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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

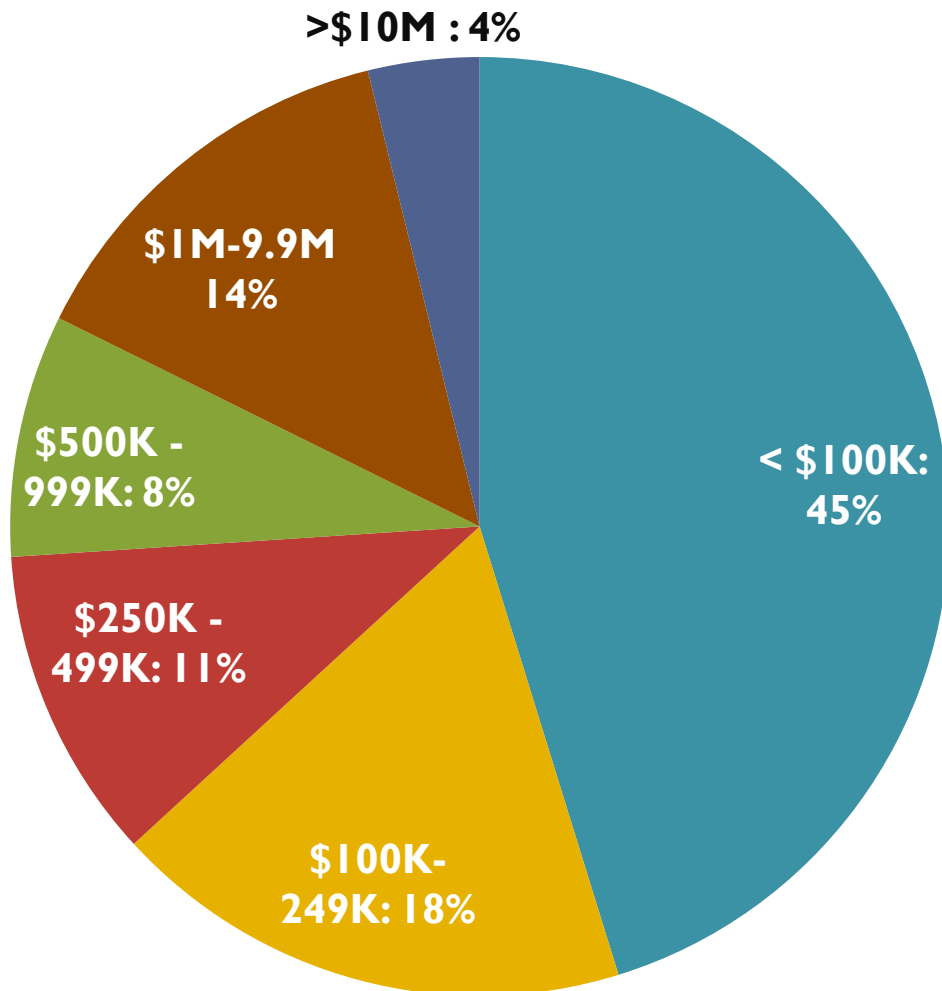
- de Tocqueville (1800's)
- Early and mid-1900's: classic charity
- 60's & 70's: Emergence of modern nonprofit sector
- Since 80's: Devolution and continued growth
- Now: Sector blurring, economic tensions



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)

Sector Size Breakdown



Expense Budget	%
< \$100,000	45%
\$100,000 - 249,999	18%
\$250,000 - 499,999	11%
\$500,000 - 949,999	8%
\$1-9.999 million	14%
\$10 mil. or more	4%

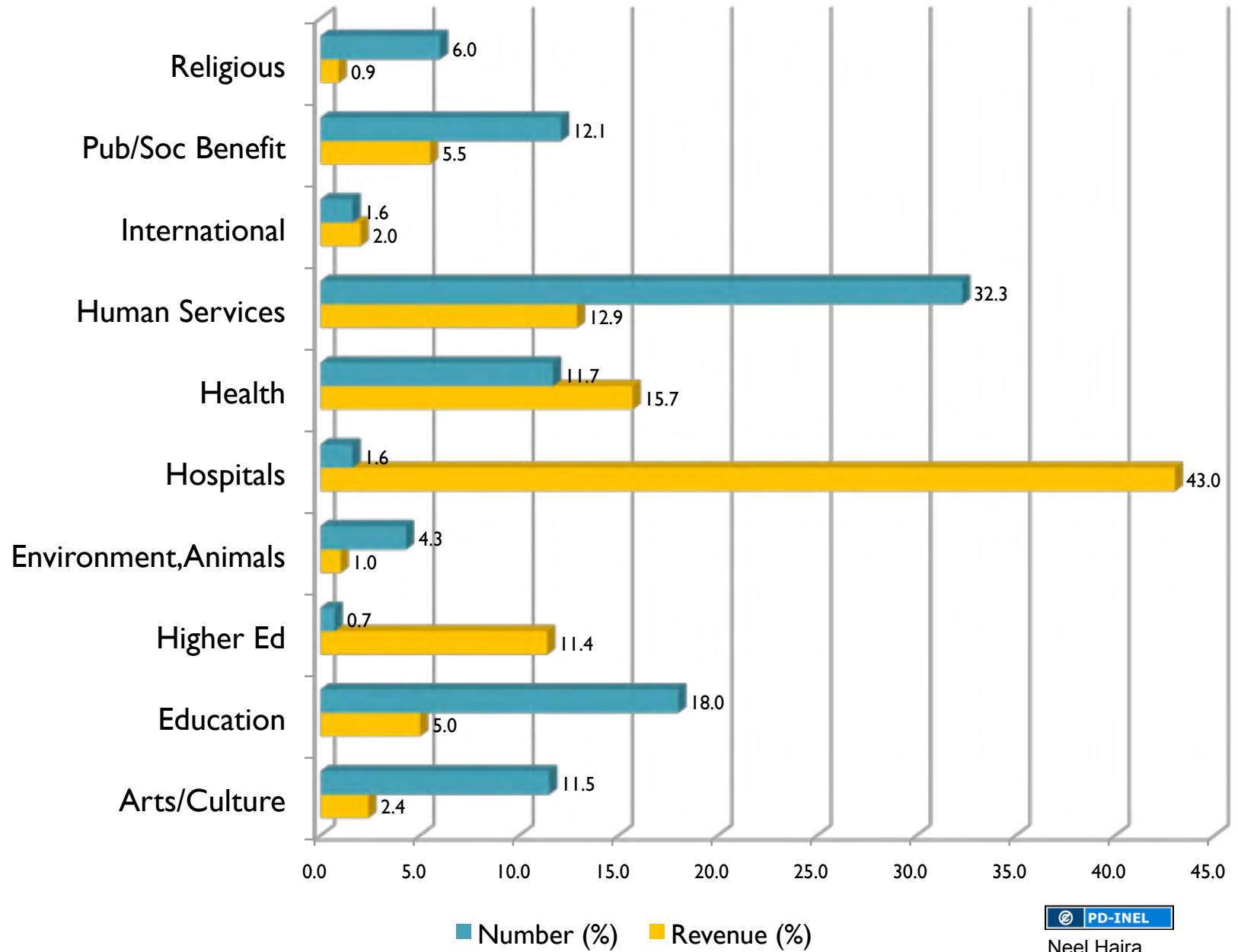
63% of charities had expenses of less than \$250k, but represented less than 2% of total expenses!

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





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?