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Nonprofit sector contributes significantly to quality of life in Tech Valley

Six years ago, when New York state confronted a severe fiscal crisis — as is currently the case — the Nonprofit Executive Roundtable at the University at Albany's Rockefeller College of Public Affairs and Policy released a path-breaking report.

"A $4 Billion Growth Industry That Cares, The Impact of the Nonprofit Sector on the Capital Region of New York State," catalyzed a paradigm shift here in the Capital Region with respect to the role of the nonprofit sector as an important actor, along with business and government, in the region's economy. In addition to the substantial quality of life impacts contributed by nonprofits as charitable entities, nonprofits are increasingly acknowledged as significant players in the economic vitality of the area, as well. The formation of the Tech Valley Nonprofit Business Council was an important benchmark in the evolution of the paradigm shift in Tech Valley.

Hugh Johnson, chairman of Johnson Illington Advisors, LLC, commented on the report's findings, "The contribution to and importance of the nonprofit sector of the Capital Region to the Capital Region economy cannot be overstated."

To comprehend the nature and magnitude of the sector's economic impact, a number of dimensions should be taken into account: revenues generated by nonprofit organizations; individuals employed and wages and benefits paid; goods and services purchased; and indirect economic impact.

Many nonprofit researchers argue that volunteer labor should also be valued in calculations of nonprofit economic impact. They observe that voluntary sector organizations mobilize substantial hours of volunteer labor to increase the scope of their activities, reach additional residents, and further improve the quality of their services.

In 2008, according to the National Center for Charitable Statistics, 1,690 public benefit nonprofits, classified as 501(c)(3) in the Internal Revenue Code, operated in the four counties of the Capital Region Albany, Rensselaer, Saratoga and Schenectady. This represents an 8.6 percent increase over the 1,556 nonprofits reported in the study cited above.

Using the same percent increase to estimate the number of current employees, we can speculate that about 65,160 Capital Region residents work in nonprofits today. The combined revenues of the 1,690 firms total $6.9 billion. More detailed economic impact data, current as of 2002, are included in the original study, which is available at www.cwig.albany.edu by clicking on research.

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But the story is only half told so far.

Nonprofits deliver crucial services to individuals and communities in Tech Valley, a region that has become increasingly diverse, as documented by each recent census. Nonprofits tend to be rooted in the communities they serve, flexible in responding to changing needs, and cost-effective in service delivery.

Capital Region nonprofits run much of the service infrastructure of health care, education, social and cultural services on which all residents and businesses in the region rely. Business leaders observe that the more developed this service infrastructure, the more attractive a region becomes to residents and businesses that are making location, relocation or expansion decisions. They point out that nonprofits take responsibility for the things in life that residents and businesses cannot do without, but that are often not profitable or only marginally profitable, such as education, health care, child care, the arts or environmental protection.

At the same time, as the scholar-authors of a 2001 book, "Measuring the Impact of the Nonprofit Sector," wisely observed: "[T]he current focus on measuring service delivery of nonprofit organizations sometimes distracts from the other key roles and functions of the sector, such as providing avenues for affiliation; bringing about social change, advocacy, research, and experimentation; empowering citizens; engaging in arts and culture; and promoting and strengthening democracy and religious participation."

These contributions to the quality of life and the vitality and sustainability of our democratic culture are often beyond measurement, but are no less fundamental to preserving the kind of community that the Capital Region has always striven to realize.

Our robust and still innovative voluntary sector and the generous philanthropic impulse of so many Capital Region businesses and individual donors, expressed in support of the sector's fund-raising efforts, provide compelling evidence of the region's collective commitment to building and sustaining vibrant communities.

Nonprofits are uniquely positioned to promote human dignity and compassion and offer opportunities for participation, service, stewardship, entrepreneurship and generosity. These ideals may be difficult to measure, but they are surely at the core of a democratic society's character. ■