

A \$4 BILLION GROWTH INDUSTRY THAT CARES

*The Impact of the Nonprofit Sector on
the Capital Region of New York State*

A Report of the Nonprofit Executive Roundtable

Nelson A. Rockefeller College of Public Affairs & Policy
Initiative on Nonprofit Management & Governance

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University at Albany
March 2003



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About the Nonprofit Executive Roundtable

This report was produced in February 2003 by the Center for Women in Government & Civil Society for the Nonprofit Executive Roundtable planning group. The Roundtable planning group is part of the University at Albany's Nelson A. Rockefeller College Initiative on Nonprofit Management and Governance, directed by Dr. Judith R. Sidel, Center Director and Research Associate Professor of Public Administration and Policy. The Roundtable is chaired by Public Service Professor Patrick J. Bulgaro.

The Roundtable planning group consists of twelve executives of nonprofit organizations in the Capital Region that represent different fields within the sector.¹ Its purpose is to facilitate ongoing analysis and sharing of best practices related to changing economic conditions among nonprofit executives, conduct relevant research, and strengthen partnerships between the University and the nonprofit sector.

Acknowledgements

This report could not have been written without the initiative and support of the twelve Nonprofit Executive Roundtable members. Thank you for investing time and expertise in this project: Mary Ann D. Allen, Esq. (Wildwood Programs), Teri Bordenave (Girls Incorporated of the Greater Capital Region), John F. Flynn (Capital District YMCA), Sister Maureen Joyce (Catholic Charities), Alan Krafchin (Center for the Disabled), Judith N. Lyons (Community Foundation of the Capital Region), Christine M. Miles (Albany Institute of History & Art), Paul Milton (Northeast Health), Sheri Sanduski (New York State Rehabilitation Association), Cecelia Sanz (Centro Civico Hispano Americano, Inc.), Raymond Schimmer (Parsons Child & Family Center), and

Donna Thompson (Trinity Institution/Homer Perkins Center). Thanks also to Patrick J. Bulgaro, Chair of the Nonprofit Executive Roundtable planning group, and Judith R. Sidel, Rockefeller College of Public Affairs and Policy, for leading this effort.

Several staff members and graduate assistants contributed to the completion of this report, including Laurie Lucier, Triparna Vasavada, Alison Olin, and consultant Joanne Carmen. Jeffrey H. Sorensen, Senior Economist, New York State Department of Labor, Research & Statistics Division, and David Lang Wardle, Principal Planner/Economist, Capital District Regional Planning Commission, provided invaluable data and modeling assistance. Finally, this report would not have been possible without the financial support of the New York State Legislature.

Data Sources

This report profiles the impact of the nonprofit sector on the economy and quality of life in the Capital Region. It draws on a variety of secondary sources, including IRS 990 data, New York State Department of Labor data (ES 202 and unemployment insurance claims), as well as data from the New York State Attorney General's Office and the Census Bureau. We used the most recently available data (mostly from 1999-2002). In addition, the sector's impact on the quality of life is illustrated with examples from business and nonprofit sector leaders in the Capital Region. Finally, the findings of other studies of nonprofits are integrated as well.

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Executive Summary

1,556 nonprofits represent a strong component of the Capital Region's economy.

- The Capital Region economy is especially dependent on nonprofits: The Albany-Schenectady-Troy Metropolitan Area ranks second in total nonprofit revenue, outside of the New York City Metropolitan area.
- In 1999, the combined revenues of public charities were over \$4 billion.
- Almost 60,000 residents, or 1 in 5 private sector employees, worked for nonprofit organizations in 2002.
- Nonprofit employees represented almost 20% of total private sector employment and 13% of private and public employment in the Capital Region in 2002.

Including the indirect impact of the nonprofit sector, nonprofit jobs and revenue accounted for about 17% of total employment and 20% of regional economic output (gross metropolitan product) in the Capital Region in 2002.

- The total annual impact of nonprofits on the Capital Region is \$7.8 billion.
- The annual impact on household incomes is about \$2.4 billion.
- The annual employment impact on the region is approximately 68,750 total full-time equivalent jobs.
- Nonprofits frequently act as catalysts for additional private and public investment and, ultimately, revitalization of neighborhoods.

Capital Region nonprofits leverage government support by attracting additional private and foundation dollars, as well as volunteer labor.

- Nonprofits leverage \$5-10 of private revenue for every public dollar.
- Over 80% of nonprofit funding is from sources other than local and county government (Schenectady county, 2001).
- The public donated over \$8.6 million to charities in the Capital District and the Eastern Adirondacks through telephone campaigns in 2002.
- The 12 nonprofit organizations on the Roundtable planning group utilize more than 5,800 volunteers annually. In this case, nonprofits leverage one volunteer for every two paid employees (10,475 employees) to serve 48 times as many clients (776,816 clients).

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A \$4 Billion Growth Industry that Cares The Impact of the Nonprofit Sector on the Capital Region

Nonprofits in the Capital Region are a growth industry.

- The number of regional 501(c)3 organizations increased by 19% between 1998 and 2002.
- This increase represents an average annual growth rate of 4.75%.
- Despite an economic recession, nonprofit employment grew by 3.25% annually from 1998-2002.

Nonprofits in the Capital Region improve the lives of a large number of residents.

- 12 nonprofits alone served more than 750,000 people in and beyond the Capital Region in 2002 (region's population: 794,293).
- 28 nonprofits surveyed in Schenectady county served about 330,000 residents in and beyond the county in 2001 (county population: 146,555).

Health care, education and human services are highly dependent on nonprofits.

- These services account for 90% (or \$3.7 billion) of total nonprofit revenue in the Capital Region (1999).

Much of nonprofit revenue is returned to employees and the government.

- The almost 60,000 residents employed by nonprofits earned more than \$1 billion in salaries in 1999.
- Public revenues were bolstered by the more than \$80 million in payroll taxes nonprofits paid in 1999.

Nonprofits make vital contributions to the region's quality of life.

- Nonprofits are uniquely positioned in the communities they serve to promote human dignity and compassion.
- Voluntary sector organizations offer opportunities for service and participation in civic life.
- Nonprofits operate much of the service infrastructure that makes the region attractive to residents and businesses seeking to relocate.

"There can be very little question of how critical the nonprofit sector is to the very vitality of business in this region."

Hugh A. Johnson, Chairman and Chief Investment Officer of
First Albany Asset Management

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As a \$4 billion industry with more than 1,500 organizations and almost 60,000 employees (one in five private sector employees) the Capital Region nonprofit sector represents an important pillar of the local economy.

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Nonprofits a Strong Economic Force

The nonprofit sector in New York State's Capital Region plays an often overlooked, yet crucial role in the region's quality of life and economy. The sector represents a \$4 billion growth industry with more than 1,500 organizations and almost 60,000 employees — almost 20% of all private sector employees. The sector's total economic impact of \$7.8 billion and 68,750 jobs account for 20% of gross metropolitan product in the Albany-Schenectady-Troy metro area and 17% of total employment in the Capital Region. Nonprofits multiply local and state dollars invested in nonprofits by leveraging volunteer labor, individual donations, corporate contributions, and foundation grants.²

According to the 2000 Census, 794,293 residents live in the four counties of the Capital Region (4.2% of the state).³ In 2002, the Albany-Schenectady-Troy metro area had the second largest concentration of nonprofit revenue in New York State (5.6% of state nonprofit revenue) — second only to the New York City metro area (63%).⁴ Almost 20 percent of total 2002 private sector employment is nonprofit-based.⁵

The fact that New York State currently faces one of the worst fiscal crises in its history, therefore, has an especially severe impact on the nonprofit sector in the Capital Region and the New York City region. Nonprofits provide employment, contribute to the economy at large, and bring additional resources into the community.

Nonprofits Have Unique Value

Nonprofit organizations in the Capital Region do business like no one else: They rely on thousands of volunteers and leverage many additional dollars for every dollar of public investment.

In contrast to their for-profit counterparts, they are not primarily driven by a financial bottom line but by a charitable mission. In comparison to government, they tend to be more rooted in the communities they serve, more flexible in responding to changing environments, and often more cost-effective in service delivery.

Nonprofits are uniquely positioned to promote human dignity and compassion and offer opportunities for participation and service. The realization of these ideals is hard to measure and yet is at the core of a democratic society's character.

NYS Department of Labor: Nonprofits Vital to State

In December 2002, the New York State Department of Labor announced in the headline of a lead article that *Jobs with Nonprofits are a Vital Part of New York State*.⁶ To highlight the significant impact of the nonprofit sector in the Capital Region, the Department reported:

*"Private sector nonprofits contribute to the quality of life for all New York citizens by providing health care, education, counseling, job training, nursing home care, and child care services. The sector also provides access to arts and culture as well as opportunities for volunteer participation. Finally, the nonprofit sector is a major force in the state's economy. Regrettably, these attributes are sometimes not fully recognized by policymakers, the press, or the public at large. As a result, this sector is often overlooked in economic development and education and training efforts that could prove extremely beneficial to the state economy in the long term."*⁷



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The Albany-Schenectady-Troy metro area is especially dependent on nonprofits: It has the 2nd largest concentration of nonprofit revenue in the state (New York State has the largest in the nation). Its nonprofits have an annual growth rate of 4.75%.

1,556 Nonprofits Crucial to Capital Region's Economy and Quality of Life

The 1,556 nonprofit organizations in the Capital Region are indeed a vital component of New York State's economy and quality of life.⁸ Operating with combined revenues of over \$4 billion (1999), public charities in the Capital Region with gross receipts above \$25,000 play a significant role in the regional economy (Table 1). (Since smaller nonprofits are not included in this estimate, the actual economic impact of nonprofits is even larger).⁹ In addition, nonprofits are a growth industry: The number of 501(c)3 nonprofits increased by 19% from 1,305 in 1998 to 1,556 in 2002, an increase which represents an average annual growth rate of 4.75%.¹⁰

Nonprofits in the Albany-Schenectady-Troy Metropolitan Area earn 5.6% of total nonprofit revenue in New York State (1999). This is the largest share of total revenue outside of the New York City metro area, which accounts for 63% of total nonprofit revenue in the state.¹¹

Nonprofits play a larger role in New York State than in any other state in the country: Their combined 2002 revenues (\$89 billion) are the largest in the country. In comparison, the average combined 2002 revenue of

a state's nonprofit sector was about \$14 billion. The actual size of combined nonprofit revenue in New York State is even larger than \$89 billion since this estimate does not include small nonprofits with annual gross receipts below \$25,000.¹²

Nonprofits Are Economic Development Catalysts

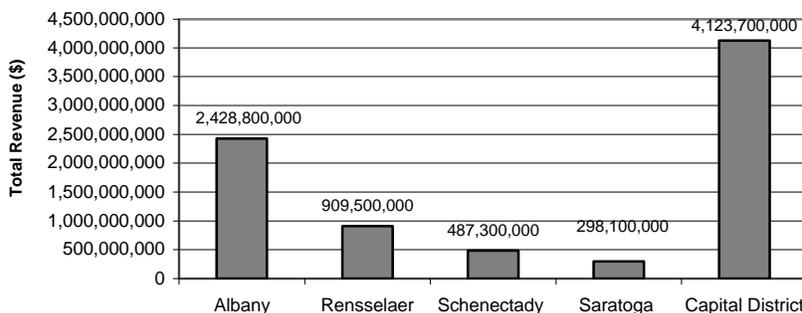
What is the economic impact of the nonprofit sector in the Capital Region? Nonprofits purchase goods and services from many local businesses, including professional services, food, transportation, office supplies, and printing.

According to an analysis by the Capital District Regional Planning Commission (CDRPC) using the Regional Input-Output Modeling System II, the total annual impact of nonprofits on the Capital Region is estimated to be \$7.8 billion.¹³ As the CDRPC table shows, the annual impact of nonprofits in the Capital Region on household incomes is about \$2.4 billion, and the annual employment impact on the Region is approximately 68,750 total full-time equivalent jobs.¹⁴

The 68,750 nonprofit-related jobs comprise about 17% of total 2000 employment in the Capital Region (407,727). Nonprofits' total economic impact of \$7.8 billion accounts for

20% of the gross metropolitan product of the Albany-Schenectady-Troy metropolitan area (gross metropolitan product is a concept similar to gross domestic product that estimates the value

**Table 1. Nonprofits in the Capital Region:
A \$4 Billion Industry (1999)**



Source: Urban Institute analysis of 990 IRS filings for 1,049 nonprofit organizations with annual gross receipts of more than \$25,000 (NCCS Core Files).

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Nonprofits bring resources into the community:

- The total annual economic impact of nonprofits is more than \$7.8 billion.
- Jobs and revenue directly and indirectly related to nonprofits account for 17% of total employment and 20% of gross metropolitan product in the Capital Region.
- Nonprofits leverage \$5-10 of private revenue for every public dollar.
- Over 80% of non-profit funding is from sources other than local and county government (Schenectady county, 2001).

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Economic Impact Table — Capital District Non-Profit Organizations

Estimated Economic Impact on the Capital District	Capital District Non-Profits		
	Total Economic Impact	Impact on Household Incomes	Impact on Employment
Farm and Agricultural Services, Forestry, & Fishing	\$ 28,930,269	\$ 5,743,509	220.2
Mining	1,276,335	212,723	6.6
Construction	150,607,574	36,162,836	949.6
Manufacturing	Durable Goods	51,904,305	11,061,573
	Nondurable Goods	285,473,679	58,498,705
Transportation & Public Utilities	393,536,741	91,683,424	1,895.4
Trade	Wholesale Trade	179,112,398	51,053,415
	Retail Trade	267,604,984	89,556,199
Finance, Insurance, & Real Estate	910,665,290	108,488,507	1,837.9
Services	5,509,301,647	1,929,393,642	57,412.8
Private Households	2,385,683,539	4,041,729	314.6
Total Impact	\$ 7,778,413,221	\$ 2,381,854,533	68,750.0

Note: the Total Economic Impact on Private Households and the Total Impact on Household Incomes vary due to a rounding error caused by combining different types service industry groups.

Prepared by the Capital District Regional Planning Commission based on BEA's 2002 RIMS II Model for the Capital Region

of goods and services produced at a metro level).¹⁵

Many nonprofits are based in the communities they serve, and are frequently the largest employers in these communities. Because these agencies are often located in inner city regions which are economically distressed, investments in nonprofits often act as the main catalysts for additional private and public reinvestment and ultimately revitalization of these neighborhoods.

Chris Lindsay, past president of the Beverwyck Neighborhood Association, illustrates how nonprofits contribute to the revitalization of vulnerable neighborhoods:

"The apartment complex built by the Center for the Disabled has had an extremely positive impact on the Quail Street and Central Avenue areas. The new residents patronize area businesses and the beautiful new building will encourage others to invest in this part of the City."

\$5-\$10 of Private Revenue Leveraged for Every Public Dollar

Like no other sector, nonprofit organizations are able to leverage additional public, private, and nonprofit resources for every dollar in investment they attract. Public investments are stretched further because nonprofits attract additional private and foundation dollars as well as additional volunteer labor.

For instance, for every dollar of government support (federal, state, or local), Capital Region nonprofits with annual incomes over \$500,000 leverage more than five dollars of additional non-governmental support.¹⁶

Some nonprofits leverage an even larger amount of non-public dollars: One example is the Parsons Child and Family Center, which leveraged 10 private dollars for every public dollar of investment in 2002.¹⁷ A 1997 study of housing nonprofits in New York State found that these organizations leverage 23 dollars



Nonprofits in the Capital Region improve the lives of a large number of residents:

- **12 nonprofits alone served more than 750,000 people in and beyond the Capital Region in 2002 (region's population: 794,293)**
- **28 nonprofits surveyed in Schenectady county served 330,000 residents in and beyond the county in 2001 (county population: 146,555)**

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for every dollar in state operating support.¹⁸

Although residents in the four counties of the Capital Region are the primary beneficiaries of the services offered by the 1,556 nonprofits in this area, local funding for these services represents only a small portion of nonprofit revenue. For instance, according to a 2001 survey of 28 nonprofits in Schenectady, only 18% of these organizations' revenue came from city and county government. The vast majority of funds (82%) were brought into the community by nonprofits from private sources (45%), state funds (21%), and federal resources (16%).¹⁹

The Public Supports Nonprofits

Nonprofits enjoy the support of the public, as illustrated by the scope of public donations to nonprofits. For instance, in 2002, New Yorkers contributed more than \$8.6 million to charities in the Capital District and the Eastern Adirondacks as a response to telephone campaigns.²⁰ Twenty-eight nonprofits surveyed in Schenectady in 2001 received 20,561 individual and 1,457 business donations in 2001.²¹ Even individual nonprofit organizations rely on an impressive number of supporters: For instance, the Capital District YMCA was supported by 7,038 contributors in 2002.²²

Nonprofits Improve People's Lives

While these numbers represent the economic significance of the sector, they do not fully capture what these investments mean to the communities where nonprofit organizations operate. For instance, in 2002, the twelve nonprofit organizations alone that are represented in the Nonprofit Executive Roundtable planning group served more than three-quarters of a million people (776,816) in the Capital Region.²³ Twenty-eight nonprofit organizations surveyed in Schenectady County in 2001 served about

330,000 residents annually.²⁴ Both sets of nonprofits serve clients beyond the Capital Region and these counts include duplicates. However, to get a sense of the large proportion of residents who benefit from nonprofit services, compare the total population of the Capital Region (794,293) and of Schenectady County (146,555) to the number of clients served in the Capital Region (776,816) and in Schenectady County (330,000).

What do these services mean to program participants? Nonprofits help their program participants overcome barriers and realize potentials. Omar, an African-American teenager and regular visitor to the Capital District YMCA, illustrates nonprofits' unique role:²⁵

"The reason I go to the Y - it's like a family thing. ... I didn't have a father that was there all the time. The Y's helped me to concentrate some of my anger towards positive things. In my neighborhood, there's a lot of kids that don't have the positive influences in their life. Basketball is a refuge for me that keeps me out of a lot of trouble. One of the guys I like to spend time with at the Y ... has been like a father figure for me. My Mom is proud of the fact that I'm doing something positive. I want to give her a better life. I just want to be successful in life, playing basketball, going to school, being an engineer. When I walk through the doors of the Y, it's like I'm home now."

Nonprofits are in a unique position to balance a financial bottom line with a mission-driven bottom line. This second bottom line distinguishes nonprofits like the YMCA from proprietary businesses - fitness at the YMCA is a means for connecting community members with diverse backgrounds and demographics, offering productive activities to at-risk youth, and



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helping children discover what they are capable of achieving.

Another individual observation illustrates the important role that nonprofits play in improving people's lives. At age 21, Theresa Parisi is currently stationed as a US Navy Rescue Swimmer in Bahrain:²⁶

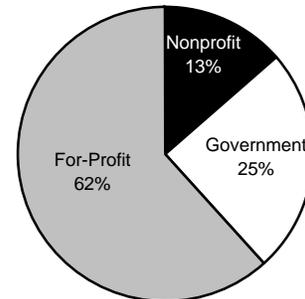
"I landed at Girls Incorporated when I was 5 years old. I took every program available, I learned computers, taek won do, gymnastics, woodworking, drawing. I went to the camp in the summer and learned how to swim. No one ever told me, 'You can't do that.' I was the first teen on the Girls Inc. Board of Directors. Look at me now. I jump out of helicopters into the ocean and save people. It's important to me that I give back, because I've gotten so much from Girls Incorporated. I wanted other women and girls to know they can do anything they set their minds to."

Nonprofits Account for Almost 20% of Total Private Sector Employment

Nonprofits in the Capital Region represent a significant share of total employment. They accomplish their missions as small and large organizations, ranging in size from no full-time staff to thousands of staff members. When taken together, the number of nonprofit employees is significant: The 1,556 nonprofit organizations with 501(c)3 charitable status in the four counties of the Capital Region employed 59,806 workers in 2002.²⁷

These nonprofit employees represent almost 20% of total private sector employment and 13% of private and public employment in the Capital Region. This means that about one in every five privately employed residents

Table 2. Nonprofits employ 13% of public and private workforce in the Capital Region (1999)



Source: NYSDOL. Data collected from the New York State Unemployment Insurance Program. Private and government data available at: http://www.labor.state.ny.us/labor_market/lmi_business/insured/search.htm

works for a nonprofit organization. In comparison, nonprofits employed more than one million people (1,058,100) – or 16% of private employment – in all of New York State in 2001.²⁸

The significant impact of nonprofit employment is further increased by the fact that nonprofit employment in the Capital Region grew by 13% from 1998 to 2002 (from 52,966 to 59,806 employees), at an annual average growth rate of 3.25%.²⁹

Nonprofit Employment Stabilizes Vulnerable Communities

Nonprofits employ larger numbers of vulnerable populations, including women, residents transitioning from welfare to work, and residents from low-income neighborhoods. Nonprofits often provide the economic backbone in low-income communities that face private and public disinvestment. If this backbone is weakened, it has a destabilizing ripple effect throughout the community. As Richard Harris, President of 100 Black Men, notes:

"Nonprofit agencies often locate programs in the heart of urban areas and conse-



Nonprofits account for almost 20% of total private sector employment in the Capital Region. Despite an economic recession, this employment has grown by 3.25% from 1998-2002.

In addition, nonprofits leverage one volunteer for every two paid employees to serve 48 times as many clients.

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The almost 60,000 residents employed by nonprofits earned more than \$1 billion in salaries. Public revenues were bolstered by the more than \$80 million in payroll taxes nonprofits paid in 1999.

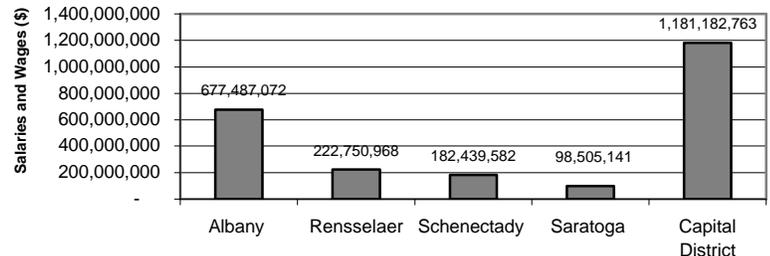
quently become an important source of jobs to the minority community for individuals who live close to these locations. Often these employment opportunities help people in the community launch their careers by gaining experience that provides a step ladder to better jobs in those agencies or access to other occupational opportunities."

John McDonald, Mayor of the City of Cohoes, notes:

"Very often a partnership between City governments and nonprofit agencies can have an important and significant impact on communities. Housing projects, program sites and administrative headquarters bring people, jobs and resources to urban areas. These attributes can encourage business investment and help neighborhoods not only turn themselves around but reinvent themselves as well."

Nonprofits not only employ a significant number of paid employees. They also mobilize substantial hours of volunteer labor to increase the scope of their activities, reach additional residents, and further improve the quality of their services. For instance, in

Table 3. Capital Region Nonprofit Organizations Paid Employees More than \$1 Billion in Salaries and Wages in 1999



Source: CWIGCS analysis of 990 IRS filings for 998 nonprofit organizations with annual gross receipts of more than \$25,000 (Urban Institute - NCCS Core Files).

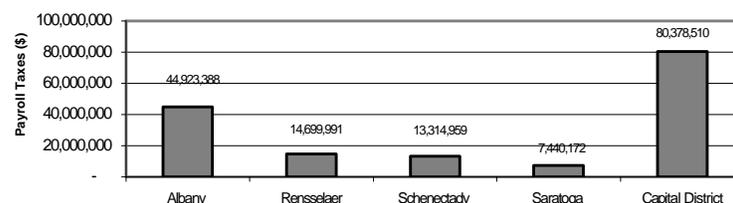
2002, the twelve nonprofit organizations of the Roundtable planning group utilized more than 5,800 volunteers to help their 10,475 staff members serve their 776,816 clients.³⁰ In this case, nonprofits leveraged one volunteer for every two paid employees to serve 48 times as many clients. Twenty-eight nonprofits surveyed in Schenectady County in 2001 relied on over 5,555 volunteers.³¹

The scope of volunteer involvement enables nonprofit organizations to offer services in unique ways. Volunteers add a human side to services that are otherwise often provided within a bureaucratic framework. They often make program participants feel at home, establish trust, and act as peers alongside paid staff.

Nonprofits Pay \$1 Billion in Salaries and Taxes

Nonprofits offer their nearly 60,000 workers an opportunity to find employment while making a positive contribution to their communities and to peo-

Table 4. Capital Region Nonprofit Organizations Paid More than \$80 Million in Payroll Taxes in 1999



Source: CWIGCS analysis of 990 IRS filings for 998 nonprofit organizations with annual gross receipts of more than \$25,000 (Urban Institute - NCCS Core Files).

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ple's lives. In 1999, Capital Region nonprofit organizations paid employees more than \$1 billion in salaries and wages and paid more than \$80 million in payroll taxes.³² By comparison, the total annual wages in the Capital Region amounted to \$13 billion in 1999.³³

Health, Education, and Service Infrastructure Highly Dependent Upon Nonprofits

Capital Region nonprofits run much of the service infrastructure of health care, education, and social 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 seeking to relocate. 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 - like education, health care, child care, the arts, or environmental protection.

Health, education and human service nonprofits accounted for 90% (or \$3.7 billion) of total nonprofit revenue in the Capital Region in 1999 (Table 5).³⁴ According to the Census Bureau, almost three quarters of employees in the area of educational, health, and social services in the Capital Region in 1999 are women.³⁵

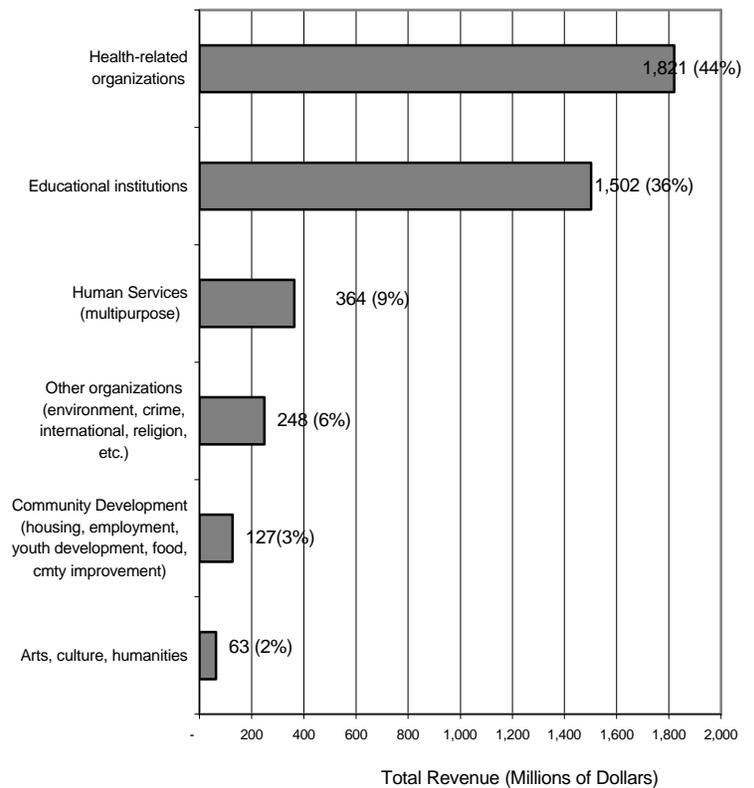
In New York State, 41% of nonprofit employment is in private health services (including 29% in hospitals), 25% of nonprofit employees work in the area of social services, and 20% work in educational services (Table 6).³⁶ In the Capital Region, the

percentage of nonprofit revenue of educational institutions (36% of total) indicates that education nonprofits play a larger role in the Capital Region than in the state as a whole.³⁷

Nonprofits Needed as Much as Business and Government

Like the private and public sector, the nonprofit sector represents a crucial component of the Capital Region's economy and quality of life. Each of the three sectors fulfills vital functions in society that the others cannot

Table 5. Health, Education, and Human Service Nonprofits in Capital Region Represent Largest Share of Total Nonprofit Revenue (1999)



Source: Urban Institute analysis of 990 IRS filings for 1,049 nonprofit organizations with annual gross receipts of more than \$25,000 (NCCS Core Files).

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Each of the three sectors fulfills vital functions in society that the others cannot address in the same way.

Table 6. 90% of nonprofit employment concentrated in four industries

	Jobs (New York State)	Percent
Total private nonprofit	1,058,100	100%
Private health services	453,700	40.9%
Hospitals	321,600	29.0%
Social services	276,400	24.9%
Individual & family services ¹	138,200	12.4%
Educational services	216,000	19.5%
Membership organizations	71,300	6.4%

Source: Unemployment Insurance tax records. Table cited in State of NY DOL, *op. cit.*, p. 3.

address in the same way. Businesses and residents need government for public infrastructure, law enforcement, and other important services. Government and residents need businesses as part of a vibrant economy. In the same way, businesses and government need nonprofits to tackle those needs that are not satisfactorily addressed by the other two sectors.

According to Hugh A. Johnson, Chairman and Chief Investment Officer of First Albany Asset Management,

“The contribution to and importance of the non-profit sector of the Capital Region economy cannot be overstated. Hospitals, other healthcare professionals and services, our education base, social services. The list is a long list. There can be very little question of how critical the nonprofit sector is to the very vitality of business in this region. Public policy needs to be focused on encouraging the growth and ongoing vitality of the non-profit sector.”³⁸

Nonprofits have become the primary implementation partners of government in areas such as mental health, social services, and housing development. Nonprofits bring a unique set of resources to the table, includ-

ing local participation in program design and delivery (e.g., through board membership, volunteering, or community meetings), responsiveness to community needs, and innovative and flexible solutions for hard-to-serve populations, such as residents with substance abuse problems, at-risk youth, or foster children.

Many nonprofit organizations were founded by concerned parents, neighbors or family members to fill important gaps in service provi-

sion. One Capital Region nonprofit organization, Wildwood Programs, illustrates this unique and important role played by nonprofits:³⁹ In 1966, 15 parents came together out of frustration about the lack of available services for their children with neurological impairments. Today, Wildwood programs has grown into a multi-service organization that serves 1,370 neurologically impaired/learning disabled and autistic people, with the help of 500 staff members, 400 volunteers, and a \$15 million budget.

The success of nonprofit agencies like Wildwood programs throughout the Capital Region illustrates the unique place that nonprofit agencies have assumed in democratic societies.

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A \$4 Billion Growth Industry that Cares The Impact of the Nonprofit Sector on the Capital Region

Endnotes

- 1 The nonprofit organizations include: Albany Institute of History and Art, Catholic Charities, Center for the Disabled, Centro Civico Hispano Americano, Community Foundation for the Capital Region, Girls Inc. of the Greater Capital Region, Northeast Health, NYS Rehabilitation Association, Parsons Child and Family Center, Trinity Institution - Homer Perkins Center, Wildwood Programs, and the Capital District YMCA.
- 2 National Center for Charitable Statistics (NCCS) (2001, June). *Reporting Public Charities in New York, by County, Circa 1999*. Available at http://nccs.urban.org/stcover/1999/99_NY_cnty_maj.pdf Additional analysis conducted by CWIGCS of IRS 990 Core Files (variables: salary/wages and payroll), obtained from NCCS. State of New York Department of Labor, Division of Research and Statistics. ES202 Data Series. Data collected from the New York State Unemployment Insurance Program, second quarter of 1998 and 2002. Nonprofit counts refer to charitable organizations with 501(c)3 status. Capital District Regional Planning Commission. (2003). *Estimated Economic Impact of Capital District Non-Profit Organizations on the Capital Region*. Albany, NY: CDRPC; Gross metropolitan product estimate from The US Conference of Mayors and the National Association of Counties. (2001). Top 100 U.S. Metro Economies. Available at <http://www.econdata.net>.
- 3 2000 Census Bureau. Data available at <http://factfinder.census.gov>. The four counties of the Capital Region are Albany, Saratoga, Schenectady, and Rensselaer.
- 4 The New York City metro area includes the counties of New York City, Putname, Rockland, and Westchester. Source: NCCS, *op. cit.*
- 5 Note that nonprofit employment figures refer to 2002 while private sector employment figures refer to 2000. Source: State of New York Department of Labor, Division of Research and Statistics. ES202 Data Series. Data collected from the New York State Unemployment Insurance Program, second quarter of 2002. 2000 private sector data was obtained from the New York State Department of Labor's online Labor Market Information System, available at http://www.labor.state.ny.us/labor_market/lmi_business/insured/search.htm. The data are based on New York State Unemployment Insurance Program information.
- 6 State of New York Department of Labor, Division of Research and Statistics. (2002, December). *Employment in New York State*. Available at <http://www.labor.state.ny.us/pdf/enys1202.pdf>
- 7 State of New York Department of Labor, Division of Research and Statistics. (2002, December). *Employment in New York State*. Available at <http://www.labor.state.ny.us/pdf/enys1202.pdf>, p. 1.
- 8 State of New York Department of Labor, Division of Research and Statistics. ES202 Data Series. Data collected from the New York State Unemployment Insurance Program, second quarter of 1998 and 2002. Nonprofit counts refer to charitable organizations with 501(c)3 status. Federal law requires nonprofit employers with four or more employees to file quarterly reports under the national ES 202 program.
- 9 National Center for Charitable Statistics (NCCS) (2001, June). *Reporting Public Charities in New York, by County, Circa 1999*. Based on an analysis of IRS 990 data, which excludes public charities with less than \$25,000 in gross receipts. Foreign organizations, government-associated organizations, and organizations without state identifiers were not included in this analysis. Available at http://nccs.urban.org/stcover/1999/99_NY_cnty_maj.pdf
- 10 State of New York Department of Labor, Division of Research and Statistics. ES202 Data Series. Data collected from the New York State Unemployment Insurance Program, second quarter of 1998 and 2002. Nonprofit counts refer to charitable organizations with 501(c)3 status.
- 11 NCCS, *op. cit.* The counties in the Albany-Schenectady-Troy metro area are Albany, Schenectady, Rensselaer, Saratoga, Montgomery, and Schoharie. The counties of the New York metro area are Bronx, Kings, New York, Queens, Richmond, Putnam, Rockland, and Westchester. For an analysis of the New York City nonprofit sector, see John E. Seley and Julian Wolpert. (2002). *New York City's Nonprofit Sector*. New York, NY: Graduate Center of the City University of New York.
- 12 Analysis of IRS 990 Master File, 11/26/2002, by Dan Prives: "Total Form 990 revenue of nonprofit organizations, by Form 990 revenue range, by state. Distributed in an email message to ARNOVA-L@listserv.wvu.edu on 12/16/2002.
- 13 Capital District Regional Planning Commission. (2003). *Estimated Economic Impact of Capital District Non-Profit Organizations on the Capital Region*. Albany, NY: CDRPC.
- 14 Output and impact estimates were based on payroll, and are therefore subject to a \pm 10% error. Source: Capital District Regional Planning Commission. (2003). *Estimated Economic Impact of Capital District Non-Profit Organizations on the Capital Region*. Albany, NY: CDRPC.
- 15 Capital District Regional Planning Commission. (2003). *Estimated Economic Impact of Capital District Non-Profit Organizations on the Capital Region*. Albany, NY: CDRPC; 2000 employment data estimates from New York State Department of Labor's online Labor Market Information System, available at http://www.labor.state.ny.us/labor_market/lmi_business/insured/search.htm. The data are based on New York State Unemployment Insurance Program information. Gross metropolitan product estimate from The US Conference of Mayors and the National Association of Counties. (2001). Top 100 U.S. Metro Economies. Available at <http://www.econdata.net>.
- 16 Note that this number does not include all nonprofit organizations with annual incomes above \$500,00 but only those that were soliciting contributions from New Yorkers. It is based on the latest available data from the Attorney General's Office, which was collected in 1995. Total 1995 nonprofit incomes for these organizations in the Capital Region were estimated at \$1,678,867,487 while government support was estimated at

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- \$254,120,619 or 15%. Data are available at: <http://www.oag.state.ny.us/charities/pennies97/intro97.html>
- 17 Parsons Child and Family Center. *2001 Annual Report*, p. 4.
- 18 State operating support provided through the Neighborhood Preservation Program. Cronin, Mary, Alex Schwartz, and Julia Koschinsky, (1997). *Facing New York State's Affordable Housing Crisis: The Role of Community-Based Housing Organizations*. A report prepared by The Neighborhood Preservation Coalition of New York State, Inc. and the Community Development Research Center at the New School for Social Research.
- 19 Agency Chief Executives of Schenectady County. (2001). *Briefing Paper: Economic Impact of Charitable Not-for-Profits and the ACES Membership in Schenectady County*, p. 4.
- 20 This area included the counties of Albany, Clinton, Columbia, Essex, Franklin, Fulton, Greene, Hamilton, Montgomery, Rensselaer, Saratoga, Schenectady, Schoharie, Warren, and Washington. Source: Attorney General's Office. 2002 Pennies for Charity. Where Your Money Goes. Available at <http://www.oag.state.ny.us/charities/pennies02/penintro.html>
- 21 Agency Chief Executives of Schenectady County. (2001). *Briefing Paper: Economic Impact of Charitable Not-for-Profits and the ACES Membership in Schenectady County*, p. 4.
- 22 Capital District YMCA. (2002). 2002 Annual Report. Available at http://www.cdymca.org/about_ymca/annual_report.htm
- 23 The twelve Roundtable planning group member organizations accounted for 5% of total payroll taxes (3,704,236 out of 80,378,510) and 4% of total salaries and wages (\$50,103,068 out of \$1 billion). Their combined revenues represent 2% or \$98,095,477 of the total Capital District revenue of \$4 billion. Source: IRS 990 forms (1999) from NCCS. Client numbers were collected from Nonprofit Executive Roundtable planning group members through phone interviews with members in February 2002.
- 24 Agency Chief Executives of Schenectady County. (2001). *Briefing Paper: Economic Impact of Charitable Not-for-Profits and the ACES Membership in Schenectady County*, p. 5.
- 25 Quote from YMCA's video *Capital District YMCA*. Available at http://www.cdymca.org/about_ymca/promo_videos.htm
- 26 Quote provided by Teri Bordenave, President/CEO of Girls Incorporated of the Greater Capital Region on March 3, 2003.
- 27 State of New York Department of Labor, Division of Research and Statistics. ES202 Data Series. Data collected from the New York State Unemployment Insurance Program, second quarter of 1998 and 2002. Nonprofit counts refer to charitable organizations with 501(c)3 status.
- 28 State of New York Department of Labor, Division of Research and Statistics. (2002, December). *Employment in New York State*. Available at <http://www.labor.state.ny.us/pdf/enys1202.pdf>, p. 1 & 3.
- 29 Nonprofit employment data was provided by the New York State Department of Labor based on the ES202 Data Series and the New York State Unemployment Insurance Program. Private for-profit and public sector data was obtained from the New York State Department of Labor's online Labor Market Information System, available at http://www.labor.state.ny.us/labor_market/lmi_business/insured/search.htm. The data are based on New York State Unemployment Insurance Program information. Although 1998-2002 total private employment data were not available, the annual average growth rate of private employment in New York State from 1998-2002 was 4.8% (the average annual private sector employment growth rate in the Capital Region from 1998-2000 was 4.5%).
- 30 Annual volunteer numbers apply to 2001 or 2002: Albany Institute of History and Art (200), Catholic Charities (1,441), Center for the Disabled (500), Centro Civico Hispano Americano (14), Community Foundation for the Capital Region (N/A), Girls Incorporated of the Greater Capital Region (300), Northeast Health (710), NYS Rehabilitation Association (N/A), Parsons Child and Family Center (450), Trinity Institution - Homer Perkins Center (24), Wildwood Programs (400), YMCA (1,819). NCCS, *op. cit.*
- 31 Agency Chief Executives of Schenectady County. (2001). *Briefing Paper: Economic Impact of Charitable Not-for-Profits and the ACES Membership in Schenectady County*, p. 4.
- 32 NCCS, *op. cit.*
- 33 New York State Department of Labor Market Information. Data based on reports submitted quarterly by employers subject to the New York State Unemployment Insurance Law. Available at http://www.labor.state.ny.us/labor_market/lmi_business/insured/search.htm
- 34 NCCS, *op. cit.*
- 35 2000 Census data, Summary File 3. Available at <http://factfinder.census.gov/>
- 36 State of New York Department of Labor, Division of Research and Statistics. (2002, December). *Employment in New York State*. Available at <http://www.labor.state.ny.us/pdf/enys1202.pdf>, p. 3.
- 37 NCCS, *op. cit.*
- 38 Quote provided by Hugh A. Johnson on March 6, 2003.
- 39 Source of story and data cited in next paragraph: Wildwood Programs' website at <http://www.wildwood.edu/information/history.html>

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