nonprofit operates to preserve coastal lands for the benefit of the general public, whereas the second environmental nonprofit acts as a trade group for those involved in wind energy. The first housing nonprofit works with poor families to provide basic shelter, and the second offers assisted living for upper middle-class seniors. In broad terms, many of the housing nonprofits in Republican districts are for elder care and support. The three nonprofits in Democratic districts focus on creating affordable housing opportunities. Similarly, many of the human services nonprofits in Republican districts are more likely to focus on providing a narrow set of services to specific niche populations like rodeos for youth. The nonprofits in Democratic districts appear more likely to engage in advocacy and empowerment. In the community development category, the nonprofits in Republican districts focus on historic preservation and neighborhood associations. The nonprofits in Democratic districts focus more so on economic development. See Table 3 for details.

These examples demonstrate why the NTEE codes are inadequate for capturing some important dimensions of nonprofit missions—do they offer broad benefits for the entire community or region, or do they target a niche population, such as disabled youth? Do they assist vulnerable populations or serve a narrow special interest group like a professional association for surgeons? To address this deficiency, we have developed a set of taxonomies to classify mission statements further beyond NTEE activity codes that could potentially be scaled in order to code a large number of nonprofits. It is a challenging task, because a useful taxonomy that is applied to large samples must allow nonprofit activities to be reliably coded using information that is readily available for most nonprofits. Mission statements are the most standardized and uniform description of nonprofit activities since they are generally featured prominently on nonprofit websites and included in IRS Form 990 returns. A meaningful taxonomy must also support reasonable intercoder reliability using information provided by the mission statement, which often does not go into detail about programming of the organization. Two individuals should be able to follow the

same set of instructions and arrive at approximately the same results if given a sample of mission statements and no additional information about the nonprofits.

We drew on large sources of theoretical work on nonprofit purpose to generate over a dozen feasible taxonomies. Each of these was subsequently tested, but most were difficult to operationalize because of the limited or ambiguous information available in mission statements. Three taxonomies proved to be feasible and are detailed in the reproduction files provided online.

Taxonomy 1: A collective action framework

Our first taxonomy was inspired by Knack and Keefer (1997) and Rupasingha et al. (2006), which divide nonprofits into Putnam-style civic associations and Olsen-style professional associations or special interest groups, which they call P-Groups and O-Groups. Specifically, Putnam emphasizes the importance of nonprofits that support bridging social capital and trust:

> Putnam (1993) maintains that participation in political and social activities and collective organizations is the primary means of civic engagement … he claims that individuals' participation in social and political organizations "instill(s) in their members habits of economic cooperation, solidarity, and public spiritedness" (Putnam, 1993, pp. 89–90) … Such activities facilitate information-sharing through repeated interactions and these interactions promote reciprocity. People who belong to such groups tend to trust others who belong to the same group, and they are therefore more likely to cooperate. (Rupasingha et al., 2006, p. 88)

These are distinct from Olson's strategic and self-interested collective active framework where:

> . . . there is a financial incentive to form and join associations because they are a mechanism for transferring income or wealth from other parts of society to members. For example, farmers join the Farm Bureau because it is instrumental in persuading the government to provide farm program payments. For O-groups the potentially higher level of return from membership may lead to individuals willing to invest additional time and perhaps other resources such as dues, contributions, *or* labor. (Rupasingha et al., 2006, p. 89)

Rupasingha et al. (2006) utilized County Business Pattern data from the Census (https://www.census.gov/programs-surveys/cbp.html) to generate social capital measures based upon nonprofit density. They categorized all civic organizations, bowling centers, golf clubs, fitness centers, sports organizations, and religious organizations to P-Group social capital entities. They categorized all political organizations, labor unions, business associations, and professional membership groups as O-Group rent-seeking organizations.

Although this provides an excellent starting point, we found that many nonprofits did not fit within these categories. Many nonprofits were created

to provide social services for communities, which are neither a social nor a recreational activity like P-Group organizations but also not self-interested activity consistent with O-Group organizations. Thus, we have developed a third category of a Salamon-type, or S-Group, organization inspired by his work outlining important social service roles of nonprofit organizations in the modern state (Salamon, 1995). These are primarily service providers that do not have members and provide services other than sports, leisure, and civic engagement.

Taxonomy 2: Explicit religious origins or purpose

Many nonprofits have religious origins, either through support and sponsorship by formal religious institutions or through members that have been motivated by their beliefs. Some of these have missions that are religious in nature, such as running a place of gathering or educating the general population about belief systems. Others might provide services unrelated to religion, but members have been inspired to act because of their religious beliefs. We code nonprofit activities as religious if they were created for specific religious purposes, or else they explicitly mention their belief system in their mission statements.

Taxonomy 3: Work with disadvantaged or vulnerable populations

Our final taxonomy aims to assess whether the nonprofit targets vulnerable or disadvantaged populations. This task can be challenging since mission statements are broad, but also vulnerable populations can be hard to define. Should we consider all minorities to be vulnerable populations, even those that have higher educational achievement and wealth than average households? American Jews, for example, are twice as likely as the average U.S. household to receive a college degree or to earn over $100,000 (Murphey, 2016), but they are also the group that tops the list of targets of hate crimes in the United States (Federal Bureau of Investigation Hate Crime Statistics, 2016; https://ucr.fbi.gov/hate-crime/2016). Women are subject to wage discrimination and sexual violence, so should all women be considered part of a vulnerable population? The elderly are typically poor and struggle with health issues. Should we then consider a wealthy retirement community to be a vulnerable population?

Intercoder reliability

Two coders worked independently with a spreadsheet that included nonprofit names and missions, but not their political ideology affiliation, and coded nonprofit mission according to the three taxonomies using instructions described in Appendix A. Afterward, assigned values were compared

Table 1. The Sample Before and After Propensity Score Matching in Order to Produce a Balanced Comparison with Equivalent Demographic Characteristics.

Sample	*White*	*Black*	*Poverty*	*Density*	*n*
Unbalanced sample					
Democratic	62.2	19.1	28.3	11.1	216
Republican	85.7	5.5	10.8	4.3	464
t-test	$p < 0.01$	$p < 0.01$	$p < 0.01$	$p = 0.02$	
Balanced sample					
Democratic	70.4	13.1	20.2	13.3	51
Republican	73.0	12.2	19.2	11.9	51
t-test	$p = 0.45$	$p = 0.78$	$p = 0.27$	$p = 0.83$	

Table 2. Nonprofits in Democratic Districts are More Than Twice as Reliant on Contributions and Grants then their Republican Counterparts.

	Age (M)	*Revenue (Mdn)*	*Assets (Mdn)*	*Contributions*	*n*
Democratic	19.8	$106,200	$126,100	65%	158
Republican	19.6	$163,300	$135,800	27%	165
t-test	$p = 0.92$	$p = 0.27$	$p = 0.32$	$p < 0.01$	

Note: Nonprofits do not differ in age or size.

for intercoder reliability by using Cohen's κ. The two enumerators achieved reliability scores of 0.802 for the collective action taxonomy (p-value < 0.001), 0.948 for religiosity (p-value < 0.001), and 0.848 for targeting vulnerable populations (p-value < 0.001).

Coded mission statements

Of the 323 nonprofits in our sample, we were able to locate mission statements from websites of 74 nonprofits located in Democrat supermajority districts, and 51 located in Republican supermajority districts, for a total of 125 mission statements. Each mission was coded according to the three taxonomies described above, and the results are presented in Table 4.

Based upon the preliminary coded sample we do not observe significant differences in either the collective action group types of the nonprofits across Democratic and Republican supermajority districts, nor the explicit religious origins of the nonprofits. We observe that approximately 37–45% of nonprofits are service providers (Salamon S-Group types), 37–38% are community leisure and social capital organizations (Putnam P-Group types), and 18–25% are special interest nonprofits (Olsen O-Group types). A χ^2 test shows nonsignificant differences across the communities (p-value $= 0.52$). Although a higher proportion of nonprofits in Republican districts express religious beliefs in their mission statements (24% vs. 14% for those in Democrat supermajority districts), these differences are only marginally significant (p-value $= 0.09$). However, we do observe meaningful differences in work with disadvantaged populations. Nonprofits in Democratic supermajority districts are twice as likely to work with

Table 3. Primary Activity Codes of Nonprofits in Democratic and Republican Districts.

NTEE categories	*Republican*	*Democrat*
A Arts, culture, and humanities	21	16
B Education	35	27
C Environmental quality, protection, and beautification	1	1
D Animal-related	2	4
E Health	19	13
F Mental health, crisis intervention	3	4
G Diseases, disorders, medical disciplines	1	9
H Medical research	2	0
I Crime, legal related	3	5
J Employment, job related	2	1
K Food, agriculture, and nutrition	3	0
L Housing, shelter	9	3
M Public safety	3	1
N Recreation, sports, leisure, athletics	9	6
O Youth development	3	12
P Human services—multipurpose and other	22	20
Q International, foreign affairs, and national security	1	3
R Civil rights, social action, advocacy	1	0
S Community improvement, capacity building	3	11
T Philanthropy, voluntarism, and grant-making foundations	8	5
U Science and technology research institutes, services	0	1
V Social science research institutes, services	1	0
W Public, society benefit—multipurpose and other	0	4
X Religion related, spiritual development	12	10
Y Mutual/membership benefit organizations, other	0	1
Z Unknown	1	1

Table 4. Classification of Nonprofits Located in Democratic and Republican Supermajority Districts According to their Form of Collective Action, Their Expressed Religiosity, and Their Target Populations.

	Republican	*Democratic*	*Test of differences*
Group type			
P-Group	37%	38%	χ^2 test
O-Group	25%	18%	$p = 0.52$
S-Group	37%	45%	
Religious origins or mission?			
Yes	24%	14%	χ^2 test
No	73%	86%	$p = 0.09$
Serve disadvantaged populations?			
Yes	20%	41%	χ^2 test
No	80%	59%	$p = 0.02$
Sample sizes	51	74	

vulnerable or disadvantaged groups than those in Republican districts (41% vs. 20%), and the result is statistically significant (p-value = 0.02). This is not surprising from what we know about how party platforms differ, but it is interesting to see the degree in which nonprofit activities directed at disadvantaged populations vary across these communities.

Discussion

This article presents a feasible approach to the systematic exploration of variation in nonprofit missions across communities. In this preliminary

study, we explore the relationship between political ideology of a community and nonprofit mission by employing a propensity score matching strategy to create a set of voting districts with statistically similar demographic characteristics but politically distinct voting patterns. It is a challenging endeavor because political ideology will be strongly correlated with demographic and geographic factors, making it difficult to isolate the effects of ideology from other processes that influence nonprofit mission. We found that popular propensity score matching techniques do not generated a balanced study sample, but a specialized genetic algorithm developed by Ho et al. (2011) produces consistent results. We then collected mission statements from the 125 nonprofits in the matched sample that had websites, and compared nonprofit missions along the three new taxonomies described in Appendix B. We find subtle differences in the scope of nonprofit activities across Republican and Democratic communities, specifically those in Democratic communities are twice as likely to target vulnerable populations and are more reliant on donations versus grants or earned revenues. This preliminary study uses data from a single state to demonstrate the feasibility of the matching and coding processes.

Data and method limitations

As this approach is developed further, limitations of the current framework need to be considered. First, we are assuming that political voting behavior in a presidential election is a good predictor of the underlying values or ideology that a community holds. This can be a problematic assumption in several circumstances. Since the average nonprofit in our sample is 20 years old and we are using current election results, we are assuming that the communities have not changed rapidly over time. Since political polarization has increased steadily, it is likely that these communities were more moderate or politically diverse 20 years ago, and that nonprofit founders in the past might be less likely to share the values that define the current community. As a result, observed contemporary voting behavior in a supermajority district is a decent but imperfect measure. Note that this issue would bias the results toward fewer differences across communities, not more, so it does not provide a serious challenge to the statistical significance of preliminary results presented here. If the study were scaled, this deficiency could be addressed by limiting the sample to recently formed nonprofits. Additionally, there is good reason to believe that the nonprofit mission might evolve with community ideology, either through evolution of purpose or survival of those with missions that fit the values of the supporting community.

Second, the sampling framework assumes that when a large proportion of voters in a district is aligned with one party, then a similar proportion of nonprofit managers will align with the same party. In other words, we assume that Republicans do not travel into Democratic supermajority districts to start or operate nonprofits and vice-versa. This assumption could also be problematic if the superminority group in a district is more likely to form nonprofits, or people that belong to a specific party are more likely to form nonprofits in general no matter which district they live in. These issues seem unlikely, but these assumptions might be explored further in future studies.

Third, we use the address the nonprofit provides on their Form 990 tax return to match them to a voting district. McDougle (2015) has noted that the geographic coordinates listed in the Core dataset can be unreliable, so there is likely some measurement error in nonprofit location. There is no good way to control for this using existing data sources, but the assumption is that miscategorization would happen equally between nonprofits wrongly identified with Democratic or Republican districts. If this is the case, the measurement error introduced by imprecise geographic coordinates should not bias the results in one way or another.

Fourth, propensity score matching techniques rely on the assumption that measured characteristics are sufficient to develop a balanced study sample that allows us to separate the effects of political ideology from effects of other demographic and geographic factors. This will be true if the first stage of the model includes a robust set of demographic variables that account for possible competing hypotheses. If a robust set of predictors is not used, there is potential that omitted variables are still driving the observed results, not political ideology. We included a parsimonious list of what we considered to be the most broadly important alternative predictors of nonprofit mission—the population density, poverty level, and racial composition of the community. However, in subsequent studies this list of demographic variables should be expanded to test whether this preliminary model is sufficient. Code and data used for the propensity score matching process are available in an online repository for ease of reproducibility: https://github.com/lecy/political-ideology-of-nonprofits.

Conclusion

As communities have become demographically sorted into political, cultural, economic, and ideological silos (Bishop, 2009; Murray, 2013), it is important to consider how these trends impact civil society. We have historically assumed that nonprofits are beneficial to society because they offer public goods and services that are accessible to most. However, in an ideologically polarized world, we need to consider how communities use

tax-exempt organizations to create private goods that might only benefit a small interest group. It is completely possible that though the nonprofit organizational form was created to address things like inequality, it could be easily co-opted and enhance the disparity in services that communities receive. An emergent interest in the link between nonprofits and inequality is gaining ground both in the research literature (Nelson & Gazley, 2014; Reich, 2012) and in popular discourse (Giridharadas, 2018; Weisman, 2015).

This preliminary work finds that nonprofits in liberal communities are more likely to have missions that focus on helping disadvantaged populations and will rely more heavily on donations to support these activities. It did not find that either type of community is more likely to contain nonprofits with religious motivations or special interest group (O-type) nonprofits. The article contributes a feasible demonstration of propensity score matching techniques that can generate samples of paired supermajority districts that are balanced on demographic characteristics, such as race, poverty, and population density, in order to isolate the effects of political ideology. We also outline three broad taxonomies that can be used to study nonprofit activities beyond NTEE categories. The task was to demonstrate the feasibility of this line of research using public data and to stimulate interest in the topic.

The ability for communities to express their diverse values and hopes through nonprofit activities is one of the great strengths of the sector, and it should be celebrated. We should be concerned, however, if systematic differences in the types of nonprofits operating across communities enhances inequality. If nonprofits receive tax subsidies and public grants to support their mission, then it is reasonable to consider whether heterogeneous missions across communities have the potential to hurt society by accentuating inequality and providing heterogeneous services or opportunities. This study is a small step in a broader project of understanding what role the nonprofit sector plays in this process.

Notes

1. "There wasn't a conspiracy by the left or the right. The breakdown of broad-based organizations was taking place throughout American society. Political parties and mainline religious denominations both lost membership at the same time people quit the Free Masons and the Eastern Star, the United Methodist Women and the Lions … Today the division in the country isn't about party allegiance. It's about how we choose to live. And as the parties have come to represent lifestyle—and as lifestyle has defined communities—everything seems divisible, Republican or Democratic" (Bishop, 2009, p. 147).
2. https://github.com/lecy/political-ideology-of-nonprofits

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Appendix A

The 125 mission statements that have been coded for the article were generated using 2008 voting data and 2010 census data through the following process:

8,400 total voting districts in Texas

- 1,451 Democratic supermajority districts
- 2,886 Republican supermajority districts

3,513 census tracts in Texas

- 1,305 voting districts have IDs that can be matched to census tracts
- 216 Democratic supermajority districts remained
- 464 Republican supermajority districts remained

Of the 680 supermajority voting districts that can be linked to census data, the matching procedure generated 102 districts in the balanced sample:

- 51 Democratic supermajority districts
- 51 Republican supermajority districts

Of the 22,295 nonprofits in the state, 323 are located in the matched supermajority districts and were used for analysis of NTEE codes and comparison of revenue and nonprofit age.

- 158 nonprofits from Democratic supermajority districts
- 165 nonprofits from Republican supermajority districts

Of these 323 nonprofits located in the matched voting districts, we were able to find mission statements listed on websites for 125.

- 74 nonprofits from Democratic supermajority districts
- 51 nonprofits from Republican supermajority districts

Appendix B: Protocols and instructions for coding nonprofit missions

Categorization Schema 1: Putnam, Olson, Salamon Group

P-Group:

- Does the organization focus on developing community through a shared interest or common background? This may include promoting the arts, volunteering, recreational activities such as sports or outdoor experiences, cultural events, bringing together people of the same religion, and helping animals.
- Does the organization focus on furthering the interests of people not directly related to its members (ex. family members)?
- Does it offer a free service, or a service for which it can reasonably expect no compensation (other than donations)? For example, sharing information or raising awareness about a topic or issue.
- A social activism group that engages in protests would classify as a P-Group, as the organization is not offering a service, and the organization's intention is to serve the community beyond its members.
- Examples:
- Sports clubs
- Religious camps
- Parent-Teacher Associations (PTAs) bring together community members to create change in a school through social interactions that include meetings and fundraisers; the organization exists to serve people beyond its member base but not (primarily) in a service delivery capacity.

O-Group:

- Does the organization focus solely on serving a portion of the community united by professional or economic interests?
- Does the organization aim to generate benefits primarily for its members?
- Do members have shared economic concerns?

- Does the organization provide opportunities for members to formally affiliate, share professional norms and knowledge, and/or advocate for their needs?
- Rather than focusing on the community outside of the member base, the organization will aim to support its members through generating networking opportunities, advocating on their behalf, and bridging personal and professional interests.
- Members may include organizations that are not individually in this category.
- Example: a state-wide PTA advocacy group whose individual members are unique PTAs, each affiliated with a school or school district, would be an O-Group composed of P-Groups.

S-Group:

- Does the organization provide a specific type of service or services related to an issue? Does the mission or organizational name seem most oriented around providing a service or services to a target community?
- Is it reasonable that the organization would receive some type of compensation from the consumer, government, or some other entity for the service provided (ex. medical or substance abuse services, therapy)?
- An organization that has a strong component of the mission dedicated to fostering community or faith would still classify as an S-Group if service delivery is a significant focus identified in the mission.
- Example: a school provides a service to the community (education), which is its primary function. Though a school may foster community, that is a secondary function.

Not Applicable:

- The organization does not seem to provide services to the community.
- The organization does not act to create community and generate positive gains for people beyond its members.
- The organization does not work to further the aims of its members.
- Example: a foundation's decisions are generally made by a small group. They tend to provide grants over direct services, while focusing on supporting a community beyond its members.

Categorization Schema 2: Religious in Motivation or Purpose?

Does the organization mention a religious or spiritual motivation in their mission?

Religious or Spiritual:

- The mission uses language of a religious nature to identify its activities or aims, or makes mentions to deities or religious figures. Such language includes: evangelism, ministry, Christ, Muslim, spiritual, and God.
- The mission identifies or strongly implies an affiliation between the organization and a religion or religious institution.
- Missions that have repeated language with a strong spiritual connotation, even if not affiliated to a specific religion, should be categorized as religious if a specific religion, religious practice, or philosophical school of thought is identified. Examples of spiritual language include: peace, compassion, unity, meditation, and healing.
- Example: a nonprofit that acts as a professional coalition for schools affiliated with a specific branch of Christianity, such as Catholic, Episcopal, Methodist, or Baptist.

Not Religious:

- The mission does not use any language of a religious nature.
- The mission includes spiritual language but no specific religion, religious practice, or philosophical school of thought is identified.
- Example: an economic development group for a specific neighborhood in a city.

Categorization Schema 3: Does the nonprofit serve a disadvantaged population?

Disadvantaged:

- Does the mission identify a segment of the population that has historically been denied services or civil liberties? Causes can include sex, age, race, ethnicity, income level, gender identity and sexual orientation, linguistic barriers, and physical and mental health.
- Does the mission identify specific handicaps, diseases, substance abuse, or any physical or mental conditions that may cause a decrease in an individual's quality of life?
- Is the served population vulnerable to financial distress? This may include challenges securing employment and permanent housing or covering certain expenses.
- Example: a religious ministry whose mission mentions helping people in need or in crisis situations has a focus on people in a disadvantaged situation, with the implication that a lack of intervention by the organization will probably result in a worsening of the quality of life for those people.

Non-disadvantaged:

- Does the mission identify a historically disadvantaged population but does not focus on issues relating to/stemming from that history?
- The organization does not identify a disadvantaged population or does not make specific mention to any such population.
- Example: a French cultural group that organizes language session, cultural exchanges, etc. in the community that does not explicitly identify a disadvantaged population as a recipient of its offerings would be classified as non-disadvantaged.

Not Applicable:

- Are you not sure if the mission identifies a disadvantaged population as the target community of the organization's activities?
- The disadvantaged status of the target community is not clear.
- Example: an organization's mission mentions a disadvantaged population, but how the organization interacts with that population is unclear.