Author(s): Neel Hajra, 2010

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PubPol 671: Policy & Management in the Nonprofit Sector

Neel Hajra
Winter 2010
Mondays & Wednesdays
7:00 – 8:30 PM
Housekeeping

- Non-registered students
- CTools
  - Syllabus and Readings
  - Assignments
  - Posting Lectures
- Office Hours: Fridays 1-2 & by Appt., occasional reschedules
- Communication
- Feedback
What This Class Is

- **Sector-wide** issues through management lens
- **Domestic** focus, 501(c)(3)
- Help you form your opinion of role, value, strengths, and weaknesses of sector
What This Class Is Not

- No hands-on management training
- Not a practicum
- No direct international component
Course Format

- Format: Lecture, discussion, activities
- Occasional guest lecturers
- Four short papers
  - Tentative Due Dates: Feb. 5, Feb. 26, Mar. 26, Apr. 9, Apr. 29 (final paper)
- Grading
  - 40% short papers
  - 30% participation
  - 30% final paper
- Side note: *The Dreaded PowerPoints!!*
Syllabus Walk-Through
Introductions

• More about you:
  ◦ Name
  ◦ Graduate Program & Brief Background
“This Class Will Be Valuable If...”
Definition of “Nonprofit”? 
Salamon:
“A set of organizations that is privately incorporated but serving some public purpose”

“What is the Nonprofit Sector and Why Do We Have It?” 2001
Supreme Court: “an institution [that] must serve a public purpose and not be contrary to established public policy”
Legal:
(1) State nonprofit corporation
(2) Federal tax designation
IRS – 501(c)(3):

- Charitable
- Educational
- Religious
- Literary
- Scientific
- Testing for public safety
- Prevention of cruelty to children or animals
- Fostering national or international amateur sports competition
Salamon Redux:

- Formal
- Private
- Non-profit distributing
- Self-governing
- Voluntary
- Of public benefit
Domestic Background

- de Tocqueville (1800’s)
- Early and mid-1900’s: classic charity
- 60’s & 70’s: Emergence of modern nonprofit sector
- Since 80’s: Devolution and continued growth
- Now: Sector blurring, economic tensions
Size of Nonprofit Sector (2009)

- 1.6 million registered nonprofits (2009)
- 997,579 public charities (2009)

Reporting public charities:
- 1.3 trillion in revenues (2008)
- 2.4 trillion in assets (2008)
- 5% of GDP (2006)
- 8.1% of wages and salaries (2006)
63% of charities had expenses of less than $250k, but represented less than 2% of total expenses!
Trivia:

What percentage of nonprofit revenues come from each of these sources (2008):

- Fee-for-service: 50%
- Government sources: 29.4%
- Private contributions: 12.3%
- Other sources (e.g., investments): 8.3%
Nonprofits Subsectors

- Religious: 6.0% Revenue, 0.9% Number
- Pub/Soc Benefit: 5.5% Revenue, 1.6% Number
- International: 2.0% Revenue, 1.6% Number
- Human Services: 32.3% Revenue, 12.1% Number
- Health: 15.7% Revenue, 11.7% Number
- Hospitals: 43.0% Revenue, 1.6% Number
- Environment, Animals: 4.3% Revenue, 1.0% Number
- Higher Ed: 11.4% Revenue, 0.7% Number
- Education: 18.0% Revenue, 5.0% Number
- Arts/Culture: 11.5% Revenue, 2.4% Number

Legend:
- Number (%)
- Revenue (%)
Yes or No?
Is the domestic nonprofit sector a significant economic powerhouse?
Yes:
5% of GDP
8% of employment
No:
Without hospitals and universities, the nonprofit sector is halved in size
Is the nonprofit sector is a critical aspect of civil society?
Yes:
The nonprofit sector is an intrinsic part of American society, without which democracy would be much weaker.
No:

Government and for-profit business are both far more important to a vibrant American society.
Should nonprofits should be run more like businesses?
Yes:
Better management = more mission achieved.
No:
Aren’t most businesses mediocre? Don’t the majority of small businesses fail?