

Most important characteristics of the nonprofit sector, 2018

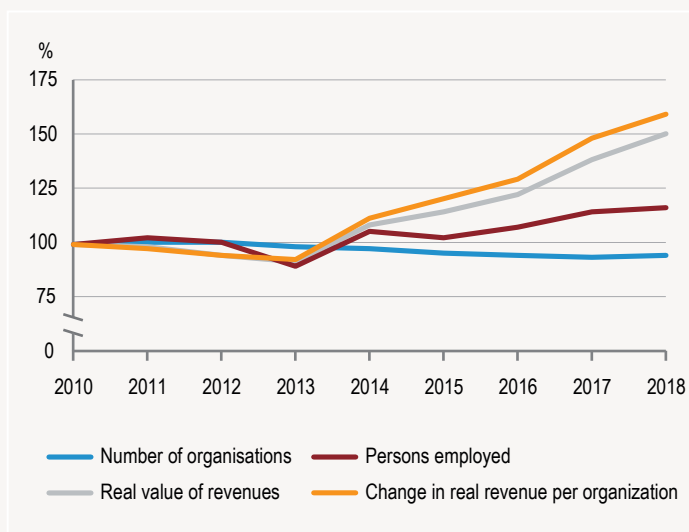
- Nonprofit organisations accounted for a greater share of the national economy
- Two thirds of nonprofit organizations are community organizations
- Rise in the share of public benefit organisations
- Significant revenue growth
- 166 thousand employed persons and 399 thousand voluntary helpers
- The share of the classical civil sector remains unchanged throughout the nonprofit sector

Nonprofit organisations accounted for a greater share of the national economy

In 2018, the number of organizations operating in the nonprofit sector grew year-on-year by 340 to a total of 61,491. In terms of key factors, the image of the sector has remained unchanged for years: it contains many (around 54 thousand) classic NGOs (no change year-on-year) and far fewer but high-income (HUF 250 million) nonprofit enterprises¹. Sectoral macro changes over time can be illustrated by such indicators as number of active organizations, real value of revenues and number of employees.

Figure 1

Changes in key indicators of the nonprofit sector (2010 = 100%)



The number of organizations has been declining since the beginning of 2010, due to the effect of Act CLXXV of 2011 on the Freedom of Association, the Nonprofit Status and Operation and Support of Civil Organizations (hereinafter referred to as Civil Act), which launched a 'cleansing' process within the sector².

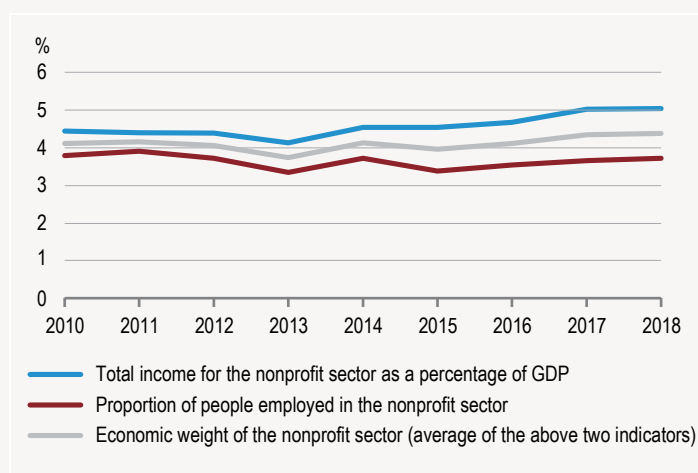
Due to rearrangements and increasing workfare employment, the **number of employees** in the nonprofit sector has been fluctuating in recent years. In contrast to a 2.5% decline in the previous year, the number of people employed in the sector **increased** by 4.4% in 2016, by another 6.3% in 2017 and **by 1.7%** in 2018.

The **real value of revenues** has been **steadily increasing** since 2014, with growth reaching almost 14% in 2017 and 8.6% in 2018.

Following a range-bound period at the beginning of the decade, the ratio of total revenue of nonprofit organizations to total GDP has increased over the last three years due to an ongoing structural transformation.

Figure 2

How the share of the nonprofit sector changes in the national economy, (2010 = 100%)



Based on revenue-to-GDP ratio and average employment rate, the sector's share of the national economy increased by 0.3 percentage points between 2010 and 2018 and **reached its highest ever level of 4.4%** by 2018.

In 2018, the sector's revenue-to-GDP ratio was also at record levels, exceeding 5% for the first time. Growth was 5.2% in 2018. This is largely due to changes in public services and public service tasks.

¹ According to organisational forms, private foundations as well as associations and federations are among classical non-governmental organisations. Nonprofit business companies include nonprofit enterprises and public foundations. Public foundations are mainly specialized in public tasks and support, founded by the government or any local government and play a marginal economic role compared to nonprofit companies. The third group of nonprofit organisations is made up of advocacy groups (public bodies, employer, employee and professional organisations).

² The civil law states that as a consequence of the failure to submit the mandatory annual financial statements the court initiates the termination or deletion of these organisations.

Two thirds of nonprofit organizations are community organizations

In 2018, from the approximately 61.5 thousand civilian and other nonprofit organisations one-third (20 thousand) operated as foundations and two-thirds (41 thousand) as corporate nonprofit organisations.

In line with previous years, the activities of a significant part of the foundations were related to

- education (33%),
- social services (16%) and
- culture (15%).

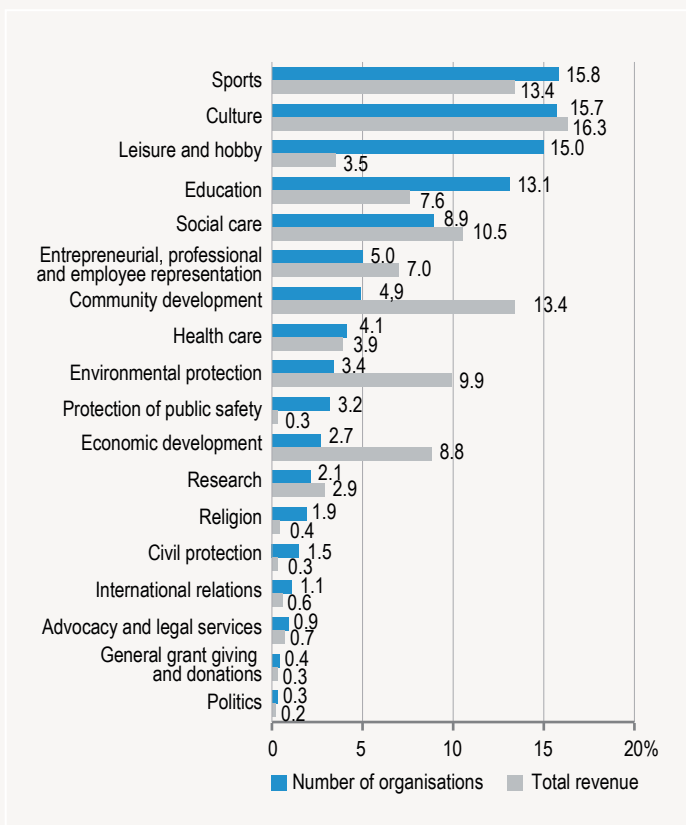
Among corporate nonprofit organisations, the proportion of

- leisure (21%) and
- sports associations (22%) as well as
- cultural organisations (16%) was again the highest.

The large number of sports and cultural organizations is also reflected in the amount of revenue they generate. The categories of municipal development, social welfare, environmental protection and economic development do not rank high in terms of the number of their organizations, but on the basis of their total income they stand out from the other groups of activities.

Figure 3

Distribution of the number and total revenue of nonprofit organisations by main groups of activity, 2018



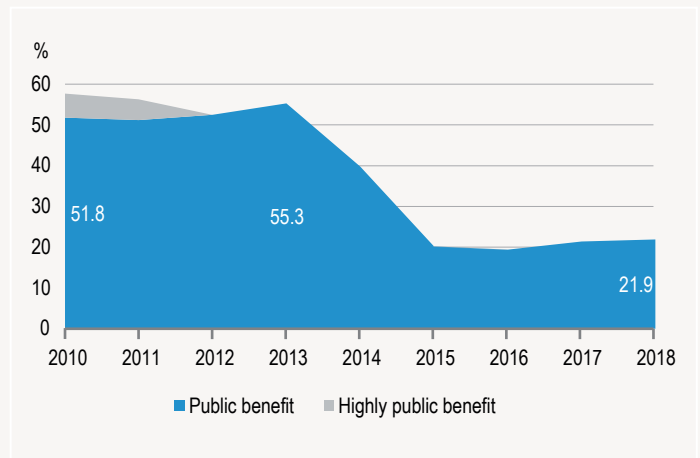
Rise in the share of public benefit organisations

As a result of legislative changes in the sector, at the end of 2015, barely more than a fifth of registered organizations had a public benefit status, down from 55% in the ‘phasing out’ year of 2013. In 2016, the proportion of these organisations continued to decrease (to 19%), however, in 2017 this trend reversed somewhat and we saw an increase of 2 percentage points. In 2018, the trend continued and the share of nonprofit organizations amounted to 22%.

³ In 2018, TAO subsidies in the sector were close to HUF 105 billion.

Figure 4

Proportion of public benefit and highly public benefit nonprofit organisations within the entire sector



Significant revenue growth

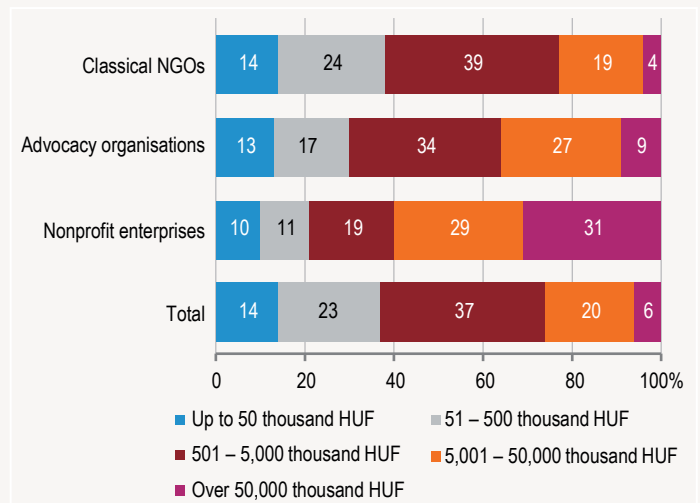
In 2018, of organizations within the sector:

- 91% made a full cash flow,
- 1.2% of them recorded only revenue,
- 3.9% of them recorded only expenses,
- 3.4% did not engage in any financial activity.

In 2018, the total revenue of nonprofit organizations was more than HUF 2,150 billion, an increase of 11.7% at current prices and 8.7% in real terms. As in recent years, the proportion of organizations with annual revenues below 500,000 HUF remained significant, accounting for 37%. Low incomes continue to be the most common among classical NGOs.

Figure 5

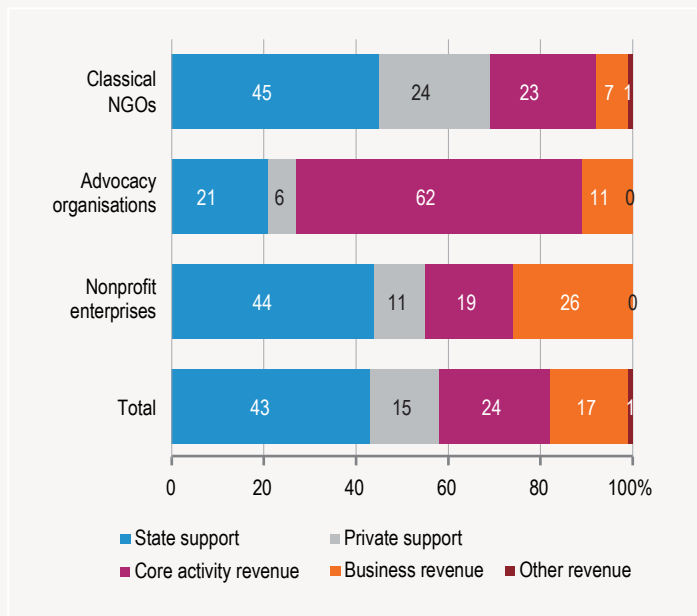
Distribution of nonprofit organizations by size of revenue, 2018



The very populous group of leisure and educational organizations received less funding than would be justified by its economic importance. The financial position of economic, urban development and environmental organizations, on the other hand, was better than average, mainly due to nonprofit business companies. In 2018, sports organizations had a roughly proportional share within the sector’s revenues, mainly due to corporate tax subsidies³.

Figure 6

Distribution of revenues in nonprofit organisations by source, 2018



Compared to 2017, the proportion of state subsidies within the financial management of nonprofit organizations decreased by 1 percentage point. In 2018, 43% of the annual revenue of the entire sector came from state or municipal budgets. At the same time, this resulted in an increase of HUF 60 billion due to higher total revenues. In addition, the proportion of own (core business, entrepreneurial) revenue continued to decline from 43% in the previous year to 41%, with the sector's support rate⁴ increasing by 2.0 percentage points to 58% year-on-year due to higher private sector support. In 2018, nearly 17 thousand organizations benefited from the HUF 308 billion grant funding earmarked for this purpose, a significant increase over the previous year (187 billion).

During the period under review, 10 thousand organizations provided donations in cash or in kind, of which only one quarter went to the public and three quarters to various organizations. Out of the HUF 228 billion support, HUF 187 billion was in cash.

166 thousand employed persons and 399 thousand voluntary helpers

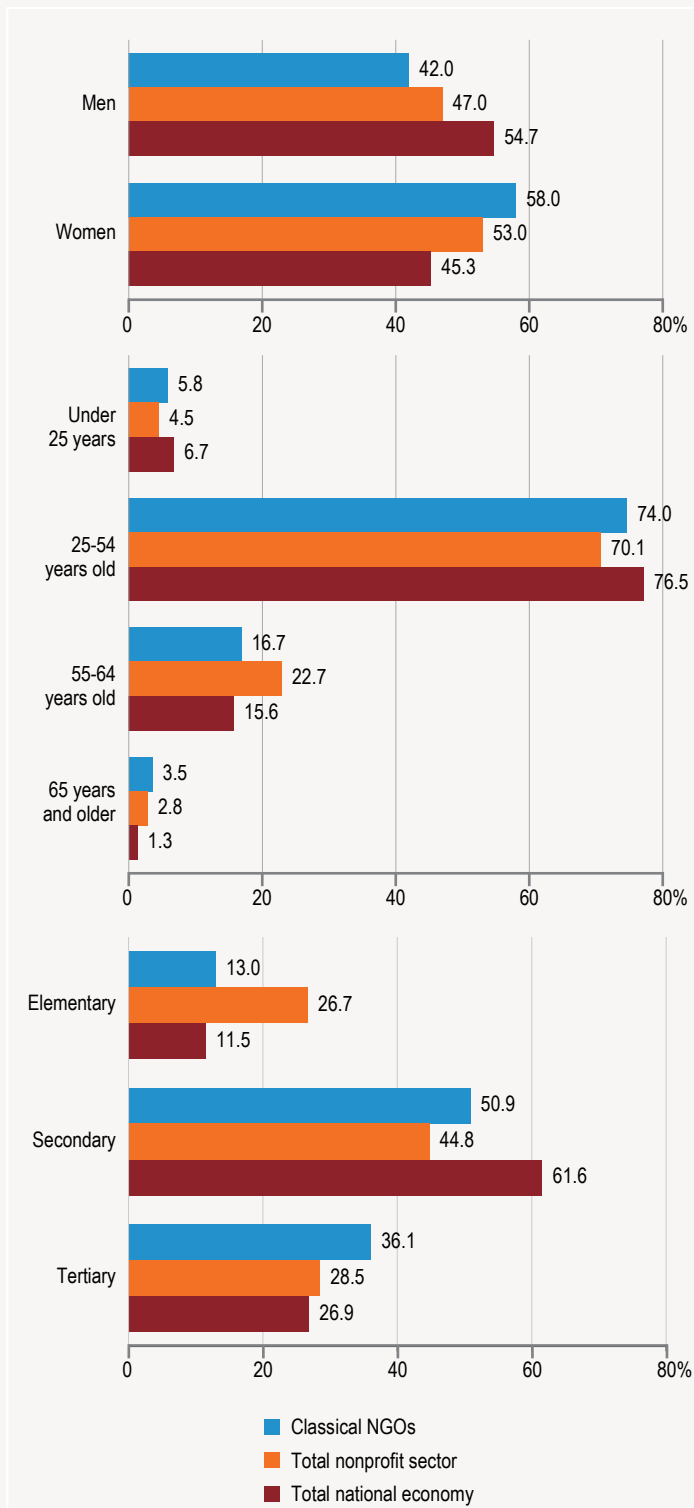
In 2018, the total number of people employed in the nonprofit sector was 166 thousand. Of these, the number of employees was over 144 thousand, including

- 99 thousand main job holder full-time and
- 45 thousand non-main job holder part-time employees.

The combined performance of the sector (including 22 thousand public workers) thus corresponded to 135 thousand full-time jobs⁵. The average monthly gross salary of those employed in the sector (HUF 251 thousand) was 24% below the national average, just as in the previous year⁶.

Figure 7

Distribution of employees by sex, age and education*, 2018



*Source of national economy data:
http://www.ksh.hu/docs/eng/xstadat/xstadat_annual/i_qlf006.html
http://www.ksh.hu/docs/eng/xstadat/xstadat_annual/i_qlf007.html

⁴ Ratio of total (public and private) subsidies to total revenues.

⁵ Calculated number of full-time employees: full-time (main job holder) employees plus the half of the part-time (main job holder) employees, one tenth of non-main job holder employees and the total annual work performance of public workers converted into the number of full-time employees working eight hours per day.

⁶ Source: http://www.ksh.hu/docs/eng/xstadat/xstadat_annual/i_qli012b.html

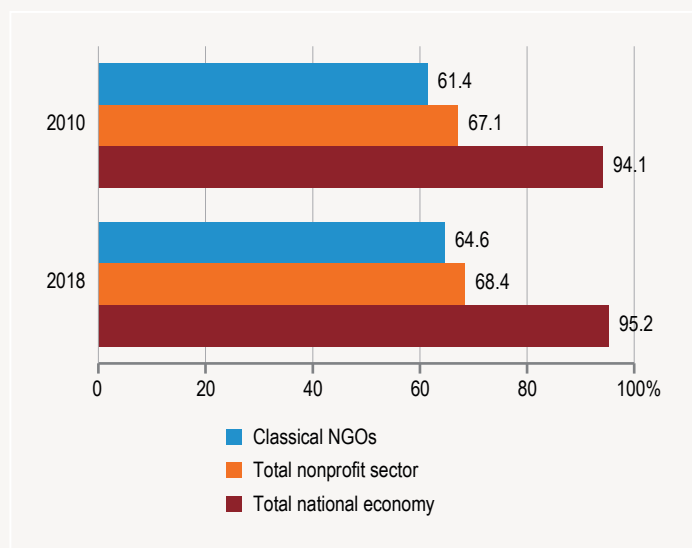
The composition of those working for NGOs and nonprofit organizations differs from the proportions of the national economy as a whole by sex, age, and education⁷. In the nonprofit sector, especially in the classical NGOs the majority of workers are women (53% and 58% respectively).

There are no major differences in age group distribution, however, the proportion of employees aged 55 and over is above average in civil / nonprofit organizations. The share of workers aged 65 and over in the nonprofit sector is almost twice the national average (1.3%). For NGOs, the relevant value is almost three times the national average.

The share of people with primary education is extremely high in the nonprofit sector as a whole, but most of them are employed by non-classical NGOs. In this latter group, however, graduates are overrepresented with their 36% share.

Share of full-time employees in nonprofit sector and national economy,* 2018

Figure 8.



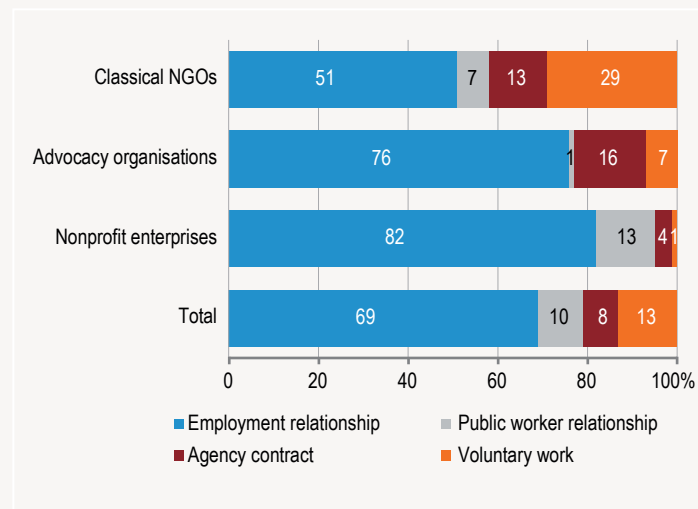
*Source of national economic data:
http://www.ksh.hu/docs/eng/xstadat/xstadat_annual/i_qlf008.html

Although full-time employment is the most prevalent in all three segments, the share of full-time employees in nonprofit organizations is consistently much lower: part-time employment accounts for one third of the total. In NGOs, this atypical form of employment is even more common. One explanation for this is that many are carrying out only ancillary labour activities as retired people, or as disadvantaged, disabled workers or workers with special needs.

In 2018, the estimated number of volunteers in the sector was 399 thousand. The 47 million hours performed by them corresponded to the working hours of more than 22.4 thousand full-time employees⁸, and the estimated value of their work was 67 billion HUF. Voluntary help from the population is particularly important for smaller organizations.

Figure 9.

Composition of human resources in the nonprofit sector based on the cost of working time, 2018



Based on working hours, 87% of the human resources needed in the sector were provided through employment relationships and the remaining 13% was provided by voluntary helpers. Although the presence of paid workers dominated all forms of organization, voluntary and unpaid work as a donation of time accounted for almost 30% of classical NGO activities.

The share of the classical civil sector remains unchanged throughout the nonprofit sector

In 2018, the number of organizations classified in the classical civil sector was close to 54 thousand. Of this, some 19 thousand were foundations (classic private foundations and associations) and nearly 35 thousand were associations (federations).

The human resources of the classic civil sector differ in volume and form from the rest of the sector.

- The total number of people employed in the classical civilian field was approximately 54 thousand (43 thousand calculated full-time employees).
- Volunteers helping foundations and associations account for the vast majority (95%) of the volunteer workforce in the entire sector.
- Two thirds (66%) of the work done as contracted work was accounted for by the civil sector.

⁷ Demographic indicators for those employed in the non-profit sector were calculated without data of public workers.

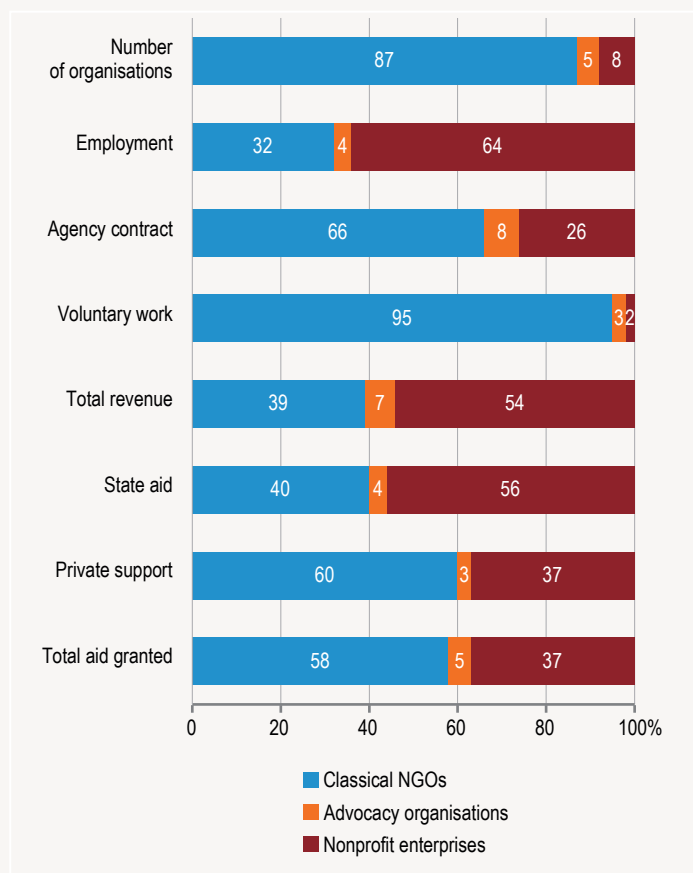
In terms of revenue share, the group is underrepresented, as in 2018 classic NGOs representing 87% of nonprofit organisations could manage 39% of the amounts received. Two thirds of their income still came from grants:

- HUF 370 billion from the state and
- an additional HUF 200 billion came from the private sector.

State aid increased by HUF 86 billion and private support by HUF 35 billion compared to the previous year. For the classical subsector, which is mostly made up of associations, the membership fees received are not negligible (HUF 29 billion). The presence of foundations entails grant related reverse cash flows, with HUF 133 billion being spent in 2018 to help individuals and institutions.

Figure 10.

Key indicators for the sectorial share of nonprofit organizations, 2018



Further data, information (links):
[Tables \(STADAT\)](#)

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