

## **Networked Communities and Nonprofits are Important Weapons in the Economic Recovery of American Communities**

WASHINGTON, Sep. 12 /CSRwire/ - A study released today by the National Conference on Citizenship (NCoC) shows that a strong civic foundation is directly linked to strengthening employment at the metropolitan, county, and state levels. Communities with better civic health have weathered the recent recession far better – and experienced considerably smaller increases in unemployment – than other communities that faced similar economic circumstances.

The NCoC report, “Civic Health and Unemployment II: The Case Builds,” was produced in partnership with the John S. and James L. Knight Foundation, with research led by CIRCLE (The Center for Information and Research on Civic Learning and Engagement) at Tufts University, Civic Enterprises, and The Saguaro Seminar at Harvard University. It identifies two aspects of civic health that matter most in preventing unemployment: the presence of a significant nonprofit sector, defined as the number of nonprofits per capita in each community; and social cohesion, the level at which citizens trust, talk to and help neighbors, and socialize with family and friends.

The reports concludes that each of these factors is valuable in preventing unemployment increases and, taken together, strengthen the economic immune system of a community, helping it to avoid severe increases in unemployment. For example, the ten states that scored the best on both measures had unemployment rates of 6.5 percent in 2010, compared to 10.8 percent unemployment in the lowest-scoring states.

“This research demonstrates that social capital is an important weapon in fighting economic downturns,” said Michael Weiser, NCoC Chairman. “It should serve as a wake-up call to public officials, business executives and other community leaders bent on improving the economic circumstances of their communities and the nation, writ large.”

The evidence suggests that when civic health is higher, people have more affection and optimism for their own communities and put more trust in their neighbors. When investors, employers, and citizens feel greater commitment to the places they live, they may be more likely to make economic decisions that generate or protect local jobs. Furthermore, being engaged with fellow citizens and participating with nonprofits can build local allegiance that may make individuals more likely to spend, invest, collaborate, and address problems in their own communities. These small choices can have ripple effects for a community’s ability to remain strong during a crisis.

“A secret weapon in America's economic recovery can be found in the connections between and among citizens, and a strong nonprofit sector,” said NCoC Executive Director David B. Smith. “In cities and towns across the country, strong civic health is the bricks and mortar of a strong economic foundation.”

The research builds on a report published by NCoC in 2011 and Knight Foundation's Soul of the Community study, which explored how people's love for their community relates to economic vitality. The previous NCoC study found that states and major metropolitan areas that had higher levels of civic engagement in 2006 experienced smaller increases in unemployment in the period between 2006 and 2010. The findings were reinforced this year, employing statistical modeling to investigate the relationship between civic health and unemployment in the 50 states, 942 metro areas, and more than 3,100 counties since 2006. It controls for numerous economic variables including housing inflation, presence of oil and gas industries, level of education, and race and ethnicity. Findings of the 2012 report include:

#### Nonprofit Density

- The counties ranking in the top 10 percent of nonprofit density in 2006 experienced an increase of two percentage points in their unemployment rates between 2006 and 2009, compared to an increase of 5.1 percentage points for counties in the bottom 10 percent of nonprofit density, during the same period.
- A county with one extra nonprofit per 1,000 people in 2005 would have half a percentage point less unemployment by 2009.
- An employed individual in 2008 was twice as likely to become unemployed if he or she lived in a community with few nonprofit organizations rather than one with many nonprofits, even if the two communities were otherwise similar.

#### Social Cohesion

- At the state level, stronger social cohesion within a community strongly predicted a smaller increase in the unemployment rate from 2006-2010.
- In 2006, the states with high social cohesion and those with low social cohesion had virtually identical unemployment rates around 4.5 percent. But by 2010, their unemployment rates were significantly different: states with high social connection had an unemployment rate of 8 percent and states with low social connections had an unemployment rate of 10 percent.

#### State Rankings

The report includes a list of the top ten and bottom ten states for nonprofit density, social cohesion, and a combined measure of the two. Three states made all three top ten lists – South Dakota, Maine and Nebraska. A full list of state rankings is available [here](#).

“This research builds on the old adage it’s not so much what you know, but who you know that matters,” said Paula Ellis, Vice President for Strategic Initiatives at the Knight Foundation. “It demonstrates that communities investing in social capital and nonprofits are reaping huge economic benefits during our tough economic times.”

The research will be presented at NCoC's 67th Annual National Conference on Citizenship, in Philadelphia on September 14, 2012. Speakers addressing the conference, which will be

streamed live on NCoC's website, include: Federal Reserve Board Governor Sarah Bloom Raskin; Jonathan Greenblatt, Director of the White House Office of Social Innovation and Civic Participation; Philadelphia Eagles owner Christina Lurie; Bob Nardelli, former CEO of Chrysler and The Home Depot; and Wendy Spencer, CEO of the Corporation for National and Community Service.

#### Methodology

The findings in the report are based on the authors' analysis of data from various data sources, including the Census Current Population Survey (CPS) September Volunteering Supplement (2006-2011), November Civic Engagement Supplement (2008-2011), the Bureau of Labor Statistics State and Regional Employment Statistics, the American Community Survey (ACS), the Penn State Social Capital Index, National Center for Charitable Statistics, and Knight Foundation's Soul of the Community Study. Authors were Kei Kawashima-Ginsberg (CIRCLE), Chaeyoon Lim (University of Wisconsin), and Peter Levine (CIRCLE). Additional information can be found in the technical notes section of the report.

#### About National Conference on Citizenship (NCoC)

At the National Conference on Citizenship (NCoC), we believe everyone has the power to make a difference in how their community and country thrive. We are a dynamic, non-partisan nonprofit working at the forefront of our nation's civic life. We continuously explore what shapes today's citizenry, define the evolving role of the individual in our democracy, and uncover ways to motivate greater participation. Through our events, research, and reports, NCoC expands our nation's contemporary understanding of what it means to be a citizen. More information can be found at [www.NCoC.net](http://www.NCoC.net).

#### About the John S. and James L. Knight Foundation

Knight Foundation supports transformational ideas that promote quality journalism, advance media innovation, engage communities and foster the arts. The foundation believes that democracy thrives when people and communities are informed and engaged. For more, visit [KnightFoundation.org](http://KnightFoundation.org). For more about the Soul of the Community study, visit [www.soulofthecommunity.org](http://www.soulofthecommunity.org).

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