

The Essential Pillars and Purpose of American Associations

Trade and professional associations were mislabeled during the pandemic and excluded from financial relief programs necessary to protect jobs and continue important missions in public service. This document intends to address misconceptions about the association community and its foundational role to support America.



Pillar 1

Associations began prior to our America's inception and remain a foundational instrument of American economy, society and democracy.

The Internal Revenue Service (IRS)—the federal agency tasked with oversight and enforcement of the tax-exempt sector—broadly defines associations as “a group of persons banded together for a specific purpose.” People and companies voluntarily join associations because they want to work together toward a common cause.

Settlers in America formed guilds, patterned after British traditions, to address common challenges and support each other’s work and lifestyle. The first trade association—the Philadelphia House Carpenters—formed in 1724. The American Philosophical Society was subsequently founded by Benjamin Franklin in 1743 and still exists today. When noted French political thinker and historian Alexis de Tocqueville published *Democracy in America* in 1835, associations had become effective, mainstay contributors to the so-called “American way.” “Americans of all ages, all conditions and all dispositions constantly form associations,” de Tocqueville wrote. “Wherever at the head of some new undertaking you see the government in France, or a man of rank in England, in the United States you will be sure to find an association.”

Congress first provided associations favored tax treatment to recognize their public benefits. In simple terms, associations earn their tax-exempt status by satisfying needs of various industries, professions, workers and the general public that would otherwise fall to the government.



Pillar 2

Associations contribute in direct and significant ways to societal advancement and economic stability, growth and enrichment.

U.S. labor statistics demonstrate associations as strong employers that pay above-average wages and help facilitate continuing education for the American workforce. More than 60,000 trade and professional associations exist nationally¹, employ more than 205,000 people and pay at least \$18 billion each year in wages².

Associations boost national, state and local tax revenue across the country. Among taxes associations pay are federal payroll taxes (i.e., Social Security, Medicare and unemployment), state and local unemployment taxes, real estate taxes, personal property taxes, sales and use taxes, franchise taxes, taxes on lobbying activities and taxes on unrelated business income.

Associations help drive the meetings and conventions sector, which generates \$330 billion annually in the U.S.

Globally, business meetings and events involve more than 1.5 billion participants across more than 180 countries and generate more than \$1 trillion in direct spending³.

Individual association events contribute tens—often hundreds—of millions of dollars to workers, local economies and state tax revenue. (ASAE’s four-day Annual Meeting hosts 5,000 professionals and injects \$16 million into local economies, on average; ASAE’s 2018 Annual Meeting in Chicago, IL delivered \$150 million in downstream economic activity nine months after the event⁴.)



Pillar 3

Associations engage in a wide variety of activities that benefit industries, professions, workers and consumers through far-reaching career and economic development programs.

Associations benefit industries, professions, workers and consumers in many ways:

- **Associations are the primary source of post-college education and skills training** for America’s workforce. Fifty-seven million adults in America take formal work-related courses or training each year, and more than 69 percent of those individuals receive training courses from either a private business or a professional association⁵.
- **Associations create product, service and safety standards** for everything from children’s toys to building construction. From the mattresses we sleep on to the food that we put on our dinner tables, standard setting in the U.S. has been a process historically driven by the private sector, with the government in a supporting and guiding role.
- **Associations educate, train and certify the workforce.** Professional certification is especially vital to strengthen industry excellence, create professional pathways, increase workers’ earning power, foster marketplace competition and supply consumers with the best products, services and expertise.
- **Associations foster volunteerism,** sponsor community programs and lend assistance in moments of great need such as after natural disasters or during the COVID-19 pandemic.



Pillar 4

Associations, alongside all American individuals, organizations or businesses, reserve their Constitutional right to lobby the government as provided for by the First Amendment in the Bill of Rights.

The First Amendment to the U.S. Constitution guarantees basic freedoms and states that “Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to **petition the Government for a redress of grievances.**”

Associations stand alongside all Americans in expressing their Constitutional right to lobby as a prime function of American democracy—all voices deserve opportunities to be heard in the political process. Associations help ensure their industry or profession carries a collective voice and that lawmakers fully understand the complex issues and dynamic communities they govern. Associations spend five percent of total resources on lobbying and political activity⁶, on average, and are repositories of industry- or profession-specific expertise and knowledge. Associations serve as a vital resource for policymakers who craft legislation or regulatory policy, which benefits the public interest and helps ensure sound public policy that benefits America.

Visit the [Power of Associations website](#) to learn more. [Email ASAE](#) with questions.

¹IRS Data Book 2020. North American Industry Classification System. U.S. Census Bureau.

²Bureau of Labor Statistics. 2020 Averages. Quarterly Census of Employment and Wages.

³Events Industry Council. Global Economic Significance of Business Events. 2018.

⁴Choose Chicago (Chicago, Illinois Convention & Visitors Bureau) Economic Reporting. 2019.

⁵IRS Data Book 2016. North American Industry Classification System. U.S. Census Bureau.

⁶ASAE Research Foundation. 2016 Association Operations Ratio Report.