



INDIANA NONPROFITS

Scope and Community Dimensions

Nonprofit Survey Series
Report #7

INDIANA NONPROFITS: A PROFILE OF RELIGIOUS NONPROFITS AND SECULAR CHARITIES

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KIRSTEN A. GRØNBJERG,
PATRICIA BORINTRAGER TENNEN,
CURTIS CHILD,
AND RICHARD CLERKIN

II. PORTRAIT OF RELIGIOUS AND CHARITABLE NONPROFITS

Congregations appear to report higher annual revenues than secular charities and other faith-based organizations. This is especially so for Catholic congregations, which are disproportionately large when measured by total revenues generated. For more than half of the religious and charitable nonprofits in the state, annual revenues increased moderately or significantly over the three years prior to the survey (2002). Moreover, the majority of Indiana’s religious and charitable nonprofits report net gains over the previous year. Congregations rely primarily on donations for more than half of their income, while other faith-based organizations and especially secular charities depend on a greater variety of sources of revenue.

In this section we describe Indiana’s religious and charitable nonprofits by assessing some of their basic organizational characteristics, such as revenues, human resources, and age. We look at differences among types of religious and charitable nonprofits as well as among types of congregation (when applicable). In cases where organizational type stands out even after controlling for other factors such as age, size and location we highlight it in the text under the heading “Overall Assessment.”¹⁴

Revenues: Although nonprofit organizations do not operate for the express purpose of generating a profit, revenues are a useful indicator of nonprofit health and viability. They also give us an idea of the overall size of the organization.

- **Total Revenues:** The median revenue for religious and charitable nonprofits in Indiana is \$98,000. As Figure 4 suggests, median revenues for congregations (\$116,000) are higher than for secular charities (\$79,569) and other FBOs (\$64,249); however, the difference is not statistically significant.
 - *Differences among Congregations:* A closer look at Indiana’s congregations reveals that Catholic congregations report significantly higher revenues than mainline or evangelical Protestants or other congregations. Catholic congregations have median annual revenues of

\$777,633 compared to median revenues in the \$100,000 range for the other types of congregations. See Figure 5.

Figure 4: Median annual revenues for congregations (n=372), FBOs (n=167), and secular charities (n=296)

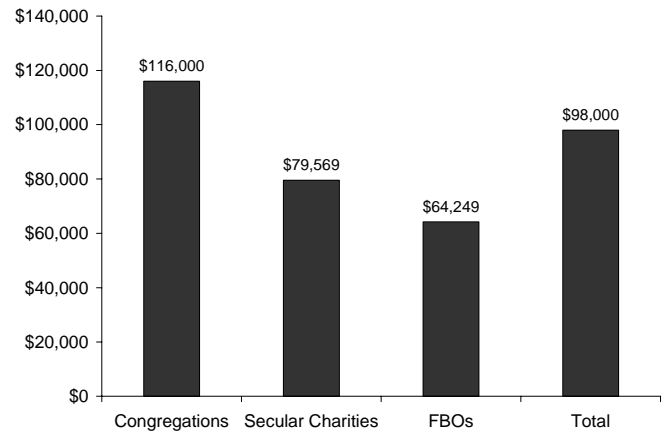
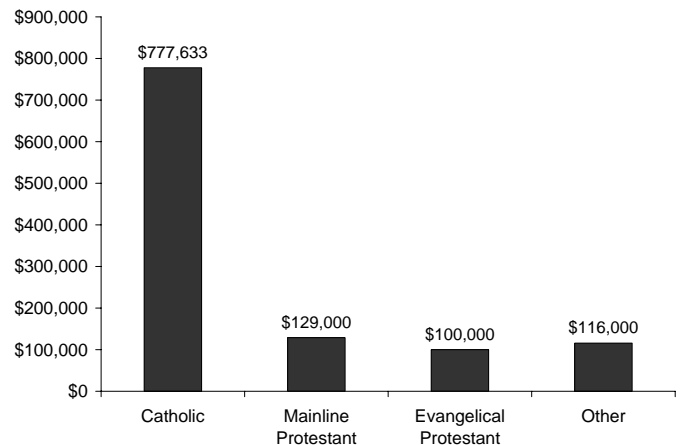


Figure 5: Median annual revenues for evangelical Protestant (n=185), mainline Protestant (n=135), Catholic (n=38), and other (n=14) types of congregations

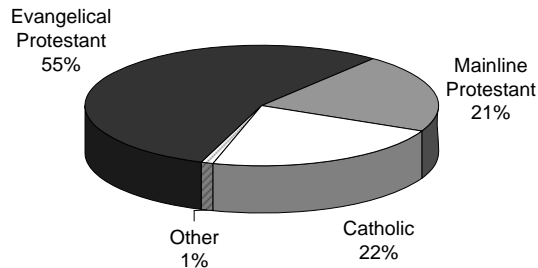


- Although individual Catholic congregations, on average, have higher revenues than other Indiana congregations, a larger share of the aggregated revenues for all congregations in the state belongs to the state’s evangelical Protestant congregations. Over one-half (55 percent) of the combined revenues generated by congregations in the state are accounted for by evangelical Protestant congregations. See Figure 6. This reflects their more numerous presence in the

¹⁴ See methodological note.

state's religious sector (as portrayed earlier in Figure 3).

Figure 6: Percent of statewide combined congregational revenues attributable to congregation type (n=368)



- **Changes in Total Revenues:** Slightly more than half of the religious and charitable nonprofits in Indiana indicate that their revenues increased moderately (44 percent) or significantly (8 percent) over the three years prior to the survey (2002).¹⁵ Twenty-six percent report that their revenues stayed the same and the rest report that they decreased moderately (15 percent) or significantly (8 percent). See Figure 7.

- There is no statistical difference among these percentages for congregations, other FBOs, and secular charities.
- It is interesting to note that the pattern for religious and charitable nonprofits is significantly different than what we find for the rest of the nonprofit sector (i.e. the "other secular" organizations in Figure 1). These secular nonprofits are more likely to say that revenues stayed the same (36 percent) or decreased (28 percent). See Figure 7.
- **Differences among Congregations:** Catholic congregations stand out from other Indiana religious traditions in the extent to which they report how revenues changed over the previous three years. They are disproportionately likely to indicate that their revenues increased; 92 percent

¹⁵ Here and elsewhere we define "significant" increases or decreases as changes of 25 percent or more and "moderate" increases or decreases as changes of 10-25 percent. Changes of less than 10 percent are defined as "stayed the same."

of them say that this is the case.¹⁶ Congregations in the "Other" category are much more likely to say that revenues increased significantly (29 percent). See Figure 8.

Figure 7: Change in total revenues over the last three years for religious and charitable nonprofits and secular nonprofits (n=1,733)

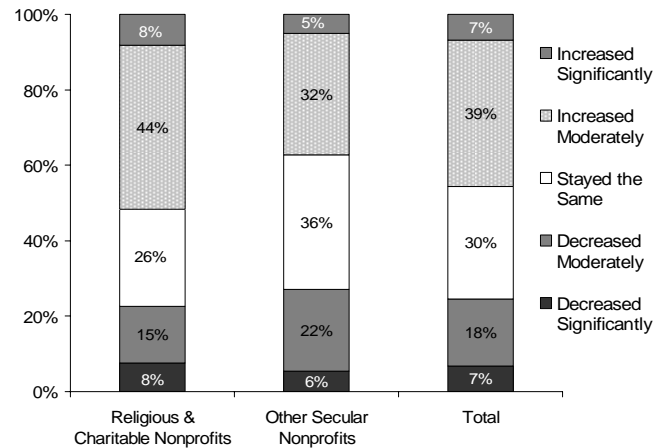
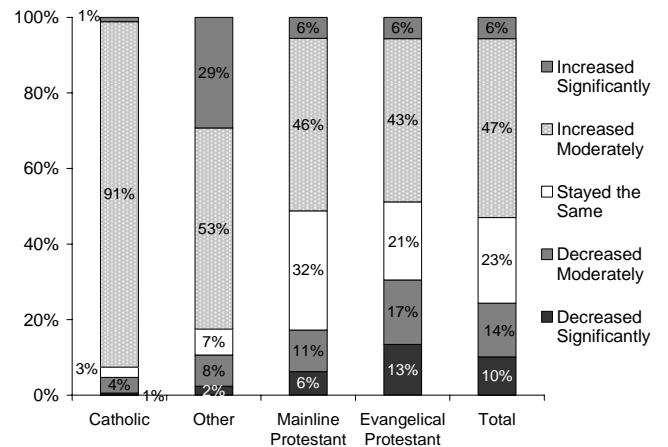


Figure 8: Change in total revenues over the last three years, by congregation type (n=429)

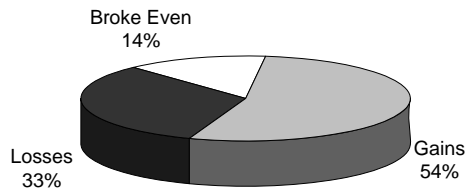


- **Surplus or Deficit:** Indiana's religious and charitable nonprofits vary widely in the extent to which they reported annual surpluses or deficits. Such variability makes comparisons among congregations, other FBOs, and secular charities quite speculative. Taken as a whole, however, these organizations show median aggregate surpluses of only \$150.

¹⁶ Please note that the survey was completed in 2002 and some of these patterns may have changed since then.

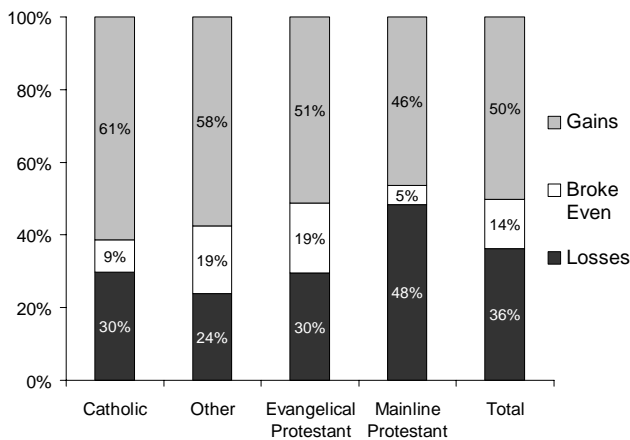
- More than one-half (54 percent) of religious and charitable nonprofits report a surplus, one-third (33 percent) report losses, and the rest (14 percent) broke even.¹⁷ See Figure 9.

Figure 9: Net gains or losses during the last year for religious and charitable nonprofits (n=787)



- *Differences among Congregations:* There are some differences in the net gains and losses reported by Indiana congregations. Two in particular stand out: Catholic congregations are more likely to report a gain (61 percent) and mainline Protestant congregations are disproportionately likely to report a loss (48 percent). See Figure 10.

Figure 10: Net gains or losses during the last year for congregations, by congregation type (n=353)

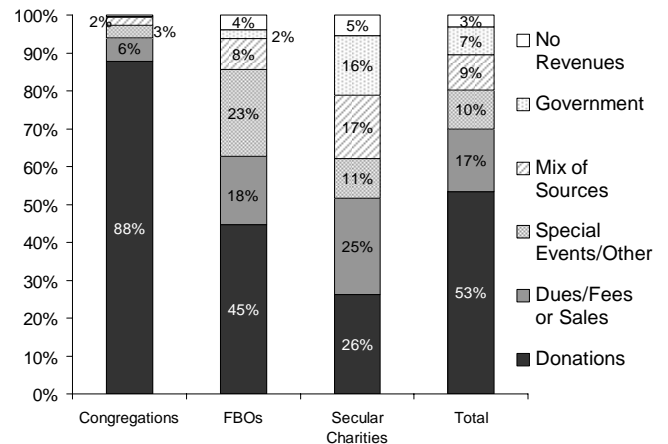


- **Donations:** Donations are the primary source of revenue for the majority (53 percent) of religious and charitable nonprofits in Indiana. This is especially the case for congregations—nearly nine in ten (88 percent) report that half or more of their revenue comes from donations and gifts. A smaller percent-

¹⁷ We define “broke even” as revenues within +/- 2 percent of expenses.

age of other FBOs and secular charities report similarly, although donations and gifts still play a significant role for them. See Figure 11.

Figure 11: Primary source of revenue for religious and charitable nonprofits, by organization type (n=955)



- *Overall Assessment:* More detailed analyses confirm that charities are significantly more likely than congregations and other FBOs to rely primarily on other types of support than donations when controlling for other influential variables such as age, geographical location, and number of employees.

- Using more detailed analysis we find that on average, 84 percent of congregations’ total revenues come from donations and gifts. This is significantly higher than the mean percent of total revenues that come from donations and gifts to other FBOs (41 percent) and secular charities (29 percent).

- *Differences among Congregations:* Nearly all (93 percent) evangelical and mainline Protestant congregations indicate that the majority of their revenues come from donations and gifts, although only 50 percent of Catholics report similarly. Most of the remaining Catholic congregations rely on dues and fees (16 percent), special events or other sources (19 percent), or a mix of sources (13 percent). See Figure 12.

- Nearly two-thirds (63 percent) of all statewide donations to congregations go to evangelical Protestant congregations. One-quarter (25 per-

cent) go to mainline Protestant congregations and 11 percent go to Catholic congregations. See Figure 13.

Figure 12: Primary source of revenues for congregations, by congregation type (n=440)

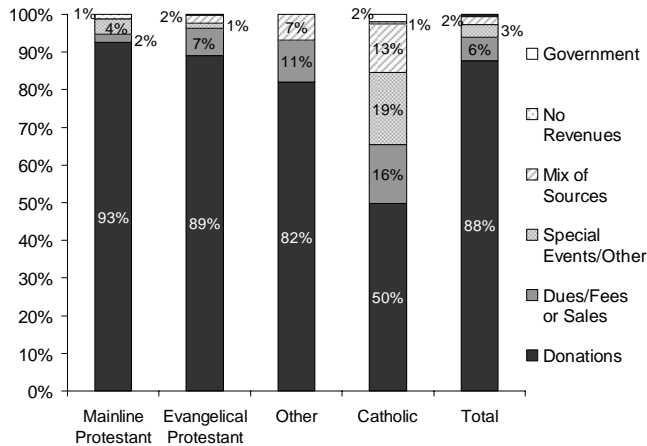
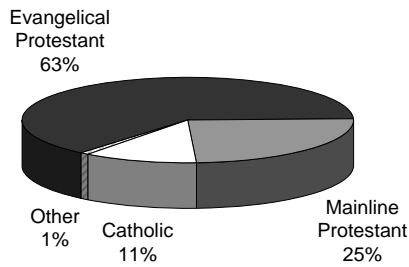
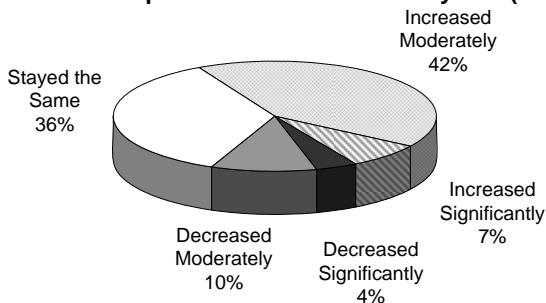


Figure 13: Percent of statewide combined congregational donations attributable to congregation type (n=360)



- Changes in Donations:** Over the last three years, donations and gifts increased for nearly one-half (49 percent) of Indiana’s religious and charitable nonprofits, stayed the same for slightly more than one-third (36 percent), and decreased for 14 percent. See Figure 14. This did not differ significantly among types of religious and charitable nonprofits nor among types of congregations.

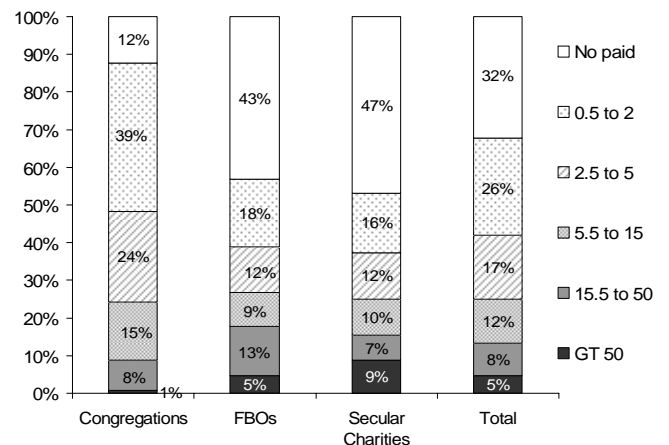
Figure 14: Change in donations for religious and charitable nonprofits over the last three years (n=841)



Human Resources: Nonprofits require human resources—paid and/or volunteer staff—to carry out their missions. Analyzing the number and types of human resources upon which nonprofits rely gives us a sense of their capacity to provide programs and services. It also indicates the relative sizes of the organizations.

- Paid Staff:** Many of Indiana’s religious and charitable nonprofits do not have any paid full-time equivalents (FTEs).¹⁸ This is the case for nearly one-third (32 percent). The median religious or charitable nonprofit has 1.5 FTEs; 75 percent have less than 6 FTEs.
 - Congregations are more likely than other religious and charitable organizations to have paid staff. Nearly all (88 percent) congregations report that they have at least one part-time paid staffer, compared to 57 percent of other FBOs and 53 percent of secular charities. See Figure 15.

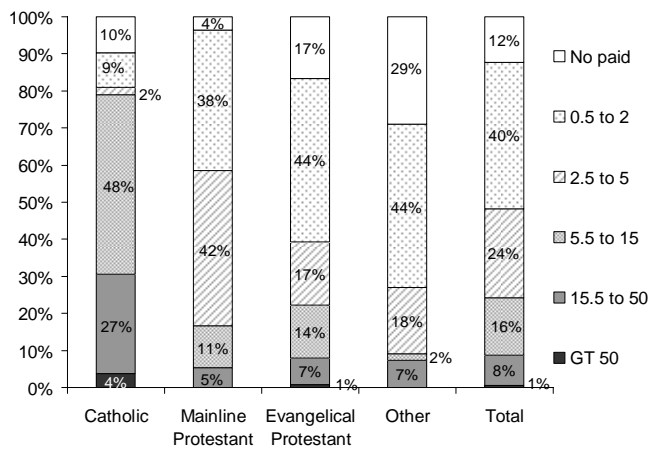
Figure 15: Number of paid staff, by organization type (n=979)



¹⁸ We computed the number of paid FTE staff by summing the number of full-time plus one-half the number of part-time employees reported by respondents. It is only a rough estimate of actual staff capacity, since some part-time staff may work almost at the full-time level and others very few hours per week or per month. Respondents were asked to report both the number of full-time and part-time employees; however, in cases where they reported only the number of full-time or only the number of part-time employees, we assumed that the non-reported value was zero for purposes of calculating the total FTE staff.

- On the other hand, congregations are not as likely to have large numbers of paid employees. Almost one-tenth (9 percent) of secular charities have staff sizes of more than 50, compared to only 1 percent of congregations.
- *Differences among Congregations:* Catholic congregations tend to employ greater numbers of paid staff than other types of congregations. Nearly four-fifths (79 percent) of Catholic congregations employ 5.5 or more FTE staff members, (including 31 percent who employ more than 15.5 FTEs). See Figure 16.

Figure 16: Number of paid FTE staff, by congregation type (n=452)



- **Volunteers:** Volunteers (not including board members) are crucial to Indiana’s religious and charitable nonprofits. Over four-fifths (83 percent) report that they use volunteers other than board members, with congregations significantly more likely to use them (93 percent) than other FBOs or secular charities (76 percent each). See Figure 17.

- Three quarters (76 percent) of religious and charitable nonprofits indicate that volunteers are important, very important, or essential to their missions.
- Congregations are again particularly likely to say that volunteers play an important role. Nearly all (93 percent) report that volunteers are important, very important, or essential. See Figure 18. This is true regardless of differences in theological tradition.

Figure 17: Use of volunteers by religious and charitable nonprofits, by organization type (n=998)

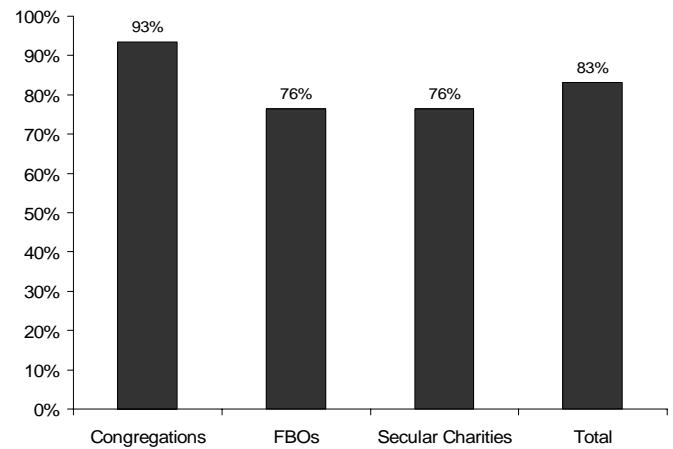
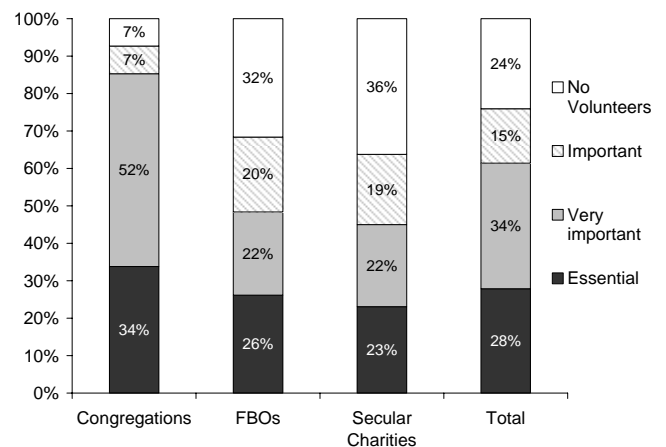


Figure 18: Importance of volunteers for religious and charitable nonprofits, by organization type (n=974)

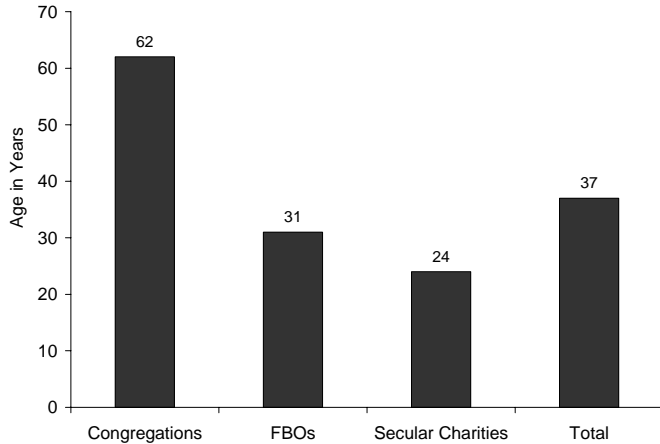


- *Overall Assessment:* More detailed analyses confirm that after controlling for organizational size, age, and location, secular charities are relatively less likely than congregations and other FBOs to indicate that volunteers are very important or essential.

Age: The number of years an organization has been operating is useful to assess as a basic organizational characteristic. It takes time to develop organizational routines and establish visibility. The year in which a nonprofit was founded is also important to consider, as the environment in which older nonprofits were founded is likely very different from the environment in which they find themselves today and as most organizations find it difficult to make significant changes to their core characteristics.

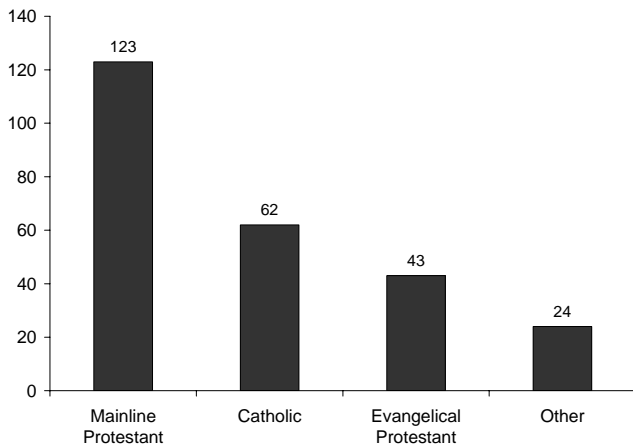
- Religious or charitable nonprofits in Indiana were founded a median of 37 years ago. On average, congregations are significantly older than both other FBOs and secular charities. Figure 19 shows that the median age of congregations is 62 years compared to only 31 years for other FBOs, and 24 years for secular charities in the state.

Figure 19: Median age of congregations (n=456), other FBOs (n=198), and secular charities (n=324)



- **Congregations:** Mainline Protestant congregations are generally older than evangelical Protestant, Catholic, and other congregations. The median age of mainline Protestant congregations is 123 years—twice the median age for Catholic congregations (62 years), and triple the median age for evangelical Protestant (43 years) and other (24 years) congregations. See Figure 20.

Figure 20: Median age in years of evangelical Protestant (n=231), mainline Protestant (n=156), Catholic (n=47), and other (n=22) congregations



III. PROVISION OF HEALTH OR HUMAN SERVICES

Congregations are the most likely of the organizations examined here to report that they provide health or human services; however, they are the least likely to receive government funds. They are also the least likely to say that they will seek them in the future.

In 1996, the “Charitable Choice” provision of the welfare reform act sought to promote faith-based providers of human services. According to the provision, religious organizations that provide human services may receive government funds and contracts without restrictions on displays of faith or religious symbols. However, they are not allowed to use government funding for proselytizing or similar sectarian purposes.

In this section we shift our analysis to include not only differences among types of religious and charitable nonprofits, but also among those that do and do not provide health or human services¹⁹ in order to address issues of management capacities related to the “Charitable Choice” provision. We again examine differences among congregational types, when significant. We focus only on the religious sector—congregations and other FBOs—when examining awareness of “Charitable Choice” and likelihood to seek government funding in the future.

Health or Human Services: The question of whether or not Indiana’s religious and charitable sector provides programs in health or human services is important in light of recent policy debates concerning “Charitable Choice.” Here we examine the current provision of health or human services by Indiana religious and charitable nonprofits.

¹⁹ Several key survey questions referenced both health and human services because the boundary between the two is increasingly blurred; however, our graphs refer only to “human services” in order to simplify their appearances. Respondents were told that we defined human services to include: social services/counseling; public safety/disaster relief; crime/legal services; employment/job training; housing; food/nutrition; youth development; and recreation. Health care services included health care/health treatment; treatment for diseases/disorders, health research/prevention; and mental health/crisis intervention. See Question 14 in Appendix A for the actual wording of the question.