

Trends in the Distribution of Income among Charities, 1995-2008

Peter Backus
David Clifford

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'There now seems to be an established trend towards the concentration of [total charitable] income in the very richest charities' (Duncan Smith 2005)

- There are two ways to consider this question of “Tesco-isation”:
 - ① The Cross-Sectional
 - Are larger charities getting an bigger piece of the 'pie'?
 - ② The Longitudinal
 - Do larger charities grow faster than small ones?

- Data supplied by Guidestar and compiled from older data from the Charity Commission (Thank you NCVO!)
- Population of registered charities in England and Wales
- We restrict the data in a few ways:
 - We focus on 1995-2007/8
 - Using NCVO's "general" charities definition (e.g. No NHS, grant making trusts)
 - Exclude those with less than £1,000 of income

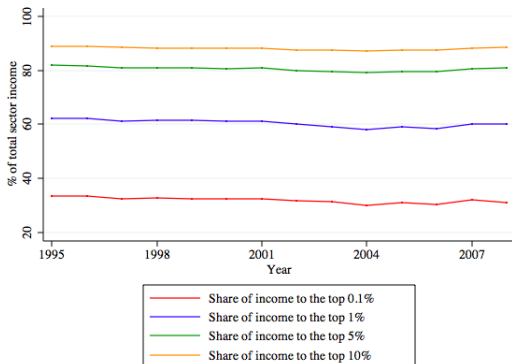
- More well established (see NCVO Almanac)
- Growth from 1995-2007 in terms of
 - total income (7.9% pa)
 - number of charities (~42,000 new registrations)
- Questions remain as to how income is distributed and how that distribution has changed.

The Cross-Sectional

Income Concentration: Quantile Shares

“the richest 1.6% of charities account for 67.5% of all charity income” (Duncan Smith 2005)

Figure: Share of income captured by the top 0.1%, 1%, 5% and 10% of charities, 1995-2007



The Cross-Sectional Concentration by ICNPO Sub-Sector

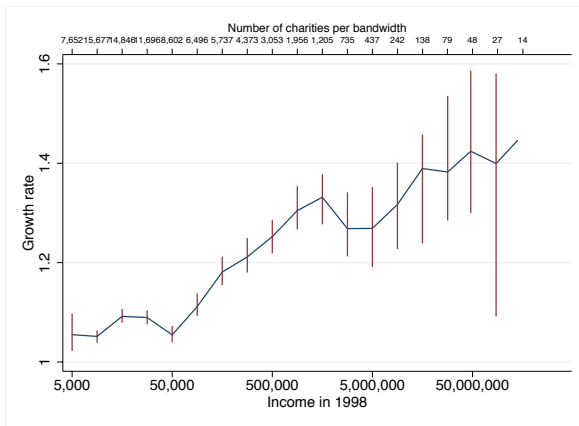
Table: Quantile group shares of the top 1% and top 5% by ICNPO classification

ICNPO Classification	1995		2007		Change in	
	Top 1%	Top 5%	Top 1%	Top 5%	Top 1%	Top 5%
Civic/Advocacy Organizations	39.7	56.4	33.4	51.7	-6.3	-4.7
Community Development	55.1	78.8	58.8	81.8	3.8	3.0
Culture and Recreation	51.0	77.1	48.8	78.1	-2.2	0.9
Education	56.1	78.1	45.2	67.8	-10.9	-10.3
Environment	65.6	82.7	60.4	81.0	-5.2	-1.7
Health	40.0	67.7	51.7	75.0	11.7	7.3
International	56.3	88.0	66.7	89.3	10.3	1.3
Philanthropic Intermediaries	23.8	49.2	35.7	54.4	12.0	5.2
Professional Associations	15.0	49.0	18.7	46.6	3.7	-2.4
Religious	30.7	57.2	40.3	63.0	9.5	5.8
Research	74.9	86.6	68.8	84.1	-6.2	-2.5
Social Services	67.1	83.9	64.5	82.5	-2.6	-1.4

The Longitudinal

- Considering only the cross-sectional perspective provides an incomplete picture
 - composition of the top quantiles or largest n charities will change
- We consider the longitudinal perspective (following a fixed group of charities over time
 - 41,732 charities from 1997-2008
- We graphically summarise the relationship between a measure of initial size, charitable income in 1998 (on the x-axis), and subsequent charitable growth between 1998 and 2007 (on the y-axis).
 - Income Mobility Profile (median)
- How did the *distribution* of relative growth vary with initial size?

Figure: Income Mobility Profile, 1997-2008



The Longitudinal Income Mobility Profile

- Profile is consistent with the “Tesco-isation” hypothesis
 - Larger charities have grown faster (median)
- Smaller charities have a capacity for high relative (higher 90th percentile)
- Profile is consistent with the “professionalisation” hypothesis
 - growth has favored charities with sufficient income to support paid staff
- Profiles differ across sub-sectors
 - No “Tesco-isation” for Social Services

- The evidence from the cross-sectional perspective suggests that the charitable sector has experienced a *fall* in concentration.
 - Little evidence of 'Tesco-isation'
 - Results are consistent with 'professionalisation'
- However, the larger charities at the start of the period have tended to grow faster than the smaller ones.
- Results are not generalisable to sub-sectors.
- Furtherwork needed on
 - Mobility
 - Turnover