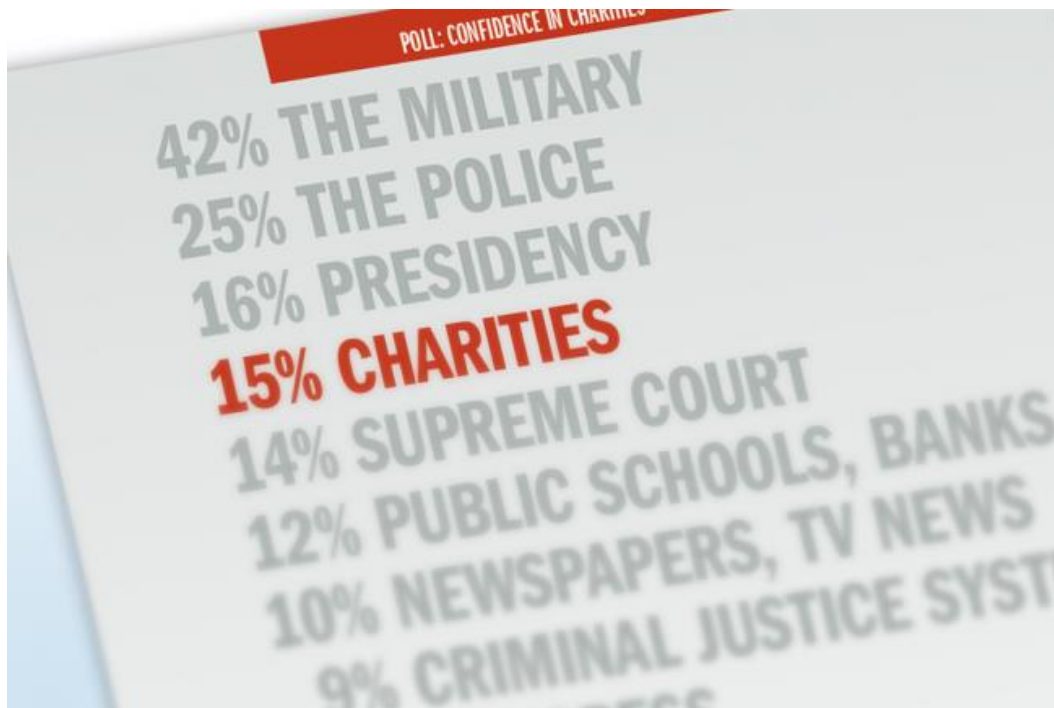


Chronicle Survey Says 35% of Americans Lack Confidence in Charities

Many people say they lack confidence in nonprofits. Here's why charities should listen.



By Suzanne Perry

When Emily Rafferty, who was then president of the Metropolitan Museum of Art, found herself seated next to John Boehner, the Republican speaker of the House, at a dinner last spring, she decided to ask him what were the biggest concerns elected officials had about the nonprofit world.

She expected him to say something about taxes. "Usually with the charitable sector in Washington, the conversation is all about tax deductions," she says. "That's the biggest concern people seem to have," she says.

Instead, he said: "Abuse of the system."

Ms. Rafferty, who recently retired, told that anecdote at a fundraising conference in New York in June, saying she wanted to remind fundraisers that as the people who talk to donors and accept their checks, they are in a position to ensure that "the integrity of an institution stays sacred."

The story is another reminder that reports of charity fraud or mismanagement, which Ms. Rafferty says she thinks influenced Mr. Boehner's response, can fuel doubts about organizations that rely heavily on the public trust — to raise money, attract volunteers, and justify tax exemptions and deductions.

A new *Chronicle* nationwide poll found that 62 percent of Americans have a "great deal" or "fair amount" of confidence in charitable organizations. But there were signs of skepticism: About 35 percent said they have "not too much" confidence in charities or "none at all." That represents a sizable number of turned-off potential donors.

Only 13 percent said charities are very good at spending money wisely. And 41 percent think their leaders are paid too much.

Understanding those views is crucial, say nonprofit researchers. A new study, [Money for Good 2015](#), concluded that charities could raise more money if they better understood how donors think — noting that giving has not risen much above 2 percent of gross domestic product since the 1970s.

In focus groups and online surveys of people with household incomes of at least \$80,000, the top donor concern, named by 49 percent, was "how the organization uses my money."

Who has "a great deal" or a "fair amount" of confidence in charities:

- 18- to 29-year-olds: 66%
 - People 65 and older: 54%
 - Women: 66%
 - Men: 57%
 - College graduates: 73%
 - People with some college: 56%
-

Donors also expressed concern about how charities operate, some agreeing, for example, that "I am not sure who benefits from the work a nonprofit does," "I have concerns about 'enabling' others," and "nonprofits always seem to be in crisis."

Hope Neighbor, a partner at Camber Collective, which published the study, says the nonprofit world should do more to teach donors about how charities work and what they achieve. "I don't think there's any way an individual nonprofit can move the needle on the way Americans think about charity," she says. "It's absolutely critical we have sectorwide messaging."

Donor Skepticism

Ms. Neighbor is not alone in wishing that nonprofit leaders would take the question of public skepticism more seriously.

Doug White, director of the master of science in fundraising program at Columbia University, is among a small group of nonprofit advocates who regularly push the charitable world to do more to promote ethical behavior and call out bad actors.

He notes that charities get higher confidence marks than government or business, but that's no reason to relax.

"You want to have 100 percent of people who are confident in charities or zero percent that don't have confidence."

His dream? To start a foundation that would build public confidence by helping donors understand how charities operate so they can make better giving decisions — and ensure that charities are actually helping society. "It's about making society better," he says, "in a way that government and business don't."

Who thinks charities don't spend money wisely:

- *People age 65 or older: 41%*
 - *People ages 30 to 49: 29%*
 - *Republicans: 38%*
 - *Democrats: 22%*
 - *Whites: 36%*
 - *Nonwhites: 27%*
-

Emmett Carson, chief executive of Silicon Valley Community Foundation, compares nonprofit scandals to the sexual-abuse charges against Catholic priests. "No one thinks that every Catholic priest engages in abuse," he says. "But the fact that one Catholic priest may do it and be protected tarnishes the entire priesthood."

He has been arguing for at least a dozen years that nonprofit leaders need to repudiate organizations that act unethically; establish "defensible" benchmarks for appropriate nonprofit executive compensation (a topic that often invites public criticism); and build public trust by speaking out in a more unified way about the big issues of the day.

His proposal: The philanthropic world, which has an abundance of national and regional associations, should consolidate to better serve as "the conscience of the nation" on issues like income inequality and the racial education gap. That could include merging its two most prominent membership associations, Independent Sector and the Council on Foundations, he says.

Little Oversight

The concern about spending is no doubt fueled by news coverage of charity scandals. Most recently, media outlets across the country carried stories about four allegedly sham cancer charities that the Federal Trade Commission and state regulators said had bilked consumers out

of \$187 million over four years through deceptive fundraising practices that benefited family and friends.

The charities had been operating for years before the regulators were able to crack down on them.

ProPublica and NPR have published a [series of articles](#) in recent months questioning how the American Red Cross spent donations for Haiti relief, prompting Congressional inquiries.

But the system for monitoring unethical or illegal behavior is frayed. A General Accountability Office report issued last December concluded that the Internal Revenue Service's ability to oversee charities had been hampered by staffing and budget cuts, with a consequent drop in the number of audits. While state regulators are working together more closely — on the sham-cancer-charity case, for example — many lack the resources to properly oversee the country's burgeoning number of charities.

Yet the nonprofit world has few mechanisms for policing itself. National and state trade associations have adopted codes of ethics, like Independent Sector's [33 Principles for Good Governance and Ethical Practice](#), which outlines ways charities should comply with the law, monitor their finances, disclose relevant information to the public, govern their organizations effectively, and conduct ethical fundraising efforts.

But critics say such efforts are toothless because there is no penalty for violations. Diana Aviv, in an interview just before she left her job as Independent Sector's chief executive to head the charity Feeding America, suggested that setting up a system with teeth would be harder than it looks. Independent Sector is a voluntary association, she says, and if it started investigating its members, they could just choose to withdraw.

One way to create effective oversight, she says, would be to set up an independent body, financed by government and mandatory fees from foundations and nonprofits, that would conduct investigations — and it would have to be armed with subpoena power.

The Panel on the Nonprofit Sector, a group of nonprofit leaders that was set up in 2004 to advise Congress when it was considering a charity legislative package, debated proposing a government body like the Charity Commission, which registers and regulates charities in England and Wales.

But they concluded that oversight should remain at the IRS, Ms. Aviv says, given that few political appointees ran the agency, "and that Congress likely would not create a new structure that would be an improvement on the status quo."

Who says it's very important to know that charities spend low amounts on salaries, administration, and fundraising before making a gift:

- People earning at least \$75,000: **62%**
 - People earning \$30,000 to \$49,900: **43%**
-

While Ms. Aviv likes the idea of an independent body, she says lobbying for one isn't top priority. Instead, she says, she favors ensuring that state and federal oversight officials have enough money. "It's not acceptable that we are put in the position that because lawmakers are angry with the IRS on a bunch of other issues, they keep cutting funds in a way that makes it impossible for that agency to answer the telephone, let alone do serious oversight."

Few Examples

The closest the charity world has to a self-regulatory system is the Evangelical Council for Financial Accountability, a group set up in 1979 following a financial scandal involving a Catholic order, the Pallotine Fathers in Baltimore.

Its nearly 2,000 Christian-charity members must follow seven standards — for example, setting executive compensation according to specific guidelines and publishing truthful communications — and are accredited each year. They can be suspended or terminated for failing to follow the standards.

The website lists all members in good standing [as well as former members](#), along with an explanation about why they left. For example, the Christian Life Ministries was "terminated for failure to provide complete renewal information" this year. The Wesley Biblical Seminary resigned last year while under review for compliance with two standards: one asking organizations to honor a donor's intent and another asking them to adopt controls that ensure they operate in a responsible and legal manner.

It's a voluntary association and has no authority over nonmembers, so is not a perfect system. Still, Dan Busby, the group's president, says he is surprised that no other parts of the nonprofit world have followed suit. "Thirty-five years later," he says, "we're the only peer-accountability group in the church or nonprofit world that exists."

Timely Information

Technology is proving to be a game changer in terms of shining more light on nonprofit operations, making it easier for donors or regulators to spot mismanagement or fraud. Form 990 tax documents are easily available at online sites like GuideStar and Charity Navigator, offering insights into executive compensation, fundraising costs, and good governance policies in areas such as conflicts of interest.

But finding timely information about charity finances remains frustratingly hard.

The most recent Forms 990 posted for many charities are for the 2013 fiscal year. And there is still no equivalent in the nonprofit world to the Financial Industry Regulatory Authority, a group authorized by Congress to write and enforce rules governing securities firms. It issues investor alerts, highlights fraud and scams, and offers a database to check whether firms have been subject to complaints or regulatory action.

Take the recent collapse of FEGS Health and Human Services, a big Jewish charity that announced in January it was shutting down amid a \$19.4-million shortfall. John MacIntosh, a partner at SeaChange Capital Partners, a nonprofit merchant bank, conducted an analysis of the shutdown, which sent shock waves through New York's social-service groups, disrupting millions of dollars of government contracts for job services and other help to poor and disabled people.

Mr. MacIntosh fears the charity's failure will anger state and city officials, who will wonder why "nonprofits just can't get it right, and prompt them to propose cosmetic changes, like caps on executive compensation or administrative costs.

Who thinks gifts for the poor should get bigger tax breaks than those to other causes:

- Democrats: **23%**
 - Republicans: **15%**
-

He pointed to factors including risky investments, limited philanthropy, and insufficient overhead payments by government contracts. But one had to do with reporting requirements: In terms of useful details, he says, the Forms 990 and audited financial statements that nonprofits file pale in comparison with the Form 10-K that public companies must complete annually. Those offer information "in plain English" about the nature and structure of the business, risk factors, financial data, corporate governance, and executive compensation.

If FEGS had been required to file a similarly comprehensive report each year, he says, the public and the board might have detected red flags while there was still time to intervene. He encourages nonprofits to think of ways to communicate more timely information, praising efforts by a small number of groups to hold quarterly-earnings-type conference calls.

Negative Publicity

Media outlets that write about charity scandals often get tremendous reader response, but some argue that journalism contributes to the public-trust problem because it is so uneven.

David Cay Johnston, a veteran reporter formerly of the *New York Times*, says it reflects the "Madonna-whore" complex: "Either you're a goody-goody nonprofit or you're evil, not recognizing that most of it is in between."

Kendall Taggart, then a reporter at the Center for Investigative Reporting, worked on a project in 2013 to identify "[America's Worst Charities](#)," those that spent most of the money they raised on commercial fundraisers instead of on helping people.

"I was most surprised at how hungry the public seemed to be to understand the charitable sector," says Ms. Taggart, now an investigative reporter at BuzzFeed News.

Readers nominated more than 400 additional organizations that the reporters should scrutinize, she says, many expressing anger that regulators were not doing more to crack down on abuses. Yet "I don't think the nonprofit sector is covered very well," she says. "Everyone seems to touch on it, but I can't think of a single national reporter really focusing on it."

Some critics argue that media coverage, in fact, overstates the amount of charity wrongdoing.

Dan Pallotta, a marketing executive, author, and speaker, has built a new group, the Charity Defense Council, around the thesis that nonprofits are unfairly tarnished by negative media coverage, especially of their spending on overhead and executive pay.

He has been on a crusade to change the way people think about such costs since the 1990s, when his former for-profit fundraising company faced disputes with charities over expenses for bike rides and walks the company organized. The Charity Defense Council, about to hire its first executive director, hopes to raise millions of dollars for advertising and other campaigns to change public perceptions of nonprofits.

"It's a massive, massive, massive job to change the way the public thinks about something," Mr. Pallotta says. The council hoped to raise money by organizing a three-day march earlier this year but called it off after it attracted little interest.

Who thinks all donations should get the same tax breaks:

- Those earning \$50,000 to \$74,900: **90%**
 - Other income groups: **70% to 79%**
-

The group, which includes prominent nonprofit leaders on its [advisory board](#), issued its first media-watchdog report in August, criticizing the ProPublica-NPR report on the Red Cross. (ProPublica defended its work, saying the findings were based on Red Cross documents and accounts from a dozen current and former charity employees.)

Widespread Misinformation

Mr. Carson of the Silicon Valley Community Foundation proposes a different approach. He says a nonprofit-association body should help journalists distinguish between good and bad actors, asking independent investigators to examine allegations of misconduct.

For example, in addition to the reports about the American Red Cross, news stories have raised questions about the Clinton Foundation's operations. "I say questions because I don't know what the facts are," he says. "But it would seem that our infrastructure institutions should help the public interpret what is reasonable and customary, what is unusual, and what is inappropriate."

Mr. Delaney of the National Council of Nonprofits says reporters who call his office often lack knowledge about nonprofits — for example confusing those that have the right to support

political campaigns and 501(c)(3) charities, which do not. "We hear people saying we're not giving to charitable organizations again if the money is given to partisan purposes," he says.

He wishes that journalism schools required students to take a course in nonprofits and thinks foundations should consider financing journalism education.

But he asks himself whether the money would be better spent solving social problems. "Do we want to be worried about public opinion or public lives?" he says. "For those organizations that rely on direct public support for donations, certainly you can't ignore [public opinion]. You also can't ignore the human pain and suffering that needs to be addressed."

1 in 3 Americans Lacks Faith in Charities, Chronicle Poll Finds

By Suzanne Perry

Almost two-thirds of Americans have a great deal or a fair amount of confidence in charities, according to [a new Chronicle poll](#) — the first to measure public views on that question since 2008. More than 80 percent said charities do a very good or somewhat good job helping people. But a significant number expressed concern about finances: A third said charities do a "not too good" or "not at all good" job spending money wisely; 41 percent said their leaders are paid too much.

Half said that in deciding where they will donate, it is very important for them to know that charities spend a low amount on salaries, administration, and fundraising; 34 percent said that was somewhat important.

And 35 percent said they had little or no confidence in charities.

The *Chronicle* poll, conducted by Princeton Survey Research Associates International, surveyed 1,000 adults in June, asking several questions identical to those included in polls that Princeton conducted from 2002 to 2008 on behalf of Paul Light, a professor of public service at New York University.

Little Change

The key numbers have [barely budged since 2008](#), when 64 percent said they had a great deal or a fair amount of confidence in charities, compared with 62 percent in the new poll.

Americans rank charities higher than a range of other institutions. Fifteen percent said they had a great deal of confidence in charitable organizations over all, with 21 percent saying that about

charities in their own communities. In a [June Gallup poll](#), only 4 percent said they had a great deal of confidence in Congress, 9 percent in big business, 10 percent in newspapers, and 12 percent in banks, public schools, and organized labor. The top scorers: the military (42 percent) and small business (34 percent).

Among the *Chronicle* survey's other findings:

- Only 13 percent said charities do a very good job of spending money wisely, the lowest score in three categories. Of the other categories, 25 percent said they do a very good job helping people, and 18 percent a very good job running programs and services. While still the best score, the portion saying charities do a very good job of helping people has fallen from 34 percent in 2003.
- People who gave charities low marks on spending money wisely were asked what kind of spending they considered unwise. The biggest portion, 37 percent, cited salaries or other administrative costs. The second-highest answer, named by 11 percent, was advertising.
- When asked about factors that influence their giving, the biggest portion, 68 percent, said it is very important the charity has evidence that its programs are effective. The other factors, in addition to the 50 percent who favored low overhead spending: The charity gets good ratings from watchdogs, 54 percent; it works on a cause that has affected me or my loved ones, 39 percent; it only occasionally asks for money, 27 percent; and I know people who work there, 24 percent.
- About 75 percent said donors should get the same tax break no matter where they give, rejecting proposals that are occasionally floated to give bigger breaks to people who donate to charities that help the poor.

The survey found significant demographic differences in views toward charities. For example, young people were more positive than older people: 65 percent of 18- to 29-year-olds said they had a great deal or fair amount of confidence in charities, compared with 54 percent of people ages 65 and older.

Women had more confidence than men (66 percent to 57 percent), and college graduates had more than those with just some college (73 percent to 56 percent).

In addition:

- Republicans were more likely than Democrats to say nonprofits do a not-too-good or not-at-all-good job spending money wisely (38 percent and 22 percent, respectively). Whites were more likely to say that than nonwhites (36 percent and 27 percent).
- Democrats were more likely than Republicans to say gifts for the poor should get bigger tax breaks than those to other causes (23 percent and 15 percent). Ninety percent of people earning \$50,000 to \$74,900 believed that all donations should get the same tax breaks, compared with 70 percent to 79 percent of people in other income groups agreed.
- Sixty-two percent of people earning at least \$75,000 said it was very important that charities spend low amounts on salaries, administration, and fundraising, compared with only 43 percent of those earning \$30,000 to \$49,000.

Survey respondents were interviewed by landlines and cellphones. The margin of error is plus or minus 3.6 percentage points. Full copies of the survey and more analysis of the results are available exclusively to Chronicle subscribers.

Overall Skepticism of Institutions Can Make It Harder for Charities to Gain Trust

By Suzanne Perry

Americans have a lot of confidence in the military and small business, but their moods have soured on many other U.S. institutions — and that general skepticism could make it challenging for charities to win more trust.

When Gallup announced the [results of its annual confidence survey](#) in June, it said the scores for most of 14 major institutions were below their historical averages, some significantly so.

Seventy-two percent of Americans said they had "a great deal" or "quite a lot" of confidence in the military and 64 percent felt similarly toward small business, the top two scores — both four percentage points above the average. At the other end of the scale, only 8 percent said they had that level of confidence in Congress — 16 points below the average.

Gallup, which bases its averages on polls conducted since 1993 (small business was added in 2007), said confidence has declined for years in response to concerns about the economy, the wars in Iraq and Afghanistan, and partisan gridlock in Washington.

General Slide

No equivalent long-term data exist for charities, which are not included in Gallup's list of institutions, except for religious groups, which have also lost support. Forty-two percent of Americans this year said they had "a great deal" or "quite a lot" of confidence in organized religion, down 13 points from the historical average.

[A 2002 poll](#) conducted for Paul Light, professor of public service at New York University, found that confidence in charities fell from 2001, when 25 percent of respondents said they had "a lot" of confidence in them, to 2002, when the level was 18 percent. He attributed the drop partly to controversy over the way the American Red Cross distributed money it raised for victims of the September 2001 terrorist attacks.

Since then, the percentage of people saying they have "a great deal" or "fair amount" of confidence in charities has remained relatively stable. In follow-up polls by Mr. Light from 2003 to 2008, the number generally ranged from 62 percent to 65 percent (it spiked to 69 percent in 2006, but Mr. Light believes that was a statistical anomaly).

In a new *Chronicle* poll, 62 percent of those polled said they had "a great deal" or "fair amount" of confidence in charities.

The general trend of declining public confidence goes back four decades, according to the University of Chicago's Center for the Study of Politics and Society. The center conducts the General Social Survey, a poll that has measured Americans' views on a range of topics since 1972.

The portion of people saying they had a "great deal" of confidence in 13 institutions fell from an average of 29.2 percent in the period 1975-77 to 22.6 percent in the period 2008-12, according to [a 2013 analysis](#).

Rising Expectations?

Tom W. Smith, director of the Chicago center, says some of the scores respond to events. For example, he says, confidence in organized religion has fallen because of scandals involving televangelists and sexual abuse by Catholic priests.

Confidence in major companies and financial institutions plummeted during the Great Recession. Scores for the military, on the other hand, hit a low of 29.3 percent in 1978-82, following the fall of South Vietnam, the Iranian hostage crisis, and the Soviet invasion of Afghanistan. But the level surged during the U.S. wars in Iraq and Afghanistan, standing at 54.6 percent in 2012.

Confidence in the press and in television has been in a free fall, reported at 28.3 percent and 23 percent, respectively, in 1974 and dipping to 8.8 percent and 10.2 percent in 2012.

Mr. Smith says there are various theories about why public confidence in general has fallen. One is "rising expectations," or people having higher ideals about the way things should happen — for example, that "companies really ought to care about consumers more."

"I don't buy into that," he says, "but you can't rule it out."

Another explanation may be that some groups, such as banks and financial institutions, really are doing a worse job than they used to and Americans are judging that accurately, he says. Finally, some suggest that "people are just more pessimistic about life, the country, and where we're going" and want to blame institutions.

Mr. Smith says it would be hard to design a scientific test to prove what exactly is behind the falling scores.

Bias Toward Small and Local

Charities would be hard pressed to use the military as a model for how to bolster confidence, but the high marks for small businesses might offer some clues. Americans judge big business much

more harshly: In the latest Gallup poll, only 21 percent said they had "a great deal" or "quite a lot" of confidence in such companies, down three points from the historical average.

Americans tend to judge institutions that are closer to home more favorably. Although the difference wasn't as great as between small business and big business, people in the *Chronicle's* poll gave charities in their own communities higher marks than charities in general; 69 percent of respondents said they had "a great deal" or "fair amount" of confidence in the former, while 62 percent had that attitude toward the latter.

Mr. Smith's theory: People think major companies "have the power to do bad things and small business just doesn't." People are likely to know waitresses, barbers, and repair-shop owners, but aren't likely to live next to a Fortune 500 chief executive.

Small businesses also have a federal agency on their side, which charities don't. "Every time I hear a debate about the Small Business Administration, it's always very positive," Mr. Smith says. "They're helping the little guy, they keep competition going."

Poll Rates Public Confidence in Charities, Their Programs, and Spending

Almost two-thirds of Americans have a great deal or fair amount of confidence in charities, according to a new *Chronicle* poll — the first to measure public views on that question since 2008.

More than 80 percent said charities do a very good or somewhat good job helping people. But a significant number expressed concern about their finances: A third said charities don't spend money wisely, especially on administrative costs, and 41 percent said leaders are paid too much. Half said that when it came to deciding what nonprofits they would support, it was very important that charities spend a low amount on salaries, administration, and fundraising; 34 percent said that was somewhat important.

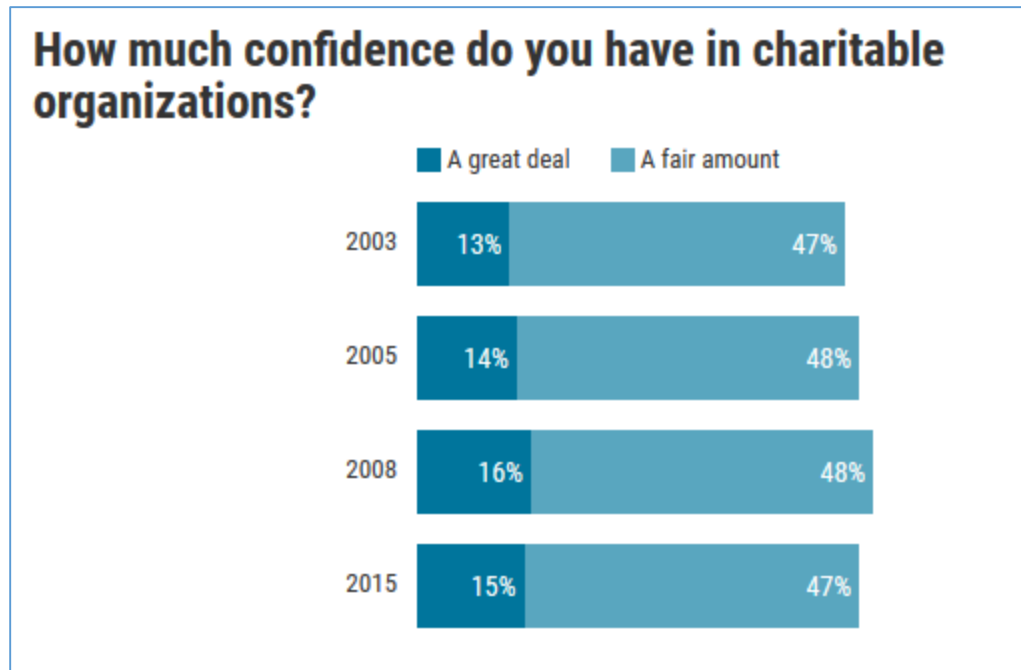
And 35 percent said they had little or no confidence in charities.

Steady Confidence Levels

The *Chronicle* poll, conducted by Princeton Survey Research Associates International, surveyed 1,000 adults in June, asking several questions identical to those included in polls that Princeton [conducted from 2002 to 2008](#) on behalf of Paul Light, a professor of public service at New York University.

The key numbers have barely budged since 2008, when 64 percent said they had a great deal or a fair amount of confidence in charities, compared with 62 percent in the new poll.

That may be good or bad, depending on how you look at it.



“The positive news is that the public confidence has stayed so stable and comparatively high when looking at other sectors,” says Tim Delaney, chief executive of the National Council of Nonprofits.

Fifteen percent of those surveyed said they had a “great deal” of confidence in charitable organizations over all, with 21 percent saying that about charities in their own communities.

Many institutions fared worse in a [June Gallup poll](#): Only 4 percent of respondents said they had a great deal of confidence in Congress, 9 percent in big business, 10 percent in newspapers, and 12 percent in banks, public schools, and organized labor. The top scorers: the military (42 percent) and small business (34 percent).

But to Mr. Light, the numbers confirm the worrisome trends seen in his previous surveys. For example, the percentage of people who say charities do a very good job of helping people has fallen, from 34 percent in 2003 to 25 percent in 2008 and again in 2015.

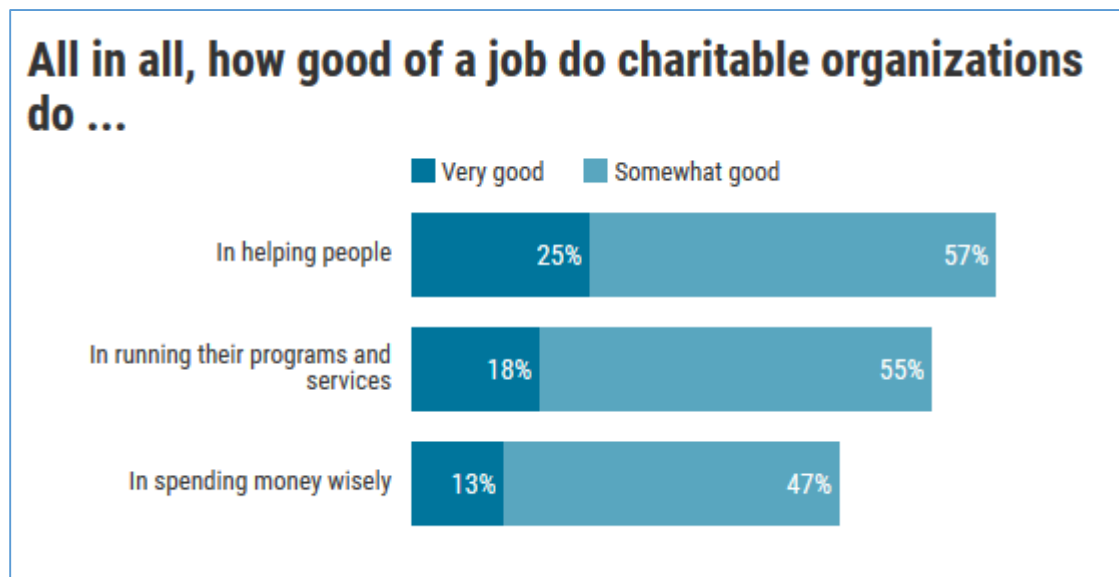
“That’s the bread and butter of the nonprofit sector,” he says, and its “main distinctiveness.” He adds: “If charitable organizations become identified as just another set of mediocre organizations — a mediocre destination for taxes, funding, and cash — you’ve got a big problem.”

And he wonders why confidence levels are stuck.

“Despite a huge amount of social entrepreneurship, social innovation, and all the attention given to what wonderful things might be happening,” he says, “you’re getting no movement in the indicators.”

Spending Wisely

The *Chronicle* poll is not the only recent study to detect skepticism about charity spending. The [Money for Good 2015](#) report on the views of people with household incomes of at least \$80,000 projected that \$22 billion in new giving could be mobilized if charities better understood donor preferences. The top donor concern in that study, named by 49 percent: “how the organization uses my money.”



Hope Neighbor, a partner in the Camber Collective, which published the report, says the study found that many people were skeptical not only of nonprofits but also of beneficiaries. She advises charities to address those doubts head on in fundraising pitches: “We need to begin to say, We know these social issues are complex and difficult to manage; it doesn’t mean we shouldn’t support them.”

Laura Deitrick, interim director of the Institute of Nonprofit Education and Research at the University of San Diego, says her center’s research has found that people think highly of California charities.

In a [survey conducted in 2014](#), for example, 82 percent of Californians said they had a great deal or fair amount of confidence that charities act on the public’s behalf, 85 percent said they provide quality services, and 77 percent said they operate effectively (in all cases, the ratings were higher than for business and government).

But only 69 percent expressed confidence that nonprofits spend money wisely. “It always dips on ‘spend money wisely,’ ” Ms. Deitrick says. “The public doesn’t understand what nonprofits

do. We've got to do a better job of helping them understand that. They love the high-quality services, they love that nonprofits act on the public's behalf, but they don't understand the business model."

Overhead Concerns

The *Chronicle* poll found that many Americans still believe donors should favor charities with low administrative and fundraising costs, despite a concerted effort by nonprofit leaders in recent years to dispel the so-called overhead myth. They argue that the pressure to keep such costs low can force charities to skimp on spending that would make them more effective.

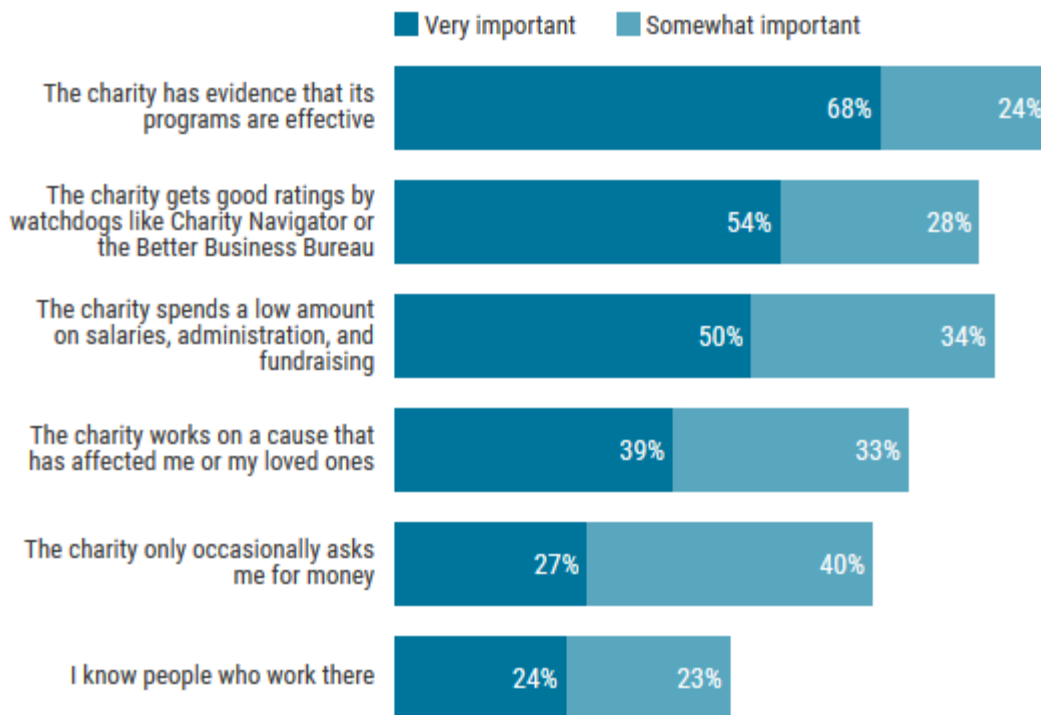
"It suggests we have some important education to do to help people understand how to make an informed judgment," says David Renz, director of the Midwest Center for Nonprofit Leadership at the University of Missouri at Kansas City. "It's not that administrative costs are all good, but we need to help people discern what the nature of those costs is and how to be a better critical judge of that."

Public Says Salaries Are Too High

Given the relatively low pay of most nonprofit leaders, some experts were dismayed by the number of people who said salaries are too high. Mr. Delaney of the National Council of Nonprofits calls it an unfair question, contending that Americans would probably say the leaders of banks and corporations are paid too much.

When asked about factors that influence their giving decisions, 68 percent of those who responded to the *Chronicle* poll said it was very important that a charity have evidence its programs are effective — the highest score of all factors listed. (The other factors, in addition to the 50 percent who favored low overhead spending: The charity gets good ratings from

When deciding to donate to a charity, which factors are most important?



watchdogs, 54 percent; it works on a cause that has affected me or my loved ones, 39 percent; and it only occasionally asks for money, 27 percent.)

The survey didn't define "evidence," so it's tough to know exactly what people look for or how much effort they make to find it. Still, the high number surprised some experts, including Ellie Buteau, vice president for research at the Center for Effective Philanthropy.

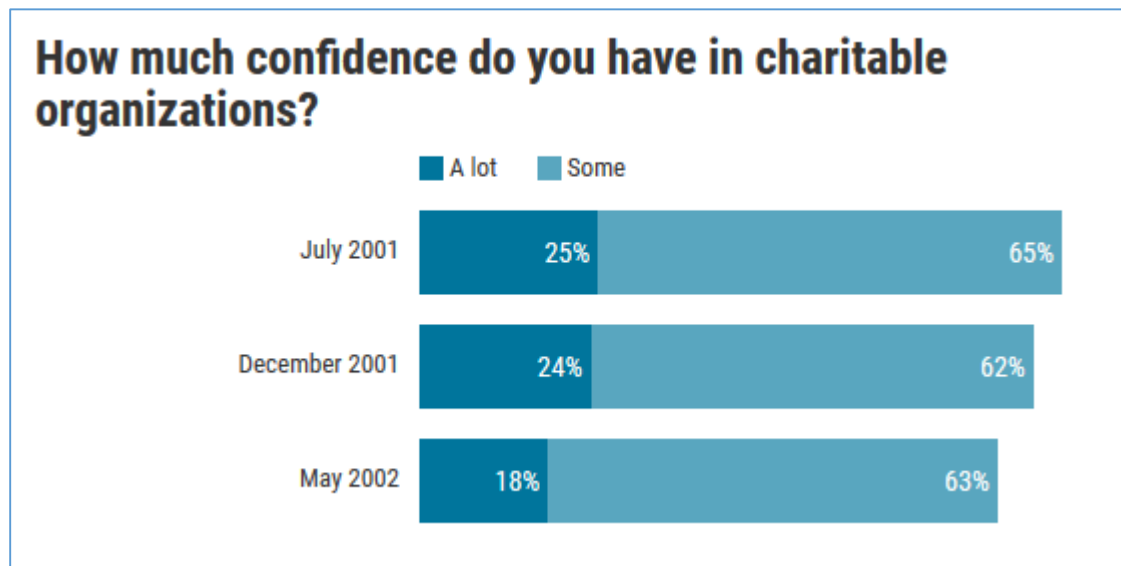
"I took that as a positive sign," she says. "In our research, we have found that most nonprofits say they want to understand their effectiveness. They're trying to do that but aren't getting help" from foundations. "If the public views this as important, maybe nonprofits can get more support to do this."

But she and others see a contradiction between wanting a charity to show proof of effectiveness while also asking it to keep administrative costs low. "If you want the charity to be as effective as possible, you need the best technology, the best people working on it, the best resources to run those programs effectively," Ms. Buteau says.

On the other hand, maybe donors know what they want and nonprofits are going to have to "meet them where they are," says Mr. Renz. He quotes Peter Brinckerhoff, the nonprofit-management consultant: "The customer is not always right, but the customer is always the customer, so fix the problem."

Not everyone is as pessimistic as Mr. Light of New York University, who warned of a “crisis of confidence” in charities when conducting his polls. He concluded that many Americans had become disillusioned by controversy over the way the American Red Cross disbursed money raised for victims of the September 11 attacks and by high-profile scandals in the early 2000s involving charities like the Nature Conservancy and the United Way in the Washington area.

He noted that a quarter of Americans said they had “a lot” of confidence in charities when surveyed in July 2001 by Independent Sector, a coalition of nonprofits and foundations.



That number fell to 18 percent in May 2002, when he conducted a similar survey. The level hasn't rebounded. And he has long argued that charities should not feel proud when significant percentages report only a “fair” amount of confidence in them or say they do a “somewhat good” job of helping people.

Michael O'Neill, professor emeritus of nonprofit administration at the University of San Francisco, took Mr. Light to task [in a 2009 article](#) arguing that it is impossible to conclude that the public has lost confidence in charities because there is little long-term data. Other than asking about organized religion, major pollsters like Gallup ignore the nonprofit world in their confidence surveys.

Mr. O'Neill dissected the findings of Independent Sector's detailed Giving and Volunteering surveys, conducted annually from 1988 to 2001, saying they showed that people consistently had a higher level of confidence in charities than in government or business.

What's more, he argued, a true drop in confidence would be accompanied by a drop in giving, but Americans have donated about 2 percent of their disposable income to charity for decades, according to Giving USA studies. “All the data say to me that Americans have a very steady level of confidence in nonprofits,” he said in an interview.

The bottom line for Mr. Light is that much more work is needed to truly understand the issue. “Let’s get a group of foundations together and say we’re going to do some deep research on confidence in the sector: What is it that people like? What would people like to see improved?”

He adds: “I keep coming back to the fact that we don’t know much about the public’s confidence and don’t want to learn. That’s either a sign of blissful ignorance or a sense that the public’s confidence just doesn’t much matter to anyone that matters, meaning our donors, volunteers, mayors, Congress, or the president.”

All data comes from surveys conducted by Princeton Survey Research Associates International except the July 2001 data, which comes from a survey conducted by Independent Sector. The Chronicle's 2015 survey interviewed people by landlines and cellphones. The margin of error is plus or minus 3.6 percentage points.