

Volunteering and the Nonprofit Sector

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Overview

- **Large and growing part of the US economy**
- **Increased visibility**
- **Financial Pressures due to Fiscal Crisis**
- **Broad Support for Voluntarism and Community Service**
- **Growing Demands for Accountability**
 - greater attention to transparency, outcome evaluation, performance contracting.
- **Increase in interest in social enterprise, social innovation and social entrepreneurship.**
 - Key role of nonprofit organizations in promoting innovation, especially through the creative mix of nonprofit and for-profit management strategies.

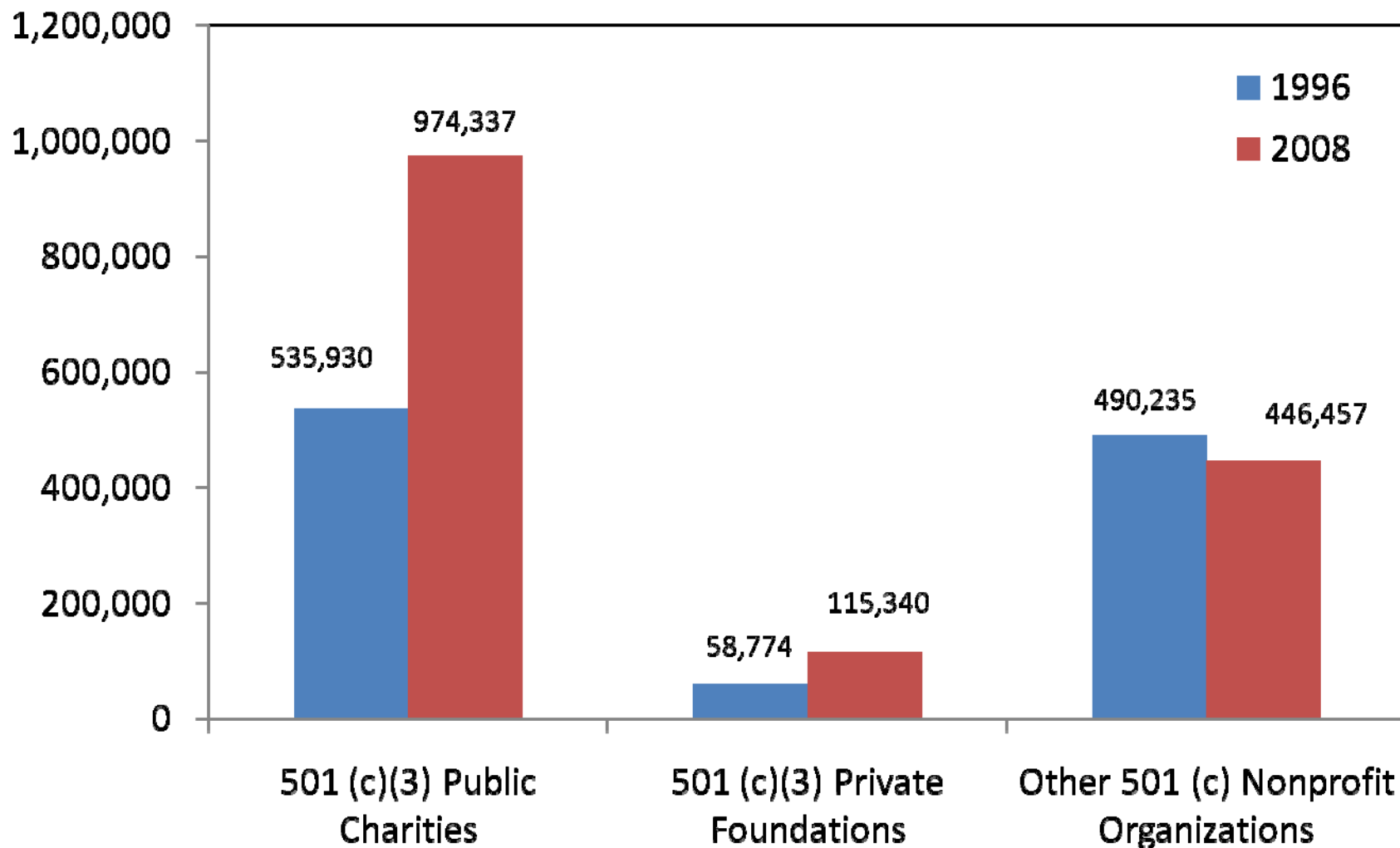
Characteristics of Nonprofit Organizations

- ***Very diverse in Size:*** large organizations such as Georgetown University or Massachusetts General Hospital and very small organizations such as a Parent Teacher Association with very minimal budget.
- ***Differing levels of Voluntarism and Professionalization:***
 - Some nonprofit organizations such as home health agencies are primarily professionally staffed organizations.
 - Other agencies such as Habitat for Humanity a housing organization is primarily volunteer.

Benefits of Nonprofit Public Charity Status

- **Tax exemption**
 - Federal taxes
 - State and local taxes (most though not all cases)
- **Ability to receive tax-favored contributions from individuals and business**
 - Donations will reduce a person or business' tax liability
 - In-kind and cash donations

Growth in Nonprofit Organizations by Type, 1996 and 2008



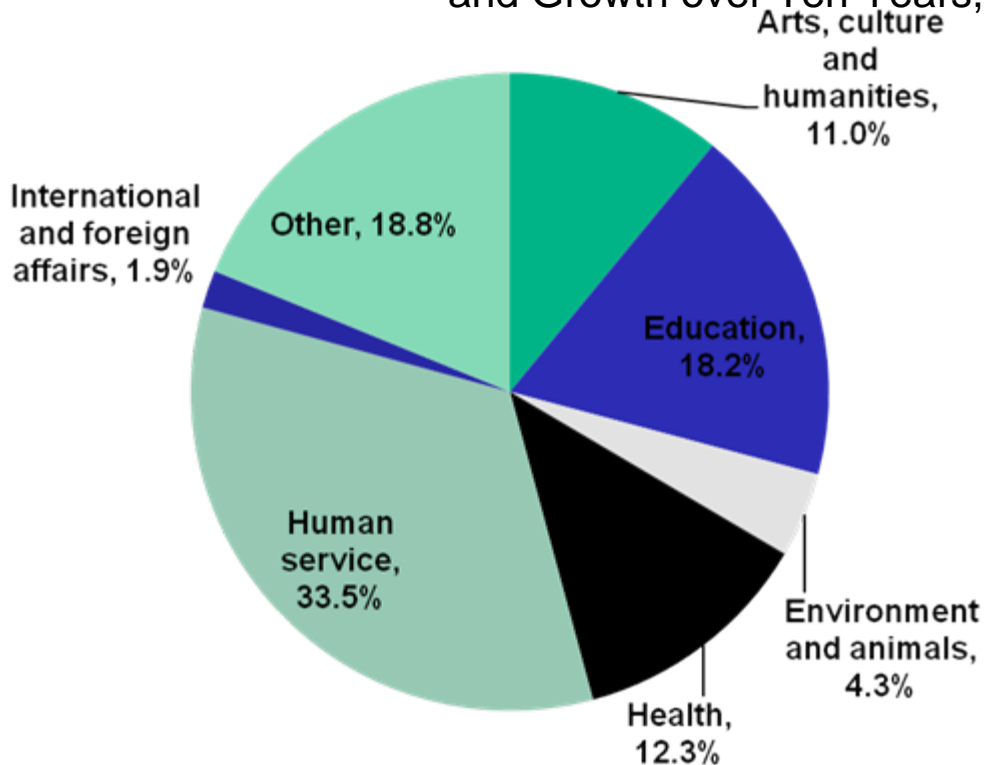
Sources: IRS Business Master File 04/2009 (with modifications by the National Center for Charitable Statistics at the Urban Institute to exclude foreign and governmental organizations).

Religious Organizations

- **300-350,000 religious congregations**
 - Also tax exempt organizations
 - No reporting requirements
- **Countless number of faith-related organizations such as:**
 - Catholic Charities
 - Lutheran Social Services
 - Jewish Family Services
- **Increasing number of the faith-related organizations in recent years.**

A Snapshot of the Nonprofit Sector

The Number of U.S. Nonprofits [501(c)(3) public charities] Filing by Industry, 2008 and Growth over Ten Years, 1998-2008 (NCCS)



n=354,176

	Total % change (1998-2008)
All public charities	55.8
Arts, culture and humanities	58.5
Education	71.1
Environment and animals	101.4
Health	24.4
Human service	50.0
International and foreign affairs	90.1

Economic Importance of the Nonprofit Sector

- **Contributed \$751 billion to GDP in 2006, or 5.2% of GDP**
- **Paid \$543.1 billion in wages and salaries in 2008, 9.4% of US Total**
- **Employed an estimated 13.5 million people in 2008**

Private Giving

\$307.65 Billion in Donations

- 75% Individual giving: \$229.3 billion
- 7% Bequests: \$22.6 billion
- 5% Corporate giving: \$14.5 billion
- 13% Foundation giving: \$41.2 billion

Congregations received 35% of total giving: \$107 billion

Total giving declined 5.7 percent adjusted for inflation in 2008

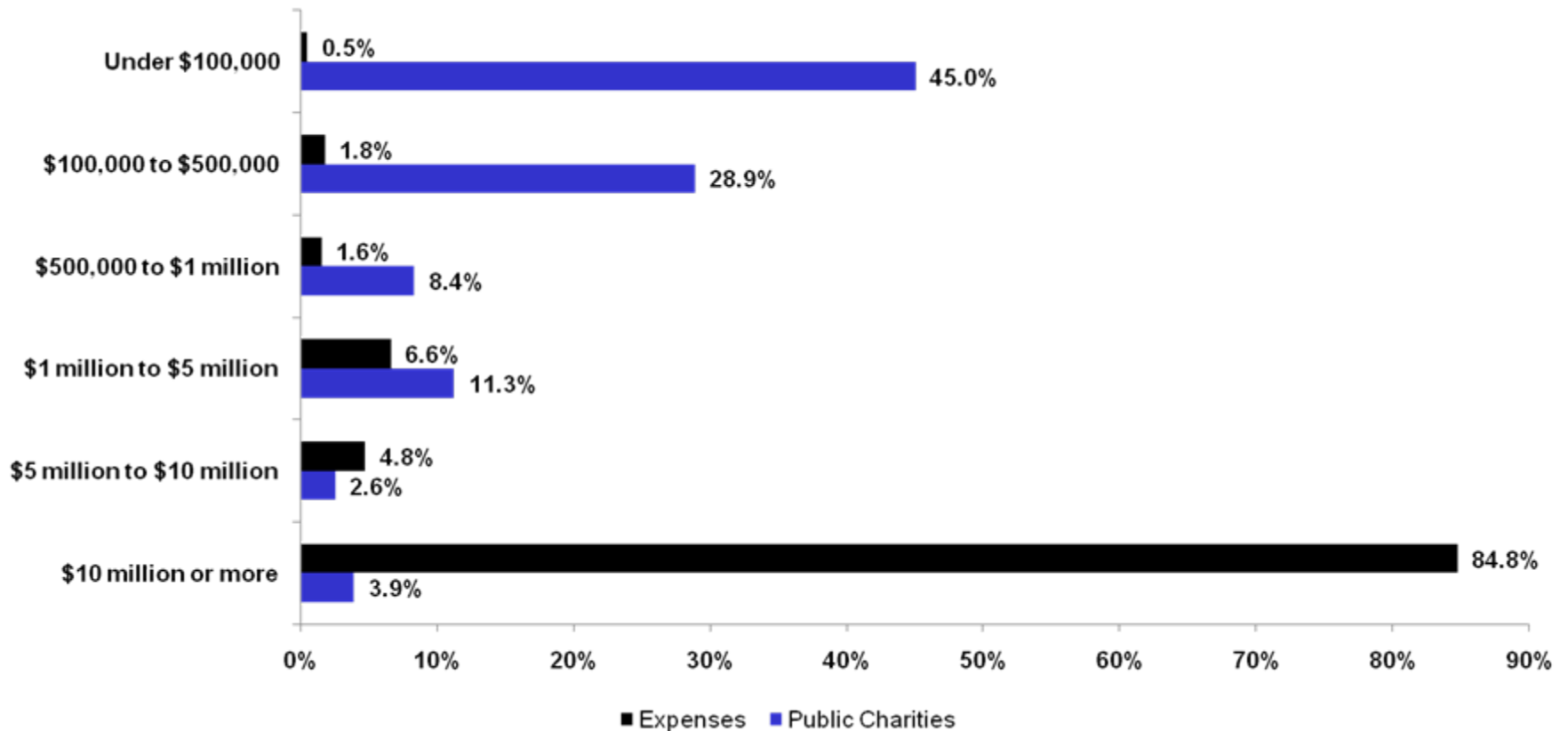
(Giving USA, June 2009)

Volunteering

- **26.8% of the population volunteered in 2008-2009, or 63.4 million volunteers**
- **6.5% of the population volunteers each day, or over 15 million volunteers per day in 2006**
- **12.9 billion hours were volunteered in 2006, equivalent to 7.6 million full time employees earning \$215.6 billion**

Snapshot of the U.S. Nonprofit Sector

Distribution of the Number and Total Expenses of U.S. Nonprofits [501(c)(3)public charities] by Size, 2008 (NCCS)



Revenues, Expenses and Assets by Organization (2008)

	Revenue	Expenses	Assets
All reporting public charities	100.0%	100.0%	100.0%
Arts, culture and humanities	2.2%	2.1%	3.8%
Education	18.5%	16.5%	32.2%
Higher education	11.7%	10.5%	21.4%
Education other	6.8%	6.0%	10.8%
Environment and animals	1.0%	0.9%	1.3%
Health	56.2%	58.3%	38.4%
Hospitals and primary care facilities	47.1%	49.0%	30.3%
Health other	9.1%	9.2%	8.1%
Human services	12.6%	13.1%	10.5%
International and foreign affairs	2.2%	2.3%	1.2%
Public and societal benefit	6.0%	5.5%	11.4%
Religion-related	0.8%	0.9%	1.0%
Unknown/unclassified	0.4%	0.5%	0.2%

Revenue Mix by Organization

- Human Services----many agencies are heavily reliant on government funds, supplemented by private donations
- Arts and Culture—fees, donations, and relatively little government funds
- Environmental---mostly fees and donations
- Education---fees and donations, supplemented by government funds

Trends in the Nonprofit Sector

- Growth in Government Funding until 2008
 - Increase in Federal and state funding programs for social and health services.
 - Medicaid is a big funder of many nonprofit programs
 - New forms of government support
 - Low Income Housing Tax Credits
 - Vouchers including child care vouchers
- Increase in demand for services provided by nonprofits.

Trends in the Nonprofit Sector

- Fiscal crisis of state and local government due to the economic crisis.
 - Great variation in the severity of the fiscal crisis.
- Drop in the assets of private foundations
- Increased competition for public and private funding.
- Increased interest in the role of faith-based organizations in addressing social problems

Trends in Volunteering

- Broad Interest and Support for Community Service
 - University and Secondary School Programs
 - Service Learning
 - University –Community Partnerships
 - Stipended Volunteers and the Serve America Act of 2009:
 - AmeriCorps and VISTA
 - Organizations with large numbers of Stipended Volunteers:
 - Teach for America
 - City Year
 - YouthBuild

Trends in Volunteering

- Episodic Volunteering
 - Walk-a-Thons
 - Special event fundraising such as benefit auctions
- Professionalization of Volunteer Management
 - Reflects greater interest in accountability and evaluations among public and private funders

Nonprofits and the Emphasis on Accountability and Improved Performance

- Shift to performance contracting with reimbursement tied to meeting specific program-related outcome targets.
- Private funders including the United Way and major foundations employing an outcome-based grant model.
- More monitoring and regulation of nonprofits.
- Funding is often lacking for extensive evaluation

The Challenge of Capacity Building

- Growth in nonprofits is concentrated in the smaller community organizations. These agencies tend to be characterized by the following:
 - Lack of adequate capital
 - Small boards and volunteer base
 - Difficulty in ability to respond to growing demands for accountability

Investing in Capacity Building

- University-Community Organization Partnerships
- Corporate-Nonprofit Partnerships
- Nonprofit Management Education Programs
- Public and Private Funding Support for Enhanced Capacity
- Board Governance is often a special focus of capacity building efforts.
- Community Service Programs such as AmeriCorps

Social Innovation and Civic Engagement

- President Obama has created an Office of Social Innovation and Civic Engagement.
 - Profile innovative programs in the nonprofit sector
 - Spur voluntarism and community service
 - Provide grants to especially promising programs
- The Harlem Children's Zone and Promise Neighborhood Initiative

Partnerships, Collaboration and Mergers

- The Competition for funding and the growth of nonprofit organizations is encouraging more partnerships and collaboration.
 - Corporate-Nonprofit Partnerships
 - University-Nonprofit Partnerships
 - Partnerships among Nonprofits to reduce expenses and broaden political and community support
 - Mergers are difficult and complicated so collaboration among nonprofits may achieve same goals.

Social Entrepreneurship and Social Enterprise

- Closely related in part to the emphasis on social innovation through nonprofits
- Also, social entrepreneurship and social enterprise can refer to nonprofits that mix for-profit and nonprofit elements such as:
 - Grameen Bank, KIVA, ACCION International
 - Share our Strength, Manchester Craftsmen's Guild in Pittsburgh, and Housing Works (NYC and DC)

Advocacy and Citizen Engagement

- Greater attention to Advocacy
 - Fiscal crisis,
 - Changes in public and private funding,
 - Pressure for accountability
 - Need For Community and Political Support
- Many constraints on nonprofit advocacy
 - Resource and capacity problems
 - Lack of information
 - Concern on Response of Public and Private Funders
 - Legal Constraints
 - The Service versus Advocacy Dilemma

Current Strategies to Strengthen Nonprofit Advocacy

- More funding support from foundations and private donors for advocacy
- Improved training and education for nonprofit staff
- Working with intermediary associations representing nonprofit organizations
- Engaging board members in advocacy on behalf of the agency

Concluding Thoughts

- Nonprofits are more important than ever
- Public and private funding is very competitive and inadequate to the need.
- Many nonprofits face serious capacity and sustainability issues
- Millions of citizens are engaged in community service and voluntarism through nonprofits.
- Sustained leadership of government and the nonprofit sector will be required to sustain and mobilize this voluntarism into ongoing and effective programs.
- Demand for nonprofit programs will continue to grow

Resources on Volunteering and the Nonprofit Sector

- The data presented today are based on the The Nonprofit Almanac 2008, other sources, and databases at the National Center for Charitable Statistics (NCCS) at the Urban Institute. See the Urban Institute website at www.urban.org and www.nccs.urban.org
- ***Corporation for National and Community Service:*** www.nationalservice.gov
- ***Volunteering in America:*** www.volunteeringinamerica.gov
- ***Office of Social Innovation and Civic Participation:*** www.whitehouse.gov/administration/eop/sicp