



The Economic Impact of Georgia's Nonprofit Sector

Executive Summary



Georgia Center
for Nonprofits

In partnership with
Georgia Institute of Technology

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FOREWARD

We live our lives in nonprofit organizations. From hospitals to day care centers, soccer leagues, community theatre, historical societies, friends of the park, colleges, hospice, and everything in between; nonprofits touch our lives from birth to death.

Nonprofits provide local economies with public services that generate positive outcomes, generally experienced as important components of local quality of life. These quality of life gains that the sector uniquely produces are at the core of what makes nonprofits a special breed of business in the US. Instead of producing monetary profits that accrue to stockholders and owners, they produce community profits, in the form of increased green space, lowered crime, supported families and vibrant cultural experiences that accrue to stakeholders in local communities. These stakeholders are you and me: its citizens.

As important as they are, community profits are not the only positive outcome that the nonprofit sector produces. The economic impacts of nonprofit organizations are often given little attention by traditional economic theory and applied economics. In fact, policymakers frequently regard the role of nonprofits as ancillary to the economic well-being of local communities, choosing instead to focus the majority of their time and attention on analyzing and supporting the growth potential of the for-profit sector. However, there is inestimable value in looking at the nonprofit sector's economic impact in our State.

On a practical note, the nonprofit sector in Georgia produces over 13.2% of the state's employment – an undeniably huge number of jobs that have significant influence on local economies. The product of the sector's work is more than just niceties: it also has a direct economic benefit. For example, the quality of life gains that are the sector's product attract employers and a quality employee base by offering rich cultural experiences, affordable housing, workforce development and support services, vibrant social services that reduce homelessness and crime, quality health care and active lifestyle options.

The data and findings in this report will contribute to a fuller understanding of the charitable nonprofit sector in Georgia and its direct and indirect contribution to the state's economy, in a variety of ways:

- By informing local elected officials, legislators, business leaders, and key decision-makers at all levels about the charitable nonprofit sector generally, and its specific impact on the state's economy and quality of life;
- By encouraging the consideration of the charitable nonprofit sector in policy decision-making by government leaders on the state and local levels;
- By informing the general public, potential donors, and professional advisors, about the size and impact of the charitable nonprofit sector, illustrating what impacts are already occurring, and especially the potential of the sector to influence future quality of life gains in the state.

As a result, we hope that this report will encourage our Legislature to invest in the sector as it does other important employment generators in the state; to craft more nonprofit-friendly and relevant public policy vis à vis the nonprofit arena; to contemplate the economic repercussions of budget cuts and unfriendly nonprofit policy decisions on the local economies of the communities, and constituencies, they represent.

We hope that it will reinforce nonprofit leadership's visible and vocal promotion of the sector's importance; will stimulate the sector to monitor threats to its integrity; will encourage leaders to invest resources in advocacy efforts not just to preserve their own organizational interests, but to join with the Georgia Center for Nonprofits and its members to promote the viability and growth of the nonprofit sector in Georgia.

Finally, we hope that this report will provoke citizens to consider what our communities would be like without nonprofit organizations – and, ultimately, to advocate for them.

Lastly, to our members: we thank you for supporting important research like this economic impact report with your financial and leadership resources. It is our privilege to support your work and impact.



Karen Beavor
President and CEO
Georgia Center for Nonprofits

Download the complete report at www.gcn.org/files/2012EconomicImpact.pdf

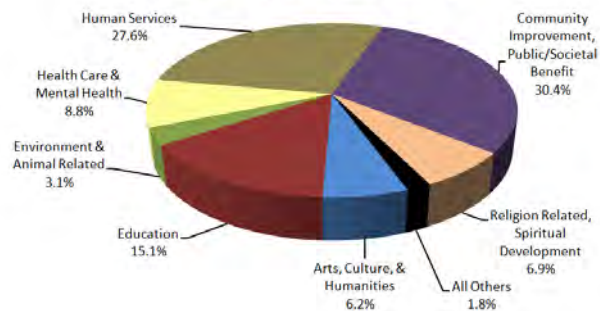
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EXECUTIVE SUMMARY

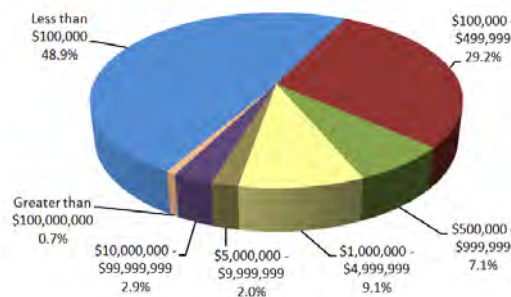
The nonprofit sector in Georgia is quite large and diverse, representing interests ranging from health care, education, and business associations to community groups focused on playing bridge. In all 159 counties across the state, nonprofits work to better their communities by directly addressing issues of concern, through public service or civic engagement. The nonprofit sector spans the political spectrum of ideas, encompassing every aspect of human endeavor – from symphonies and little leagues, to homeless shelters and day care centers. While every nonprofit is unique, all are based on the core value of people coming together around issues of mutual concern, and common interest, to pursue the common good.

The purpose of this report is to summarize data on Georgia’s nonprofit sector and show how nonprofits impact the economy. Contributing to the overall health of our economy, nonprofits bring in money from outside sources (or keep money from leaving the state), provide jobs and wages to residents, and circulate money in the economy through their purchases of goods and services. Nonprofits are also a taxpaying workforce, and a network of community leaders, policymakers, and businesses. In addition, nonprofits benefit us in ways that can’t be easily quantified. Nonprofits are the tools for community-building, fostering civil society, and strengthening our social fabric. The sector is essential to improving the quality of life, and making Georgia an ideal place to live and work.

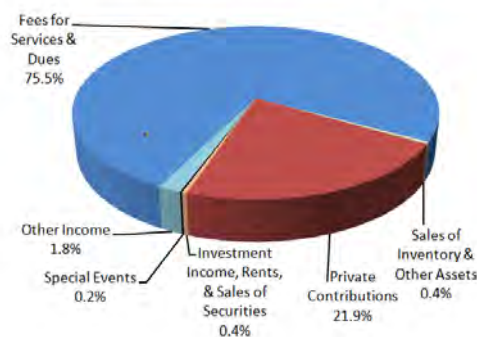
Nonprofits by Type in Georgia, 2009



Nonprofits by Expenditure Level in Georgia, 2009



Sources of Revenue for Nonprofits in Georgia, 2009



KEY FINDINGS

- In 2009, there were 39,174 Georgia nonprofit organizations registered with the Internal Revenue Service (IRS), an increase of more than 25 percent since 2003.
- The total value of the assets of reporting Georgia nonprofit organizations was \$95.9 billion.
- The total value of the expenditures of reporting Georgia nonprofit organizations was \$43.1 billion – almost 11 percent of Georgia’s Gross State Product (GSP) in 2009.
- More than 75 percent of total revenues for reporting Georgia nonprofits came from fees for services and dues, while only 21.9 percent derived from private contributions.

- Nonprofits involved in community improvement and public/societal benefit made up 30.4 percent of the total number of Georgia nonprofits – the largest category. The second largest category was human services at 22.6 percent.
- Georgia hospitals represented only 1 percent of all nonprofits, but accounted for nearly one-third of all expenditures and just over one-fifth of all the assets of Georgia nonprofits.
- Only 3.6 percent of all Georgia nonprofits had expenditures of \$10 million or more, but those organizations controlled 60.3 percent of all Georgia nonprofit assets.
- The top 10 foundations (in terms of assets) had assets of \$4.8 billion representing 49.8 percent of all Georgia private foundation assets.
- With a payroll of more than \$10.4 billion, nonprofits have a greater payroll than the construction, real estate, or information technology sectors in Georgia.
- Depending on the assumptions used, approximately 512,000 jobs in Georgia resulted from the nonprofit sector, and more than \$22 billion of personal income. At a minimum in 2009, there were 237,000 jobs that are the result of Georgia nonprofit organizations, and \$10.6 billion of personal income.

CONCLUSION

This report is an update to the initial economic impact of nonprofits report that was done for 2003. Six years and one “Great Recession” after the initial work, the nonprofit sector has grown considerably and is still an economic force in Georgia. With a payroll exceeding \$10 billion and total employment of more than 231,000 people, if it were classified as its own industry, the Georgia nonprofit sector would rank ninth among Georgia sectors in terms of total compensation. In terms of total employment, the nonprofit sector would rank 11th behind finance and insurance, but ahead of real estate.

Nonprofits in Georgia should use this report to:

- Insert themselves in local and state policy discussions about economic development.
- Seek inclusion in budget discussions as an industry.
- Mitigate local property tax challenges.
- Seek industry-wide exemption from sales tax and other nonprofit business-friendly policy.
- Seek leadership inclusion on boards, committees, and other governmental decision bodies that shape state, local, or departmental strategy.
- Promote partnerships with local industry.
- Enhance communications to position themselves beyond “quality of life benefit,” toward a blended statement of quality and economic benefit.