The Nonprofit Human Service Sector of Mecklenburg County 2009-2010

Nonprofit and Voluntary Action Center

Department of Political Science

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Purpose

The purpose of this report is to look at the health and vitality of the human services nonprofit sector in Mecklenburg

County and to examine any changes that may have occurred between the years 2009 and 2010. Specifically, we will look at the growth (or decline) in the number of human service nonprofits, as well as the growth or decline of reported revenues among nonprofits in Mecklenburg County, especially in light of the recession.

Data

The data for this report are from the Business Master File which is from the National Center for Charitable Statistics.

This file reports tax information (including income and revenue, etc.) that a variety of nonprofits have provided to the IRS over the past few years through Form 990. We specifically examined information about the numbers and types of nonprofits and their revenues provided by Mecklenburg County human service nonprofits in March 2009 and March 2010.

Key Findings

- The number of human service nonprofits in Mecklenburg County grew from 310 to 361 between 2009 and 2010—an increase of 16%
- The area of human services with the greatest number of nonprofits overall is General Human Services, which had 72 nonprofit organizations in Mecklenburg County in 2010.
- The biggest area of growth was in Human Services Support organizations,
 which experienced a growth of 120%
 between 2009 and 2010

- Another area that saw significant increase was Human Services Other non-profits, which increased by 50%.
- Two types of human service nonprofits saw a decrease in number of reporting organizations from 2009 to 2010, Family Services (a 2% decrease) and Personal Social Services (a 20% decrease).
- Emergency Assistance was the only group of human services nonprofit organizations to maintain the same number of nonprofits between 2009 and 2010 in Mecklenburg County

Table 1: 2009-2010 Number of Human Service Organizations in Mecklenburg County

Type of Organization	2009	2010	Percent Change	Reported to IRS in 2009 and 2010
Human Services Support	15	33	120%	11
General Human Services	59	72	22%	49
Children and Youth Services	47	54	15%	41
Family Services	44	43	-2%	39
Personal Social Services	15	12	-20%	11
Emergency Assistance	16	16	о%	14
Residential Care	53	57	8%	48
Support Centers	53	62	17%	47
Human Services Other	8	12	50%	8
Total	310	361	16%	268

Changes in the Human Service Sector 2009-2010

The human service sector has seen a 16% growth in the number of nonprofits in Mecklenburg County between 2009 and 2010. While this may seem surprising during an economic downturn, there are a couple of important factors that must be taken into account.

The first important factor to notice is that the biggest growth in human service nonprofits has not been in the actual service providing nonprofits themselves, but the growth is in the Human Service Support Organizations. In the nonprofit world, it is common for organizations to have supporting arms that perform fundraising activities, member engagement or capacity building. In a time of financial crisis, it is reasonable that there would be an increased need for support organizations. They can perform those businessrelated functions for the primary organizations so that those entities can concentrate on continuing to provide necessary services and carrying out their missions

Another key factor to note is that the nonprofit filing requirements for the IRS have changed since 2007. Previously, only nonprofits with annual revenues of over \$25,000 were required to file a 990 form with the IRS. However, that law changed in 2007 and all nonprofits, regardless of revenue level, were required to file 990s by 2010. Therefore, over the past couple of years there has been an increase in the number of nonprofits reporting to the IRS.

However, this does not mean that those are all new nonprofits. Of 361 human services nonprofits that filed with the IRS in 2010, 93 had not reported in 2009. Of those 93, 77 reported zero revenue. Two additional nonprofits reported less than \$25,000 revenue and three reported negative revenues. Therefore, it would be incorrect to assume that there was actually a 16% growth in the number of new nonprofits between 2009 and 2010 as some of these nonprofits may have existed prior to 2010 but were not required to file a Form 990.

Table 2: 20	009-2010 Ch	anges in Reve	Table 2: 2009-2010 Changes in Revenue for Mecklenburg County Human Services Organizations	urg County H	Tuman Services O	rganizations	
		2009			2010		
Type of Organization	Number Report- ing Non- Zero Revenue	Total Re- ported Reve- nue	Average Re- - ported Reve- nue	Number Report- ing Non- Zero Revenue	Total Reported Revenue	Average Re- ported Reve- nue	Percent Change in Aver- age Revenue
Human Services Support	6	\$ 1,938,217	7 \$ 215,357	10	\$ 2,191,386	\$ 219,139	2%
General Human Services	25	\$ 94,604,781	81 \$ 3,784,191	26	\$ 86,143,052	\$ 3,313,194	-12%
Children and Youth Services	22	\$ 64,588,943	43 \$ 2,935,861	28	\$ 65,612,245	\$ 2,343,294	-20%
Family Services	14	\$ 9,439,063	53 \$ 674,219	12	\$ 9,556,331	\$ 796,361	18%
Personal Social Services	7	\$ 334,929	9 \$ 167,465	5	\$ 563,092	\$ 112,618	-33%
Emergency Assistance	5	\$ 17,847,269	9 \$ 3,569,454	5	\$ 20,230,280	\$ 4,046,056	13%
Residential Care	32	\$ 125,493,476	76 \$ 3,921,671	29	\$ 149,699,375	\$ 5,162,047	35%
Support Centers	20	\$ 33,433,886	86 \$ 1,671,694	22	\$ 31,609,860	\$ 1,436,812	-14%
Human Services Other	2	\$ 794,640	to \$ 397,320	7	\$ 1,010,022	\$ 505,011	27%
Total:	131	\$ 348,475,204	926,359	139	\$ 366,615,643	\$ 1,992,726	3%

*Notes: In 2010, three Human Services Support organizations reported negative revenue.

Key Findings

- Nonprofits in the human service sector in Mecklenburg County experienced a 3% increase in average reported revenue between 2009 and 2010.
- Residential Care had a 32% increase and Family Services experienced an 18% increase despite the fact that fewer organizations reported non-zero revenue in 2010 than in 2009.
- Human Services Other and Emergency
 Assistance experienced modest revenue

- growth (27% and 13% respectively) though the same number of organizations reported non-zero revenue both years.
- Personal Social Services and Children and Youth Services saw increases in total reported revenues, but declines in average revenues.
- General Human Services and Support
 Centers experienced decreases in both
 total and average revenues

Changes in Revenue 2009-2010

Table 2 demonstrates that there has been a 3% increase in average reported revenue in the Human Service nonprofit sector between 2009 and 2010. This number may be surprising since most people would expect a revenue decline in the current economic climate; however, it must be broken down to be truly understood. 2010 has been a year of downturn for some types of Human Service Sector Organizations, whereas it has been a year of revenue growth for other types of organizations, possibly because of generous community support.

We have seen growth primarily in

four areas of the Human Service Sector in Mecklenburg County between 2009 and 2010 --- Family Services revenue has grown by 18%, Residential Care has grown by 32%, Human Services Other has grown by 27%, and Emergency Assistance revenue has increased by 13%. The growth in these categories seems to be as the result of most reporting organizations experiencing modest increases.

While we do not have exact data explaining the reasoning for this growth, a possible explanation could be an increase in federal government subsidies for these areas.

In this time of economic crisis, the government might have increased its giving to residential care, family services, and emergency assistance organizations because they provide immediate assistance and relief to citizens in need. This could also explain the increase in total revenues reported even though Family Services and Residential care saw a decrease in the number of organizations reporting. The local Critical Response Fund started by the Foundation for the Carolinas also likely has buffered many of these organizations from further revenue decreases.

Human Services Support organizations saw both an increase in their number and their revenues. However, though their numbers more than doubled in 2010, their average revenues only increased by 2%. These organizations also saw similar numbers reporting non-zero revenues in both 2009 and 2010. This seems to indicate that although this type of human service non-profit grew the most over the past year, most of the organizations had small, if any, revenues.

We have primarily seen a significant decline in nonprofit revenues between 2009 and 2010, which is what one would expect in this economy. However, human services organizations were split, with some experienc-

ing revenue growth and some seeing decline. We saw a 33% decrease in Personal Social Services, a 20% decrease in Children and Youth Services, a 14% decrease in Human Services Support Centers, and a 12% decrease in revenues of General Human Service organizations. It should be noted, however, that Personal Social Services and Children and Youth Services both saw increases in total revenues reported. They also saw modest increases in the number of organizations reporting non-zero revenues, so the net effect was a decrease in the average reported revenue.

Given the current economic climate, it is somewhat surprising that total revenues are up in all but two categories of human service organizations. However, the total number of organizations also increased, so it makes sense that an increase in revenues would accompany an increase in organizations. It also makes sense that human services revenues might not take the hit that other nonprofits take. During times of financial hardship people have to be more deliberate with their charitable giving, and they might choose to donate to causes that can provide relief or immediate assistance to those in need. So human services might not be as affected as arts or educational programs for instance.

Examples of Human Service Nonprofits

Human Service Support Organizations include advocacy groups, professional societies, fund raising support groups, and other organizations that specifically exist to support human service nonprofits. Examples of Human Service Support Organizations in Mecklenburg County include Public Policy for Everyday People, the United Way Legacy Foundation, and the Woman's Impact Fund.

General Human Service Organizations include groups that provide general services to the public like inexpensive clothing, recreational facilities, etc. Examples of general Human Service Organizations include the American Red Cross, the Salvation Army, and Volunteers of America.

Children and Youth Services Organizations, as the name suggests, include groups that provide various services for children and youth. These groups include foster care organizations, adoption organizations, and child day care organizations.

Family Services Organizations include organizations that provide services to single parents, pregnant women, and families in crisis. Examples of Family Service Organizations in Mecklenburg County include Family Restoration Ministry, United Family Ser-

vices, Breastfeeding Encouragement, Learning Liaison and Support, Moms Club, and Pregnancy Resource Center of Charlotte.

Personal Social Service Organiza-

tions offer services such as financial counseling and transportation assistance. Examples of Personal Social Service Organizations in Mecklenburg County include Samaritan Transport Service Inc, Girl Talk Foundation Inc, and Omni Educational Resources Inc.

Emergency Assistance Organiza-

tions include groups that provide services for victims as well as aid for travelers. Examples of Emergency Assistance Organizations include well-known organizations such as Crisis Assistance Ministry and Loaves and Fishes.

Residential Care Organizations include groups that provide adult daycare, group homes for the elderly, and hospice care. Examples of Residential Care Organizations include A Step Above Day Center, Hospice and Palliative Care Charlotte Region, Home Recare Inc, and Piedmont Adult Living Services.

Support Centers are organizations that provide support to specific at-risk populations. These organizations include centers

for the developmentally disabled, the homeless, the blind, immigrants, etc. Examples of Support Center Organizations in Mecklenburg County are ARC of Mecklenburg County, Latin American Council of Charlotte, National Resource Center for Deaf/Blindness, and Safe Havens Network Inc.

Human Services Miscellaneous Organizations include those organizations which did not fit readily into the above listed categories. This group includes nonprofits like Rhema Family Worship, World of God, and TALENTS Network

Methodological Notes

NTEE Codes

For this analysis, we focused only on those organizations that were classified by the IRS as falling into the "P" category of the National Taxonomy of Exempt Entities (NTEE). [For a complete list of the NTEE organization codes, go to http:// nccs.urban.org/classification/NTEE.cfm]. We grouped organizations in a manner very similar to the breakdowns created by the IRS. The Human Services Support Organizations group represents all Poi-Pi9 organizations. Other grouping include general Human Services (P20-P29), Children and Youth Services (P30-P33), Family Services (P40-P47), Personal Social Services (P50-P58), Emergency Assistance (P6o-P62), Residential Care (P7o-P75), Support Centers (P8o-P88), and Human

Services Miscellaneous (P99).

Changes in Filing Requirements

Prior to 2007, only nonprofits with annual revenue greater than \$25,000 were required to file a Form 990 with the IRS. However, in 2007 the law was changed and those organizations whose revenue was under \$25,000 were also required to file a 990 by 2010 or they would lose their tax-exempt status. Consequently, since 2007 we have seen a rise each year in the number of non-profits filing with the IRS. In this report we included financial information only on the nonprofits that have filed with the IRS because we do not have financial information on the non-filers.

Publication Information

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About NVAC

The Nonprofit and Voluntary Action Center (NVAC) in the Political Science Department of UNC Charlotte was formed in 2008 to connect faculty members and graduate students on UNCC's campus who share research and teaching interests in nonprofit organizations, philanthropy and voluntary action. NVAC is intended to be a hub to facilitate communication across many different disciplines. NVAC is an opportunity for faculty and graduate students to network with each other, learn more about nonprofit organizations, engage in interdisciplinary research, and provide outreach to the local nonprofit community.

Mission

NVAC's mission is to promote relationships among UNC Charlotte faculty and graduate students with research and teaching interests in nonprofit organizations, philanthropy and voluntary action with the aim of increasing our knowledge of the nonprofit sector, fostering interdisciplinary research and engaging in community outreach in the Charlotte Metropolitan area.

NVAC Working Papers

As part of our mission, NVAC is sponsoring a set of working papers discussing the state of the nonprofit sector in Mecklenburg County. These papers are specifically written for community leaders and those employed in the local nonprofit sector.

For more information about NVAC and to view our working papers series, please visit our website at http://politicalscience.uncc.edu/nvac/