

THE NONPROFIT SECTOR IN BRIEF

Public Charities, Giving, and Volunteering, 2010

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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. It includes the most recent data available.

Current Highlights

Over 1.5 million nonprofits were registered with the Internal Revenue Service (IRS) in 2008. The largest single category—501(c)(3) public charities—included over 950,000 organizations and accounted for three-fourths of nonprofit revenue and six-tenths of nonprofit assets. In 2009, total private giving was \$303.8 billion, down 3.6 percent from the revised estimate for 2008. In 2009, 26.8 percent of U.S. adults said they volunteered through an organization. Volunteers contributed a total of 15 billion hours during the year, worth \$279 billion at average wages.

Size and Scope

Internal Revenue Service regulations define over 30 kinds of tax-exempt organizations, often called nonprofits, or not-for-profits. Over 1.5 million were registered with the IRS in 2008 (table 1). This figure does not include all nonprofits: those with less than \$5,000 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 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

Table 1. Size and Financial Scope of the Nonprofit Sector, 1998–2008

| | 1998 | 2003 | 2008 | % change, 1998–2008 | % change, 1998–2008 (inflation adjusted) |
|------------------------------------|---------------|---------------|---------------|------------------------|--|
| All nonprofits | 1.16 million | 1.37 million | 1.51 million | 30.7 | — |
| Reporting nonprofits | 405,744 | 515,876 | 597,307 | 47.2 | — |
| Revenues (\$) | 1.04 trillion | 1.36 trillion | 1.92 trillion | 84.2 | 39.5 |
| Expenses (\$) | 923 billion | 1.30 trillion | 1.81 trillion | 96.2 | 48.5 |
| Assets (\$) | 2.29 trillion | 3.07 trillion | 4.34 trillion | 90.1 | 43.9 |
| Public charities, 501(c)(3) | 597,236 | 783,820 | 958,398 | 60.5 | — |
| Reporting public charities | 226,493 | 287,259 | 353,489 | 56.1 | — |
| Revenues (\$) | 765 billion | 974 billion | 1.44 trillion | 88.6 | 42.8 |
| Expenses (\$) | 697 billion | 940 billion | 1.34 trillion | 92.6 | 45.8 |
| Assets (\$) | 1.43 trillion | 1.75 trillion | 2.62 trillion | 83.3 | 38.8 |

Source: Urban Institute, National Center for Charitable Statistics, Core Files (1998–2008); the Internal Revenue Service Business Master Files, Exempt Organizations (1998–2008).

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.

— = not applicable

sector, however, also includes advocacy organizations, labor unions, business and professional associations, social and recreational clubs, as well as a variety of more obscure types.

In 2008, 597,307 nonprofits collected more than \$25,000 in gross receipts and filed an informational return with the IRS (“reporting nonprofits” in table 1). These organizations reported over \$1.9 trillion in revenue and \$4.3 trillion in assets.

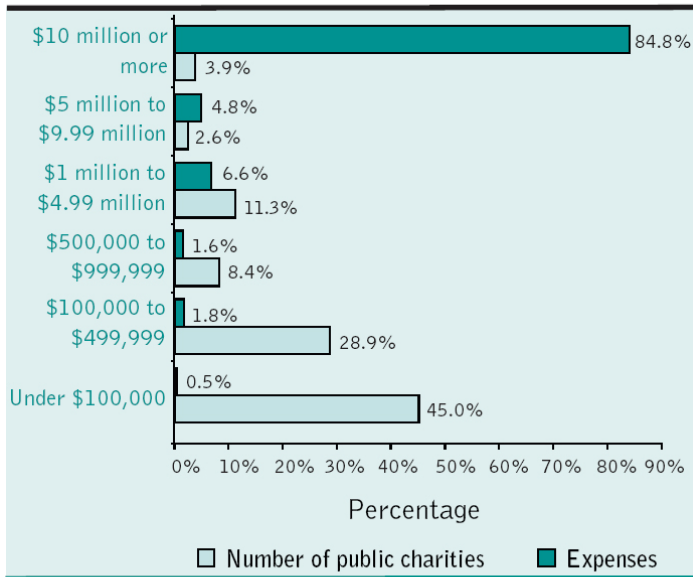
Table 1 shows the tremendous growth in the nonprofit sector. The number of registered nonprofits grew 31 percent from 1998 to 2008 (reporting nonprofits grew 47 percent). After adjusting for inflation, revenues of reporting nonprofits grew 40 percent, expenses grew 49 percent, and assets grew 44 percent.

Public charities accounted for 63 percent of registered nonprofits in 2008 and 59 percent of reporting nonprofits. The number of registered public charities grew 61 percent from 1998 to 2008, while the number of reporting public charities grew 56 percent.

Public charities reported \$1.4 trillion in revenue and \$2.6 trillion in assets in 2008 (table 2). Hospitals and primary care facilities account for the largest percentage of total revenue and total assets, 47.7 and 30.6 percent, respectively. Higher education follows with 11.7 percent of total revenue and 21.5 percent of total assets. These and other large organizations also account for the majority of expenditures.

About three-fourths of charities report less than \$500,000 in annual expenses. In 2008, 45

Figure 1. Number and Expenses of Reporting Public Charities, 2008



Source: Urban Institute, National Center for Charitable Statistics, Core Files (Public Charities, 2008).

percent of public charities reported less than \$100,000 in expenses and 28.9 reported between \$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 \$10 million or more account for just 3.9 percent of charities, but 84.8 percent of all reporting public charity spending.

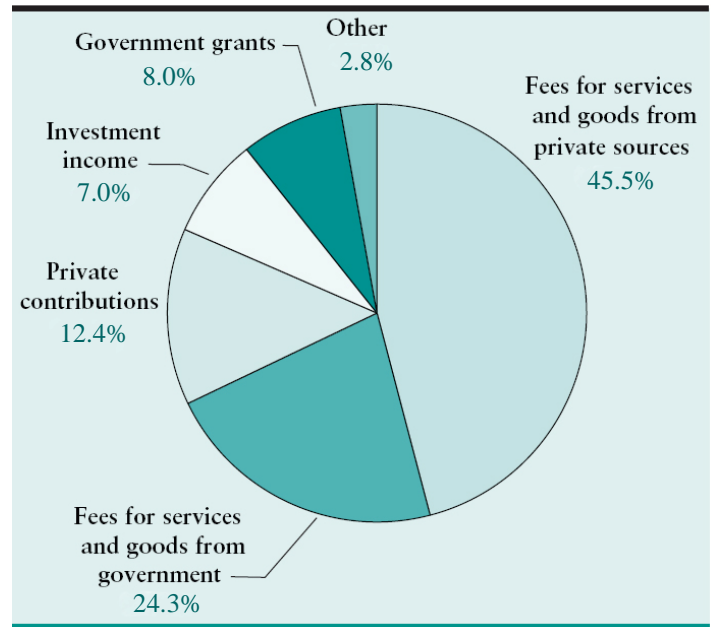
The largest source of revenue across all reporting public charities is fees from the sale of goods and services, such as patient care (including Medicare and Medicaid), tuition, or admission tickets. Overall, such fees accounted for 69.8 percent of revenue in 2008. Of this, 45.5 percentage points come from private sources and 24.3 percentage points from government sources (figure 2). Contributions and grants account for 20.4 percent of revenue, of which private sources account for 12.4 percentage points and govern-

ment sources for 8.0 percentage points.

Considering both fees and grants, government accounts for 32.3 percent of revenue of reporting public charities. Compared with 2007, the share from contributions dropped 6 percent, likely reflecting the beginning of the recession. The share of support from government increased 12 percent.

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 a third of reporting public charities. Education is a distant second at 18.2 percent. Economically, health nonprofits are the largest, accounting for 56.7 percent of revenues and 38.6 percent of assets. Education nonprofits are again second, account-

Figure 2. Sources of Revenue for Reporting Public Charities, 2008



Source: Urban Institute, National Center for Charitable Statistics, Core Files (2008).

Table 2. Number and Financial Scope of Reporting Public Charities by Subsector, 2008

| | Number | | \$, Billions | | | Percent (%) | | |
|--|----------------|------------|----------------|----------------|----------------|-------------|------------|------------|
| | | | Revenues | Expenses | Assets | Revenues | Expenses | Assets |
| All public charities | 353,489 | 100 | 1,442.0 | 1,342.6 | 2,621.4 | 100 | 100 | 100 |
| Arts, culture, and humanities | 38,759 | 11.0 | 32.3 | 28.3 | 98.8 | 2.2 | 2.1 | 3.8 |
| Education | 64,326 | 18.2 | 266.7 | 221.7 | 844.9 | 18.5 | 16.5 | 32.2 |
| <i>Higher education</i> | 2,053 | 0.6 | 168.5 | 141.4 | 562.5 | 11.7 | 10.5 | 21.5 |
| <i>Other education</i> | 62,273 | 17.6 | 98.2 | 80.3 | 282.4 | 6.8 | 6.0 | 10.8 |
| Environment and animals | 15,290 | 4.3 | 13.9 | 11.9 | 33.1 | 1.0 | 0.9 | 1.3 |
| Health | 43,545 | 12.3 | 817.0 | 788.3 | 1,012.2 | 56.7 | 58.7 | 38.6 |
| <i>Hospitals and primary care facilities</i> | 7,410 | 2.1 | 687.4 | 666.2 | 801.2 | 47.7 | 49.6 | 30.6 |
| <i>Other health care</i> | 36,135 | 10.2 | 129.6 | 122.1 | 211.0 | 9.0 | 9.1 | 8.0 |
| Human services | 118,363 | 33.5 | 181.4 | 175.5 | 275.1 | 12.6 | 13.1 | 10.5 |
| International and foreign affairs | 6,790 | 1.9 | 31.9 | 30.9 | 31.4 | 2.2 | 2.3 | 1.2 |
| Public and social benefit | 44,023 | 12.5 | 86.6 | 74.5 | 299.1 | 6.0 | 5.5 | 11.4 |
| Religion-related | 22,393 | 6.3 | 12.3 | 11.5 | 26.7 | 0.9 | 0.9 | 1.0 |

Source: Urban Institute, National Center for Charitable Statistics, Core Files (Public Charities, 2008).

Notes: All amounts are in current dollars and are not adjusted for inflation. Subtotals may not sum to total because of rounding.

ing for 18.5 percent of revenue, but 32.2 percent of assets, representing both physical plant and in many cases endowment assets.

The different subsectors experienced varying growth rates from 1998 to 2008. One of the fastest growing categories was nonprofits concerned with international development and relief. The number of nonprofits nearly doubled, while revenues tripled and assets nearly tripled (adjusted for inflation, revenues grew 150 percent and assets grew 115 percent). Another fast-growing sector was environment and animals, where the number of nonprofits, revenues, and assets all more than doubled (adjusted for inflation, revenues grew 64 percent and assets grew 79 percent). Of course, these were two of the smallest categories at the beginning of the period. The largest category, health, was among the slowest

growing. The apparent decline in the financial aggregates for other public and societal benefit organization is the result of the conversion of the retirement savings organization TIAA-CREF to for-profit status in 2000 (table 3).

Giving

Private charitable contributions, shown in figure 3, include giving to reporting public charities as well as 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 2010), private charitable contributions were \$303.8 billion in 2009, down 3.6 percent from the revised

Table 3. Number, Revenue, and Assets of Reporting Public Charities by Subsector, 1998—2008

| | Number | | | Revenue (\$, Billions) | | | Assets (\$, Billions) | | |
|--|----------------|----------------|----------------|------------------------|--------------|----------------|-----------------------|----------------|----------------|
| | 1998 | 2003 | 2008 | 1998 | 2003 | 2008 | 1998 | 2003 | 2008 |
| All public charities | 226,493 | 287,259 | 353,489 | 764.6 | 974.1 | 1,442.0 | 1,429.8 | 1,753.4 | 2,621.4 |
| Arts, culture, and humanities | 24,404 | 31,568 | 38,759 | 19.2 | 22.3 | 32.3 | 47.2 | 68.1 | 98.8 |
| Education | 37,552 | 50,739 | 64,326 | 134.3 | 160.0 | 266.7 | 361.7 | 539.1 | 844.9 |
| <i>Higher education</i> | 1,782 | 1,842 | 2,053 | 93.2 | 104.6 | 168.5 | 253.1 | 377.9 | 562.5 |
| <i>Other education</i> | 35,770 | 48,897 | 62,273 | 41.1 | 55.3 | 98.2 | 108.6 | 161.2 | 282.4 |
| Environment and animals | 7,581 | 11,233 | 15,290 | 6.4 | 9.1 | 13.9 | 14.0 | 22.3 | 33.1 |
| Health | 34,966 | 38,867 | 43,545 | 413.8 | 566.1 | 817.0 | 534.4 | 698.6 | 1,012.2 |
| <i>Hospitals and primary care facilities</i> | 6,788 | 6,969 | 7,410 | 346.1 | 479.3 | 687.4 | 414.0 | 552.0 | 801.2 |
| <i>Other health care</i> | 28,178 | 31,898 | 36,135 | 67.8 | 86.8 | 129.6 | 120.3 | 146.6 | 211.0 |
| Human services | 78,709 | 97,745 | 118,363 | 92.1 | 135.0 | 181.4 | 133.9 | 198.1 | 275.1 |
| International and foreign affairs | 3,548 | 5,287 | 6,790 | 9.7 | 17.1 | 31.9 | 11.1 | 18.2 | 31.4 |
| Public and societal benefit | 27,562 | 35,173 | 44,023 | 82.6 | 56.5 | 86.6 | 313.5 | 190.6 | 299.1 |
| Religion-related | 12,171 | 16,647 | 22,393 | 6.6 | 8.0 | 12.3 | 14.1 | 18.3 | 26.7 |

Source: Urban Institute, National Center for Charitable Statistics, Core Files (Public Charities, 2008).
 Note: All amounts are in current dollars and are not adjusted for inflation.

estimate for 2008.

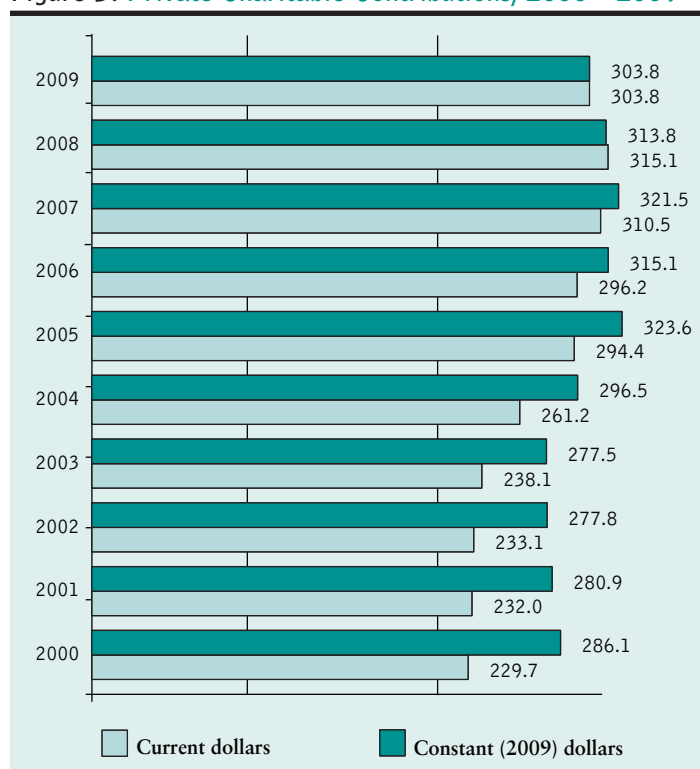
From 2000 to 2009, private charitable contributions rose 32 percent in current dollars. In constant dollars, they grew 6 percent. This pace was significantly behind the U.S. economy as a whole, which grew 15 percent in inflation-adjusted terms over the same period.

As shown in table 4, congregations and other religious organizations received a third of all private charitable contributions in 2009—two-and-a-half times the share of any other type.

Education organizations received the second largest share of contributions, garnering 13.2 percent.

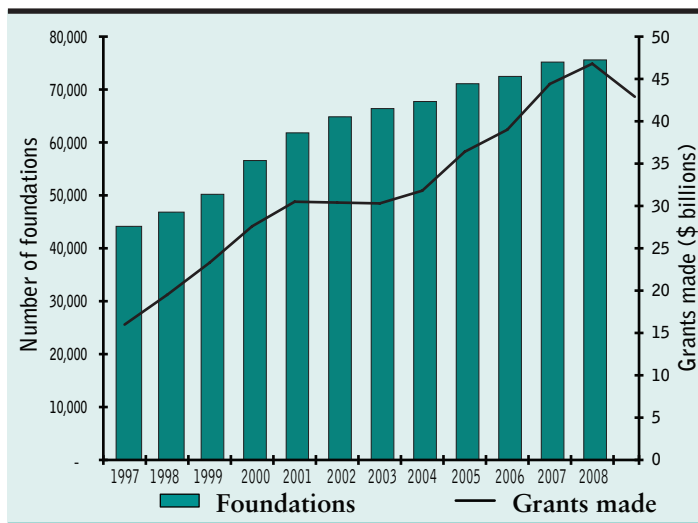
Foundation giving, a component of private charitable contributions, was \$42.9 billion in 2009. This was an 84 percent increase from 10 years earlier, but an 8 percent decrease from

Figure 3. Private Charitable Contributions, 2000—2009



Source: Giving USA Foundation, *Giving USA* (2010).

Figure 4. Number of Foundations and Amount of Grants Made by Year, 1998–2009



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

2008. There were 75,595 grantmaking foundations in the United States in 2008. This was a 61 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 2009, 7.1 percent of the adult population volunteered on an average day, up slightly from 6.8 percent in 2008. The 2009 figure corresponds to 17.1 million volunteers per day. The average person spent 2.40 hours volunteering that day, down slightly from 2008. Total volunteer hours of 15 billion in 2009 were up four

percent from 2008, and higher than any year except 2007. Assuming a full-time employee works 1,700 hours per year, those volunteer hours were the equivalent of 8.8 million employees. At average private wages, volunteer time was worth nearly \$279 billion in 2008.

Figure 5 shows how volunteers spent their time in 2009. Measured as the average amount of time across all volunteers, the largest use of volunteers is for administration and support, accounting for 26 percent of volunteer time, up from 22 percent in 2008. This category includes fundraising, office work, computer use, phone calls, writing, editing, and reading. The second largest use of volunteers is for social service and care activities, accounting for 22 percent of volunteer time, the same as in 2008. 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, 2009

| Type of charity | % of charitable contributions |
|-----------------------------------|-------------------------------|
| Religion-related | 33.2 |
| Education | 13.2 |
| Gifts to foundation | 10.2 |
| Human services | 8.9 |
| Public and societal benefit | 7.5 |
| Health | 7.4 |
| Arts, culture, and humanities | 4.1 |
| International and foreign affairs | 2.9 |
| Environment and animals | 2.0 |
| Unallocated/other | 10.6 |

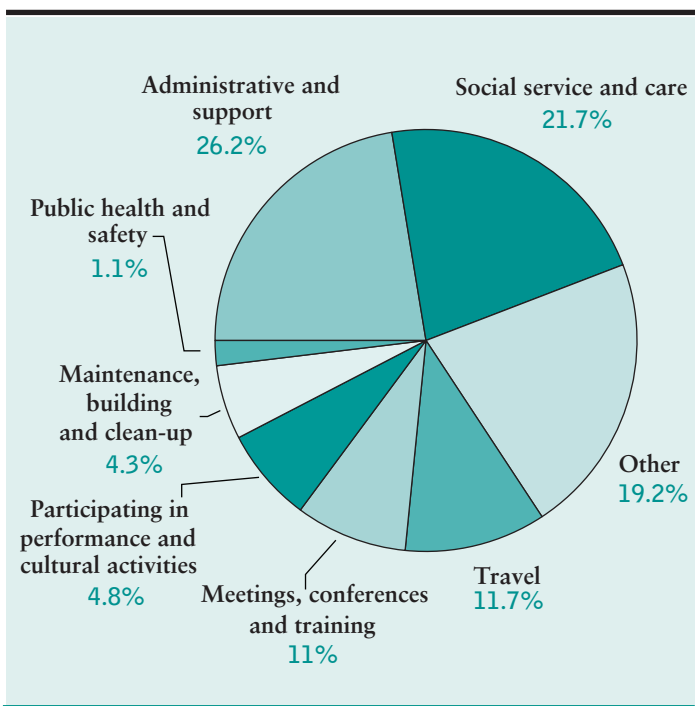
Source: Giving USA Foundation (2010).

Table 5. Number, Hours, and Dollar Value of Volunteers, 2003—2009

| | 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 | 14,963,262 |
| Average hours per volunteer | 195 | 210 | 204 | 207 | 251 | 229 | 233 |
| Median hours per volunteer | 52 | 52 | 50 | 52 | 52 | 52 | 50 |
| Per average day | | | | | | | |
| Percentage of population volunteering | 6.3% | 6.9% | 7.1% | 6.5% | 7.0% | 6.8% | 7.1% |
| Number of volunteers (thousands) | 14,201 | 15,705 | 16,471 | 15,228 | 16,559 | 16,180 | 17,091 |
| Hours per day per volunteer | 2.44 | 2.40 | 2.25 | 2.31 | 2.56 | 2.43 | 2.40 |
| Value of volunteers | | | | | | | |
| Population age 15 and over (thousands) | 225,295 | 228,123 | 230,427 | 233,122 | 236,106 | 238,659 | 239,898 |
| Full-time equivalent employment (thousands) | 7,432 | 8,086 | 7,947 | 7,568 | 9,118 | 8,448 | 8,802 |
| Assigned hourly wages for volunteers (\$) | 15.37 | 15.69 | 16.13 | 16.76 | 17.43 | 18.08 | 18.62 |
| Assigned value of volunteer time (thousands) | \$194,196,862 | \$215,690,535 | \$217,923,325 | \$215,615,300 | \$270,179,125 | \$259,644,626 | \$278,615,940 |

Source: 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).

Figure 5. Distribution of Average Volunteer Time, 2009



Source: Bureau of Labor Statistics, American Time Use Survey (2009).

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