

Satellite Account of Nonprofit Institutions and Volunteering

Final Report

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Introduction

The *Satellite Account of Nonprofit Institutions and Volunteering* (the Satellite Account) is an extensive data development initiative in Statistics Canada's System of National Accounts. The primary aim of the Satellite Account is to identify the economic contribution of Canada's nonprofit sector and increase understanding of its interaction with other sectors of the economy. The Satellite Account contains a set of economic statistics describing Canada's nonprofit sector, including a set of standard economic accounts and a non-market extension to put an economic value on unpaid volunteer labour.

The Satellite Account will provide information on Canada's nonprofit sector, thus addressing questions for which satisfactory answers have up to now been unavailable, such as:

- What percentage of Gross Domestic Product does the Canadian nonprofit sector represent?
- In what fields of activity are nonprofit institutions contributing to Canadian society?
- What sources of revenue do nonprofit institutions have?
- To what extent do they rely on government grants versus private donations?
- To what extent does the nonprofit sector rely on paid labour as opposed to voluntary contributions of time?
- How financially healthy or vulnerable is the nonprofit sector?

The standard economic accounts included in the Satellite Account proposal included a production account, an income and outlay account, a capital account, and financial accounts and balance sheets for Canada's nonprofit sector.

In addition to compiling aggregates, implementing a classification system, such as the *International Classification of Nonprofit Organizations*, would allow information to be analyzed by organization type.

The non-market extension to the Satellite Account provides information on the economic value of unpaid volunteer activity based on the [*Canada Survey of Giving, Volunteering and Participating*](#) (formerly known as the National Survey of Giving, Volunteering and Participating). This allows for the classification of the value of volunteer work by type of organization as well as according to the demographic characteristics of individuals undertaking the volunteer activity.

The Advisory Committee

The Advisory Committee of the *Satellite Account of Nonprofit Institutions and Volunteering* was struck as a collaborative mechanism under the Voluntary Sector Initiative (VSI) organizational framework. Compilation of the Satellite Account required

very specific expertise that is housed in Statistics Canada's System of National Accounts and access to confidential administrative files to be used as ingredients for building the estimates. Concepts and classification principles used in the compilation of the Satellite Account had to conform to international standards in order for the statistics to be fully comparable to other economic aggregates, such as the Gross Domestic Product.

The Advisory Committee guided the development of the Satellite Account by sharing knowledge, expertise and context relevant to the non-profit sector.

Mandate

The Advisory Committee helps to develop the Satellite Account by sharing expertise on the nonprofit sector and its role in the Canadian economic system. This will be accomplished by:

- Identifying the nonprofit sector's information needs and those of other key data users;
- Sharing expertise on the size, scope and nature of Canada's nonprofit sector;
- Acting as a sounding board for definitional, conceptual and data issues throughout the development phase;
- Providing feedback on proposed international guidelines on satellite accounts for nonprofit institutions; and
- Shedding light on issues and pitfalls relating to the interpretation of potential data sources to be used in developing the Satellite Account.

Membership and Staff

Members were selected for their expertise on Canada's nonprofit sector and its role in the economy. No staff was specifically assigned to manage the Advisory Committee; the team compiling the estimates for the Satellite Account managed the Advisory Committee.

The Advisory Committee is composed of:

- Sector members who are designated through the VSI Secretariat and represent a range of organizations;
- Members from federal departments and agencies who are designated through the Voluntary Sector Task Force and are involved in related projects through the VSI; and
- Statistics Canada members who have expertise in measuring statistical variables used in the Satellite Account.

Co-chairs:

Karen Wilson
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Satellite Account Project Team:

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Andrew Sharpe
Executive Director
Centre for the Study of Living Standards

John Walker
Director General
Grants and Contributions Task Force
Human Resources Development Canada

Meetings of the Advisory Committee

Meetings of the Advisory Committee were convened on the following dates:

April 19, 2001:

To present project objectives and a work plan and to seek feedback from participants on the proposed international definition of the nonprofit sector.

October 17, 2001:

To seek feedback on work to process and evaluate administrative data sources, to discuss concepts and measurement issues in valuing unpaid volunteer activity and to review proposed classification systems for the Canadian nonprofit sector.

December 17, 2002:

To present provisional estimates to the Advisory Committee and to get participants' feedback on the estimation methodology for the standard accounts. Discussion was also initiated on effective dissemination of Satellite Account results.

A progress update was circulated to committee members in August 2002.

Agendas and presentation materials were developed, along with detailed minutes summarizing the discussions.

Work Plan

A work plan for developing the Satellite Account contained two distinct project phases with these identified deliverables:

Phase 1:

Provisional estimates developed using existing data sources. A feasibility report containing an assessment of the results for completeness, quality and consistency, and recommendations for improvements in the second phase. A second report containing descriptive analysis of the sector based on provisional data.

Phase 2:

Implementation of methodological improvements to augment the quality of the estimates. This would involve collaborative work with other federal departments on the quality of administrative records used in the preliminary stage of the project. It would also involve working with other areas of Statistics Canada to extract estimates from existing surveys and an evaluation of the coverage of nonprofit institutions on Statistics Canada's Business Register.

At the completion of the second phase, the Satellite Account was to become an ongoing program within the Canadian System of National Accounts. While initial funding was granted for a five-year period, ongoing funding was subsequently allocated for the Satellite Account of Nonprofit Institutions and Volunteering.

Adjustments to the work plan

A number of unforeseen factors required adjustments to the Satellite Account work plan. The extent of participation required for related VSI mechanisms was unanticipated and put pressure on limited resources primarily devoted to the substantive work of compiling the estimates. Project objectives were expanded to allow for participation in significant work occurring on the international scene. Related statistical programs (the National Survey of Giving, Volunteering and Participating, the National Survey of Nonprofit and Voluntary Organizations, and the T3010 Redesign) that were undergoing development required significant input within fixed time frames to ensure that longer-term Satellite Account requirements would be met.

By far the most significant factor influencing the project's critical path and the timing of deliverables was delayed access to administrative data for registered charities, a critical ingredient to building Satellite Account estimates. These delays were unanticipated when the original project proposal was developed.

Assuring access to administrative data on registered charities

Delayed access to the T3010 data file for registered charities impeded progress on the development of provisional estimates, resulting in a reworking of the project work plan.

While project funding was confirmed in June 2000, a final dataset for Reference Year 1997 was not received until February 2002, and new data sets for 1998 and 1999 were received in March.

To assure regular, timely access to T3010 data files, bilateral mechanisms involving members of the project team and colleagues at CCRA were put in place. Following extensive consultations, an agreement was reached on delivery dates for future files and these were slated to be included in a Memorandum of Understanding between CCRA and Statistics Canada. The data file for Reference Year 2000 was received, as agreed, in November 2002. It is expected that delivery dates of future files will be advanced when processes surrounding the collection and processing of returns are streamlined and improved through CCRA's T3010 redesign initiative.

As a result of delays in gaining access to required data, the initial plan for preparing estimates in two phases, the first to compile estimates with existing data and the second to implement data improvements, had to be abandoned. Instead, many of the data improvements were undertaken prior to presenting provisional estimates, resulting in a merging of the first phase with a number of aspects of the second. Provisional data was presented to the Advisory Committee for review and comment in December 2002, and the first annual public release is slated for 2003, following completion of remaining data development. These adjustments to the project plan have enabled us to compile estimates for three data years concurrently as opposed to building a prototype for a specific year, thus permitting analysis of the sector over time. The time series will continue to expand with subsequent releases.

Expansion of project objectives and deliverables

Shortly after funding for the Satellite Account was confirmed, Statistics Canada was invited, with counterparts from 11 countries, to participate in a project to develop international standards for measuring the nonprofit sector in economic terms. The initiative, called the Global Nonprofit Information System Project, was led by Johns Hopkins University under the auspices of the United Nations. Since this represented an important opportunity to provide input to international standards based on the Canadian experience, the Satellite Account project team accepted the invitation and agreed to undertake the work to test and provide feedback on the proposed *Handbook of Nonprofit Institutions in the System of National Accounts*.

The Satellite Account Advisory Committee submitted a report to the UN project in June 2001. The committee also attended a series of review meetings at which participants' comments on the draft handbook were discussed. Feedback from the Advisory Committee on the proposed international definition of the nonprofit sector was included in the report. The revised handbook draft, which incorporates a number of revisions and clarifications recommended by the test group, was accepted for publication by the United Nations Statistical Commission in March 2002. It will be made available to statistical offices around the world as a guide for compiling economic statistics on the nonprofit sector.

Input to related statistical programs

The [Canada Survey of Giving, Volunteering and Participating](#) (CSGVP) is an integral data source for the non-market extension of the Satellite Account, to assign a monetary value to unpaid volunteer activity. Participation in the CSGVP Steering Committee and its associated working group ensured that Satellite Account objectives were considered in future content development for the survey. The project team participated in numerous content development meetings for the 2003 survey, particularly throughout the spring and summer of 2002. The team recommended that new information on hours volunteered, by type of activity, be collected to improve the valuation of unpaid volunteer work.

Around that time, the team had the opportunity to provide input into content development of the [National Survey of Nonprofit and Voluntary Organizations](#) (NSNVO) through participation in the Research Consortium's quantitative research team. The team attended initial meetings hosted by the Canadian Centre for Philanthropy in May 2002 and provided detailed comments on several iterations of the draft survey questionnaire. We recommended that survey content be focused in areas not well-covered by existing data sources to avoid duplication and to fill in data gaps for the Satellite Account.

Project Activities

Research and data development work

An account of the nature and scope of the work accomplished by the Satellite Account Project Team is provided in the Progress Report prepared for the Advisory Committee in August 2002. Additional details are provided in the minutes of the Advisory Committee meetings.

A summary of research and data development work undertaken in the development of the Satellite Account includes:

Preparing a report to the United Nations Global Nonprofit Information System Project containing a critical evaluation of proposed international guidelines for developing economic statistics on the nonprofit sector and details on how such guidelines would be implemented in Canada.

Processing, analysis and evaluation of administrative data to be used as ingredients for the compilation of the Satellite Account, including the T3010 data file for registered charities, a data file of T1044 Nonprofit Organization Information Returns, and T2 Corporate Income Tax returns for tax-exempt corporations. This work involved linking numerous records from overlapping data sources, developing an edit and imputation strategy to improve the quality of raw T3010 and T1044 returns, and map financial information available from administrative sources to the System of National Accounts variables to be measured as part of the Satellite Account.

Documenting data elements identifiable in the Canadian System of National Accounts. These include, among other things, information on nonprofit industries and commodities

available from Statistics Canada's Input-Output Accounts and detailed accounts for entities classified to the government sector in health and education.

Classifying and profiling Canada's nonprofit sector. This involved developing classification concordances and cooperating with Canadian Policy Research Networks.

Developing systems infrastructure for ongoing production of Satellite Account estimates within the Canadian System of National Accounts.

Participation in other joint tables and mechanisms

In addition to undertaking the substantive work to develop Satellite Account estimates, the Satellite Account Project Team and management at Statistics Canada participated in a range of VSI joint tables, consultative mechanisms and related initiatives. These included:

- Membership of senior management in the Joint Coordinating Committee;
- Participation in the Capacity Joint Table and, for a period, in its associated Research Steering Committee;
- Participation in the Steering Committee for the Canada Survey of Giving, Volunteering and Participating and its associated working group;
- Participation in content development for the National Survey of Nonprofit and Voluntary Organizations via the Quantitative Research Team of the NSNVO Research Consortium; and
- Participation in a Treasury Board-led working group to study Federal Funding of the Voluntary Sector.

Presentations and consultations

Members of the Satellite Account Project Team have been frequently called upon to deliver presentations on project objectives, progress and future directions to a variety of interested forums. These presentations provided opportunities to raise awareness of the scope and significance of our work and to seek additional feedback from participants.

Examples of presentations delivered by the project team include:

- Presentation to Statistics Canada's National Accounts Advisory Committee on project objectives and work plan in December 2000;
- Presentation to the Joint Coordinating Committee concerning the definition of the voluntary sector in February 2001;
- An internal research seminar at Statistics Canada in June 2001;
- Presentation to the Capacity Joint Table in September 2001;
- Presentation to the Federal-Provincial Committee on Public Sector Statistics in November 2001;
- Presentation on Satellite Account requirements for T3010 administrative data on registered charities to a bilateral committee with the Canada Customs and Revenue Agency in March 2002; and

- Presentation to the National Accounts Advisory Committee on project status and implications of the work for core estimates in the Canadian System of National Accounts in June 2002.

The project team's participation in the United Nations Global Nonprofit Information System Project (GNSIP) in the spring-summer of 2001 represented a significant opportunity to consult and exchange best practices with international colleagues and experts engaged in similar work. As part of this project, the team submitted a report to the UN and participated in a series of review meetings to provide input to proposed international guidelines contained in the Handbook on Nonprofit Institutions in the System of National Accounts. Meetings and consultations relating to the GNSIP Project included:

- A session on measuring the economic activity of the nonprofit sector included in the biennial conference of the International Association for Research on Income and Wealth in Krakow, Poland in August 2000;
- Initial briefing meetings of the GNISP test group (consisting of representatives from 12 participating countries) hosted by Johns Hopkins University in The Hague, Netherlands in November 2000;
- Review meetings of the GNISP test group in New York City in July 2001; and
- Participation in a panel of UN System of National Accounts experts assembled to review the handbook immediately following the GNISP test group meetings in New York.

Lessons Learned

From the point of view of the Satellite Account, the most important lessons learned from participating in the joint table process are:

- The value of a consultative mechanism to inform the development of new statistics; and
- The importance of coordinating with related projects and the resulting cost.

The VSI framework enabled us to assemble individuals, some from government and some involved in research, who represented a remarkable cross-section of expertise on the nonprofit sector and volunteering. They were a significant resource for informing the development of a new set of economic statistics. The group offered valuable input on numerous fronts for the development of the Satellite Account. Comments from the Advisory Committee on the proposed international definition of the nonprofit sector were summarized and included in our report to the GNISP, and resulted in a number of revisions and clarifications to guidelines contained in the Handbook on Nonprofit Institutions in the System of National Accounts. Expert input was also provided for other areas and has influenced decisions in our estimation methodology. Committee reactions and recommendations regarding provisional estimates will help us effectively present and disseminate results at the time of

official publication. The committee's continued involvement will help us set priorities for further development of the account in the future.

The ambitious scope of the VSI framework offered significant opportunities to coordinate our work with other related joint tables and mechanisms. Such coordination was important to increase awareness of the nature and significance of our work and to avoid duplication. The extent of the commitment was unanticipated, however, and had considerable workload implications for the project team, whose primary function was to undertake the development of new statistics on the nonprofit sector.

Information sharing among the numerous joint tables and collaborative mechanisms presented a significant challenge for the Satellite Account project team. As economists and statisticians, we had a learning curve for communicating effectively with a new audience in a mutually understandable language. It was extremely difficult to communicate the advantages of the System of National Accounts as an integrating framework for all economic statistics on the nonprofit sector. This is perhaps something that can only be demonstrated as results become available. Promoting understanding of the nature and objectives of the Satellite Account required explicit and continuous effort throughout our participation in the VSI, and ensuring Satellite Account input to overlapping or complementary projects was also time intensive.

Next Steps

Provisional estimates were presented to the Advisory Committee in December 2002. Official public release of Satellite Account estimates is slated for this year (2003), after the remaining data improvements have been implemented. The timing of the Satellite Account release will be coordinated with related initiatives and research in an attempt to maximize the profile of the new information.

Permanent funding for the Satellite Account of Nonprofit Institutions and Volunteering ensures that information on the size, scope and nature of the nonprofit sector will be an ongoing feature in Canada's official economic statistics. The account will continue to develop and improve and there will be an ongoing role for the Advisory Committee in continuing to provide feedback on estimates and proposed methodologies, assisting with effective dissemination of results and setting priorities for future work.

Relevant Documents List

Canada Survey of Giving, Volunteering and Participating
<http://www.givingandvolunteering.ca/>

National Survey of Nonprofit Voluntary Organizations
<http://www.nonprofitscan.ca/>

The following documents are available with the Satellite Account Project Team
(Catherine Bertrand, tel. 613-951-4115, catherine.bertrand@statcan.ca)

- Progress Update to Advisory Committee – August 2002
- Variables to be included in the standard accounts
- International Classification of Nonprofit Organizations
- Minutes of the Advisory Committee Meetings
- United Nations Global Nonprofit Information System Project