

THE NONPROFIT SECTOR IN BRIEF

Public Charities, Giving, and Volunteering, 2009

Kennard T. Wing, Katie L. Roeger, and Thomas H. Pollak

This brief highlights trends in the number and finances of 501(c)(3) public charities, as well as key findings on private charitable contributions and volunteering, two vital resources to the nonprofit sector. Figures on giving and volunteering include the most recent data available. Data reported on the nonprofit sector are from 2007—a snapshot of the sector just before the U.S. economic recession. Forthcoming reports will focus on 2008 data and how the nonprofit sector was influenced by the recession. A series of briefs will provide new insights on the tax-exempt sector from the redesigned Form 990.

Highlights

Almost 1.5 million nonprofits were registered with the IRS in 2007 (table 1). The largest single category—501(c)(3) public charities—included more than 900,000 organizations and accounted for almost three-fourths of nonprofit revenue and three-fifths of nonprofit assets. In 2008, total private giving was \$307.7 billion, down 2 percent from 2007. In 2009, 26.8 percent of U.S. adults said they volunteered through an organization. In 2008, volunteers contributed a total of 14.4 billion hours during the year, worth \$260 billion at average wages.

Size and Scope

Internal Revenue Service (IRS) regulations define more than 30 kinds of tax-exempt organizations, often called nonprofits or not-for-profits. Almost 1.5 million were registered with the IRS in 2007. This figure does not include all nonprofits: those with less than \$5,000 in annual revenue and religious congregations need not register with the IRS (although many congregations do). When most people think of nonprofits, they tend to think

Table 1. Size and Financial Scope of the Nonprofit Sector, 1997–2007

	1997	2002	2007	% change, 1997–2007	% change, 1997–2007 (inflation adjusted)
All nonprofits	1.13 million	1.32 million	1.47 million	30.0	—
Reporting nonprofits	365,920	501,675	583,514	59.5	—
Revenues (\$)	918 billion	1.24 trillion	1.93 trillion	110.3	62.8
Expenses (\$)	801 billion	1.22 trillion	1.70 trillion	112.2	64.3
Assets (\$)	2.0 trillion	3.12 trillion	4.33 trillion	121.8	71.7
Public charities, 501(c)(3)	571,634	743,238	916,118	60.3	—
Reporting public charities	217,263	276,127	342,995	57.9	—
Revenues (\$)	708 billion	909 billion	1.40 trillion	97.6	53.0
Expenses (\$)	642 billion	881 billion	1.25 trillion	94.9	50.9
Assets (\$)	1.31 trillion	1.64 trillion	2.58 trillion	97.4	52.8

Sources: Urban Institute, National Center for Charitable Statistics, Core Files (1997–2007); the Internal Revenue Service Business Master Files, Exempt Organizations (1997–2008).

Notes: Reporting public charities include only organizations that both reported (filed IRS Forms 990) and were required to do so. The following were excluded: foreign organizations, government-associated organizations, and organizations without state identifiers. All amounts are in current dollars and are not adjusted for inflation.

— = data not applicable

of public charities, those organizations active in the arts, education, health care, human services, and other areas to which donors can make tax-deductible contributions. The nonprofit sector, however, also comprises advocacy organizations, labor unions, business and professional associations, and social and recreational clubs in addition to a variety of more obscure types.

In 2007, 583,514 nonprofits collected more than \$25,000 in gross receipts and filed an informational return with the IRS, comprising our category “reporting nonprofits” in table 1. These organizations reported over \$1.9 trillion in revenue and \$4.3 trillion in assets.

Table 1 shows the tremendous growth that has been occurring in the nonprofit sector. The number of registered nonprofits grew 30 percent from 1997 to 2007 (reporting nonprofits grew

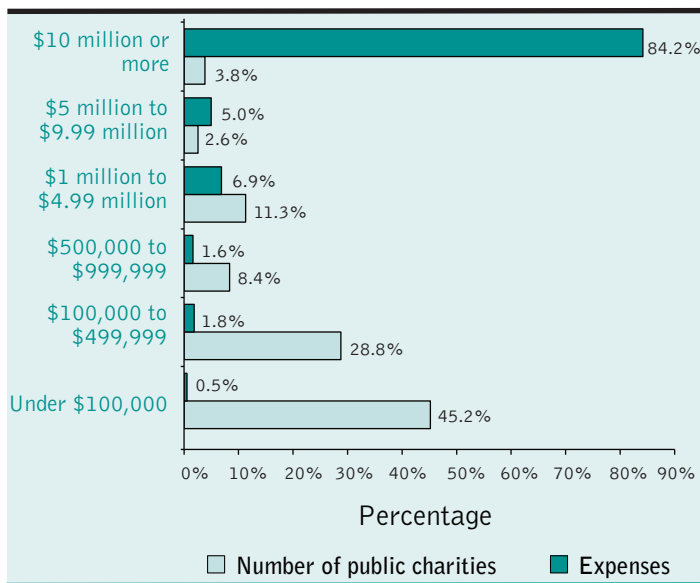
60 percent). After adjusting for inflation, revenues and expenses of reporting nonprofits grew by almost two-thirds, while assets grew over 70 percent.

Public charities accounted for 63 percent of registered nonprofits in 2007 and 59 percent of reporting nonprofits. The number of registered public charities grew 60 percent from 1997 to 2007; the number of reporting public charities grew at a similar rate.

Public charities reported \$1.4 trillion in revenue and nearly \$2.6 trillion in assets in 2007, the majority coming from hospitals, human services, and higher education nonprofits.

About three-fourths of charities report less than \$500,000 in annual expenses. In 2007, 45.2 percent of public charities reported less than \$100,000 in expenses and 28.8 reported between

Figure 1. Number and Expenses of Reporting Public Charities, 2007



Source: Urban Institute, National Center for Charitable Statistics, Core Files (Public Charities, 2007).

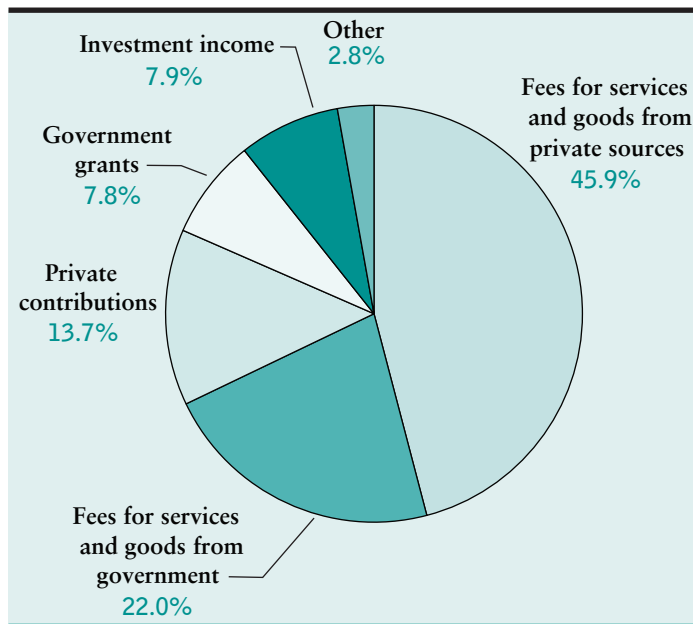
\$100,000 and \$499,999 in expenses (figure 1). Yet these small charities account for only 2.3 percent of all spending by reporting public charities. At the other end of the scale, nonprofits reporting annual expenses of over \$10 million account for just 3.8 percent of charities but 84.2 percent of all reported public charity spending.

The largest source of revenue across all reporting public charities is fees from the sale of goods and services, such as patient care (including Medicare and Medicaid) and tuition. Such fees accounted for 67.9 percent of revenue in 2007. Of this, 45.9 percent come from private sources and 22.0 percent from government sources (figure 2). Contributions account for 21.5 percent of revenue, of which private sources account for 13.7 percent and government sources for 7.8 percent. Considering both fees and contributions, government accounts for 29.8 percent of revenue for reporting public charities.

If we focus on human services, the picture changes dramatically, with contributions as well as government support becoming more important. Among human services charities, fees account for just 52.8 percent of revenue, which is split fairly evenly between private and government sources (26.4 percent private, 26.3 percent government). Contributions account for 38.5 percent of revenue, with government providing the majority (22.2 percent government, 16.3 percent private). Overall, government provides 48.6 percent of revenue for human services charities.

Table 2 shows the distribution of number of organizations, revenues, expenses, and assets by subsector. The most numerous type of organization, human services, accounts for one-third of reporting public charities. Education is a distant second at 18 percent. Economically, health non-

Figure 2. Sources of Revenue for Reporting Public Charities, 2007



Source: Urban Institute, National Center for Charitable Statistics, Core Files (Public Charities, 2007).

Note: Methodology for calculation fees for services and goods from government has been modified since the last release, please see NCCS website, <http://nccs.urban.org>, for additional information and technical notes.

Table 2. Number and Financial Scope of Reporting Public Charities by Subsector, 2007

	Number		\$, Billions			Percent (%)		
			Revenues	Expenses	Assets	Revenue	Expenses	Assets
All reporting public charities	342,995	100	1,399.7	1,251.9	2,576.8	100	100	100
Arts, culture, and humanities	37,841	11.0	32.5	26.7	99.7	2.3	2.1	3.9
Education	61,970	18.1	260.8	204.9	816.3	18.6	16.4	31.7
<i>Higher education</i>	3,140	0.9	167.1	132.8	545.1	11.9	10.6	21.2
<i>Other education</i>	58,830	17.2	93.8	72.1	271.1	6.7	5.8	10.5
Environment and animals	14,528	4.2	13.5	10.8	32.4	1.0	0.9	1.3
Health	42,880	12.5	788.7	739.4	1,003.3	56.3	59.1	38.9
<i>Hospitals and primary care facilities</i>	7,360	2.1	663.5	626.4	792.8	47.4	50.0	30.8
<i>Other health care</i>	35,520	10.4	125.2	113.0	210.4	8.9	9.0	8.2
Human services	115,267	33.6	175.1	165.2	267.6	12.5	13.2	10.4
International and foreign affairs	6,407	1.9	28.4	26.0	30.8	2.0	2.1	1.2
Public and societal benefit	42,633	12.4	88.1	68.1	299.2	6.3	5.4	11.6
Religion-related	21,469	6.3	12.5	10.8	27.5	0.9	0.9	1.1

Source: Urban Institute, National Center for Charitable Statistics, Core Files (Public Charities, 2007).
 Note: Subtotals may not sum to total because of rounding.

profits are the largest, accounting for 56 percent of revenues and 39 percent of assets. Education nonprofits are second, accounting for 19 percent of revenue but 32 percent of assets, representing both physical plant and in many cases, endowment assets.

The different subsectors experienced quite varying growth rates over the period 1997 to 2007 (table 3). One of the fastest growing categories was nonprofits concerned with international affairs. The number of nonprofits nearly doubled, while revenues, expenses, and assets all grew one-and-one-half times after adjusting for inflation. Another fast-growing sector was environment and animals, where the number of nonprofits and assets more than doubled; while revenues and expenses grew over 80 percent in constant dollars. Of course, this growth was from a small base as these were two of the smallest cate-

gories at the beginning of the period. The largest financial category, health, was among the slowest growing. The apparent decline in the financial aggregates for the public and societal benefit subsector is the result of the retirement savings organization TIAA-CREF converting to for-profit status in 2000. Its contribution to the 1997 numbers was \$35 billion in revenue and expenses, and \$183 billion in assets.

Giving

Private charitable contributions, shown in figure 3, include giving to reporting public charities but also to religious congregations—a number that can only be estimated, since congregations do not file annual returns with the IRS and we don't know how much individuals who don't itemize on their tax returns give. According to the latest figures (Giving USA Foundation, 2009), private

Table 3. Number, Revenue, and Assets of Reporting Public Charities by Subsector, 1997—2007

	Number			Revenue (\$, Billions)			Assets (\$, Billions)		
	1997	2002	2007	1997	2002	2007	1997	2002	2007
All reporting public charities	217,263	276,127	342,995	708.3	909.4	1,399.7	1,305.5	1,638.1	2,576.8
Arts, culture, and humanities	23,265	30,381	37,841	17.5	22.4	32.5	41.4	64.5	99.7
Education	35,569	48,130	61,970	119.6	151.0	260.8	319.5	498.1	816.3
<i>Higher education</i>	<i>2,350</i>	<i>2,629</i>	<i>3,140</i>	<i>82.7</i>	<i>99.9</i>	<i>167.1</i>	<i>222.6</i>	<i>348.5</i>	<i>545.1</i>
<i>Other education</i>	<i>33,219</i>	<i>45,501</i>	<i>58,830</i>	<i>36.8</i>	<i>51.1</i>	<i>93.8</i>	<i>96.9</i>	<i>149.6</i>	<i>271.1</i>
Environment and animals	7,093	10,534	14,528	5.7	8.2	13.5	12.2	20.6	32.4
Health	34,386	38,183	42,880	391.1	525.0	788.7	491.2	664.0	1,003.3
<i>Hospitals and primary care facilities</i>	<i>6,674</i>	<i>6,974</i>	<i>7,360</i>	<i>327.3</i>	<i>444.4</i>	<i>663.5</i>	<i>382.6</i>	<i>523.6</i>	<i>792.8</i>
<i>Other health care</i>	<i>27,712</i>	<i>31,209</i>	<i>35,520</i>	<i>63.7</i>	<i>80.6</i>	<i>125.2</i>	<i>108.6</i>	<i>140.4</i>	<i>210.4</i>
Human services	75,906	93,995	115,267	84.9	129.8	175.1	120.3	185.9	267.6
International and foreign affairs	3,313	4,983	6,407	8.9	15.1	28.4	9.6	16.9	30.8
Public and societal benefit	26,361	33,935	42,633	74.8	50.2	88.1	299.0	171.1	299.2
Religion-related	11,370	15,986	21,469	5.9	7.7	12.5	12.3	17.0	27.5

Source: Urban Institute, National Center for Charitable Statistics, Core Files (Public Charities, 2007).
 Note: All amounts are in current dollars and are not adjusted for inflation.

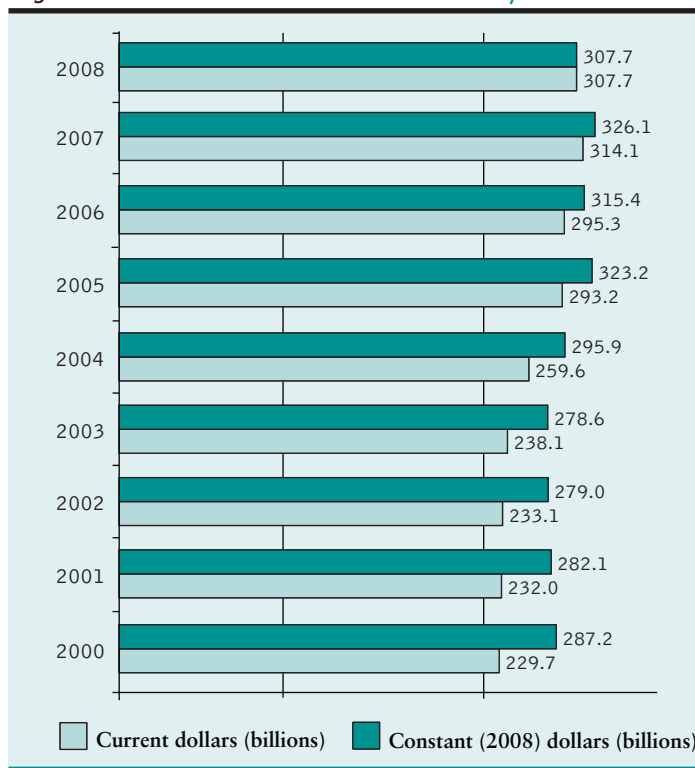
charitable contributions were \$307.7 billion in 2008.

From 2000 to 2008, giving rose by 34 percent in current dollars. In constant dollars, private charitable contributions grew 7 percent. This pace was significantly behind the U.S. economy as a whole, which grew 19 percent in inflation-adjusted terms over the same period.

As shown in table 4, congregations and other religious organizations received over one-third of all private charitable contributions in 2008—over two-and-one-half times the share of any other type. Education organizations received the second largest share of contributions, garnering 13.3 percent.

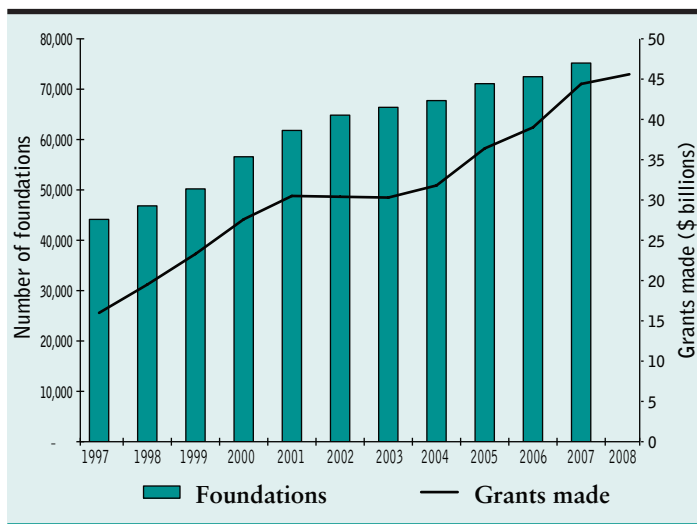
Foundation giving, a component of private charitable contributions, was \$45.6 billion in 2008. This was a 134 percent increase from 10 years earlier (77 percent after adjusting for infla-

Figure 3. Private Charitable Contributions, 2000—2008



Source: Giving USA Foundation, *Giving USA* (2009).

Figure 4. Number of Foundations and Amount of Grants Made by Year, 1997–2007



Source: Foundation Center: Highlights of Foundation Yearbook (2009).
 Note: Data on the number of foundations in 2008 was not available at the time this report was compiled.

tion). There were 75,187 grantmaking foundations in the United States in 2007. This was a 70 percent increase from 10 years earlier (figure 4).

Volunteering

In 2009, 26.8 percent of adults volunteered for or through an organization. This figure is similar to 2006–2008 but somewhat below the 2003–2005 period when volunteer rates were 28.8 percent. Table 5 shows the number of people volunteering at nonprofits, the amount of hours volunteered, and the economic value of their volunteering from 2003 to 2009.

In 2008, 6.8 percent of the adult population volunteered on an average day, down slightly from 7.0 percent in 2007. The 2008 figure corresponds to 16.2 million volunteers per day. The average person spent 2.43 hours volunteering that day, down 5 percent from 2007. Total volunteer hours of 14.4 billion in 2008 were down 7 percent from 2007, but were still the second

highest ever observed. Assuming a full-time employee works 1,700 hours per year, those volunteer hours were the equivalent of 8.4 million employees. At average private wages, volunteer time was worth \$260 billion in 2008.

Figure 5 shows how volunteers spent their time in 2008. Measured as the average amount of time across all volunteers, the largest use of volunteers is for administration and support activities, accounting for 22 percent of volunteer time. This category includes fundraising, office work, computer use, phone calls, writing, editing, and reading. Social service and care support is a close second at nearly 22 percent, up from 18 percent in 2006. This category includes food preparation and cleanup, collecting and delivering clothing or goods, providing direct care or services, teaching, counseling, and mentoring.

Table 4. Charitable Contributions by Type of Recipient Organizations, 2008

Type of charity	% of charitable contributions
Religion-related	34.7
Education	13.3
Gifts to foundation	10.6
Human services	8.4
Public and societal benefit	7.8
Health	7.0
International and foreign affairs	4.3
Arts, culture, and humanities	4.2
Environment and animals	2.1
Unallocated/other	7.5

Source: Giving USA Foundation, *Giving USA* (2009).

Table 5. Number, Hours, and Dollar Value of Volunteers, 2003–2008

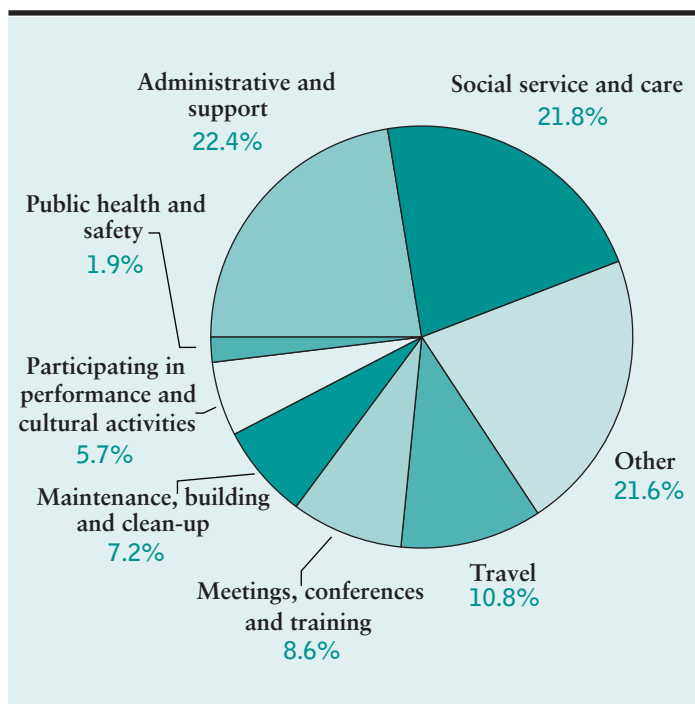
	2003	2004	2005	2006	2007	2008	2009
Per year							
Percentage of population volunteering	28.8%	28.8%	28.8%	26.7%	26.2%	26.4%	26.8%
Number of volunteers (thousands)	63,791	64,542	65,357	61,199	60,838	61,803	63,361
Total hours volunteered (thousands)	12,634,799	13,747,007	13,510,436	12,864,875	15,500,810	14,360,875	—
Average hours per volunteer	195	210	204	207	251	229	—
Median hours per volunteer	52	52	50	52	52	52	—
Per average day							
Percentage of population volunteering	6.3%	6.9%	7.1%	6.5%	7.0%	6.8%	—
Number of volunteers (thousands)	14,201	15,705	16,471	15,228	16,559	16,180	—
Hours per day per volunteer	2.44	2.40	2.25	2.31	2.56	2.43	—
Value of volunteers							
Population age 15 and over (thousands)	225,295	228,123	230,427	233,122	236,106	238,659	—
Full-time equivalent employment (thousands)	7,432	8,086	7,947	7,568	9,118	8,448	—
Assigned hourly wages for volunteers (\$)	15.37	15.69	16.13	16.76	17.43	18.08	—
Assigned value of volunteer time (\$)	\$194,196,862	\$215,690,535	\$217,923,325	\$215,615,300	\$270,179,125	\$259,644,626	—

Sources: NCCS calculations based on Bureau of Labor Statistics, “Volunteering in the United States” (2008–2010), American Time Use Survey (2009), and Current Employment Statistics (2009).

Note: All amounts are in current dollars and are not adjusted for inflation.

— = data not applicable

Figure 5. Distribution of Average Volunteer Time, 2008



Source: Bureau of Labor Statistics, American Time Use Survey (2008).

References

- Bureau of Labor Statistics. 2009. “Employment, Hours, and Earnings from the Current Employment Statistics Survey (National).” http://data.bls.gov/PDQ/servlet/SurveyOutputServlet?series_id=CEU0500000008&data_tool=XGtable. (Accessed October 29, 2009.)
- . 2008. “Volunteering in the United States, 2007.” http://www.bls.gov/news.release/archives/volun_01232008.pdf. (Accessed October 29, 2009.)
- . 2009. “Volunteering in the United States, 2008.” <http://www.bls.gov/news.release/volun.toc.htm>. (Accessed October 29, 2009.)
- . 2010. “Volunteering in the United States, 2009.” <http://www.bls.gov/news.release/volun.toc.htm>. (Accessed March 12, 2010.)
- . 2009. “American Time Use Survey.” <http://www.bls.gov/tus/>. (Accessed October 29, 2009.)
- The Foundation Center. 2009. “Highlights of Foundation Yearbook.” http://foundationcenter.org/gainknowledge/research/pdf/fy2009_highlights.pdf. (Accessed October 29, 2009.)
- Giving USA Foundation. 2009. *Giving USA*, 53rd ed. Bloomington, IN: Giving USA Foundation.
- Urban Institute, National Center for Charitable Statistics. 2007. Core Files.



THE URBAN INSTITUTE

2100 M STREET, NW
WASHINGTON, DC 20037

Phone: (202) 833-7200

Fax: (202) 467-5775

www.urban.org

The Urban Institute's Center on Nonprofits and Philanthropy conducts research on the nonprofit sector to inform decisionmakers in government, nonprofits, foundations and business. Our mission is to create an objective picture of the nonprofit sector, advance transparency and accountability, and assess consequences of public policies on the sector through rigorous research. We facilitate dialogue on pressing issues by hosting policy briefings and by disseminating findings widely. Our publications are available on the Urban Institute web site, at <http://www.urban.org/center/cnp/>.

Through the National Center for Charitable Statistics (NCCS) we create and maintain the National Nonprofit Data System, a research-quality data source on the nonprofit sector. NCCS translates data on the sector's size, scope, and financial trends into accessible information for local, state, and national policymakers and provides data and technical assistance to scholars and the public. NCCS databases can be accessed at <http://www.nccs.urban.org>.

For more information, call Public Affairs at (202) 261-5709 or visit our web site, <http://www.urban.org>.

To order additional copies of this publication, call (202) 261-5687 or 877-uipress, or visit our online bookstore, <http://www.uipress.org>.

The Urban Institute is a nonprofit, nonpartisan policy research and educational organization established in Washington, D.C., in 1968. Views expressed in this report are those of the authors and do not necessarily reflect the views of the Institute, its trustees, or its funders.