

NATURE AND EXTENT OF NONPROFIT ORGANIZATIONS IN AMERICAN SOCIETY

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The sociopolitical and economic structure in the United States consists of three major sectors: government, private, and nonprofit. The sectors have their own unique histories but are also inextricably linked; each sector influences the others. Most people are familiar with the history and development of the governmental sector, and virtually all people in the country, naturally, are highly invested in and attuned to the private (i.e., personal or organizational) sector. But what about the nonprofit sector? Not as much is known about the rationale for, legal parameters of, and workings of the nonprofit sector, even though nonprofit organizations touch our lives in countless ways, especially in terms of public health and healthcare. In this first chapter, we will explain the overall nature and extent of nonprofit organizations in the United States and, more specifically, the health-related nonprofits that are the focus of this book.

Nonprofits and the American Spirit

At some level, the establishment and operations of nonprofit organizations are unique to the United States. Nonprofits have been part of the American spirit since the country's inception in 1776—and even before. The purpose and functions of nonprofits are evident in founding documents such as the Declaration of Independence and the US Constitution, and nonprofits played a significant role in the nation's first attempts at practicing healthcare and protecting the public health.

The American ideology is commonly associated with the four classic characteristics of liberty, equality, individualism, and fraternity. Fraternity—often exercised through charity—might not be spoken of as often as the other three characteristics, but it is well established in the country's approach to healthcare and public health. The first American hospital, Pennsylvania Hospital in Philadelphia, was founded in 1751 by Benjamin Franklin and Thomas Bond and supported by charity, demonstrating the vital role of nonprofits that continues to this day. Today, most US hospitals remain as nonprofits;

countless small, community-based clinics operate on a nonprofit basis, especially in underserved areas; and much of the health insurance business has been occupied by nonprofits. As each disease, condition, or malady presents itself to the American people, you can be sure a nonprofit organization will form to fight for the cause and help people in need, whether through research, direct care, education, or advocacy.

As noted in the introduction to this book, early observers of “the American way,” such as Alexis de Tocqueville, noticed the contributions of associations and works of charity—actions by groups of people that were not organized by government entities or undertaken for private economic gain. Other countries, over time, have developed nongovernmental organizations (commonly called NGOs), but nonprofits in the United States are more pervasive, have greater latitude from governmental parameters, and play a much larger role in the lives of the people than in any other country. Nonprofits, clearly, are part of the American spirit.

Three Sectors of Society

The three sectors of society—government, private, and nonprofit—have political, social, and economic rationales for their establishment and continuing existence, as shown in exhibit 1.1. These rationales influence each sector’s function, structure, and impact.

The government sector has its founding and validity in the well-established “social contract” describing what we as a people ask and expect of our government. This sector historically has been limited by our constitutional political framework and its subsequent set of rules, laws, and regulations—of which there are many. Generally, the government sector serves all the people. It is influenced by “we the people,” political and civil servant officials, and the political process.

The private, for-profit sector—which preceded the government sector—is focused on economic gain and driven by the philosophy that private individuals and groups should be allowed to freely pursue their interests, serve whomever they want, and keep their rewards. The role of the government in influencing the private sector is generally limited—although the degree of government intervention does vary. Entities in the private sector accept, de facto, the business model of supply and demand. The private sector, by design, wants to answer to its “customers” and let them decide what products and services are worth. Those in this sector are free to do whatever they wish with their gains, economic or otherwise.

The nonprofit sector arose from the American ideology of fraternity and charity—the idea that we are “our brother’s keeper”—combined with

EXHIBIT 1.1
 Three Sectors
 in American
 Society

Government	Private For-Profit	Nonprofit
<ul style="list-style-type: none"> • Philosophical foundation in our “social contract” • Authorized to operate via elected officials • Serves an “unlimited public” • Jurisdiction via constitution and laws • Driven by political forces 	<ul style="list-style-type: none"> • Philosophical foundation in our economic system • Use of the business model (works within laws, regulations, and informal “good business practices”) • Demand for business to gain profit; maximize utility for owners • Nature of trade/ exchange (purpose) • Driven by consumer/ buyer preferences 	<ul style="list-style-type: none"> • Philosophical foundation in our belief in pluralism and civil society • Authorized to operate by government via a special legal status • Serves a <i>public interest</i> • Jurisdiction can be flexible • Driven by various needs of the public

the American penchant for limited government. A summative description for why we have nonprofits in the United States is that they enhance and improve the human condition for the betterment of individuals and society. Nonprofits exist for the public good; they do good work.

The government approves of nonprofits for two reasons. First, it recognizes the common interest of serving the public. Second, it realizes that the more the nonprofits do to serve the public, the less government has to do, and the less money government has to expend on a particular area of need. The government sector, at both the federal and state levels, grants approval for an organization’s nonprofit status after review of a detailed application. A major part of the review involves considering the organization’s mission

and determining whether the organization is meeting a true unmet need for society. The nonprofit is subject to a set of oversight rules and regulations, which can vary by state. In return for the services it provides, the nonprofit receives a number of accommodations from the government—many involving relief from taxes (discussed further in chapter 7).

The private sector generally leaves the nonprofit sector alone unless it senses that nonprofits are encroaching into its “area of business.” Both the private sector and the government want nonprofits to stick closely to the organizations’ missions; they do not want nonprofits to morph into entities that look too much like them. In other words, they do not want nonprofits to focus too much on producing products and services that are better left to the for-profit sector, or to resemble government entities that are influenced by the political process. Nonprofits, by design, should be politically neutral. However, these issues often become a challenge, given the complicated, inextricable links among the three sectors.

Entities from the three sectors commonly interact with regard to how money is raised and used, who leads organizations, what programs are offered, and how oversight is applied. Some of these interactions are supportive, whereas others create tension or concern. A nonprofit religious organization, for instance, might receive funding from a government entity to undertake a social service, or a staff member from a nonprofit organization might sit on a government-organized expert panel to decide who receives funding through a government grant. In another example, a nonprofit educational organization might take a significant amount of money from a corporation, potentially raising concerns about conflicts of interest with the nonprofit’s mission. Elected government officials might sit on nonprofit boards of trustees, potentially tempering the opinions of other board members, and nonprofit board members might testify in concert with a government agency to support a health measure being reviewed by a legislative body. The interaction of money, leaders, personnel, volunteers, opinions, interests, and influence between and among entities in the three sectors is inevitable. Rigorous oversight by members of each sector—and by the general public—helps ensure that the function and mission of each entity have a high level of fidelity.

Types of Nonprofits

Thomas Wolf (2012, 7) defines nonprofit organizations as “those legally constituted, nongovernmental entities incorporated under state law as charitable or not-for-profit corporations that have been set up to serve some public purpose and are tax-exempt according to the IRS [Internal Revenue

Service].” To be officially recognized by the government as a nonprofit, an entity must clearly define its focus area, the people it serves, and the way in which it serves an identified need. Nonprofits can fit into several categories depending on the source of review; categorization may also depend on the language used by a state government. Exhibit 1.2 presents the major focus areas of nonprofit organizations in the United States today.

Of course, charity—doing good for others and expecting nothing in return—is a central focus of the nonprofit sector. However, as you can see from the list in the exhibit, not all nonprofits need to be charitable. Laws at the state and national level, and increasingly at the local level, interpret society’s needs and “good works” in a variety of ways. Associating with your neighbor in healthy and productive areas—such as engaging in formal religion, participating in civic activities, or volunteering to improve natural and public spaces—is generally seen as good. But sometimes these needs become the subject of debate or controversy, particularly if people feel a nonprofit has gotten “too political.” The government generally looks favorably on organizations that aim to maintain confidence in the political system or support a political ideology while remaining nonpartisan, but it tends to be reserved and watchful of nonprofits that encroach too far into electioneering.

Other issues further complicate discussions about nonprofit status. Well-established universities and hospitals provide unquestionably valuable services to society in the areas of education and health. However, when these institutions start looking too much like for-profit companies and are run like major corporations, many people question whether they deserve nonprofit status and the social and economic accommodations that come with it (e.g., major relief from paying taxes). Similarly, government entities are usually

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|---------------------|-------------------------------------|
| • Religious | • Animal welfare |
| • Welfare charity | • Recreational |
| • Social service | • Environmental preservation |
| • Health-related | • Fraternal association |
| • Educational | • Social |
| • Research | • Professional membership |
| • Historical | • Labor, trade, or business leagues |
| • Arts and cultural | • Agri-horticultural |
| • Civic | • Title-holding corporations |
| • Political | • Employee/retirement benefits |
| • Advocacy | |
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EXHIBIT 1.2
Major Focus
Areas of
Nonprofits

amenable to promoting sports, such as through nonprofit Little League baseball in our communities. However, many people question whether college and professional sports should be allowed to form nonprofit associations that benefit only a narrow group of people.

Section 501(c)(3) of the Internal Revenue Code allows for certain entities to be exempt from federal income taxes if they meet certain requirements. Exhibit 1.3 lists the ten major categories of 501(c)(3) organizations that the IRS uses to identify nonprofits.

Determining the Extent of Nonprofits in the United States

Several organizations track the number of nonprofits in the United States. One would think this task would be a matter of straightforward accounting, given that nonprofits have to officially register and be recognized by a government entity. However, rules vary among the states, and some nonprofits, including many religious organizations, do not need to register with the IRS. Furthermore, new nonprofits are forming weekly, and many nonprofits go out of existence, often without notifying a government entity. Finally, some of the organizations that track nonprofits might not be tracking all types of nonprofits. For example, some groups might only track foundations, which represent only a single category of nonprofits.

Therefore, estimates of the number of nonprofits in the United States involve some degree of guesswork. When reading information about the extent of nonprofits, always consider the source and the way the source defines the types of nonprofits. This section will describe various entities that

EXHIBIT 1.3

Ten Major
Categories of
IRS 501(c)(3)
Organizations

- Arts, culture, and humanities
 - Education and research
 - Environmental and animals
 - Health services
 - Human services
 - International and foreign affairs
 - Public and societal benefit
 - Religion
 - Mutual/membership benefit
 - Unknown, unclassified
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track the number of nonprofits in the United States. Additional information is available in the Further Reading and Resources list at the end of the chapter.

The National Center for Charitable Statistics (NCCS)—a collective of scholars who analyze the size, scope, and performance of nonprofits—estimates that more than 1.5 million nonprofit organizations are registered in the United States (McKeever 2019). The NCCS website (<https://nccs.urban.org/>) presents annual briefs and provides users with access to a wide variety of data related to those nonprofits. Candid (2019), an organization that formed through a merger of the Foundation Center and GuideStar, maintains a database of more than 1.8 million IRS-recognized nonprofits. A variety of information can be accessed via the organization’s website (<http://candid.org>).

An Urban Institute / NCSS report titled “The Nonprofit Sector in Brief” discusses “trends in the number and finances of 501(c)(3) public charities and key findings on two important resources for the nonprofit sector: private charitable contributions and volunteering” (McKeever 2019). According to the 2019 brief, approximately 1.56 million nonprofits were registered with the IRS in 2015, representing a 10.4 percent increase since 2005.

The Urban Institute / NCSS report notes that religious organizations with less than \$50,000 in annual revenue do not have to register with the IRS, although some do. Additionally, the brief is based on research on 501(c)(3) organizations. Many more nonprofits belong to other legally designated categories, such as foundations and 501(c)(4)s. The latter category comprises civic groups, social welfare organizations, and local associations of employees, which usually function as a type of lobbying organization. (Concerns arise when such organizations go too far in directly favoring a specific political party or candidate; see chapter 17 for discussion.)

The Urban Institute / NCSS brief in 2015 reported that more than 950,000 organizations were classified as public charities in 2013, representing more than two-thirds of all registered nonprofits (McKeever 2015). The report states: “Between 2003 and 2013, the number of public charities grew 19.5 percent, faster than the growth of all registered nonprofits (2.8 percent). The number of registered public charities also grew faster than other nonprofit subgroups during the decade, including private foundations, which declined 8.3 percent, and 501(c)(4) organizations, which declined 0.32 percent.” Thus, charities continue to make up the overwhelming share of the nonprofit sector—approaching 70 percent.

The Foundation Center (2014) estimated that the United States had 87,142 grant-making foundations in 2013. Although most people recognize big-name public foundations such as the Robert Wood Johnson Foundation and the Bill & Melinda Gates Foundation, most foundations are smaller, family-run entities.

If we assess the various reports on the extent of nonprofits in the United States, and if we account for variances in tracking and the number of nonprofits likely to be missed, we can conclude that the overall number of nonprofits in the United States could be close to 2 million—and the number is increasing.

During the 1980s the NCCS, in collaboration with major nonprofit groups, developed the National Taxonomy of Exempt Entities (NTEE) to classify nonprofits for statistical, analytical, and comparative purposes (Jones 2019). The NTEE applies four-digit codes to nonprofits, first assigning entities to large genres and then into narrower species. The taxonomy has some 645 codes, which are organized into 26 major groups and then into broad categories. Exhibit 1.4 shows eight major categories in the taxonomy, with the percentage that each functional type represents.

What Do Nonprofits Contribute to the Economy?

Contributions of nonprofits to a country's economy can be assessed based on several markers, such as number of people employed; wages; number of dollars donated, raised, or moved around; and overall contribution to the nation's gross domestic product (GDP). According to the US Bureau of Economic Analysis, the nonprofit sector's share of the US GDP was 5.4 percent of the US GDP in 2015 (McKeever 2019).

Employment is always a good indicator of healthy industry. Employment statistics vary among states, regions, and cities, but people are often surprised by the high percentage of workers who are in the nonprofit sector. According to a 2012 report by the Center for Civil Society Studies at Johns Hopkins University, nonprofit organizations employed nearly 10.7 million paid workers in 2010, representing 10.1 percent of total US employment (Salamon, Sokolowski, and Geller 2012). In terms of employment, the

EXHIBIT 1.4

National Taxonomy of Exempt Entities	Human Services	35.5%
	Education	17%
	Health	13%
	Public, Societal Benefit	11.6%
	Arts, Culture, and Humanities	9.9%
	Religion Related	6.1%
	Environment and Animals	4.5%
	International, Foreign Affairs	2.1%

Source: Data from National Council of Nonprofits (2019).

nonprofit sector was the third largest of all US industries, behind retail trade and manufacturing.

The Bureau of Labor Statistics (BLS), part of the US Department of Labor, reports similar findings. In 2012, employment in nonprofit organizations totaled 11.4 million people, representing 10.3 percent of total US private-sector employment (BLS 2014). Breaking the data down by region, BLS finds the highest numbers of nonprofit employment are in the Mid-Atlantic, New England, and northern Midwestern states. The District of Columbia has the highest proportion of nonprofit employment, given that many business, industry, trade, professional, and other nonprofit associations have their headquarters in the nation's capital. Many nonprofit headquarters settle in the areas of Virginia and Maryland that border DC. *The Nonprofit Almanac* reports that, in 2010, nonprofits accounted for 9.2 percent of all wages and salaries paid in the United States (McKeever, Dietz, and Fyffe 2016).

Looking globally, the Center for Civil Society Studies at Johns Hopkins reports that the nonprofit workforce is estimated to make up an average of 7.4 percent of the total workforce in selected countries for which data are available. The United States is one of six countries where that figure is higher than 10 percent (Salamon et al. 2013).

Although the exact employment figures and economic contributions of nonprofits may be difficult to track, their impact is abundantly clear in many communities across the United States. Large nonprofits such as hospitals and universities have a broad range of job types and salary levels, and they employ individuals across all segments of society. Take any moderate-size US city, and chances are that a college or university, a hospital, and combinations of private education and religious organizations will be among the top private employers. Remarkably, nonprofits' economic contributions to communities continue even in the face of recessions. Through the recession of 2008, the nonprofit sector continued to gain jobs even as the for-profit sector plummeted (Salamon, Sokolowski, and Geller 2012).

A "town and gown" phenomenon is apparent in many towns where a single, private nonprofit college makes a strong, positive economic contribution to the community; in such instances, the college and the community can be so inextricably linked that the organization's policy measures—from simple day-to-day operations to decisions about growth—need to be carefully considered. Similarly, some large cities, such as Philadelphia, Pennsylvania, have positioned themselves as havens for "eds and meds" (i.e., educational and medical institutions) as part of an effort to attract companies and talented employees.

The nonprofit sector has myriad economic indicators that show the significant value of nonprofits to almost any community. Some of the most obvious indicators have been discussed in this section, but some of the others

are not as widely recognized—for instance, the number of volunteer hours people dedicate to nonprofits and charitable giving. These many contributions to community, town, and city economies are what will likely keep government entities from collecting tax revenue from nonprofits. As governments at all levels look for ways to raise money or stave the decline on the revenue side of their budgets, the nonprofit sector will need to ensure that government officials and the general public are more acutely aware of these contributions.

Nonprofit Health Organizations

As with nonprofits in general, trying to explain the nature and extent of health nonprofits is challenging. Entities (both government and nonprofit) differ in the metrics they collect, and many health nonprofits are highly complex, with significant crossover of functions (e.g., delivering both education and health services). Also, many religious organizations provide health services; these organizations and their work might not be captured in some taxonomies. Earlier in the chapter, in exhibit 1.4, the category of health nonprofits was shown to represent about 13 percent of all nonprofits; however, the delivery of health services and support for healthy lifestyles are a focus of many nonprofit organizations across multiple categories within the taxonomies.

To develop an understanding of the nature of health-related nonprofits, hospitals are a good place to start—both for their high level of visibility and the complexity of the services they provide (which are, literally, life-and-death services). The nation's first hospital, Pennsylvania Hospital, was a nonprofit founded on the principles of charity. Benjamin Franklin and Thomas Bond started it in 1751 because they saw the need to care for Philadelphia's sick, poor, and insane. Today, the hospital is a medical center with well over 500 beds.

Nonprofit hospitals developed naturally where philanthropists were located or where religious groups were located, as religious orders provided much of the patient care labor in hospitals. For-profit and government hospitals generally emerged to fill gaps wherever nonprofit hospitals were not present (e.g., in the sparsely populated South and West) or where people needed more services (e.g., large cities). The emergence of for-profit and government hospitals brought about many changes over the years, but the prominence of nonprofit hospitals—in terms of both numbers and prestige—remained strong. The overall public sentiment has been that healthcare “works better” with a nonprofit, benevolent approach.

In Sickness and in Wealth, a book by Rosemary Stevens (1989), documents the rise of hospitals in the United States. In 1910, the United States had about 220 government-run hospitals at the city and county levels and

between 1,500 and 2,000 proprietary hospitals. However, many of the proprietary hospitals were small and had short lifespans, especially as hospital services became more complex. Private nonprofit hospitals numbered only 1,273 at that time, but as many for-profit hospitals closed and the nonprofits expanded, they soon became the predominant hospitals across the country.

According to a survey by the American Hospital Association (2019), the United States today has about 6,210 hospitals, the largest category of which consists of nonprofit community hospitals, numbering 2,968. The country has 1,080 government hospitals (mostly state and local, with about 200 of them federal) and 1,322 investor-owned or for-profit hospitals. Nearly all specialty hospitals (e.g., children's hospitals, cancer hospitals, organ hospitals, psychiatric hospitals) are nonprofit. The feelings of philanthropy, benevolence, charity, and overall goodwill are common to all hospitals, as demonstrated by the large amounts of uncompensated care given by hospitals of all types. Large university hospitals, with their extensive affiliations with medical centers, play a highly visible role in medical education, as well as in the education and training of every healthcare professional. Not so visible, but still well established, are the millions of dollars spent on basic biomedical and clinical research through all types of hospitals.

Voluntary health organizations (VHOs) are another highly visible group of health nonprofits, and they make significant contributions across a wide range of health-related areas. Given the taxonomy code of TD-1200.6600-900, VHOs are defined as "Nonprofit, nongovernmental agencies that are organized on a national, state or local basis and supported primarily by voluntary contributions from the public at large, which are engaged in a program of service, education and research that relates to a particular disease, condition or disability or group of diseases, conditions or disabilities. The primary activity of voluntary health organizations is to raise funds for health related research" (Taxonomy of Human Services 2019).

These organizations are important for readers to understand for a number of reasons. First, their size—in terms of such metrics as money raised, people employed, and people served—is impressive. Second, VHOs have a high level of credibility for health information and programming; they are highly trusted by both the public and policymakers. Third, their commitment and contributions to research bring a high level of prestige. Fourth, they operate at all geopolitical levels; many have an international network and influence. Fifth, VHOs tend to practice great discipline; they remain focused on their mission and avoid mission creep, especially in the advocacy area. These organizations have become the model for efficiency, effectiveness, and overall strategic management and stewardship in running nonprofits.

Any search at the state or national level will show scores of VHOs, including many well-known organizations prefaced by the word *American*:

- American Cancer Society
- American Heart Association
- American Lung Association
- American Diabetes Association
- American Kidney Fund
- American Parkinson's Disease Association
- American Childhood Cancer Organization
- American SIDS Institute

Many voluntary nonprofit organizations have formed in response to emerging health concerns such as AIDS; amyotrophic lateral sclerosis (ALS), commonly known as Lou Gehrig's disease; autism; Alzheimer's disease; brain injury; Crohn's disease; depression and bipolar disorder; anorexia and other eating disorders; and post-traumatic stress disorder.

Many smaller health nonprofits operate at a national level but address a very narrow health issue—for instance, a rare disease or condition that affects only a small number of people. Most of these nonprofits cannot afford to have a state or local presence. Their contributions may resemble the programs and services offered by other nonprofit health groups, but usually these smaller groups dedicate efforts to a single service or select few services—such as setting up a foundation to raise money for research, providing information on a website, or operating a hotline for family members of people in need. Some examples of these smaller groups include the following:

- Sjögren's Syndrome Foundation
- National Organization for Rare Disorders (NORD)
- Congenital Diaphragmatic Hernia (CDH) International
- National Tay-Sachs and Allied Diseases Association
- Turner Syndrome Society of the United States

Some nonprofit groups that provide a mix of health and social services might not be listed or counted along with other nonprofit health groups. For example, the Salvation Army, one of the most recognized and respected nonprofit social agencies, assists individuals and families with wellness programs and addiction-rehabilitation programs. The American Red Cross—widely regarded as the premier humanitarian organization in the country and internationally—is difficult to categorize among the health nonprofits. Although best known for its disaster relief and blood-collection/distribution efforts, the American Red Cross has also provided high-quality health and safety education, including in the areas of cardiopulmonary resuscitation (CPR) and HIV/AIDS education. It literally gives “blood, sweat, and tears” to the

public. The United Nations Children’s Fund (UNICEF) is similarly difficult to categorize, given its expanse of social service and child advocacy services, but it certainly influences children’s health. It might be most widely recognized for its long-standing fund-raising program in which children “Trick-or-Treat for UNICEF.”

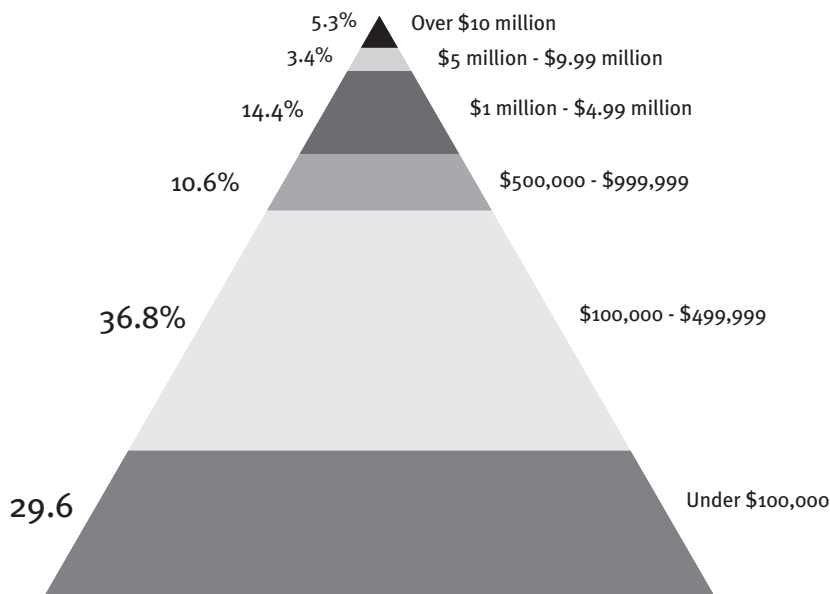
Some nonprofit health groups are almost fully funded through fee-for-service payment, often via one or several levels of the government. These groups operate differently from other nonprofits in a number of ways, especially with regard to fundraising and the need for volunteers to deliver programs and services. For example, the Planned Parenthood Federation of America, outside of government and fee-for-service payments, needs to raise only about 30 percent of its revenue. The Visiting Nurse Association of America, another example, is almost wholly funded by government sources (Medicare and Medicaid); it has some 130 locations and generated over \$1 billion in revenue in 2014. Many mental health agencies are funded by government sources or health insurance, thus obviating the need for staff and volunteers to fundraise among the general public. Health nonprofits funded in this manner generally use more paid staff members to deliver services; hence they have less of a need for volunteers to deliver mission-related activities.

The overwhelming majority of nonprofit health groups in a local area will be “small” nonprofits, in terms of both annual budget and number of staff employed. As exhibit 1.5 shows, about 30 percent of nonprofits have budgets under \$100,000, and about two-thirds of nonprofits have budgets below \$500,000. Only about 5 percent—generally, the largest and most well-known nonprofits—have budgets over \$10 million. Therefore, most nonprofits—especially health-related nonprofits—can be considered organizations “close to home,” ready and able to be of service to members of a community. Staff and volunteers at these organizations are most likely drawn from the same communities they serve. These nonprofits might not be as sophisticated or as well funded as midsized to large nonprofits, but they could very well provide “higher touch” service to people in need.

Check a local directory or online listing of nonprofit health groups, and you will find a host of organizations ready to serve their community. The small, local nonprofit health groups will most likely offer two major types of service: (1) efforts focused on public education and awareness and (2) some form of patient service, such as psychosocial or coping support groups, transportation, or referrals. As nonprofit health groups grow, they may add more organized public policy advocacy, professional education, and fundraising to support research related to particular health issues.

Organizing a research awards program is a major enterprise undertaken only by the largest nonprofit health organizations. These nonprofits do not employ the researchers or own the facilities; instead, the research is

EXHIBIT 1.5
Percentage of
Nonprofits by
Budget Size



Source: Used with permission from National Council of Nonprofits.

undertaken by people employed by universities, hospitals, and research institutes. Biomedical research programs are usually extremely expensive. Most such research in the United States is undertaken by government entities, and most is directed by professionals at the national level.

The internet offers a variety of convenient, effective options for looking up information about nonprofit health organizations. A good way to start is by contacting the local United Way office. United Ways have traditionally kept directories of nonprofits and ensured that the directories are well organized and up to date. In addition, local hospitals often keep nonprofit referral listings. Local health departments and local, county, and state public officials' offices are also likely to have some type of nonprofit services directory. Chambers of commerce and libraries often have nonprofit organization listings as well.

Summary

The US sociopolitical and economic structure has three major sectors: government, private, and nonprofit. Each sector has its own unique history, but

all three are inextricably linked. Each one influences the nature and extent of the others. Entities in the three sectors interact with regard to the way money is raised and used, organizational leadership, the programs offered, and oversight of the activities.

Nonprofits are a unique part of US society and have been part of the American spirit even before the country's inception. Nonprofits—centered around the notion of fraternity, often exercised through charity—played a significant role in the nation's earliest attempts to practice healthcare and protect the public health, and this role continues today. The role of nonprofits in American society is further strengthened by Americans' preference for limited government and belief that, at some level, "we are our brother's keeper." Nonprofits exist for the public good; they exist to enhance and improve the human condition for the betterment of individuals and society.

Nonprofit organizations come in a variety of types, and each has to have some form of governmental or legal recognition. However, determining an exact number of nonprofits in the United States is challenging, given complexities in the ways nonprofits are categorized and the fact that nonprofits are continually forming and going out of existence, often without notifying a government entity. The number of US nonprofits could be close to 2 million. Most of these are small, local organizations with small budgets, but the sector collectively employs a lot of people and engages volunteers in countless hours of work. In the aggregate, nonprofits contribute significantly to the US economy through the number of jobs, the money raised by the public and private donors, and their overall contribution to the GDP.

Health-related nonprofits—including those active in wellness activities, preventive health services, high-level curative care, rehabilitation, and advocacy, as well as social services and education—are a diverse and robust group of organizations. They form at the local, state, and national levels to fight against new and enduring diseases, conditions, and maladies, and their activities commonly involve public and professional education, some form of direct care, public policy advocacy, and research funding. Many health nonprofits run similarly to midsized corporations, such as large hospital systems, insurance companies, and long-term care facility networks. This book will focus primarily on voluntary nonprofit health groups, both mature and emerging, and small community-based organizations (CBOs).

Anyone involved in health and healthcare today, regardless of sector, should have a basic working knowledge of the health nonprofits, because virtually everyone in the healthcare field will either be employed by a nonprofit or interact with health-related nonprofits in significant ways. This basic working knowledge should cover the general purpose, operations, and management of nonprofits and the major functions of public education, prevention

programs, patient education and services, research, professional development, and advocacy. An understanding of nonprofits should be a professional development objective for every public health and healthcare worker.

Further Reading and Resources

- The American Hospital Association (AHA), the largest trade organization for hospitals in the United States, traces its history to the turn of the twentieth century. Its annual “Fast Facts” can be found at www.aha.org/research/rc/stat-studies/fast-facts.shtml.
- The Bureau of Labor Statistics (BLS) of the US Department of Labor keeps employment data, wages, and establishment figures for nonprofit organizations. The BLS website (www.bls.gov) offers a wealth of information, including an animated map and accompanying charts that can show state-by-state labor contributions from nonprofits during selected periods.
- Candid was established in 2019 through a merger of the Foundation Center and GuideStar. The Foundation Center was established in 1956 to provide information about philanthropy worldwide. It has conducted research, education, and training programs and maintained a database of US and global grant makers and their grants. GuideStar, founded in 1994, has gathered and disseminated information about IRS-registered nonprofit organizations, to help consumers and public officials make giving, funding, and volunteer decisions. Since the formation of Candid, resources from both the Foundation Center and GuideStar have been brought together at <http://candid.org>.
- The Center for Civil Society Studies at Johns Hopkins University describes itself as a source of “ground-breaking research and knowledge about the nonprofit sector, social investing, and the tools of government.” With collaborators from the nonprofit, government, and for-profit sectors, the center conducts research and education to “improve current understanding, analyze emerging trends, and promote promising innovations in the ways that government, civil society, and business can collaborate to address social and environmental challenges.” See <http://ccss.jhu.edu/>.
- The Urban Institute (www.urban.org) was founded in 1968 to help understand the problems facing US cities to and assess programs of the “War on Poverty.” This independent organization, based in Washington, DC, has researchers and policy analysts organized into a dozen policy centers that work with communities to solve real-world problems. The Urban Institute does not take positions on issues per

se, but it “shares evidence-based views and recommendations shaped by research.” The Urban Institute has a Center on Nonprofits and Philanthropy (www.urban.org/policy-centers/center-nonprofits-and-philanthropy) that publishes regular research reports, as well as a National Center for Charitable Statistics (<http://nccs.urban.org/>) that aims to “develop and disseminate high quality data on nonprofit organizations and their activities for use in research on the relationships between the nonprofit sector, government, the commercial sector, and the broader civil society.”

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