



ICA
INSTITUTE

Nonprofit Industry Trends

AUTHORS

Dr. Pamila Dembla
Executive Director

Stephen Ernst
Research Intern

Report: Trends in the Nonprofit Industry in America

The nonprofit industry continues to increase the scope and variety of services it offers to citizens in India, China, and America. Yet, due to public policy, cultural variation, and perceived human need, different sub-sectors dominate in each country and within regions of each country.

In this report we briefly differentiate between the nonprofit sectors in America in terms of: roles, nonprofit subsector division, overall strengths, and potential short-term future trends.

Roles Definition

Nonprofit expert Dr. Dennis Young suggests that nonprofits generally serve one of three functions, or roles: supplementary, complementary, or adversarial. Supplementary nonprofits are those which provide a service that the government does not provide. When nonprofits are complementary, they provide a service in collaboration with the government. And adversarial nonprofits exist to force the government to amend its policies.

Overall, the nonprofit industries in India, China, and America are each comprised of different percentages of these roles.



America

Roles

While all three types of nonprofits exist in abundance in the US (supplementary, complementary, and adversarial), there has been a growing trend of government contracting nonprofits to provide services (complementary).

Breakdown by Sub-sector

According to the National Center for Charitable Statistics, the US nonprofit industry is comprised of around 1.5 million organizations.

As in India, Americans give most to education, human services, and healthcare nonprofits. In contrast, American religious nonprofits occupy only a small percentage of charitable giving and when adjusting for GDP PPP, the nonprofit sector is much smaller than India's.

Fig 1.1 Size of Nonprofit Industry Between India, China, and America (in Millions)

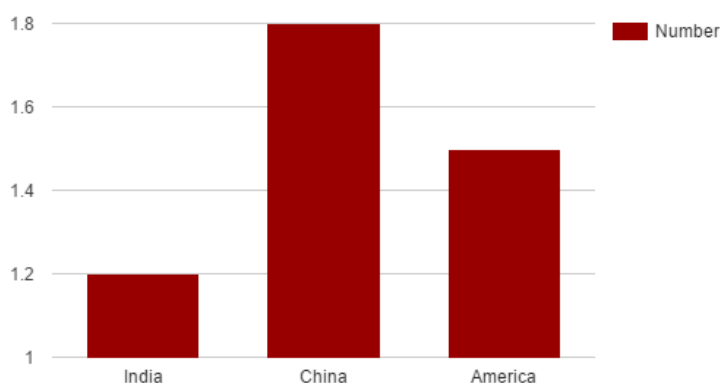
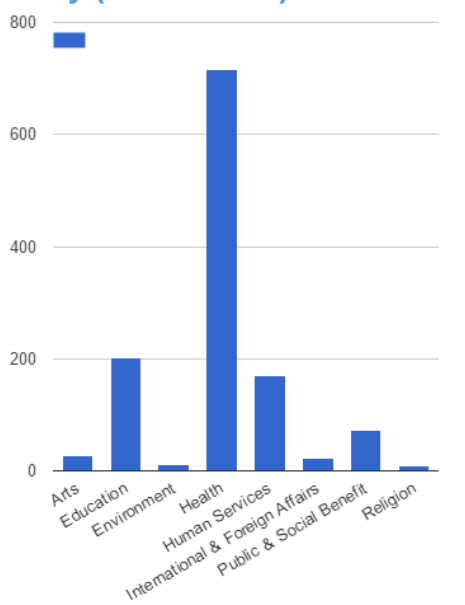


Fig 1.2 Subsector Revenues of US Nonprofit Industry (USD Billion)





Strengths & Future Trends

In 2015, over 66% of nonprofits saw yearly revenues of under \$500,000. The large number of small nonprofits – often competing to provide services to the same consumers – signals a relatively healthy nonprofit sector.

Aside from economies of scale that large nonprofits reap, the more competition in the nonprofit industry, the lower the costs to donors and the higher the quality of services provided. Because of this, expect to see many social innovations coming out of the American nonprofit sector in the future.

To add to the overall health of the industry, one of the fastest growing nonprofit subsectors in the US is the international and foreign affairs subsector which has grown by 50% since 2003. This growth sets the US apart from China and India and shows no signs of abating.

Fig 1.3 Percent of US Nonprofits by Budget Size

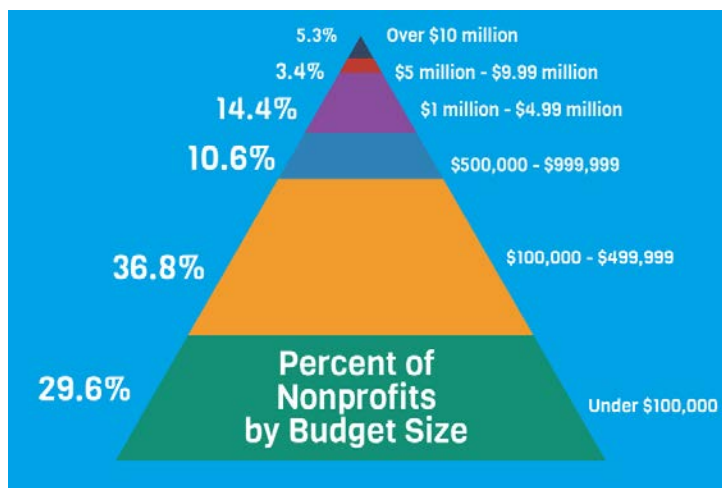
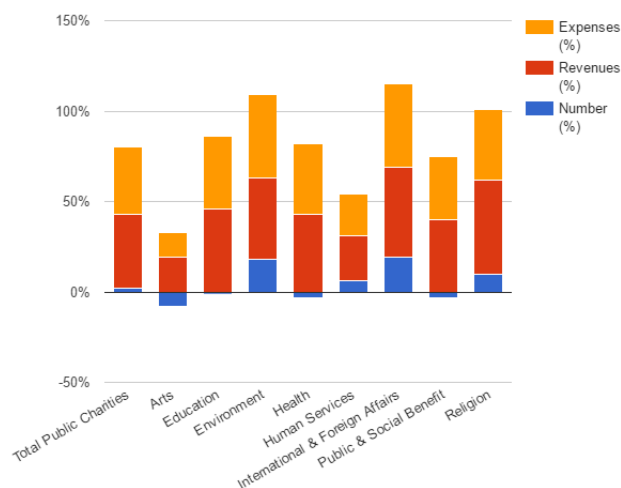
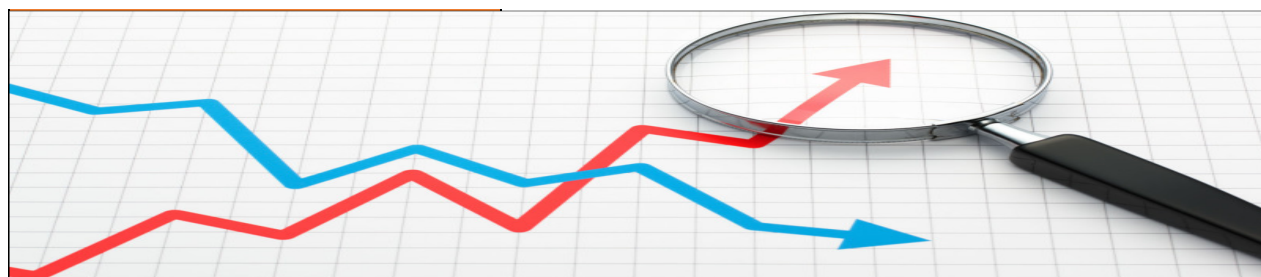


Fig 1.4 Percent Change in the Number, Revenues, and Expenses of Nonprofit Subsectors





SOURCES:

Cherian, Matthew. "The Evolving Role of Nonprofits in Philanthropy." 2014.

Feiock and Andrew. "Understanding the Relationship Between Nonprofits and Governments." 2006.

Foundation Center. "Charity and Philanthropy in Russia, China, India, and Brazil." 2014.

Guidestar.org

National Center for Charitable Statistics

National Council of Nonprofits

Urban Institute. "The Nonprofit Sector in Brief." 2015.