

Civic Engagement and Community Solutions:

Facts and Figures Across the Sectors

Individuals, nonprofit organizations, the philanthropy sector, and business all have valuable contributions to offer in creating innovative solutions to the nation's urgent social needs. The following is a snapshot of each sector's current state of civic involvement and possible cross-sector strategies that will foster faster, more effective progress in addressing our most pressing social challenges.

Individuals

- **Volunteering increased in 2009.** A total of 63.4 million volunteers (26.8 percent of adults) served in 2009, an increase of 1.6 million volunteers over 2008. This is the largest one-year increase in the number of volunteers since 2003 and the highest level of volunteering since 2005, when volunteering peaked at 65.4 million.ⁱ
- **Volunteers contributed services worth an estimated \$169 billion.** The 63.4 million volunteers served 8.1 billion hours in 2009. Each hour was valued at \$20.85 based on the 2009 Independent Sector valuation for volunteer service.ⁱⁱ
- **Community factors influence volunteer rates.** Higher education levels, lower poverty rates, shorter average commute times, a robust nonprofit infrastructure, and higher levels of community attachment (such as home ownership rates) positively influence volunteering rates. States with higher unemployment rates were more likely to have lower volunteering rates. Large metro areas with higher rates of foreclosure were more likely to have lower rates of volunteering.ⁱⁱⁱ
- **Volunteers are more likely to get involved in other civic activities.** A September 2010 federal study found that people who volunteer are more likely to be engaged in other civic activities such as serving as officers or members of a committee. In the case of youth, volunteering leads to further civic engagement such as voting and organizing volunteer activities. The study also found a link between internet access and service; more than 30% of adults who use the internet volunteer, while only 14.3% of those who do not use the internet volunteer. Veterans are more involved in their communities than non-veterans.^{iv}
- **Individuals gave more than \$227 billion to charities in 2009, which is essentially unchanged from 2008 when adjusted for inflation.** From 2007 to 2009, individual giving decreased by 5.7% when adjusted for inflation.^v

- **While recent statistics show that volunteering has increased and individual giving has leveled off, individuals and families who are most in need are likely to find it more difficult to become or remain civically engaged in their communities.** Finding ways to involve people in these circumstances could be a challenging but important aspect of addressing many of the economic and social problems confronting the nation.

Nonprofit Organizations

- **The nonprofit sector includes more than 25 types of tax-exempt organizations.** The largest single category is the 501(c)(3), which includes a broad array of entities such as arts and cultural organizations, private colleges and universities, hospitals, environmental groups, human service organizations, private and community foundations, international aid groups, and religious organizations (although religious groups are not required to register with the IRS). To become a 501(c)(3), an organization must benefit the broad public interest.^{vi}
- **The number of 501(c)(3) organizations has grown dramatically over the past decade.** Independent Sector reports that there are approximately 1.4 million 501(c)(3) organizations in the U.S., an increase of 73 percent from 1998-2008.^{vii}
- **In 2008, public charities, which are the most common type of 501(c)(3), reported over \$1.4 trillion in revenues and over \$2.6 trillion in assets.** Health organizations, primarily hospitals and primary care facilities, accounted for 12.3% of the number of public charities reporting to the IRS and over 56% of the revenue reported. Human service organizations, on the other hand, made up 33.5% of the number of public charities reporting to the IRS and 12.6% of the reported revenue.^{viii}
- **The nonprofit sector provides 5% of the nation's entire Gross Domestic Product and employs approximately 9.7% of the country's workforce, 12.9 million people.**^{ix}
- **Today, nonprofits are facing multiple challenges that stretch them to do more with less and find new, innovative ways to achieve their missions,** including decreased giving from foundations and often from corporations as a result of the recession; increased demand for their services in areas such as of housing, food, and employment; state and local budget crises that affect government grant-making

and contracts to nonprofit groups; and increased expectations to demonstrate their effectiveness through evaluation.

- **Many nonprofits would benefit from sustainability education.** Challenges such as ensuring community needs are the driving force while still depending on securing grant funding; thinking strategically about cross-sector projects; and establishing strong, constructive, relationships with nonprofits forced to compete for the same funding demand advanced training. Many non-profits facing these challenges are successful at maintaining themselves, but would benefit from specific training and educational resources targeting their growing needs.^x

Philanthropy

- **Overall charitable giving in the U.S. decreased by 3.6% in 2009 to \$303.75 billion.** Most affected were charities involved in education and the arts, foundations, and donor-advised funds. Giving increased to organizations that serve immediate human needs, provide health services, deliver international aid, and protect the environment.^{xi}
- **Individual giving (including bequests) exceeded \$250 billion, or 83% of total charitable giving.** Foundations (including family foundations) contributed \$38.44 billion (13% of total giving) and corporations (including corporate foundations) gave \$14.1 billion (4% of total giving).^{xii}
- **Giving by corporations rose 5.5% while individual giving remained flat, and foundation grantmaking fell by 8.9%.** Bequests declined sharply, by 23.9%, after an unusually high level in 2008.^{xiii}
- **Approaches such as *venture philanthropy*, *catalytic philanthropy*, and *philanthrocapitalism*, have gained attention and use among donors seeking to increase the impact of their giving on solving social issues.** These methods emphasize demonstrating impact, investing in the growth of effective organizations, employing resources beyond traditional philanthropy, promoting multi-sector approaches, and applying business strategies to solving social problems.
- **Philanthropic institutions are faced with the challenge of changing long-standing business practices to adapt to a rapidly changing environment of globalization, new technologies, economic turmoil, and increased connectedness across sectors.** Going forward, philanthropies will need to find

ways to “act bigger” by strategically aligning resources with others and “adapt better” by adjusting their approaches based on the best available information about what works.^{xiv}

- **The Giving Pledge is an effort to invite the wealthiest Americans to commit to giving more than half of their wealth to philanthropy or charitable causes either during their lifetime or after their death.** The Giving Pledge requires individuals to make their commitments publicly in order to promote an open atmosphere for talking about giving and to draw more people into philanthropy. The effort, initiated by Bill and Melinda Gates and Warren Buffet, has inspired at least 40 individuals and families to make a pledge to date.^{xv}

Business

- **A survey of corporate giving trends found that a majority of the companies surveyed gave less in 2009 while some companies gave much more, resulting in an overall increase in total corporate giving.** Increases in giving were attributed to more funding for basic health and community needs, increased employee participation and caps in matching gift programs, increased in-kind donations, and larger giving budgets resulting from mergers and acquisitions.^{xvi}
- **A significant majority (73%) of large corporations surveyed by the Chronicle of Philanthropy expect their giving to remain about the same in 2010 as in 2009.**^{xvii}
- **Americans’ trust in business grew in the past year, increasing by 18 percentage points from 36% of those surveyed in late 2008 to 54% of those surveyed in late 2009.**^{xviii} However, Americans’ trust in the banking industry in particular has plummeted in the wake of the financial crisis, decreasing from 68% to 29% over the past three years, and most believe that business and financial companies will return to “business as usual” once the financial crisis is over.^{xix} More recent events, such as the BP oil spill in the Gulf of Mexico, may continue to erode the public’s trust in business.
- **Many business leaders recognize a need for business to be more involved in helping to solve social problems.** In particular, they rated product safety, health care, public education, and climate change as policy issues in which businesses should be more engaged.^{xx}

- **Businesses are continually challenged to direct their corporate philanthropy in ways that improve their profitability and produce a positive social impact.** While some have argued that corporate philanthropy is contrary to shareholders' interest in maximizing profit, there are studies that have found that it can benefit shareholders by enhancing corporate image or increasing revenue.^{xxi}
- **As businesses consider how to expand their role in addressing social issues, they may increasingly narrow the focus of their efforts to work on social causes that align with their strategic business goals and expertise.** Businesses are beginning to look beyond corporate social responsibility (CSR) as a means to enhance their corporate image or build their reputation. By focusing their CSR efforts on key strategic business concerns, they are finding ways to create value for both the business and society.^{xxii} Concerns such as long-term profitability; the ability to sustain a company's access to energy or other key resources it relies upon; and the need for an ongoing supply of educated workers are examples of the strategic business concerns that can influence a company's approach to CSR.

Cross-Sector Strategies: Looking Ahead for Innovative Solutions to Pressing Social Needs

- **Faced with increasingly complex social issues in a globally inter-connected environment that changes rapidly, all sectors are being called upon to work together more often and more effectively.** Strategies such as aligning resources across sectors to address common causes; sharing information widely about what works and doesn't work; being open to more sources of input; using new technologies to keep pace with change; and being willing to take risks to try new approaches have been put forth as ways to increase the impact of efforts to address our most pressing societal needs.^{xxiii}

New structures and enterprises for addressing social issues are emerging as the distinctions between the nonprofit, philanthropic, and business sectors become more blurred. More states have adopted or are considering B-corporation (benefit corporations) or L3C (low-profit limited liability corporations) laws that allow entities to use business methods to address societal problems and open up new avenues of funding for groups pursuing traditionally charitable purposes.^{xxiv,xxv}

ⁱ Corporation for National and Community Service, Office of Research and Policy Development. *Volunteering in America 2010: National, State, and City Information*, Washington, DC. 2010, June. Retrieved from www.volunteeringinamerica.gov. The annual collection of volunteering data began in 2002.

ⁱⁱ Corporation for National and Community Service.

ⁱⁱⁱ Corporation for National and Community Service.

^{iv} Corporation for National and Community Service and the National Conference on Citizenship. *Civic Life in America: Key Findings on the Civic Health of the Nation*, Washington, DC. 2010, September. Retrieved from www.nationalservice.gov/about/role_impact/performance_research.asp#CHA_2010.

^v Giving USA Foundation and The Center on Philanthropy at Indiana University. (2010). *Giving USA 2010: The Annual Report on Philanthropy for 2009 Executive Summary*, 4-6, 12. Retrieved from www.pursuantmedia.com/givingusa/0510/.

^{vi} The Independent Sector. Retrieved from www.independentsector.org/nonprofit.

^{vii} The Independent Sector. Retrieved from www.independentsector.org/scope_of_the_sector.

^{viii} Urban Institute. (2010). *The Nonprofit Sector in Brief: Public Charities, Giving, and Volunteering, 2010*, 2-4. Retrieved from www.urban.org. These figures include only those 501(c)(3) public charities that collected more than \$25,000 in gross receipts and filed an informational return with the IRS.

^{ix}The Independent Sector. Retrieved from www.independentsector.org/economic_role.

^x Abert, Connie, and Linda Gates. *Multi-Sector Community Collaboration — Assessing the Changing Environment For Extension Work*. Rep. Web. <http://www.uwex.edu/ces/pdande/Evaluation/pdf/ChgFull.pdf>

^{xi} Giving USA Foundation and The Center on Philanthropy at Indiana University, 3-4.

^{xii} Giving USA Foundation and The Center on Philanthropy at Indiana University, 6-7.

^{xiii} Giving USA Foundation and The Center on Philanthropy at Indiana University, 4-5.

^{xiv} Fulton, Katherine, Kasper, Gabriel, and Kibbe, Barbara. (2010). *What's Next for Philanthropy: Acting Bigger and Adapting Better in a Networked World, Executive Summary*. Monitor Institute, July 2010. Retrieved from www.monitorinstitute.com/whatsnext/.

^{xv} The Giving Pledge at givingpledge.org.

^{xvi} Committee Encouraging Corporate Philanthropy (2010). *A Majority of Companies Give Less in 2009, While Some Companies Give Significantly More*. Retrieved from www.corporatephilanthropy.org.

^{xvii} Barton, Noelle and Preston, Caroline. America's Biggest Businesses Set Flat Giving Budgets. *Chronicle of Philanthropy*, August 7, 2010. Retrieved from www.philanthropy.com.

^{xviii} Edelman. *2010 Edelman Trust Barometer Executive Summary*, 2. Retrieved from www.scribd.com/full/26268655?access_key=key-1ovbgbpawoot3hnsz3u.

^{xix} Edelman, 4.

^{xx} The Hitachi Foundation and Boston College Carroll School of Management, Center for Corporate Citizenship. (2009). *Weathering the Storm: The State of Corporate Citizenship in the United States 2009*, 15, 20. Retrieved from www.bcccc.net.

^{xxi} National Conference on Citizenship. (2010). *Is Corporate Philanthropy the Same as Stealing?* July 23, 2010. Retrieved from www.ncoc.net/index.php?tray=content&tid=103ktop2&cid=103k63.

^{xxii} Keys, Tracey, Malnight, Thomas W., and van der Graaf, Kees. Making the Most of Corporate Social Responsibility, *McKinsey Quarterly*, December 2009. Retrieved from www.mckinseyquarterly.com.

^{xxiii} Fulton, Kasper, and Kibbe.

^{xxiv} See www.bcorporation.net.

^{xxv} Community Wealth Ventures, Inc. *L3C: Low-Profit Limited Liability Company Research Brief*, July 2008. Retrieved from www.communitywealth.org.