

Associations Matter

Associations by the Numbers

Prepared by Content First, LLC for the American Society of Association Executives and the Center for Association Leadership

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ASAE & The Center for Association Leadership

The American Society of Association Executives (ASAE) & The Center for Association Leadership are two organizations linked together by a common belief and a common passion. We believe associations have the power to transform society for the better. Our passion is to help association professionals achieve previously unimaginable levels of performance. We do this by nurturing a community of smart, creative, and interesting people – our members. In short, we connect great ideas with great people.

Specifically, ASAE & The Center produce more than 75 learning experiences each year, publish *Associations Now* Magazine and the *Journal of Association Leadership*, provide thousands of web-based tools and resources, help members connect in 13 professional interest sections, conduct future-focused and market research, host ASAE & The Center's Annual Meeting & Exposition and the Springtime Exposition, and act as the voice for and advocate of the association profession.

A Few Facts

- ◆ ASAE is the membership organization and voice of the association profession. Founded in 1920, ASAE now has more than 22,000 association CEOs, staff professionals, industry partners, and consultant members.
- ◆ The Center for Association Leadership is the premier provider of learning and knowledge for the association community. The Center was founded in 2001.
- ◆ ASAE & The Center serve approximately 10,000 associations that represent more than 287 million people and organizations worldwide.

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About the Study

This study was prepared by the Washington, DC-based public policy research firm, Content First, LLC. The purpose of the study is to provide policy makers, the press, and the public with an overview of the importance of associations to the U.S. economy and each state economy.

This study was initiated by the ASAE & The Center for Association Leadership. It is part of its public outreach program aimed at collecting and disseminating objective data about associations.

FOREWORD

Associations Matter: Associations by the Numbers provides an objective snapshot of the U.S. association community, comprised of business associations, professional organizations, social advocacy organizations, and civic and social organizations. Many of these associations carry familiar names. Others may be known primarily to those living in a particular state or city. As this report will demonstrate, associations benefit the U.S. economy, they benefit U.S. workers and, most importantly, associations serve American communities.

The purpose of this data-driven study is to provide an impartial overview of the association community with key metrics focusing primarily on employment, wages, revenue, and assets. ASAE & The Center for Association Leadership embarked on this review of neutral U.S. government statistics about associations because there is surprisingly sparse independent and transparent data about the size of the nation's association community, an important, but distinct, segment of the larger nonprofit sector.

Associations Matter begins to fill today's existing information gap on associations' distinct contribution to the American economy and civic life. It provides a systematic and detailed look at the membership organizations that comprise the nation's association sector. Employment, wages, and revenue are shown at the national level and by state. We also compare the association sector with other major industries and examine association employment and wage trends over time. Estimated revenue and asset data for business associations and professional organizations as reported to the Internal Revenue Service are also included. The data presented here cover the 1997 to 2006 time period.

These impartial statistics should be viewed as a solid and verifiable, yet conservative, representation of the core components of the association sector. Moreover, the metrics established in this report can be revisited in future years so that the association community can regularly assess the economic health and prosperity of this important sector.

Additional facts on associations' broader contributions to the U.S. economy and American civic life are provided where available. These include survey information on association's expenditures for education, conventions, and promotion of standards for safety and professionalism; and association members' volunteer hours and associations' role in promoting charitable work.

Brief profiles of several organizations are provided to illustrate the many ways that associations serve American communities — including communities in crisis. Following Hurricane Katrina, for example, the American Medical Association, the National Association of Home Builders, the American Chemistry Council, and the Pharmaceutical Research and Manufacturers of America — among many other associations — sprang into action to provide assistance and vital services to those devastated by the storm.

As the report documents, associations make unique contributions to America. They are vibrant businesses in every sense of the word, fueling economic growth, job creation, and revenues; and helping to keep U.S. workers competitive in the global economy. They are good employers, providing above average wages, particularly the business and professional associations that constitute the core of the community, and creating a sense of common purpose for their workers.

But associations are more than businesses. Associations serve America through their educational programs, standard-setting activities, and volunteerism. They are helping to build and lead our communities, large and small, across the nation.

Employment

- ◆ More than 1 million jobs in 2006, up by 11 percent from 1997
- ◆ Nearly 100,000 jobs added since 1997
- ◆ More than 190,000 jobs in business and professional associations in 2006
- ◆ Associations create jobs in every state
- ◆ Association employment highest in California, New York, Illinois, Florida, and Pennsylvania
- ◆ Associations are projected to add 75,000 jobs by 2014
- ◆ Nearly 1 in 10 workers in the District of Columbia works for an association

Revenue

- ◆ Associations bring in some \$33 billion in revenue
- ◆ Associations hold an estimated \$50.6 billion in assets
- ◆ The District of Columbia, Illinois, Virginia, California, and New York lead in association revenue
- ◆ Michigan, the District of Columbia, Illinois, Virginia, and New York are the leading states in assets held by trade and professional associations

Wages

- ◆ Average wage of \$40,250 for associations overall and of \$58,500 for business and professional organizations in 2006
- ◆ Business and professional associations' annual average wage was 38% higher than the average private sector wage of \$42,400 in 2006
- ◆ Associations generate a payroll of over \$30 billion

Other Benefits

- ◆ Nearly 20 percent of associations' operating budgets devoted to education programs for members
- ◆ Over 60 percent of associations plan to spend more on education
- ◆ Association members gave an average of 71,255 volunteer hours in 2005 – or more than \$1.3 million in service

Economic Benefits of Associations

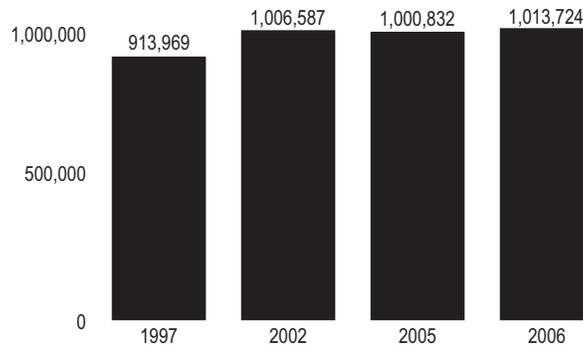
	1997	2006	1997 - 2006 Change
Jobs	913,969	1,013,724	11%
Annual Average Wage	\$33,459	\$40,250	20%
Business/Professional Association Wage	\$48,498	\$58,465	21%
Payroll	\$24.1 Billion	\$30.6 Billion	27%
Establishments	100,200	102,000	2%

Source: U.S. Bureau of Labor Statistics

Associations Benefit the U.S. Economy

Associations Matter showcases the unique contribution of associations to American economic and civic life. Their measurable economic benefits include over one million jobs for Americans, a total payroll of \$30.6 billion, and an average annual wage of \$58,500 for business and professional associations.

Association Employment, 1997 - 2006



Source: U.S. Bureau of Labor Statistics

This study presents government data on the direct contribution of associations to the U.S. economy and each state economy by such leading indicators as jobs, wages, and revenue. The data presented here do not account for the indirect or induced economic impact of associations in the broader economy at either the national or state level.

Additional data, where available, are provided to measure the broader contribution of associations to American civic life and the public good. This includes expenditures for education and promotion of standards, and associations' volunteer and charitable contributions. Brief profiles highlight various associations' activities in service of public safety, professionalism, and quality of life in America, now and in the future.

As the statistics demonstrate, associations contribute in direct and significant ways to U.S. economic stability and growth. The data also show that associations are good employers, paying above average wages, particularly to employees of business associations and professional organizations, and enabling the continuing education for many American workers. Among the most important benefits to the U.S. economy, U.S. workers, and U.S. communities are:

Associations Benefit the U.S. Economy

- ◆ Employment in U.S. associations totaled more than 1 million in 2006, up by 11 percent from 1997.
- ◆ Associations have added nearly 100,000 jobs to the nation's employment base since 1997.
- ◆ Within the broader association sector, business associations and professional organizations alone supported more than 190,000 workers in 2006, a 9 percent increase over the 175,700 workers in 1997.
- ◆ The leading states by association employment in 2006 were California (93,912 jobs), New York (72,202 jobs), Illinois (63,699 jobs), Florida (62,606 jobs), and Pennsylvania (58,120 jobs).
- ◆ Even the nation's less populated states have benefited from the thousands of jobs created by the association community. Associations create jobs everywhere from Idaho (3,735 jobs), Utah (3,201 jobs), and South Dakota (3,801 jobs) to Vermont (3,075 jobs) and Wyoming (2,024).
- ◆ The greatest job growth between 1997 and 2006 was recorded in five states: California, Florida, New Jersey, Massachusetts, and North Carolina.
- ◆ The District of Columbia led the nation in concentration of association workers in 2006, with nearly one out of every ten workers (9.1 percent) employed by a business association, professional organization, labor union, or other membership organization.
- ◆ Employment growth in associations is projected to continue in the years ahead, with business associations, professional associations, labor unions, political organizations, and other voluntary membership organizations expected to add an estimated 75,000 jobs to the U.S. economy by 2014, bringing employment in these segments of the association community to 592,000 workers nationwide.
- ◆ Associations received \$33.1 billion in revenue and held an estimated \$50.6 billion in assets in 2006.
- ◆ The District of Columbia, Illinois, Virginia, California, and New York led the nation in trade and professional associations by revenue. These states are home to many of the most prominent national trade associations.
- ◆ The association sector consisted of nearly 102,000 establishments in 2006, compared to 100,200 association establishments in 1997, an increase of 2 percent.

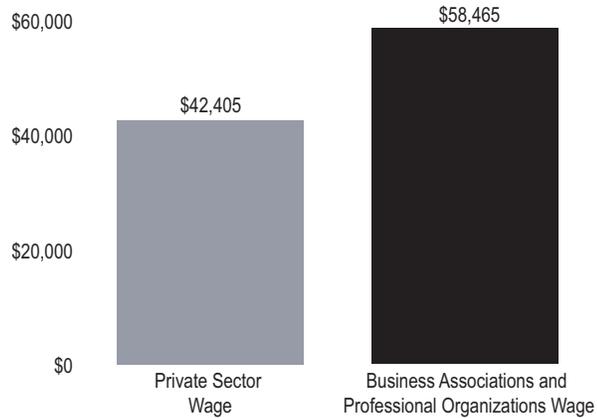
Associations Benefit U.S. Workers

- ◆ U.S. associations paid an average wage of \$40,250 in 2006, compared to \$33,500 in 1997.
- ◆ Business associations and professional organizations paid much higher wages, with an annual average wage of \$58,500; these average wages were 38 percent higher than the average private sector wage of \$42,400 in 2006.

Associations Benefit U.S. Workers

Associations Serve American Communities

Association Wages Compared to Private Sector Wages, 2006



Source: U.S. Bureau of Labor Statistics

- ◆ The U.S. association sector payroll was \$30.6 billion in 2006, compared to \$24.1 billion in 1997, adjusted for inflation.
- ◆ For business associations and professional organizations, the combined payroll totaled \$11.2 billion in 2006, a jump of 32 percent over 1997.
- ◆ Associations in the District of Columbia paid their workforce the highest annual average wage nationally in 2006 of \$77,500, followed by Virginia at \$56,400, and New York at \$51,500 in 2006.
- ◆ California led the nation with the largest association payroll in 2006 at \$3.1 billion, accounting for 10 percent of the association payroll nationwide, followed by the District of Columbia, New York, Illinois, and Florida.
- ◆ Professional, business, and civic associations provide training and life-long learning opportunities for American workers. A 2005 survey found that nearly 20 percent of associations' operating budgets is devoted to educational programs for their members; over 60 percent of associations surveyed stated that they planned to devote even more resources to education in the future.

Associations Serve American Communities

Beyond their positive and direct impact on the U.S. and states' economies and on U.S. workers, associations provide services that benefit American communities in important, but often less visible, ways.

- ◆ Associations help to inform and educate Americans about current economic and political issues.
- ◆ Associations define and promulgate professional and ethical standards for many industries, helping to ensure the safety of American workers and to improve quality of life.
- ◆ Associations provide volunteer opportunities for Americans to build and serve their

communities, and association members are themselves volunteers. In 2005, associations reported that their members performed an average of 71,255 hours annually for charitable and community services projects.¹ This translates into more than \$1.3 million in service on a yearly basis to American communities.²

Conclusion

Associations make a difference in every American's life. They bring tangible economic benefits to our communities and contribute to American workers' competitiveness, safety, and quality of life in the United States. Associations' quiet leadership role in the economy, in the nonprofit community, and in American civic life guarantee them a vital role in the future as Americans face new challenges both at home and abroad.

THE ASSOCIATION COMMUNITY

Associations: What Are They?

The association community comprises trade and professional associations, business leagues, chambers of commerce, economic development corporations, and other types of business membership organizations. Most, but not all, are organized under Section 501(c)(6) of the tax code. This small nonprofit segment represents almost 5 percent of all the nonprofits registered with the Internal Revenue Service, accounting for 72,500 of all registered nonprofits, according to data from the National Center for Charitable Statistics (NCCS). These organizations include local, state, regional, national, and international associations.

Associations are organized for all types of purposes, but there are some recurring benefits that they typically provide their members, including:

- ◆ Education/professional development
- ◆ Information, research, and statistics
- ◆ Standards, codes of ethics, and certification
- ◆ A forum to discuss common problems and solutions
- ◆ Opportunities to further a specific mission, including volunteering and community service
- ◆ Providing a community of interest

Associations work to advance and promote the interests of their members, and virtually every industry and interest group has a membership organization that collectively represents its interests.

Beyond the benefits to their members, associations provide services and information to the general public and our communities. Associations coordinate assistance to individuals and families in times of natural disaster or urgent need. Others write product standards for everything from children's toys to airline and traffic safety. Associations also invest millions of dollars to advance the professional training of the U.S. workforce. They also pay property and sales taxes, adding to the revenue base of local and state governments.

U.S. associations are a powerful and economically important sector of the American economy that supports over 1 million jobs nationwide. For the first time, comparable statistics have been compiled into a single report detailing the economic contributions of associations at the national and state level by such indicators as jobs, wages, revenue, and assets. This study also presents these statistics over time, with data extending from 1997 to 2006.

The employment, wage, payroll, and establishment statistics presented in this report are based on seven distinct industry segments used to define associations in the North American Industry Classification System (NAICS): social advocacy organizations, civic and social organizations, business associations, professional organizations, labor unions, political organizations, and other similar organizations. For comparative purposes, business associations and professional organizations have been combined into a single sector, because they constitute the economically vital core of the association community. The revenue and asset data presented in this report are not provided on a NAICS basis, but rather are presented by their nonprofit status as determined by the Internal Revenue Service. (For more information on methodology, see page 33.)

Important measures of the economic impact of associations considered are the number of people employed by associations, the revenue and assets of associations, the number of association establishments, and the wages paid by associations, both nationwide and at the state level. Using these metrics, it is easy to see that the nation's associations are an important part of the U.S. economy and many states' economies.

Nationwide Trends

Employment

Associations Employ More than 1 Million Americans

There were more than 1 million Americans employed by associations in 2006, compared to approximately 914,000 jobs supported by associations in 1997. Associations employ Americans in a wide range of industries and professions, as seen in the variety of organizations represented in even the shortest list of associations: the American Medical Association, the National Football League, the Institute of Electrical and Electronics Engineers, the National Hot Rod Association, and the Chamber of Commerce of the United States.

These associations and many other membership organizations create jobs. Some of the nation's largest associations employ over 1,000 workers; others are small organizations with only a few employees. In each case, they create skilled and well-paying jobs in their local communities. And, as associations increase their membership base, they add more jobs. As the U.S. government statistics show, the association job base grew by nearly 100,000 between 1997 and 2006.

**Associations
Employ More
than 1 Million
Americans**

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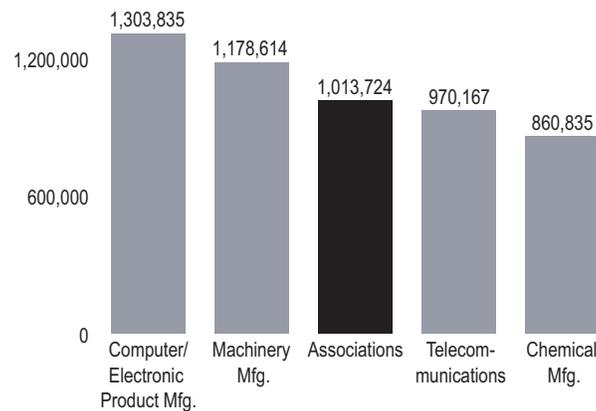
Select Associations and Professional Organizations by Employment

Association	Employees	Location	Form 990 Year
American Bureau of Shipping	1,700	Texas	2004
American Medical Association	1,019	Illinois	2004
Institute of Electrical & Electronics Engineers	964	New Jersey	2005
National Football League	902	New York	2004
National Hot Rod Association	781	California	2005
American Inst. of Certified Public Accountants	681	New Jersey	2005
Chamber of Commerce of the United States	437	Washington, DC	2004
Pharmaceutical Research and Manufacturers of America	148	Washington, DC	2004

Source: Guidestar

Not only do associations generate a significant number of American jobs; the sector also compares favorably with other major sectors of the U.S. economy. More Americans worked for associations than either the telecommunications industry or the chemical manufacturing industry in 2006. Viewed from another perspective, associations employed just 290,000 fewer workers than the 1.3 million Americans working in the computer and electronic product manufacturing industry in 2006.

Association Employment Compared to Other Sectors, 2006



Source: U.S. Bureau of Labor Statistics

Business Associations and Professional Organizations Create Jobs and Add Workers

Within the broader association community, the smaller, but vibrant, business associations and professional organizations sector employed nearly 20 percent of all association employees (1 out of every 5 workers) in 2006. More than 190,000 Americans nationwide were employed by business associations and professional organizations in 2006. Nationwide, business associations supported

120,000 jobs in 2006, a four percent increase over 1997, while professional organizations supported more than 70,000 jobs in 2006, up from 60,400 jobs in 1997. This important segment of the association sector added more than 10,500 jobs nationwide between 1997 and 2006.

Association Employment, 1997 - 2006

Year	Association Employment	Business/Professional Association Employment
1997	913,969	175,660
1998	924,163	180,668
1999	942,975	185,500
2000	972,651	189,429
2001	990,212	190,939
2002	1,006,587	191,479
2003	1,000,012	190,291
2004	1,004,449	188,811
2005	1,000,832	189,159
2006	1,013,724	191,664

Source: U.S. Bureau of Labor Statistics

Business associations and professional organizations added nearly 2,500 jobs between 2005 and 2006 alone. This is the greatest number of jobs added by business associations and professional organizations since 2001.

Association Employment Growth Projected to Continue in the Years Ahead

Growth in the associations employment base is projected to continue in the years ahead. The most recent projections prepared by the U.S. Bureau of Labor Statistics estimate that employment by business associations, professional organizations, labor unions, political organizations, and other membership organizations will grow to 592,000 jobs by 2014, at an average growth rate of 1.4 percent. As a result, these segments of the association sector are expected to add an estimated 75,000 jobs to the U.S. economy between 2004 and 2014.

Revenue and Assets

The National Center for Charitable Statistics shows that tax-exempt organizations as a whole received an estimated \$1.9 trillion in revenue and held \$3.5 trillion dollars in total assets.³ Association revenue is diverse and comes from program services, membership dues and assessments, and other revenue sources. Assets include all items owned by associations that have value such as real estate, cash, and inventories.

Within the nonprofit sector, there were 72,500 registered trade and professional associations, business leagues, and chambers of commerce that received approximately \$33.1 billion in revenue (or 1.7 percent of total revenue for all tax-exempt organizations) and held an estimated \$50.6 billion in

**Association
Employment
Growth
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assets (comprising 1.4 percent of total assets for all tax-exempt organizations), based on the most recent statistics.⁴ This compares to the \$22 billion in total revenue received by business and professional organizations in 1997 and the \$34 billion in total assets held by business and professional associations the same year. As the data show, revenue by trade and professional associations is significantly smaller than the \$1.6 trillion in revenue generated by the larger charitable organization sector, organized under section 501(c)(3) of the U.S. tax code.

Estimated Revenue and Assets for Tax-Exempt Organizations

	1997 Revenue	1997 Assets	2000 Revenue	2000 Assets	2007 Revenue	2007 Assets
Philanthropic or Charitable Organizations, 501(c)(3)	\$768 B	\$1.5 T	\$929 B	\$1.9 T	\$1.6 T	\$2.6 T
Business and Professional Associations, 501(c)(6)	\$22 B	\$34 B	\$26.2 B	\$43 B	\$33 B	\$51 B
All tax-exempt	\$973 B	\$2.0 T	\$1.2 T	\$2.6 T	\$1.9 T	\$3.5 T

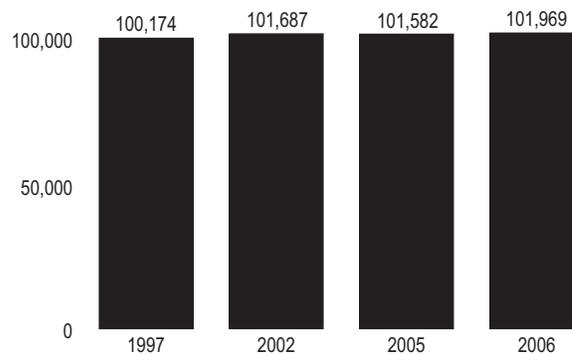
B - Billion
T - Trillion

Source: National Center for Charitable Statistics based on the release of data in April 2007

Association Establishments

Using the NAICS codes, the U.S. Bureau of Labor Statistics data show that there were nearly 102,000 establishments classified as membership organizations in 2006,⁵ up by nearly 2 percent from just under 100,200 establishments classified as business associations, professional organizations, and other membership organizations in 1997.

Growth in Association Establishments, 1997 - 2006



Source: U.S. Bureau of Labor Statistics

Associations in the States

Employment

Associations Create Jobs in Every State

Associations are found throughout the nation and create jobs in every state. The leading states in association employment in 2006 were California (93,912 jobs), New York (72,202 jobs), Illinois (63,699 jobs), Florida (62,606 jobs), and Pennsylvania (58,120 jobs).

One example of an association located in California is the National Hot Rod Association, employing more than 750 people. California is also home to the Motion Picture Association of America with 211 employees and Semiconductor Equipment and Material International with 211 employees in 2005. In New York, you will find a diverse group of associations ranging from the Securities Industry Association to the Magazine Publishers of America, with 119 employees and 42 employees, respectively, in 2005.

At the same time, even the nation's less populated states have benefited from the thousands of jobs created by the association sector. Associations support jobs everywhere from Idaho (3,735 jobs), Utah (3,201 jobs), and South Dakota (3,081 jobs) to Vermont (3,075 jobs) and Wyoming (2,024 jobs).

Associations Create Jobs in Every State

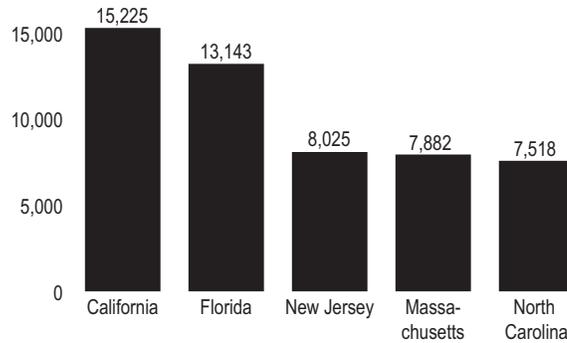
Top 10 States by Association Employment, 1997 - 2006

Rank	State	1997	2006	Change	% Change
1.	California	78,687	93,912	15,225	19%
2.	New York	66,868	72,202	5,334	8%
3.	Illinois	59,402	63,699	4,297	7%
4.	Florida	49,463	62,606	13,143	27%
5.	Pennsylvania	52,066	58,120	6,054	12%
6.	Texas	45,035	48,805	3,770	8%
7.	Ohio	47,361	44,394	-2,967	-6%
8.	District of Columbia	34,482	40,111	5,629	16%
9.	Virginia	29,038	35,564	6,526	22%
10.	Massachusetts	25,510	33,392	7,882	31%

Source: U.S. Bureau of Labor Statistics

California, Florida, New Jersey, Massachusetts, and North Carolina added the greatest number of association jobs between 1997 and 2006. For example, there were 15,200 more jobs supported by associations in California in 2006 than in 1997. Similarly, Florida's association community added a substantial number of jobs to its employment base, with over 13,000 more association jobs in 2006 than in 1997.

Top 5 States by Employment Growth, 1997 - 2006



Source: U.S. Bureau of Labor Statistics

One out of Every Ten Workers is Employed by Associations in the District of Columbia

District of Columbia Leads in Association Workforce Concentration

Another way to look at the importance of associations to a state's economy is to examine the concentration of association workers as compared to the number of private sector workers in the state. The District of Columbia led the nation in concentration of association workers in 2006, with almost one out of every ten workers (9.1 percent) employed by a membership association.

There are several reasons why there is such a vibrant association cluster in the District of Columbia. One of the most important is that associations are inclined to locate in the nation's capital to be physically close to Congress, the Administration, federal agency headquarters, and other associations that work on domestic and international issues of greatest interest to an association's members.

Select Business Associations in the District of Columbia

<u>Association</u>	<u>Mission</u>	<u>Employees</u>	<u>Revenue</u>
Pharmaceutical Research and Manufacturers of America	PhRMA's mission is to advocate for public policies that encourage the discovery of life saving and life enhancing new medicines for patients by pharmaceutical/ biotechnology research companies.	148	\$258 Million
American Petroleum Institute	The mission of the American Petroleum Institute (API) is to influence public policy in support of a strong, viable U.S. oil and natural gas industry essential to meet the energy needs of consumers in an efficient, environmentally responsible manner.	240	\$146 Million

Select Business Associations in the District of Columbia

Association	Mission	Employees	Revenue
National Association of Home Builders	The mission of the National Association of Home Builders (NAHB) is to promote the housing industry by providing information to its members through conventions and publications concerning innovative products, consumer growth patterns and trends, and current legislation pertaining to the housing industry.	350	\$100 Million
Edison Electric Institute	The mission of the Edison Electric Institute is to provide a forum for the electric utility industry.	200	\$70 Million
American Bankers Association	The American Bankers Association (ABA) represents banks of all sizes on issues of national importance for financial institutions and their customers.	321	\$67 Million
America's Health Insurance Plans	America's Health Insurance Plans (AHIP) is the national association representing nearly 1,300 member companies providing health insurance coverage to more than 200 million Americans.	181	\$59 Million
CTIA-The Wireless Association	CTIA-The Wireless Association® represents all sectors of wireless communications – cellular, personal communication services, and enhanced specialized mobile radio.	86	\$57 Million
Mortgage Bankers Association	The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry.	150	\$54 Million

Source: Guidestar and the Internal Revenue Service

Business Associations and Professional Organizations Employment Highly Concentrated

A focus on the employment generated by business associations and professional organizations shows that it is a highly concentrated community. Over 40 percent of the more than 190,000 jobs supported by business and professional associations were located in the District of Columbia, Illinois, Virginia, California, and Texas in 2006.

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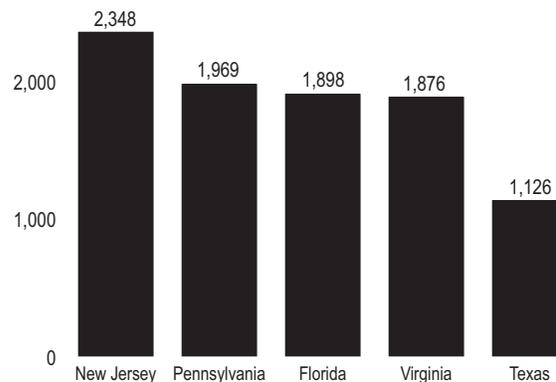
Top 5 States by Business Association and Professional Organizations Employment, 1997 - 2006

Rank	State	1997	2006	Change	% Change
1.	District of Columbia	19,171	19,781	610	3%
2.	Illinois	18,519	19,606	1,087	6%
3.	Virginia	12,876	14,752	1,876	15%
4.	California	13,034	13,797	763	6%
5.	Texas	9,656	10,782	1,126	12%

Source: U.S. Bureau of Labor Statistics

Like the broader association community, business associations and professional organizations added jobs at the state level. Nationwide, there were almost 16,000 more jobs supported by business associations and professional organizations in 2006 than in 1997. Business associations and professional organizations added the greatest number of jobs in New Jersey, Pennsylvania, Florida, and Virginia between 1997 and 2006.

Top 5 States in Employment Growth by Business Associations and Professional Organizations, 1997 - 2006



Source: U.S. Bureau of Labor Statistics

Revenue and Assets

The economic impact of associations on many state economies is reflected in the revenue received by trade and professional associations. The top ranked states by revenue were the District of Columbia, Illinois, Virginia, California, and New York, respectively.

This ranking reflects the clustering of major associations in each of these states. For example, the District of Columbia is home to such high-profile associations as the Pharmaceutical Research and Manufacturers of America, the American Petroleum Institute, the Chamber of Commerce of the United States, the National Association of Home Builders, and the American Bankers Association.

Prominent associations located in Illinois include the American Medical Association, the National Association of Realtors, the American Bar Association, and the American Hospital Association.

Virginia is home to such major associations as the American Chemistry Council, the National Rural Electric Cooperative, the Society for Human Resource Management, and the National Association of Chain Drug Stores. And in New York, you will find the United States Tennis Association, the National Football League, the International Council of Shopping Centers, and the Securities Industry Association.

Top 10 States by Trade and Professional Associations Revenue, 2007

Rank	State	Revenue
1.	District of Columbia	\$3.6 Billion
2.	Illinois	\$2.9 Billion
3.	Virginia	\$2.7 Billion
4.	California	\$2.5 Billion
5.	New York	\$2.3 Billion
6.	Florida	\$2.2 Billion
7.	Michigan	\$2.0 Billion
8.	Texas	\$1.8 Billion
9.	New Jersey	\$1.2 Billion
10.	Pennsylvania	\$1.0 Billion

These statistics are estimates and are revised on an ongoing basis by NCCS. The numbers were compiled in July 2007 and were based on the April 2007 NCCS database.

Source: National Center for Charitable Statistics

The leading state in assets held by trade and professional associations was Michigan, followed by the District of Columbia, Illinois, Virginia, and New York, respectively.⁶

Top 10 States by Trade and Professional Associations Assets, 2007

Rank	State	Assets
1.	Michigan	\$10.2 Billion
2.	District of Columbia	\$4.4 Billion
3.	Illinois	\$3.9 Billion
4.	Virginia	\$3.1 Billion
5.	New York	\$2.9 Billion
6.	California	\$2.9 Billion
7.	Texas	\$2.9 Billion
8.	Florida	\$2.7 Billion
9.	Pennsylvania	\$2.6 Billion
10.	North Carolina	\$1.2 Billion

These statistics are estimates and are revised on an ongoing basis by NCCS. The numbers were compiled in July 2007 and were based on the April 2007 NCCS database.

Source: National Center for Charitable Statistics

Association Establishments

California led the nation in association establishments with almost 9,000 in 2006. Florida, New York, Pennsylvania, and Texas rounded out the top five states in establishments nationally.

Top 5 States by Association Establishments, 2006

Rank	State	Establishments
1.	California	8,986
2.	Florida	6,884
3.	New York	6,490
4.	Pennsylvania	5,894
5.	Texas	4,961

Source: U.S. Bureau of Labor Statistics

Associations make for good employers. They provide above average wages, particularly in the business and professional associations that constitute the core of the community, and can create a sense of common or even higher purpose for their workers. Beyond their employees, associations are helping to keep American workers competitive in the U.S. and global economies through their education and training programs and activities.

Nationwide Trends

Association Wages

The more than 1 million employees working for associations nationwide earned an annual average wage of \$40,250 in 2006. This figure excludes wages for civic and social organizations, because the lower earnings for this segment of the sector reflect a large proportion of workers that hold entry-level part-time jobs.

Association Annual Average Wages, 1997-2006

Year	Association Wages	Business/Professional Association Wages
1997	\$33,459	\$48,498
1998	\$34,581	\$50,128
1999	\$35,231	\$50,860
2000	\$35,698	\$51,374
2001	\$36,764	\$53,364
2002	\$37,868	\$54,601
2003	\$38,746	\$55,742
2004	\$39,453	\$57,616
2005	\$39,943	\$57,924
2006	\$40,250	\$58,465

Note: Wages are adjusted for inflation.
Source: U.S. Bureau of Labor Statistics

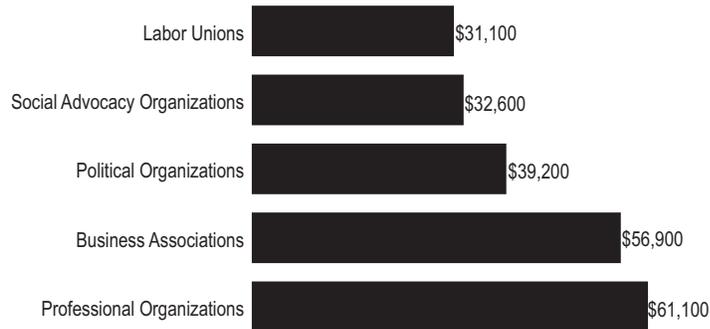
The best compensated employees within the association sector were employed by business associations and professional organizations. This is not surprising since business associations and professional organizations hire highly skilled professionals to carry out their work. Indeed, this portion of the overall sector paid its workforce an annual average wage of \$58,500 in 2006. This was 38 percent higher than the 2006 average private sector wage of \$42,400.

Associations Make for Good Employers

II - ASSOCIATIONS BENEFIT U.S. WORKERS

At a disaggregated level, the highest wages within associations were paid by professional organizations where employees earned an annual average wage of \$61,100 in 2006, followed by an annual average wage of \$56,900 for business associations. Other types of associations such as labor unions, political organizations, and social advocacy organizations, paid their respective workforces significantly lower wages, thus resulting in a lower annual average wage for the association sector as a whole.

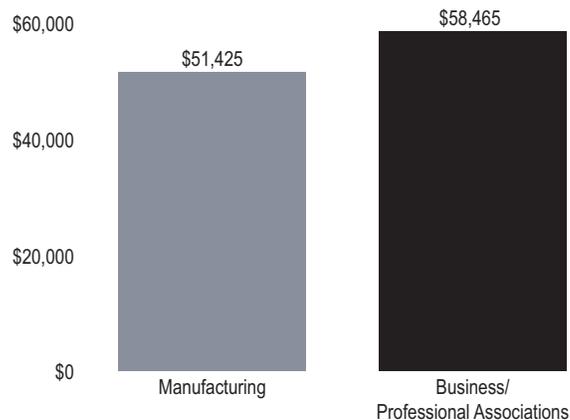
Association Average Wages by Sector, 2006



Source: U.S. Bureau of Labor Statistics

Wages in business associations and professional organizations compare very favorably to other industries. For example, employees of business associations and professional organizations earned an average annual wage of \$58,465 in 2006, which is 14 percent higher than the annual average wage for the nation's manufacturing workforce in 2006 at \$51,425.

Business Associations and Professional Organizations Average Wage Compared to Manufacturing Wage, 2006



Source: U.S. Bureau of Labor Statistics

Wages in Business and Professional Associations Compare Favorably to Other Industries

Association Payroll

The combined payroll of associations reached \$30.6 billion in 2006, an increase of 27 percent over the \$24.1 billion payroll in 1997, adjusted for inflation. Within the association sector, the payroll of business associations and professional organizations reached \$11.2 billion in 2006 compared to \$8.5 billion in 1997, up by 32 percent. The payroll of professional associations grew even faster, posting an increase of 40 percent, jumping from \$3.1 billion in 1997 to \$4.4 billion in 2006.

Association Payroll, 1997 - 2006

Year	Association Payroll	Business/Professional Association Payroll
1997	\$24.1 Billion	\$8.5 Billion
1998	\$24.8 Billion	\$9.1 Billion
1999	\$25.7 Billion	\$9.4 Billion
2000	\$26.8 Billion	\$9.7 Billion
2001	\$27.9 Billion	\$10.2 Billion
2002	\$29.0 Billion	\$10.5 Billion
2003	\$29.3 Billion	\$10.6 Billion
2004	\$29.9 Billion	\$10.9 Billion
2005	\$29.9 Billion	\$10.9 Billion
2006	\$30.6 Billion	\$11.2 Billion

Note: Payroll data are adjusted for inflation.
Source: U.S. Bureau of Labor Statistics

Associations in the States

Association Wages

On a state-by-state basis, associations paid workers in the District of Columbia the highest annual average wage in 2006 of \$77,500, followed by Virginia at \$56,400, and New York at \$51,500.

Top 5 States by Association Wages, 1997 - 2006

Rank	State	1997	2006	Percent Change
1.	District of Columbia	\$65,475	\$77,506	18%
2.	Virginia	\$46,280	\$56,444	22%
3.	New York	\$42,733	\$51,546	21%
4.	New Jersey	\$38,837	\$48,746	26%
5.	Maryland	\$38,173	\$46,472	22%

Note: The wage statistics are adjusted for inflation. They do not include civic and social organizations wages.
Source: U.S. Bureau of Labor Statistics

II - ASSOCIATIONS BENEFIT U.S. WORKERS

The leading states in annual average wages paid by business associations and professional organizations in 2006 were the District of Columbia, New York, Virginia, Illinois, and Maryland. These wages were often significantly higher than the average private sector wages in the state.

For instance, in the District of Columbia business associations and professional organizations paid an average wage of \$90,400 in 2006, compared to a private sector wage of \$65,400. This means that employees of business associations and professional organizations made on average 38 percent more than private sector workers in the District of Columbia. Similarly, Virginia's business associations and professional organizations' annual average wage was 62 percent higher than the state's private sector wage of \$43,700 in 2006.

Top 5 States by Business Associations and Professional Organizations by Annual Average Wages, 2006

Rank	State	Business Associations & Professional Organizations	Private Sector Wage	Differential
1.	District of Columbia	\$90,392	\$65,423	38%
2.	New York	\$72,078	\$56,895	27%
3.	Virginia	\$70,732	\$43,666	62%
4.	Illinois	\$63,758	\$45,866	39%
5.	Maryland	\$63,204	\$44,527	42%

Source: U.S. Bureau of Labor Statistics

Association Payroll

California led the nation with the largest association payroll in 2006 at \$3.1 billion, accounting for 10 percent of the \$30.6 billion total association sector payroll in the nation. California was followed by the District of Columbia, with an association payroll of \$3 billion, New York at \$2.8 billion, Illinois at \$2.3 billion, and Florida at \$1.8 billion.

Top 5 States by Association Payroll, 2006

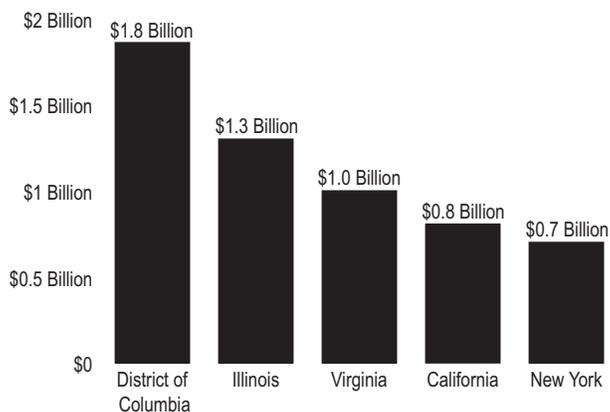
Rank	State	Payroll
1.	California	\$3.1 Billion
2.	District of Columbia	\$3.0 Billion
3.	New York	\$2.8 Billion
4.	Illinois	\$2.3 Billion
5.	Florida	\$1.8 Billion

Source: U.S. Bureau of Labor Statistics

In the District of Columbia, Business and Professional Organizations Paid an Average Wage of \$90,400 in 2006

The nationwide leaders by business association and professional organization payroll in 2006 were the District of Columbia, Illinois, Virginia, California, and New York, respectively. These five states comprised 50 percent of the entire payroll for business associations and professional organizations for that year.

Top 5 States by Business Association and Professional Organizations Payroll, 2006



Source: U.S. Bureau of Labor Statistics

The Chicago Example

Beyond the state-level, it is also instructive to examine the impact of associations on a regional basis to further understand what associations mean to a local economy. To take but one example in microcosm: In Chicago, associations headquartered in the area bring in combined revenues of more than \$9 billion, employ 47,000 people, and occupy 18 million square feet of office space. Chicago associations spend some \$300 million a year on publishing and printing, \$100 million for computer hardware and software, \$75 million for office supplies, and \$400 million for legal, accounting, and consulting services.⁷

The Economic Impact of Associations in 2006: Spotlight Chicago

Establishments	The Chicago area has 1,733 associations.
Revenues	Associations in the Chicago area bring in gross annual revenue of over \$9 billion.
Employment	Associations in the Chicago area employ some 47,000 people.

**Associations
Make a
Significant
Economic
Impact in
Chicago**

The Economic Impact of Associations in 2006: Spotlight Chicago

Wages	Chicagoland associations paid an annual average wage of \$70,000 to their employees.
Impact on Local Economy	<p>Chicago area associations sponsored 1,075 trade shows, 6,672 board and committee meetings, and 27,238 seminars, conferences, conventions, and other meetings in the Chicago area.</p> <p>Associations in the Chicago area occupied 18 million square feet of office space.</p> <p>Attendees at associations' events spent \$1.7 billion for lodging, food, taxis, entertainment, and other activities during their visit to the Chicago area. This spending translated into support for 19,000 jobs in the hospitality, transportation, retail, entertainment, and food service industries.</p> <p>Associations in the Chicago area spent \$322 million on consultants; \$324 million on printing and publications; \$217 million on office rent; \$104 million on computer hardware and software; and \$75 million on office supplies.</p>
Civic Engagement	Associations in the Chicago area and their charitable foundations contributed \$89 million to other charitable and community service organizations.

Source: Economic Impact Study of the Chicagoland Association Community,

Education for Life: Associations, Training, and American Workers' Competitiveness

In this global digital economy, employers can easily turn to far-flung places to hire well educated workers at lower cost. To remain competitive, Americans need to acquire a solid educational foundation of basic knowledge and skills. Just as important, American workers need to learn, train, and retrain throughout their lives in order to advance professionally or to move onward to other jobs and new professions as the global economy changes.

Associations are helping to meet the training needs of American workers so that they can remain competitive in the global labor market. Associations devote significant time and resources to providing valuable education and training for American professionals and workers in a wide variety of fields. A 2005 survey of associations found that nearly 20 percent of associations' operating

**Associations
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budgets was devoted to educational programs for their members, in contrast to 13.5 percent for lobbying activities, and just over 17 percent for convention planning and other convention activities. Over 60 percent of associations surveyed said that they plan to devote even more resources to offering educational programs to their members in the future.⁸

For example, America's Health Insurance Plans, an association of nearly 1,300 member companies that provide health insurance to over 200 million Americans, organizes conferences, programs, and virtual seminars on trends and emerging issues in the health insurance industry for health insurance plan professionals.⁹ The American Bar Association's Center for Continuing Legal Education offers a wide variety of educational programs and products on legal issues in many different practice areas; these programs vary from in-person conferences to broadcast seminars to interactive video and audio programming, podcasts, and computer-based training.¹⁰ Through such diverse educational activities, these and other American associations are providing U.S. professionals and workers the opportunity to continually renew their knowledge and skill base.

Conventions and Meetings

Conventions and meetings organized by associations also can be important vehicles for Americans to remain current on developments in their fields. Many professional and business associations routinely organize seminars, conferences, and conventions for their members. According to the Convention Industry Council, association conferences often result in higher attendance than those organized by the private sector. In 1994, association-sponsored events generated \$56.1 billion, representing 68 percent of direct spending of the industry. The same study conducted by Deloitte & Touche was updated and extrapolated to show that total direct spending on meetings, conventions, exhibitions, and incentive travel would reach \$102 billion in 2001, with association-sponsored events comprising an estimated \$70 billion of that extrapolated total.¹¹

III - ASSOCIATIONS SERVE AMERICAN COMMUNITIES

Beyond their positive and direct impact on the U.S. economy and states' economies and on U.S. workers, professional, business, and civic associations provide services that benefit American communities in important, but often less visible, ways. Specifically, they help to inform and educate Americans about topical economic and political issues; define and maintain professional and ethical standards; secure safety and quality of life for many Americans; and channel the American volunteer spirit to aid cities and towns across the United States, particularly in times of crisis.

Increasing Financial Literacy: Associations and the U.S. Mortgage Squeeze

When the sub-prime mortgage crisis reverberated throughout the U.S. and global economy in summer 2007, some financial services associations worked to increase consumers' financial literacy and to aid homeowners in financial distress.

The Mortgage Bankers Association, which represents more than 500,000 members of the real estate finance industry, launched a TV and two radio public service announcements advising consumers who might have trouble making their mortgage payments to contact their lenders immediately.

In fact, the Mortgage Bankers Association, along with the American Bankers Association (ABA), which represents banks of all sizes, including community, regional, and money center banks, were among the six financial services trade associations to issue a joint statement in May 2007 expressing the commitment of the organizations to work with federal and state regulators and consumers to find ways to help homeowners in financial need through refinancing, loan restructuring, and forbearance. The ABA also offered guidelines for homeowners with adjustable rate mortgages whose interest rates were due to rise.

Informing American Citizens

Beyond the education and training of their members, associations provide vital information and educational materials for the general public. For example, the American Medical Association provides public access to its AMA Doctor Finder, a web-based service to assist the public in locating physicians nationwide. In 2007, the database listed information on some 650,000 U.S. licensed physicians.¹² In the legal field, the American Bar Association provides a wealth of basic legal information for the public on its website, covering such diverse issues as immigration, protection for online shopping, estate planning and wills, and tax tips.¹³

This public education function is increasingly important to many associations, with 51 percent of associations in a 2005 poll responding that they were planning to increase their spending on public information and education.¹⁴

Additionally, many associations inform and educate their members and the public on political issues related to their respective fields. In a 2005 survey of associations, respondents reported devoting 5.5 percent of their operational budgets to political education and training for association members. Although lobbying activities often are viewed negatively in light of recent scandals, advocacy of

**Associations
Provide Vital
Information
and
Educational
Materials for
the General
Public**

particular political positions and interests is a necessary and vital part of American democracy. Associations are active participants in the political process, devoting some 13.5 percent of their budgets in 2005 to lobbying activities, and almost 5 percent to issue advocacy through print, radio, and TV advertising.¹⁵

Associations Are Active Participants in the Political Process

Associations' Programs and Activities As Percentage of Budget

Activity or Program	Average Percentage of Budget Spent on Activity
Standards and Ethics	
Defining product and service standards & promulgating them to members, nonmembers, and the general public	8.3%
Defining standards for professional certification and promulgating them to members, nonmembers, and the general public	6.6%
Formally certifying individual professional achievement	8.6%
Formulating or promulgating ethical or performance standards for members, or for nonmembers within the activity the association covers	6.3%
Enforcing ethical or performance standards for members, or nonmembers within the activity the association covers	5.4%
Establishing voluntary environmental standards and compliance programs	4.8%
Education	
Offering education programs for members	18.4%
Engaging in public information and public education activities	8.9%
Political Engagement	
Political education and training for association members	5.5%
Grassroots member contact programs to have members contact local, state, or federal legislators	5.3%
Lobbying	13.5%
Sponsoring issue advocacy print, radio, or TV advertising	4.9%
Community Service	
Sponsoring community programs conducted by association members (e.g., volunteer teaching in public schools)	7.0%
Making direct or matching charitable contributions	5.3%

Source: Value of Associations – 2005 Survey

Associations Define and Advance Standards

Setting International Standards for Oil and Natural Gas: The American Petroleum Institute

The American Petroleum Institute (API) maintains some 500 standards that cover all segments of the oil and natural gas industries. Many of these standards have been adopted internationally through API's engagement in the International Organization for Standardization and other international organizations. API also has adopted Environmental Principles intended to ensure that their members' operations are compatible with the environment.

Raising the Bar

Associations define and advance standards for professional certification and performance and for ethical practices in a wide variety of fields. In a 2005 survey of associations, respondents reported spending over 8 percent of their budgets on defining and promulgating standards for products and services, nearly 7 percent on defining and advancing professional certification standards, and almost 9 percent on formal certification of professional achievement.¹⁶

Concern with professional standards and ethics extends to the way that associations are governed. As a consequence of heightened concern over corporate scandals and governance, 63 percent of respondents in a 2005 survey of associations said that their associations had established or strengthened an audit or finance committee, 45 percent had arranged for an outside or regular audit of association finances, and 41 percent had established or strengthened the non-financial governance structure of the association.¹⁷

Enhancing Public and Worker Safety: The Society of the Plastics Industry and the American Chemistry Council

The Society of the Plastics Industry (SPI) represents some 2,000 members drawn from the entire plastics industry supply chain in the United States. SPI has worked with the U.S. Department of Labor's Occupational Safety and Health Administration (OSHA) since 2002 to develop training, education, and communication projects related to worker safety in the plastics industry. This public-private partnership has organized workshops, distributed materials on health and safety at industry conventions, and trained workers from the plastics industry on hazards and measures to prevent injuries.

Worker and public safety is also at the core of the American Chemistry Council's Responsible Care® program, a global chemical industry performance initiative designed to reduce environmental releases by chemical companies, improve worker safety, and guide emergency planning, including in preparation for hurricanes.

Many associations today are also providing leadership to address the economic, political, and social challenges of tomorrow. The American Petroleum Institute, for example, has designated climate change, homeland security, and the future of fuels as among its key focus issues, while the American Institute of Architects is advancing concepts and tools for integrating sustainability into urban planning. Many associations are working to strengthen our plans for responding to and addressing the consequences of natural disasters, such as Hurricane Katrina.

Leading American Cities into the Green Age: The American Institute of Architects

The American Institute of Architects (AIA), an association of some 80,000 licensed architects and association professionals, has created a Sustainable Design Policy Research Center. In light of growing concern about the future of the global environment, the Center's purpose is to encourage the design of more buildings that reduce the use of natural resources and non-renewable energy sources, reduce waste, and promote regeneration of natural resources. AIA has also worked to expand and refine its "Green Cities Toolkit," which provides leaders of American cities useful information on how to integrate sustainability into their city planning.

Community Service and Civic Engagement

The spirit of American volunteerism is exceptional in the world, and Americans give generously of their time and talent to their communities. According to the annual survey, *Volunteering in the USA*, conducted by the Corporation for National and Community Service, an independent federal agency, between September 2005 and September 2006, over 60 million people, or almost 27 percent of adult Americans nationwide, volunteered for or through an organization. This translates into an average of 52 hours of work for each volunteer in a wide variety of organizations, from religious groups to youth groups, to hospitals and other health organizations to social and civic groups.

Associations are part of the backbone of volunteerism, providing an infrastructure and opportunities for Americans to help build and serve their communities. The 2006 survey, *Volunteering in the USA*, found a higher level of volunteering is associated with greater levels of civic attachment (e.g., home ownership); higher levels of education and less poverty; shorter commuting times; and, critically, a higher prevalence of nonprofits and organizations that can retain volunteers.

The survey reported that communities that had fewer nonprofits per capita — e.g., Las Vegas, Nevada; Riverside, California; or Orlando, Florida — were also likely to have lower volunteer rates. Conversely, cities and states with many nonprofit organizations showed higher volunteer rates. Associations, a small but important part of the American nonprofit sector, are important vehicles to channel Americans' volunteer spirit and impulse.

Members of associations themselves are active volunteers in many of America's communities. Associations participating in a 2005 survey reported that their members performed an average of 71,255 hours annually for charitable and community services projects.¹⁸ According to the Independent Sector, a nonprofit coalition, the national average value for one volunteer hour is \$18.77. Using this figure, association members on average contribute over \$1.3 million in service on a yearly basis to American communities.¹⁹

**Associations
Provide
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Economic,
Political, and
Social
Challenges of
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**Associations
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Associations Were at the Center of Relief Efforts in the Shattered Towns of the Gulf Coast

Serving in Times of Crisis: American Associations and Hurricane Katrina

After Hurricane Katrina hit the Gulf Coast in August 2005, American associations leapt into action, channeling resources, in-kind gifts, and volunteers into the devastated communities of Louisiana, Mississippi, Alabama, and Texas. From professional and business associations to civic groups, associations were at the center of efforts to help and comfort the injured and displaced and rebuild the shattered towns of the Gulf Coast.

Following are a just a few examples of the outpouring of volunteerism organized and channeled by America's associations:

American Medical Association

The American Medical Association's (AMA) mission is to "promote the art and science of medicine and the betterment of public health." The AMA's response to Katrina reflected the particular importance of that mission during times of crisis. Among the AMA's activities in the wake of Katrina:²⁰

- ◆ Immediately following the hurricane, the AMA Center for Public Health Preparedness and Disaster Response activated a response team. AMA staff fielded phone calls and email messages from AMA members, government agencies, medical societies, and volunteer organizations (including the American Red Cross) on temporary licensure for physicians, housing, medical supplies, medications, and projected needs for hurricane victims.
- ◆ The AMA identified ways for physicians to volunteer in the affected areas and the areas to which people had been evacuated. Within the first weeks, 33,000 medical volunteers had signed up to volunteer through the federal Department of Health and Human Services (HHS). After HHS could no longer accept volunteers, the AMA served as a clearinghouse for information from the states that were setting up alternative ways for physicians to volunteer.
- ◆ Through its Health Care Recovery Fund, the AMA offered grants of up to \$2,500 per physician to help rebuild practices damaged or destroyed after Hurricanes Katrina, Rita, and Wilma, a vital step in rebuilding the public health infrastructure in the affected regions.
- ◆ Through its Physician Masterfile, a comprehensive data source on all physicians in the country, the AMA provided assistance to physicians seeking to confirm their identity and to access their patients' prescription records through KatrinaHealth.org, a federally created website to ensure that Americans affected by the disaster could continue to receive necessary medications.
- ◆ In response to calls from physicians in Louisiana who had lost their medical supplies through Katrina, the AMA Resident and Fellow Section issued an association-wide request to physicians asking them to bring new or used medical supplies to the AMA Interim Meeting in Dallas in November 2005.

American Chemistry Council (ACC)

For many of the American Chemistry Council's members, Katrina hit close to home. New Orleans is a major port facility and a hub of the nation's chemical industry. More than 50 chemical plants were badly damaged, and others lost natural gas and electric supplies for weeks. Many employees of

the industry were displaced. Among the contributions of the American Chemistry Council in response to Katrina were:²¹

- ◆ Member companies donated chlorine bleach, disinfectants, polyvinyl chloride (PVC) piping, plastic sheeting, and other products to restore supplies of safe drinking water and to protect public health. Donations of dry chlorine, for example, helped to sanitize water for drinking, for cleaning dishes and utensils, and for bathing.
- ◆ The ACC's Water Relief Network donated funds and chlorine-based products to the American Red Cross.
- ◆ The American Chemistry Council's foundation, a charitable 501(c)(3) organization, established a Hurricane Katrina Relief Fund to collect donations to support Red Cross relief efforts. Additionally, member companies of the ACC donated more than \$25 million to Katrina recovery efforts and millions more in in-kind contributions.
- ◆ After the 2005 hurricane season, participants in the Chemical Security Summit discussed lessons learned and responsibilities for chemical security, including new and evolving state regulations and federal legislation.

National Association of Home Builders (NAHB)

The National Association of Home Builders promotes policies to make housing a national priority. Some 235,000 of its members are home builders or remodelers, in addition to others working in fields closely related to the housing industry. In response to the dire housing needs created by the devastation of Katrina, the NAHB responded thusly:²²

- ◆ The NAHB established a Home Building Industry Relief Fund (HBIRF) to assist in rebuilding the construction industry in the affected areas, in order to support rebuilding and recovery. By 2007, the HBIRF had approved \$1.3 million in grants for education and training projects to increase the availability of skilled workers in areas hit by Katrina, and to programs that have a direct impact on rebuilding damaged community facilities and housing.
- ◆ The NAHB donated \$2 million to the HBIRF, half of the sum going to humanitarian aid, \$500,000 to the American Red Cross, and \$500,000 to the Salvation Army.
- ◆ The association worked with Gifts in Kind International to handle donations of building materials and products from its members.

Pharmaceutical Research and Manufacturers of America (PhRMA)

PhRMA represents the United States' leading pharmaceutical research and biotechnology companies and, as such, was well positioned to galvanize assistance by the producers of critically needed medicines and medical equipment. Among PhRMA's contributions to the Katrina crisis response effort were:²³

- ◆ PhRMA member companies donated over \$130 million in medicines, medical supplies, and cash. Among the in-kind contributions were supplies of refrigerated insulin, vaccines — including tens of thousands of doses of tetanus vaccine — antibiotics, antiseptics, non-prescription pain relievers, wound care products, surgical equipment, and millions of cans of infant formula.
- ◆ PhRMA member companies also donated an emergency diabetes clinic, three 80-foot mobile healthcare labs, and company aircraft to transport medical supplies and to move critically ill patients to treatment centers.

Associations Drew on Internal Strengths to Aid in Hurricane Katrina Aftermath

CONCLUSION

Associations Make a Difference in Every American's Life

Associations make a difference in every American's life. They are a vital part of our national economy and create jobs in every state, large or small. Their measurable economic benefits include over one million jobs for Americans and a total payroll of \$30.6 billion. Professional and business associations, the core of the sector, create well-paying jobs, and employment is expected to grow in these and other parts of the association sector. Beyond their direct economic impact, associations are working to train and educate American workers so that they remain competitive in the global economy. Through independent efforts and in partnership with local, state, and federal officials, associations are defining and advancing the professional and ethical standards that lead to greater efficiency, enhanced safety, and a better quality of life for American workers and citizens.

Associations' service to the American public often goes unnoticed, in part because these organizations are such an integral part of our communities at the local, state, and national level. But their quiet leadership role in the economy, in the nonprofit community, and in American civic life guarantee them a vital role in the future as Americans face new challenges both at home and abroad.

North American Industry Classification System (NAICS) Data

The development of good data on associations is limited by the official tools used by the U.S. government to define the American economy. One of the most important tools used by the U.S. government to classify all U.S. industries is the North American Industry Classification System, most commonly referred to as the NAICS (rhymes with cakes).²⁴ Standard analyses by the U.S. Census Bureau, the U.S. Bureau of Labor Statistics (BLS), and the Bureau of Economic Analysis (BEA) use NAICS.

Under the NAICS system, associations are comprised of seven distinct segments: social advocacy organizations, civic and social organizations, business associations, professional organizations, labor unions, political organizations, and other similar organizations.

For the purpose of this study, business associations and professional organizations have been combined into a single segment because they constitute the core of the association sector. A focused examination of this particular segment underscores the strength of the organizations that comprise the heart of the association community.

NAICS	ASSOCIATION INDUSTRY SEGMENTS
8133	Social Advocacy Organizations
8134	Civic and Social Organizations
81391	Business Associations
81392	Professional Organizations
81393	Labor Unions and Similar Labor Organizations
81394	Political Organizations
81399	Other Similar Organizations

Business Associations

Business associations are those associations primarily engaged in promoting the business interests of their members and include chambers of commerce and manufacturers' and trade associations.

Professional Organizations

Professional organizations are those organizations that seek to advance the interests of their members and their profession.

The study does not use the Internal Revenue Service classifications, which exempt certain organizations from federal income taxes, to delimit the scope of the study. This is for several reasons. First, the IRS classification system is of little use in measuring business activities such as employment, wages, and payroll; for these statistics, the NAICS codes are most useful. Second, many associations are classified by the Internal Revenue Services as 501(c)(6) organizations but some have received charitable status and are designated as 501(c)(3) organizations. The NAICS and IRS systems are not fully congruent. For example, the business activity of the National Education Association is best captured through use of the NAICS classifications. But unlike most associations,

the NEA is designated a charitable educational organization under the IRS system, which grants it 501(c)(3) status.

Internal Revenue Service/National Center for Charitable Statistics Data

Importantly, the data presented in this report represent a small slice of the overall nonprofit sector, with an exclusive focus on membership organizations. Revenue and asset statistics presented in this report are based on the Internal Revenue Service tax-exempt organizations designations.

Data on revenue have been compiled from statistics prepared by the National Center for Charitable Statistics. The National Center for Charitable Statistics derives its data files primarily from information that tax-exempt nonprofit organizations file with the Internal Revenue Service. These statistics are not provided on a NAICS basis, but rather are presented by their nonprofit status as determined by the Internal Revenue Service. Therefore, the IRS data and the labor market data are not directly comparable.

The IRS Business Master File (BMF) is a cumulative file containing descriptive information on all active tax-exempt organizations. Data contained on the BMF are mostly derived from the IRS Forms 1023 and 1024 (the applications for IRS recognition of tax-exempt status) and are updated each month.

The statistics in this report focus on the association community and do not cover the much larger universe of charitable, religious, scientific, educational, and literary nonprofit organizations. This sector of the nonprofit world includes everything from not-for-profit hospitals, clinics, colleges and universities to day care centers, museums, homeless shelters, soup kitchens, and many others. The larger charitable nonprofit sector will be the subject of the next phase of Associations Advance America research, scheduled for release in 2008.

Michaela Platzer

Michaela Platzer is President of Content First, LLC, a full-service public policy research firm in Washington, DC that utilizes a unique process of melding solid research and analysis with presentation and communication to bring advocacy data, industry statistics, and policy research to life for trade associations, businesses, law firms, consulting firms, and the public affairs community.

Ms. Platzer brings more than 20 years of public policy research experience to her firm acquired as Vice President, Research and Policy Analysis for the American Electronics Association (AeA), Manager, European Affairs, for the U.S. Chamber of Commerce, and international economist for the Embassy of the Republic of South Korea.

She has authored numerous publications including recent economic and policy reports for the National Venture Capital Association, the TransAtlantic Business Dialogue, the Representative of German Industry and Trade, the Organization for International Investment, the U.S. Chamber of Commerce, the Aerospace Industries Association, the U.S. Coalition of Service Industries, and the Korea-U.S. Business Council. Other publications authored by Michaela include AeA's *Cyberstates*, *Cybernation*, and *CyberEducation* reports and the U.S. Chamber's policy studies on the European internal market program.

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Dr. Cathleen S. Fisher

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¹ Corporation for National & Community Service, *Volunteering in America: 2007 State Trends and Rankings in Civic Life*, April 2007, <http://www.nationalservice.org/about/volunteering/states.asp>.

² Ibid.

³ The NCCS statistics are based on the April 2007 NCCS Core Files and were compiled in July 2007. Since nonprofit statistics are revised on an ongoing basis it is difficult to obtain an exact count of the number of registered nonprofit associations in the United States, along with firm numbers on revenue and assets. The statistics on the total number of nonprofit organizations reported by the IRS in its Internal Revenue Service Data Book, 2006 differ from the data prepared by the National Center for Charitable Statistics. One reason for the discrepancy is that the IRS data may include organizations that may have gone out of existence.

⁴ The data are drawn from the NCCS. These statistics are based on the comprehensive statistics collected by the Internal Revenue Service on tax-exempt organizations in the United States. A review of the NCCS files permits a detailed examination of key metrics such as total nonprofit revenue and assets as reported on the IRS Form 990 by state.

⁵ The U.S. Bureau of Labor Statistics defines an establishment as an economic unit, such as a factory or store, which produces goods or services. It is generally a single location and engaged predominately in one type of economic activity. The BLS numbers are not comparable to the data collected by the Internal Revenue Service on the number of tax-exempt organizations operating in the United States.

⁶ Michigan's leading rank is due to the sizeable assets of the Michigan Catastrophic Claims Association (MCCA), which accounts for some \$9.3 billion of the assets held by Michigan associations. The MCCA, which was created by the state legislature in 1978, reimburses auto no-fault insurance companies for personal injury claims in excess of \$400,000. The MCCA assesses each policyholder on an annual basis.

⁷ Association Forum of Chicagoland, *Economic Impact Study of the Chicagoland Association Community*, 2006, <http://www.associationforum.org/about/economicimpact.asp>.

⁸ HarrisInteractive, Value of Associations — 2005 Survey, <http://www.asaecenter.org/files/2005ValueofAssociationsFull.pdf>.

⁹ About AHIP, <http://www.ahip.org/content/default.aspx?bc=40>.

¹⁰ The ABA Center for Continuing Legal Education, <http://www.abanet.org/cle/home.html>.

¹¹ Convention Industry Council, *The Economic Impact of Conventions, Expositions, Meetings and Incentive Travel*, October 17, 1995 and updated in late 2004.

¹² American Medical Association Doctor Finder, <http://webapps.ama-assn.org/doctorfinder/home.html>.

¹³ American Bar Association, <http://www.abanet.org/public.html>.

¹⁴ HarrisInteractive, Value of Associations — 2005 Survey.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Volunteering at the State Level, <http://www.nationalservice.gov/about/volunteering/states.asp>.

²⁰ "Statement of the American Medical Association to the Subcommittee on Health and Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, U.S. House of Representatives, *Assessing Public Health and the Delivery of Care in the Wake of Hurricane Katrina*, presented by Ardis D. Hoven, M.D., September 22, 2005, <http://www.ama-assn.org/ama1/pub/upload/mm/399/katrina.pdf>.

²¹ American Chemistry Council, *Hurricane Katrina Recovery Effort*,

http://www.americanchemistry.com/s_acc/sec_article.asp?CID=22&DID=2731;

http://www.americanchemistry.com/s_acc/sec_article.asp?CID=36&DID=1889.

²² National Association of Home Builders, *NAHB Hurricane Response Update: Summary of Actions for Hurricanes Katrina and Rita*,

<http://www.nahb.org/generic.aspx?genericContentID+45792&print+true>, accessed August 21, 2007.

²³ PhRMA, [http://www.phrma.org/news_room/press_releases/pharmaceutical_companies_donate_nearly_\\$130_million_to_hurricane_victims_along_the_gulf_coast/](http://www.phrma.org/news_room/press_releases/pharmaceutical_companies_donate_nearly_$130_million_to_hurricane_victims_along_the_gulf_coast/), December 13, 2005.

²⁴ The North American Industry Classification System codes classify establishments by industry and calculate the economic activity of these industries.