

A PATHWAY TO REVITALIZE AMERICA'S ECONOMY

A review of efforts by non-profits to create jobs and boost the economy, including eight case studies





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Table Of Contents

- EXECUTIVE SUMMARY 4
- THE NON-PROFIT SECTOR IS AN ECONOMIC FORCE NATIONWIDE 7
 - The Economy Continues To Struggle; A Full Recovery Is Far Off 7
 - The Non-Profit Sector Is Helping: Providing Millions Of Jobs Nationwide 7
- PHILANTHROPY PROVIDES A PATH TO PROSPERITY 8
 - Non-Profit Workforce Development Efforts Are Critical To Communities In Transition 9
 - Case Study: Youth Build In Flint, Michigan 9
 - Case Study: Turning Point Center In Houston, Texas 11
 - National Fund For Workforce Solutions 13
 - Case Study: New York Alliance For Careers In Health Care In New York City 14
 - Case Study: Incourage Community Foundation In Central Wisconsin 15
 - Non-Profits Help Launch New Businesses And Create Jobs 17
 - Case Study: Women’s Bean Project In Denver, Colorado 17
 - Case Study: Project For Pride In Living In Minneapolis / St. Paul, Minnesota 19
 - Non-Profits Boost Local Economies By Investing In The Arts 21
 - Case Study: Writerzblok In San Diego, California 22
 - Case Study: Virginia Opera Association In Norfolk, Virginia 23
- NON-PROFITS FACE NEW ECONOMIC PRESSURES AS THE ECONOMIC SLOWDOWN CONTINUES 25
 - New Taxes And Fees 25
 - Payments In Lieu Of Taxes 23
 - States And Local Governments Failing To Pay Their Bills 26
- MORE MUST BE DONE TO SUPPORT THE NON-PROFIT COMMUNITY 26
- ECONOMIC IMPACT BY STATE 31



EXECUTIVE SUMMARY

For years, foundations have funded programs that immediately address pressing societal problems while laying a runway for economic development through long-term investments. All to improve the human condition. With the recent economic slowdown, that effort has become more critical than ever. Foundations are filling the funding gap left by shrinking government and private sector support, and despite increasing financial pressures, they work to identify new solutions to entrenched social problems.

This report will discuss the impact foundation investments have on local economies, detail the role the non-profit sector plays in basic, ground-level economic revitalization efforts across the country, and highlight eight innovative and evidence based programs targeted at the labor force. These include programs that have created jobs, expanded economic opportunity and provided workforce development.

“Incourage Community Foundation got the right resources together ... so that employers could work with trainers to educate individuals for the jobs in their businesses. This all came from local foundations combining their resources to make this training a reality.”

Mayor Mary Jo Carson, Wisconsin Rapids, WI

The Non-Profit Sector Is An Economic Force Nationwide

Foundations' reliable support of charities and partners is critical not just for the beneficiaries of those services, but for the people they employ. The non-profit sector is an economic engine nationwide, employing 10.7 million people in 2010 — 10.1 percent of all private workers nationwide — making the non-profit workforce the third largest US industry behind manufacturing and retail trade. In fully half of the states nationwide, nonprofit employment exceeds that of the manufacturing industry.

From 2007 to 2010, non-profit employment grew by 5 percent, while the for-profit sector dropped by 8 percent during the same period, confirming that the non-profit sector is not only a significant employer nationwide but a valuable economic counterweight during times of economic downturn. Today, with 12.7 million people looking for work across the country and an unemployment rate expected to remain above 8 percent until at least 2013, the stability foundations provide for the non-profit sector is invaluable.

But this is, of course, not the only manner by which foundations and charities are contributing to America's economic revitalization.

Philanthropy Provides A Path To Prosperity

Even in the hue and cry of a presidential election season, non-profit service providers and foundations across the country are actively working to build partnerships with local businesses and governments to create jobs and revitalize our economy. Foundations are supporting service providers that are running businesses, training workers, and building key assets that add to the quality of life in communities around the country — like hospitals, schools, cultural destinations and parks. These key assets are often critical to attracting and retaining for-profit businesses in communities struggling to stay afloat.

“Project or Pride in Living has been a steady partner, helping hundreds of low-income Minneapolis residents access training, job experience and good, long-term employment.”

Mayor R.T. Rybak, Minneapolis, MN

The myriad of ways foundations can support non-profit service providers and partners gives them a flexibility for-profit businesses and governments lack, which provides them the freedom to design innovative solutions to societal problems. The eight programs high-

lighted in this report do just that, working with their foundation partners to look past short-term results towards comprehensive solutions to entrenched problems.

Through programs like the Alliance for Health Care Careers in New York City and Encourage Community Central Workforce Foundation in Wisconsin, both of which are supported by the National Fund for Workforce Solutions, and YouthBuild in Flint, MI, foundations are helping workers go beyond finding jobs to building lifelong careers. And the Turning Point Center in Houston, Texas, uses foundation funding to provide homeless senior citizens — one of the country’s most vulnerable populations — a path back to employment and independence.

Foundations have helped launch businesses like the Women’s Bean Project in Denver and the Project for Pride in Living in Minneapolis, which harness for-profit models to implement a traditional non-profit goal: to improve social and economic conditions in their communities.

And foundations and the programs they support are harnessing the creative energy of communities through programs like WriterzBlok in San Diego and the Virginia Opera in Norfolk. WriterzBlok uses that energy to move young people toward a more productive future, while the Virginia Opera in Norfolk works to integrate local businesses and schools into their performance schedule and outreach plans, bringing both the educational and economic benefits of the arts to their community.

“... the Opera House enhances the City’s reputation as the arts and cultural capital of Virginia. Through its education program 500,000 Virginia schoolchildren are exposed to the opera each year. The Harrison Opera House is a beloved, historic treasure of the City of Norfolk.”

Mayor Paul D. Fraim, Norfolk, VA

The Non-Profit Sector Is Facing Increasing Financial Pressure

Although non-profits have demonstrated an ability to prosper through harsh economic conditions, there is evidence the honeymoon is ending. Non-profit job growth has slowed over the past two years, and they are facing new taxes and fees levied by state and local governments desperate to stay afloat after five years of reduced tax revenues. Over the past 10 years, payments in lieu of taxes (PILOTs) have been imposed in at least 117 cities in 18 states, and the drive to expand these PILOTs has only increased in recent years.

In addition, some state and local governments that contract with non-profits for services are beginning to delay or default on promised payments — which has a devastating effect on non-profits already operating on shoestring budgets. In many cases, foundation support is critical to keeping the doors open and the lights on for these non-profits.

“YouthBuild in Flint is changing lives through an exemplary partnership with the nonprofit, foundation and business sectors in Michigan. Young adults are taking advantage of their new opportunities to get ready for good careers and to give back to their communities.”

Mayor Dayne Walling, Flint, MI

Foundations Offer Governments a New Opportunity For Partnership and New Models For Success

Despite the significant job creation role the non-profit sector plays, even during times of economic downturn, non-profits have been treated as less-than-equal partners in the discussion about economic recovery and stimulating sustained job growth.

In difficult economic times, policymakers and elected officials can't afford to continue taking for granted the contributions of philanthropy to our collective economic prosperity.

Working in partnership with the non-profit community gives policymakers a wide range of new options and practical solutions that have been tested in the toughest economic conditions in the country. Foundations and their non-profit service providers are ready and willing partners in that effort. They have significant experience and resources that can expand the current national conversation on the economy, and maximize new opportunities for practical, proven solutions to create jobs and help power the economies of local communities.

“For over 20 years, the Women’s Bean Project has been helping women in Colorado break the cycle of poverty by teaching them valuable job and life skills. Foundation funding has been an important component of their success.”

Governor John Hickenlooper, Colorado

The Non-Profit Sector Is An Economic Force Nationwide

The direct contributions of non-profit and foundation activity to the nation's workforce are unfortunately overlooked by policymakers and elected officials.

Across the country, non-profits employed 10.7 million people in 2010 — approximately 10 percent of the country's private workforce. This makes the non-profit workforce the third largest US industry, behind only manufacturing and retail trade, and a major economic force nationwide. To put this in perspective, the non-profit sector employs nearly 18 times more workers than the nation's utilities industry, 15 times more workers than the nation's mining industry, and nearly three times more workers than the nation's transportation industry.¹

What's more, foundation-related employment has continued to rise even during the economic downturn, with non-profits increasing the size of their workforces by almost two percent a year from 2007 to 2010.² With sustained job growth in the private sector still at least a year off, the jobs and economic stimulus created by the non-profit sector is more important than ever.

Foundations invested approximately \$46 billion in non-profits during 2010, maintaining a high level of giving despite continuing economic hardship. In addition, foundations are on track to report increased grant making activity for 2011 and 2012.³

The Economy Continues to Struggle: A Full Recovery is Far Off

Although recent data indicates our economy is on the mend, economists warn that at the current rate of growth the United States is not likely to recover its pre-recession employment levels until 2019⁴. And sustained job growth in the private sector still looks to be at least a year away.

There are currently 12.7 million people looking for

1 (Salamon, Sokolowski and Geller 2012)
2 (Salamon, Sokolowski and Geller 2012)
3 (The Foundation Center 2011)
4 (Shierholz 2012)

work across the country, and 5.5 million (49 percent) of them have been unemployed for more than 6 months.⁵ The Congressional Budget Office forecasts the unemployment rate will remain above 8 percent in the fourth quarter of 2012, five years into the economic downturn⁶. And the economy has grown only 1.7 percent in the past year, insufficient to dent the unemployment rate.⁷ There are approximately 4 people looking for every one job opening, 25 percent higher than pre-recession levels, and this trend is consistent across every major industry.⁸ Despite the recent drop in unemployment to 8.3 percent, the rate is still 13.6 percent for African Americans and 10.5 percent for Hispanics.⁹

The Non-Profit Sector Is Helping: Providing Millions Of Jobs Nationwide

The stability of foundation funding through the recent recession has played a huge part in protecting the non-profit workforce. As of 2009 (the latest data available), there were more than 68,508 private foundations nationwide.¹⁰ Despite seeing a 19.2 percent plunge in their assets in 2008, these foundations still invested \$32 billion in non-profit service providers in 2009 — keeping support steady to ensure critical programs continued to operate during a time of economic hardship. In the same year, the nation's 25 largest grantmaking foundations stepped up their efforts to address needs across the country by significantly increasing their giving.¹¹ Total giving remained essentially steady in 2010¹², and is expected to have remained that way through 2011.¹³

Non-profit employment is fairly consistent throughout the country, accounting for more than 16 percent of the jobs in New England, more than 15 percent in the Mid-Atlantic, and more than 11 percent in the North Central regions. In Wisconsin, Maryland, Michigan, Maine, Ohio, South Dakota, North Dakota, Montana, and Washington, DC,

5 (Bureau of Labor Statistics 2012)
6 (Elmendorf 2012)
7 (Bureau of Economic Analysis 2012)
8 (Shierholz, Job seekers ratio improves but has been above the highest rate of early 2000s downturn for more than three years 2012)
9 (Shierholz, A solid step in the right direction for the labor market 2012)
10 (The Foundation Center 2011)
11 (Foundation Center 2011)
12 (Roeger, Blackwood and Pettijohn 2011)
13 (The Foundation Center 2011)

the non-profit share of private employment well exceeds the national average of 10 percent.¹⁴

Non-profit job growth has been consistent across the country, increasing in every single region of the United States.¹⁵ Over the past decade, non-profit sector employment grew steadily at an average rate of 2 percent a year, including during the recession.¹⁶

Overall, from 2007 through 2010, researchers found that nonprofits boosted their employment by nearly 5 percent nationwide. This presents a stark contrast to performance in the for-profit sector where employment unfortunately fell by 8 percent despite new tax breaks and economic incentive packages aimed at the for-profit sector provided by both the states and the Federal government. Even over the past two years, non-profit job growth continued, increasing by 1.2 percent from 2008 to 2009 and 0.8 percent from 2009 to 2010, and fairly consistently across most of the states.¹⁷

The Center for Civil Society Studies even calls non-profit employment a “counter-cyclical” economic force, primarily because these programs rely on diverse funding streams (including government funding, grants from foundations, as well as other private sources).¹⁸

Philanthropy Provides A Path To Prosperity

Beyond the direct impact foundation support has on non-profit employment, it also sparks a natural multiplier effect. Foundations and other non-profits are building partnerships with local businesses to create jobs and revitalize America’s economy. Non-profits are often at the heart of what makes a community special — its quality of life assets. These assets help attract new business investments to communities and retain old ones. What are we talking about? Parks and schools and quality health facilities, among others. In fact, across the country, state economic development offices and Chambers of Commerce promote, and in many cases rely on, work done by the charitable sector to

attract and retain businesses and their employees. Their contributions are a tremendous asset touted by policymakers, elected officials, and the business community, making local businesses, economic development officers and the non-profit community natural allies in struggling and thriving communities alike.

A 2008 study by Dr. Robert Shapiro of Sonecon found that each dollar provided by private and community foundations in grants and support produced an average return of \$8.58 in direct economic benefits to cities and communities. When extrapolated to the national level, the \$42.9 billion in foundation support provided in 2007 helped generate a staggering \$367.9 billion in direct economic benefits. These foundation investments had significant indirect economic benefits as well — helping to generate nearly \$512 billion in household income and some \$145 billion in government revenues.¹⁹

For example, a 2010 study by the Berkshire County (Massachusetts) Chamber of Commerce found that the total expenditures by the non-profit sector in Berkshire County was responsible for 21 percent of the total purchase of goods and services in 2006 (the latest data available) and notes that “even the data [on expenditures] fails to capture the full importance of the sector...expenditures made by non-profits for inputs generate secondary local effects for local businesses, households and other non-profits. These expenditures generate employment not only in the non-profit organizations themselves, but also in the retailers, restaurants, law offices, and other businesses that either sell goods and services directly to the non-profits or to the people who work for them or travel to Berkshire County to visit them.” The report concluded the non-profit sector is “essential” to the economic health of the county.²⁰

A study by the San Luis Obispo United Way reviewing 2005 data found that direct expenditures of \$135.3 million on the part of the non-profit community resulted in additional indirect and induced spending of \$107.6 million. In fact, the report states, “for every two people directly employed by the non-profits, another position was supported as a result of indirect and induced activity.” Non-profits, the report continues, “are in fact serious business...

14 (Salamon, Sokolowski and Geller 2012)

15 (Salamon, Sokolowski and Geller 2012)

16 (Salamon, Sokolowski and Geller 2012)

17 (Salamon, Solowski and Geller, Non-profits continue to add jobs in the current downturn but rate of job growth falters: An overview 2011)

18 (Salamon and Lessans Geller, Maine Nonprofit Employment Update 2010)

19 (Shapiro and Mathur 2008)

20 (Sheppard and Oehler 2010)

generating \$23.8 million in tax revenue in 2005, [with] approximately \$11.8 million flow[ing] into state and local coffers, including about \$3 million in sales taxes.” The study concluded there was “no question that the contributions made by non-profit organizations to the health, education, and welfare of county residents act[ed] as a positive force on county output, productivity, and income.”²¹

In addition, a study conducted in 2008 by the Business Council of Westchester, NY found that in 2005, each dollar in non-profit spending resulted in an additional \$3.40 in spending in Westchester County — exponentially increasing the impact of the \$3.5 billion in non-profit spending that year. At the time, Bill Mooney, the President of the Westchester County Association stated, “As economic engines, the nonprofits are huge.” Charlie North, the President of the Dutchess County Regional Chamber of Commerce, added, “If the non-profits were not in business, government or someone else would have to provide [these services]...And they would not do as good a job as the non-profits operating in their fields.”²²

Non-Profit Workforce Development Efforts are Critical to Communities in Transition

The skill and availability of the local labor market is a key factor for companies deciding whether to launch or expand operations in a particular area. Research indicates the United States can do more to develop workers with the right skills to prosper in our modern labor market. Workers often need help transitioning from lower skilled to more technologically sophisticated jobs. It is also important that workers gain the skills sought by employers with jobs paying competitive wages. Employers are constantly seeking skilled workers to increase productivity levels, justifying higher levels of compensation. By contributing to a skilled workforce, non-profits are helping employers hire more workers at higher wages.²³

21 (Watkins and Weaver 2006)

22 (Fallon 2008)

23 (Holzer 2011)

State, local, and non-profit partnerships for workforce development are critical to worker advancement and to building careers for low-income workers. A 2010 Urban Institute study found that even before the economic downturn, low-skilled workers had extreme difficulty earning wage increases simply because they lacked the skills or education needed to advance.²⁴ Even those workers that benefited from some wage gains over time had difficulty breaking the glass ceiling of the low-skill, low-wage earning bracket (defined by a 2007 study as less than \$12,000 a year).²⁵

Foundation support cannot replace or match government resources, but they represent a meaningful part of America’s investments in workforce development, training and matching individuals with appropriate jobs. Nonprofits often serve as intermediaries, connecting low-skilled workers with employers and service providers. They can coordinate services to develop workers based on employers’ needs, ensuring a steady stream of interest from local businesses.²⁶ In 2007, the Foundation Center reported that the nation’s largest 1,300 foundations invested more than \$300 million in workforce education and training grants.²⁷

Case Study: Youth Build in Flint, Michigan

During times of economic distress, younger workers, particularly young African Americans and Hispanics, have more difficulty finding employment than their middle-aged counterparts.²⁸ In January of 2012, the unemployment rate for workers aged 20 to 24 was 13.3 percent; the rate for teenagers was 23.2 percent, and the rate for Hispanic teenagers and African American teenagers was 24.9 percent and 38.5 percent, respectively.²⁹

That, combined with the American Midwest’s struggles during the economic recession, presented unique, significant challenges for younger workers in Flint just trying to make a living. In 2011, Michigan tied with California, Florida, Nevada and

24 (Martinson 2010)

25 (Andersson and Holzer 2005)

26 (Martinson 2010)

27 (Council on Foundations n.d.)

28 (The Urban Institute 2011)

29 (Bureau of Labor Statistics 2012)



Mississippi with the highest underemployment rate in the nation (averaging from 21 to 24 percent).³⁰ In December 2011, Michigan's unemployment rate dipped beneath ten percent for the first time in three years.³¹ The unemployment rate in Flint that month was 9.6 percent.³²

"It doesn't get more challenging than the situation in Flint," said YouthBuild Metro CEO Ravi Yalamanchi. "The economic conditions here have been deteriorating since the early 1980s. And we've got an extremely difficult high school drop-out rate for kids."³³ In 2010, Flint had a 52 percent high school graduation rate.³⁴

YouthBuild, which is a national organization with a strong presence in Michigan, provides on the ground construction training for youth between the ages of 18 and 24 who have dropped out of high school. In addition to construction skills, the program offers counseling, life management skills, job readiness education and placement assistance.³⁵

The economic situation in Flint is so dire that YouthBuild has more applicants than it can handle. "Without any outreach or marketing, we've got 400 people on our waitlist," said Yalamanchi. "We start with all 400 and narrow down to 70, expecting that half of them will not make through the program." That leaves Yalamanchi with an average graduating class of about 30. During the three years the program has been in operation, YouthBuild in Flint has produced 66 graduates, and this year's class has about 30 enrollees.³⁶

The balance of skills developed and services pro-

30 (Ann Arbor News)

31 (Ann Arbor News)

32 (Department of Labor n.d.)

33 (Yalamanchi 2012)

34 (Inspired Thought Consulting 2011)

35 (Michigan Chronicle)

36 (Yalamanchi 2012)

vided is an integral part of YouthBuild in Michigan. For trainees, half their time involves classroom work at a learning center while the other half is spent on site, learning and performing tasks like interior demolition, dry walling, painting and floor refinishing. Trainees are also required to undergo routine drug tests.³⁷

"When our enrollees come to us, their reading level is anywhere between 4th to 8th grade, and their math skills are between 3rd and 6th grade," Yalamanchi said. "But once they're in the program, we see about 60 percent of our enrollees get their GED. And they're coming out with good scores. We've seen kids score in the 2000s. We're proud of that."

In addition to classroom instruction and computer training, YouthBuild participants get hands on training in new construction projects with Habitat for Humanity and rehab projects with the Flint Public Housing Authority. They're paid a basic stipend of \$125 every two weeks, and then get additional financial bonuses for finishing projects or completing additional elective classroom courses.



"We're learning more and more about how to approach the issues these kids deal with every day," said Yalamanchi. "They have families of their own and substance abuse challenges. The social challenges and the economic hurdles of our participants are not typical or common. They struggle

37 (Michigan Chronicle)

with simple basic needs which are taken for granted by society. But we're determined to keep them on the right path."

Out of the program's first graduating class, there were three graduates that landed full time employment, 12 that went on to post-secondary education, and one that enrolled in Michigan State University.³⁸

Mayor Dayne Walling of Flint, MI, is a strong supporter of the program. "YouthBuild is changing lives through an exemplary partnership with the nonprofit, foundation and business sectors in Michigan," Walling said. "Young adults are taking advantage of their new opportunities to get ready for good careers and to give back to their communities. The partnerships are a vital component in our community and economic development efforts that lead to better jobs, safer neighborhoods, and stronger regions."³⁹

In 2011, with Michigan facing severe economic hardship, YouthBuild Metro was selected by the Department of Labor to receive a \$1,092,080 federal grant from the United States Department of Labor (Other YouthBuild programs across the state also received funding). The program was acknowledged both for its success in training individuals with clean energy construction skills and its important role in encouraging young people to focus on academic achievement. At the time of the announcement, Senator Carl Levin said that the program was, "a win for the youth who will get the training and support they need, and it's a win for the communities that will reap the benefits of a better trained workforce." Senator Debbie Stabenow said, "YouthBuild will help students across Michigan complete their high school or GED education and train them for the jobs of tomorrow."⁴⁰

Federal dollars are always welcome, said Yalamanchi, and he believes that programs like Youth Build are one of the best investments the government can make to create a better quality of life for these young adults. But the constant, steady support from YouthBuild Metro's foundation partner, C.S. Mott Foundation, has been critical.

"Our foundation partners make this all possible,"

38 (Yalamanchi 2012)

39 INSERT CITE

40 (Office of Senator Carl Levin 2011)

said Yalamanchi. "They are our backbone. Because of the Mott Foundation, the commitment of my Board of Directors and our partnership with Mott Community College and Career Alliance, we're able to continue operating and to expand. We've been very fortunate."⁴¹

The Non-profit Sector in Michigan:

- Pays \$16 billion in wages annually
- Generates more than \$108 billion in annual economic activity
- Employs 371,200 people — 11.7% of the state's workforce
- Generates \$133 billion in annual revenue

Case Study: Turning Point Center in Houston, Texas

Just like teenage and younger workers, older workers face real difficulties when looking for jobs. Although they are less likely to get fired, they are much less likely to be re-hired once laid off. As of May 2011, it took workers aged 55 to 64 an average of 45 weeks to find a new job — much longer than younger workers.⁴² In fact, older workers face



the very real possibility they may never re-enter the workforce. In addition, long-term unemployment undermines their retirement security, since

41 (Yalamanchi 2012)

42 (Miller 2011)

workers who are forced to request Social Security benefits early will receive lower retirement benefits for the rest of their lives.⁴³ Anecdotal evidence indicates that some employers are quick to lay-off or terminate older employees with long tenures to avoid paying retirement or increasing premiums for health benefits.

When older people live paycheck to paycheck, the result of being laid off is often disastrous. The number of homeless elders, age 62 and older, is projected to increase by 33 percent from 2010 to 2020. It is projected to more than double between 2010 and 2050.⁴⁴

The elderly homeless are of special concern because of their frailty, their vulnerability and their sensitivity to harsh conditions of life on the street.⁴⁵ Many elderly face serious medical issues, causing hospitalization, and requiring them to exhaust all their financial avenues — including emptying savings accounts and selling homes and cars. Many of these older patients are released from hospitals with no place to go other than the streets. Turning Point Center in Houston takes these patients in and offers them food, shelter and supportive services helping them to heal, acquire eligible benefits, get back on their feet and find gainful employment.

Isha Sales Desselle, a native of Trinidad who came to the United States as a teenager⁴⁶, started the Turning Point Center after a trip to India where she saw a woman begging on the street who looked like her mother.⁴⁷ She started her program in the unlikeliest of sites — a former drug infested apartment building in Houston.

Desselle purchased the dilapidated building in 1988 and rehabilitated it. In 2003, she renamed it the Turning Point Center with a mission of providing a home, counseling and retraining center for elderly residents.⁴⁸ Originally named Rehab Mission, Desselle renamed the program after realizing the stigma attached to the residents from others in the community thinking they were only housing drug and alcohol addicts.

“I sold my house, put a down payment on the

43 (The Urban Institute 2011)

44 (Sermons and Henry 2010)

45 (U.S. Department of Health and Human Services)

46 (Houston Chronicle)

47 (Houston Press)

48 (Houston Chronicle)



rundown apartment complex, and kicked everyone out,” Desselle said, “and then we just got started.”⁴⁹

She started by providing food twice a day to the area’s homeless population. “I had a mail truck that you had to push to get started, so I had two people that had stayed in the apartment complex help get me on the road — and then I collected donated food from grocery stores, butcher shops, and anyone else that would help me.”⁵⁰

Soon, Desselle was feeding 250 people a day — and that wasn’t all. “The ones that needed a place to stay,” Desselle said, “I brought back to the apartment complex.” The agreement she made with the younger residents of the complex was this: you can stay, if you help get the place ready for the elderly residents she planned to serve. Soon, she was feeding people on the street and in the complex — and that meant some serious budget stretching.

“I’ve been cooking since I was nine, and I’m one of 14 children, so I know what it’s like to have to stretch food and make ends meet,” said Desselle. “You don’t just cut a chicken: you strip shred it.”⁵¹

Shortly after purchasing the property, the facility received nonprofit status and Desselle began incorporating programs to provide support for people 50 and older who agreed to stringent rules: no drugs; no alcohol; no cursing; and hard work. She

49 (Desselle 2012)

50 (Desselle 2012)

51 (Desselle 2012)

increased her clients' confidence by matching their skills and talents with duties at the mission, focusing on a "can do" attitude.⁵²

In addition to providing a safe and healthy place to live and providing training services, The Turning Point Center also provides services for its residents. Although currently the center is running slightly below capacity, it can provide up to 180 clients at a time with shelter and three daily meals. It also helps residents obtain documents needed for identification, driving, employment, medical aid and other public assistance. Residents can also receive job training and, through governmental or faith-based assistance, get help in obtaining their GED, admittance to a trade or vocational training school or attend college.⁵³

As of 2011, the Turning Point Center was Houston's only homeless shelter for the elderly, and had helped more than 10,000 individuals. Desselle's contributions have not gone unnoticed; she was the only Texan to receive an Older Volunteers Enrich America Award in Washington, DC and has received numerous other local and national awards for her continuing work with the elderly homeless.⁵⁴

The future continues to look bright for the Turning Point Center more than two decades after Desselle purchased the property. The program has a main facility, which can serve up to 100 people at a time (right now they are housing about 80), and a step-down unit, which is currently serving 45 people. "The step-down facility lets us see which people are ready to leave. If they're ready, they can use us as a reference for a new place to live," said Desselle. "And if not, we can bring them back until they are."

In 2009, the center finished construction on a new resource center next door to its shelter. The 6,076-square-foot, nearly-million-dollar center allowed the organization to expand its existing services while adding professional instructors, social and health providers, a technology and learning lab, conference and seminar rooms, interview and screening areas and a room for sorting and storing clothing donations.⁵⁵

52 (Houston Chronicle)
53 (Houston Chronicle)
54 (Houston Chronicle)
55 (Houston Chronicle)

Houston City Council Member Helena Brown recently visited Turning Point, and was impressed by what she saw. Turning Point, she said, meets the needs of "a uniquely disadvantaged population in Houston, the elderly homeless. With the help of private and community funding, Turning Point is helping individuals 50 years and older gain the skills they need to re-enter the workforce and return to productive society. I am very happy [about] the positive impact this organization has had in District A."

Desselle says the support Turning Point has received from their foundation partners has been invaluable. "Foundation support is the lifeline of

our program. Food and shelter is great, but that's not enough," she said. "Without the foundations, we wouldn't be able to offer the life skills classes and other support services that we do – and those are critical for our residents."

"When people come to see Turning Point," Desselle continued, "they tell me that they like what they see in the faces of the people here. Everyone you see here – the person that answers the phone, the facility maintenance workers, everyone – they were once residents. We focus on what a person can do – and we're always looking to do things better."⁵⁶

The Non-profit Sector in Texas:

- Pays nearly \$16.8 billion in wages annually
- Employs 433,000 people – 5.2% of the state's workforce
- Generates \$84 billion in annual revenue

National Fund For Workforce Solutions

The National Fund for Workforce Solutions was created to organize, support, and develop a national network of funding collaboratives that invest in workforce partnerships to help low-income individuals find careers while assuring employers receive productive workers. Since its launch in 2007, more than 18,000 workers have received services from over 80 workforce partnerships nationwide, and over 5,000 have been placed in jobs. More than 300

56 (Desselle 2012)

local funders and 2,000 employers have participated in National Fund programs.^{57 58}

New Orleans Mayor Mitch Landriueu is a strong supporter of the program, which recently started work in his city. “The work of the Greater New Orleans Workforce Funders Collaborative is ensuring that our most vulnerable citizens are employed in the sectors where the most opportunity for growth exists in the years ahead,” said Landriueu. “This entire workforce development project done in collaboration with the New Orleans Workforce Investment Board is indicative of the type of cross-sector partnerships and transformation happening on the ground that makes New Orleans one of the most important laboratories for innovation and change in America.”

Two exemplary examples of the National Fund’s work are detailed below: the New York Alliance for Careers in Health Care, a novel program helping businesses prepare to meet the need for an exponential increase in health care personnel required once the Affordable Care Act is fully implemented in 2014, and Inourage Community Foundation’s Workforce Central Manufacturing Partnership, which was designed to address the needs of unemployed manufacturing plant workers.

Case Study: New York Alliance for Careers in Health Care, New York City

When it comes to finding people good jobs, the health care industry provides a wide range of opportunities. As one of the few industries where jobs were added during the recession, the health care sector has job openings up and down the career ladder, providing plenty of opportunities for advancement. Employment in the health care sector has steadily climbed since 2007, adding 1.4 million jobs from the beginning of 2007 through the end of 2011, and adding 282,000 jobs over the past year alone.⁵⁹ In January 2012 alone, health care employment rose by an astonishing 31,000 jobs.

In addition, the sector is preparing for exponential

57 (National Fund for Workforce Solutions n.d.)
58 In 2010, the Corporation for National and Community Service selected the National Fund as an inaugural recipient of a Social Innovation Fund grant, providing the National Fund with \$7.7 million in funding over two years.
59 (Bureau of Labor Statistics Database n.d.)



growth once health care reform is fully implemented in 2014. According to the Bureau of Labor Statistics’ annual employment projections report, the health care and social assistance sector will gain more than 5.6 million jobs from 2010 to 2020, more than any other sector in the U.S.⁶⁰ That, combined with the existing shortage of primary care doctors and nurses, means there is a pressing need for health care workers that are both technically competent and flexible enough to function within the new service models developing over the next few years.

“Our program,” said Jennie Tsang Quinn, executive director of the New York Alliance for Careers

in Health Care, “is unique because we’re starting with the employer perspective. Why start anywhere else? They know what they need, and we are working to get them exactly that.”⁶¹

Created by the New York City Innovation Fund, a collaborative of the New York City Workforce Development Funders Group and the New York City Department of Small Business Services, the Alliance, Tsang-Quinn notes, has union, non-profit,

60 (Bureau of Labor Statistics 2012)
61 (Quinn 2012)

academic, industry associations and employer partners – everyone is at the table. “We all share the same goal – high quality care for patients,” she said. “And everyone in the healthcare field is being asked to adjust very quickly to new delivery models. We want to make sure our workers and jobseekers are ready.”

The program’s fresh, new approach to meeting the needs of employers in advance reflects the freedom of non-profits unrivaled in the public or for-profit, private sector. In April, the Alliance will launch one of its first projects – post-graduate training for a class of 25 registered nurses who have been out of work for at least six months after graduating from a four-year nursing program. The six-month curriculum, developed with the help of clinical professionals, industry associations, and academia, will help position the graduates for jobs after completing the course.

“This is basically a nurse residency course aligned with national recommendations, including those from the Institute of Medicine,” said Tsang-Quinn. “We asked the employers what they needed to make sure that they had a workforce that could work for them from the moment they were hired, and we followed that guidance. At the end of the program, these nurses will be competitive for open vacancies and ready to take on roles within the care team.”⁶²

The program is small, but Tsang-Quinn is enthusiastic about the possibility to expand it once the initial pilot is completed. “A lot of people have been working on this,” she said. “It’s a real opportunity to improve provider education and patient care and better prepare nurses to take on leadership roles on newly developed care teams.”

Tsang-Quinn says foundation support has made the work of the Alliance possible. “Foundations have been incredibly progressive on seeding innovative healthcare initiatives. Given how labor intensive the sector is, foundation backing has developed many new, more focused areas of workforce training. It took our country a long time to get to healthcare reform and the philanthropic world has been instrumental in advancing the work. Without their support, this program couldn’t succeed.”⁶³

62 (Quinn 2012)

63 (Quinn 2012)

The Non-profit Sector in New York:

- Non-profits pay wages of \$55.6 billion annually
- New York foundations grant more money than any state, giving \$7.4 billion annually
- New York City nonprofits employ 500,000 people – 15% of the city’s workforce and the city’s largest private employer
- Employs 1,246,900 people statewide – 18.1% of the state’s workforce
- Generates \$192 billion in annual revenue

Case Study: Encourage Community Foundation

While the recent recession spared no sector of the domestic economy, the United States manufacturing industry was hit especially hard. From December 2007 through June 2009, the nation lost more than 2 million manufacturing employees, or 15



percent of the manufacturing workforce.⁶⁴ Americans without college degrees have disproportionately suffered; unemployment for college graduates is 4.2 percent while it hovers at 9.8 percent for those without a degree.⁶⁵

In 2008, eight local funders in Wisconsin started Workforce Central to address the aftershocks of losing nearly 40 percent of local jobs after the local Fortune 500 paper company, which for generations

64 (Utah Jobs)

65 (Fiscal Times, 2011)

had served as the key regional employer, was sold and its headquarters moved overseas. The number of funders eventually grew to 25.

“Because the paper industry was such a strong presence here, we never really needed to do extensive workforce development,” said Kelly Ryan Lucas, the chief executive officer of the Community Foundation and chairwoman of the Workforce Central Funders Collaborative. “We had multiple generations that were used to just graduating from high school and going to work at the plant, and helping them figure out new options was a big shift for the community.”⁶⁶



Program partners include the local technical college, the Workforce Investment Board, the local Chamber of Commerce and the Wisconsin Department of Human Services, as well as more than 30 other organizations participating in the program. Building this kind of a program, Lucas notes, is not easy to do. “It requires more than money from funders – it requires facilitation, partnership, learning, investments in capacity-building and patience,” she said.⁶⁷

Incourage Community foundation has 11 active members as part of their CEO Council, which includes Corenso North America, ERCO Port Edwards, Kickapoo Valley Cheese Corporation, and Mariani Packing Company, Inc. Mariani came to the area in 2011, after purchasing Urban Processing. “One of the reasons they decided to purchase Urban Processing and expand in the area was because of our training program,” said Lucas. “It’s been a

great partnership.”⁶⁸

In December 2010, Workforce Central Funders Collaborative of Rapids, Wisconsin received \$400,000 from the Social Innovation Fund over two years. It was one of ten communities receiving a total of \$5.5 million in new funding to expand innovative approaches to job training and career support⁶⁹, and the first rural community to receive funding.

The program, which started with funders, has received robust community support; a group of more than 20 local businesses, agencies and non-profit foundations pooled more than \$3 million in financial and intellectual resources to support the project.⁷⁰

Wisconsin Rapids Mayor Mary Jo Carson is a strong supporter of the program. “Life will always hold challenges but in these times, these challenges have forced many hard working families to experience huge financial difficulties because of the loss of employment,” she said recently.

After the paper mill closed, Carson said, “Incourage Community Foundation got the right resources together to create a vehicle, Workforce Central Manufacturing Partnership, so that employers could work with trainers to educate individuals for the jobs in their businesses...The old saying you can do more together than separately is certainly true when it comes to Workforce Central. I would stand this program up against any other in the country for success in placement and skill development.”⁷¹

By June 2011, more than 600 job seekers and manufacturing workers had received training and certification to meet employers’ needs, including training through a new program designed to move workers from assembly lines and entry-level positions to middle management, as well as a new food science certificate created with significant leadership from employers.

“After the paper mill left, we had no choice but to think about how to operate differently in order for our community to thrive,” said Lucas. “Because of our foundation funders and community partners, we’ve been able to operate in an innovative way –

66 (Lucas 2012)
67 (Lucas 2012)

68 (Lucas 2012)
69 (Targeted News Service, 2010)
70 (Stevens Point Journal)
71 (Carson 2012)

one that lets us foster relationships and build the trust we need to move our community forward.”⁷²

The Non-profit Sector in Wisconsin:

- Employs 272,900 people – 12.2% of the state’s workforce
- Generates \$39.1 billion in annual revenue

Non-Profits Help Launch New Businesses and Create Jobs

The non-profit community, in addition to employing millions of people and investing billions of dollars a year in the economy, also is expert in identifying and nurturing innovative programs that create jobs and make significant contributions, either by offering a product or service to local economies. Because foundations deploy private dollars, they are able to take risks that for-profit businesses, accountable to shareholders, and government agencies, stewards of taxpayer dollars, simply cannot. Nurturing these programs allows foundations to take the unique approach of using for-profit businesses to promote the nonprofit goals of personal and community empowerment.

Case Study: Women’s Bean Project in Denver, Colorado

Several surveys have examined the nuanced impacts of the recent recession. Interestingly, in almost every measure of insecurity and hardship, from difficulty paying for basic needs to insufficient means to save for retirement, women have endured more hardship than men.⁷³ Though the economic recession has frequently been referred to as a “mancession,” based on the fact that men have lost more jobs than women (over 6 million jobs since 2007), women have only recovered 9 percent of the jobs they lost. This pace lags far behind male job recovery, which stands at 27 percent. A report conducted by the Institute for Women’s Policy Research suggests the recession has slammed single mothers the hardest, with 16 percent reportedly “experiencing hunger” in the

72 (Lucas 2012)

73 (Hayes & Hartman)



previous year and 35 percent using food stamps.⁷⁴

These hard times for women accentuate the importance of programs like Women’s Bean Project based in Denver, Colorado. Women’s Bean Project was founded in the late 1980s by Josepha ‘Jossy’ Eyre with \$500 of her own money and a bag of beans. Her goal was to give homeless women marketing knowledge, confidence, self-esteem and practical skills so they could compete in the mainstream job market. At the program’s inception, the two women employed by Women’s Bean produced basic foodstuffs for sale, grossing about \$6,000. By 1995, the program’s operating budget was \$500,000 with \$331,000 in sales.⁷⁵ In 1999, sales had increased to \$380,000. By its 20th year, the program sold products in grocery stores in 40 different states and online. By 2007, Women’s Bean had more than \$750,000 in sales.⁷⁶

Today, the 70 women who are employed in the Bean Project’s one-year transitional employment program package dry mixes, including products like soup, brownie and cookie, salsa and dip mixes; and ready to eat food products such as jelly beans and chocolate covered espresso beans. During their tenure, participants also help with important office tasks like front desk work, shipping and receiving, bookkeeping and data entry. In return, they receive a wage and training in practical skills such as computer work, problem solving, and interpersonal communications. The program, which primarily employs women with felony backgrounds or spotty employment histories, grossed \$1.7 million in sales in 2011⁷⁷ and sold products in 450 stores around the country.⁷⁸

74 (Huffington Post)

75 (Colorado Business)

76 (News Hour with Jim Lehrer)

77 (T. Ryan 2012)

78 (Denver Post)



“We’re serving women who really just need a second chance,” said Tamra Ryan, who has served as the program’s executive director for the past eight years. “No one comes here with just one problem – they have lots and lots of problems – but they leave knowing they’re worth a better life.”⁷⁹

Even during the program’s genesis, Eyre was dedicated to creating something allowing the recipient an opportunity to give back.⁸⁰ In fact, much of its success has been attributed to the fact that it runs like a small business. Instead of a handout, participants receive a steady paycheck, which helps develop solid transferable work skills and strengthens their sense of self, instilling confidence and responsibility.⁸¹ Workers graduate from the program in six to 12 months.

“My background is in the for profit world,” said Ryan. “I started at Women’s Bean as a volunteer, but I was just fascinated by the idea that there was a for-profit business that could support the program’s true goal: preparing these women for jobs in the traditional workforce.”

79 (T. Ryan 2012)
80 (Chicago Tribune)
81 Denver Business Journal)

“But it’s a model that works,” continued Ryan. “Every woman here has a story that begs to be told, and from a marketer’s standpoint – as someone

who is working to sell our products – that’s what you want.”⁸²

Women’s Bean Project offers assistance to program participants in three areas: developing basic job readiness, life skills, and accessing community support services to ensure their basic needs are met. “If someone does not have a place to go home every night, it is not realistic to expect her to come to work every day. Also, she will be a much more productive employee if she has addressed any health issues she has,” said Ryan. Job readiness skills address the basic abilities all employers seek in their employees, including attendance, punctuality, attention to details and quality performance.

“There’s no question that this is an inefficient way to run a business,” said Ryan. “Basically, we come to work every day and hire the worst people. We train them to be good workers, and then they graduate and we start all over again. There’s a constant tension between the business and the mission. But we’ve been successful in finding a balance that works.”⁸³

Sales from Women’s Bean Project products cover approximately 75 percent of their annual operating budget, but there’s no question that foundation support has been critical for the program.

Governor John Hickenlooper, a supporter of Women’s Bean, agrees. “For over 20 years, the Women’s Bean Project has been helping women in Colorado break the cycle of poverty by teaching them valuable job and life skills,” Hickenlooper said. “Foundation funding has been an important component of their success. The Bean Project contributes to a stronger Colorado by empowering women to create better lives for themselves and their families.”

And the support from foundations means that Ryan has the flexibility to plan for the future, instead of focusing solely on making it through the current fiscal year. “The great thing about working with foundations as partners is that it gives us the ability to move our organization to the next level,” said

82 (T. Ryan 2012)
83 (T. Ryan 2012)

Ryan. “We can go to them with a concept and a business plan, and they can see exactly what their investment is going to provide.” That’s exactly what happened when the Women’s Bean Project decided to launch its line of limited edition jewelry. Ryan had a business plan and a product line, but the program simply did not have the funds – until they got a \$150,000 grant to get the project off the ground. Now, it’s a major product line.

“Foundations help support our current operations and give us the resources to create more opportunity,” said Ryan. “I would like to see us go national at some point – and foundations will help us make that leap.”⁸⁴

The Non-profit Sector in Colorado:

- Pays \$4.2 billion in wages annually
- Employs 142,000 people – 7.9% of the state’s workforce
- Generates \$20 billion in annual revenue

Case Study: Project for Pride in Living in Minneapolis / St. Paul, Minnesota

The Project for Pride in Living (PPL), which specializes in housing assistance, was started by Joseph



Selvaggio, a former Catholic priest, in the early 1970s. Forty years later, the program operates 1,014 affordable rental units in the Twin Cities, and has

84 (T. Ryan 2012)

built or rehabbed over 2,000 single and multi-family units over the life of the program. Properties either tend to be in poorer neighborhoods acquired in bad repair, purchased from absentee landlords and refurbished or newly constructed multi-family buildings, to provide low-income families and individuals safe and stable housing opportunities.

PPL tenants typically pay roughly one-third of their income for rent, the federal definition of affordable housing. “If you’re paying 60, 70, 80 percent of your income for your rent, you’re bound to screw up your family,” Selvaggio said in a 1991 interview.⁸⁵

Steve Cramer, PPL’s current CEO, notes that PPL provides a wide range of supportive services through their housing facilities to make sure residents can build a stronger financial future for themselves and their families. “The support services are relationship based,” Cramer said. “We’re serving chronically homeless families and low-income working families, and they all need different kinds of support. But because we have close relationships with the families we serve, we’re able to provide tailored, one-on-one services.”⁸⁶ Approximately 90% of PPL’s tenants are single parents, 60 percent are on public assistance and most are minorities.⁸⁷

In February 1992, PPL broke ground on a \$1.6 million neighborhood commercial retail center, which included a 4,000 square foot general store, an oriental grocery, a Subway, a doughnut shop and a children’s equipment store and a beauty salon. The facility, called Chicago Crossing, is still operational today.⁸⁸ Another commercial development that furthered PPL’s community impact is *Mercado Centrale*, a business incubator focused on Latino businesses and serving recent immigrants. *Mercado Centrale* and has housed several successful businesses that have spun off into their own facilities.

PPL is also engaged in workforce development and hands on job training, directly employing between 60 and 65 people at a local retail outlet and a light assembling facility. Trainees are taught how to work with various plastics, assemble point-of-purchase displays, electrical components and plugs, and other skills like collating, labeling, kitting, and

85 (MacNeil Lehrer News Hour)

86 (Cramer 2012)

87 (Star Tribune)

88 (Star Tribune)

packaging. In recent years, there has also been an added emphasis on training workers in a wide-range of recycling initiatives.

The two businesses have combined annual revenue of approximately \$2.5 million. “We hire folks for nine to 18 months, and then help them find their next job,” said Cramer. “By the time they leave us, they’ve developed a set of vocational skills that will serve them wherever they end up – and every dollar we make goes right back into the business.”⁸⁹

In addition to the hands on job training that employees get through PPL’s two businesses, PPL offers classroom-based training in health care and finance at the PPL Learning Center. This training has helped PPL place about 900 people in full time jobs over the past 15 years. At the Center, PPL also provides work readiness programs and services.

Cramer notes that PPL’s programs aren’t just reaching out to adults – they’re touching children as well. “We’re a charter school sponsor for three schools, and run alternative school programs. All of the schools that we are associated with educate about 800 kids every year,” Cramer said. “They’re not succeeding in regular schools, but many of them thrive in the intimate learning environment we provide. PPL provides afterschool programs that serve about 600 kids each year as well. We’re trying to reach out to these families on every level.”⁹⁰

In recent years, the Project for Pride in Living has become increasingly innovative. While it still does single-site rehab projects, it is increasingly involved in larger, multifamily affordable housing projects. PPL was a partner on the expansive Midtown Exchange site, a \$12.9 million housing project, which represented the largest project in the non-profit’s history.⁹¹

It isn’t surprising that PPL was chosen to help rebuild Minnesota after the foreclosure crisis and economic downturn. In 2009, Minneapolis Mayor R.T. Rybak announced an award of \$6.5 million in National Stabilization Program funds to developers to rehab homes. The money was part of \$14 million the city received from the Department of Housing and Urban Development and the State of Minnesota. PPL received over \$1,000,000 to purchase

and rehabilitate foreclosed or abandoned multi-unit structures and rent them to households with income at or below 50 percent of the area median income.⁹²

And just last fall, PPL was selected as part of a \$2.75 million national neighborhood stabilization initiative to return foreclosed rental houses to effective use.⁹³



“PPL has been a steady partner, helping hundreds of low-income Minneapolis residents access training, job experience and good, long-term employment,” said Mayor Rybak. “In addition, by stepping in to rehabilitate the toughest properties, PPL has played a critical role in helping Minneapolis implement our NSP program and restore neighborhoods that have been hit hard by the foreclosure crisis.”⁹⁴

None of this, says PPL’s Sara Garry, would have

89 (Cramer 2012)
90 (Cramer 2012)
91 (Finance & Commerce)

92 (States News Service)
93 (Finance and Commerce)
94 (Rybak 2012)

happened without foundation support. “PPL was launched in 1972, but its first foundation grant in 1973 set the course for the future, and our foundation partners have been pivotal in moving us forward ever since,” said Garry. “Without them, we wouldn’t be able to have the support services we have. We wouldn’t be able to expand the way we have. And they’re with us even in difficult financial times, because they know our work has a real impact.”⁹⁵

The Non-profit Sector in Minnesota:

- Pays \$13.2 billion in wages annually
- Employs 301,100 people – 13.8% of the state’s workforce
- Generates \$50 billion in annual revenue

Non-Profits Boost Local Economies By Investing in the Arts

A 2010 review of best practices by the National Governor’s Association underscores the importance of arts programs to local economies, touting them as a “high impact components of economic development.”⁹⁶ Arts programs create jobs, attract investments, generate tax revenues, and stimulate local economies through tourism and consumer purchases. They are important to communities across the country because of the role they play, for example, in attracting young professionals to communities in transition. In deciding where to locate a business, may executives consider a community’s quality of life and creative workforce.⁹⁷

Non-profits are a critical part of local economies’ arts infrastructure, providing educational and outreach services that cultivate demand for arts experiences. They serve as incubators, providing education and planning services to artists and businesses; they produce goods and experiences critical for community development; and many programs are community anchors in periods of economic transition. The National Governors Association concludes the “decentralized nature” of the arts

95 (Garrity 2012)

96 (National Governors Association 2010)

97 (National Governors Association 2009)

industry can help those areas often thought to be economically weak, like rural areas or depressed inner cities.⁹⁸

A recent study by Americans for the Arts found the non-profit arts and culture industry generates \$166.2 billion in economic activity every year, supporting the equivalent of 5.7 million full time jobs.⁹⁹ Data from the Foundation Center indicates foundations invested \$2.2 billion in arts and culture programs in 2010.¹⁰⁰ In North Carolina, for example, the economic impact of just the non-profit creative sector is \$723 million a year – more than 6,600 full time jobs.¹⁰¹ In Maryland, a review of 2008 data by the state arts council found the non-profit arts industry supported 11,263 jobs and generated \$15 million in revenue for local government and \$24 million for state government.¹⁰²

In Oklahoma, a review of data from 2008 indicated that the non-profit arts sector generated \$314.8 million in local economic activity, supporting 10,156 full time equivalent jobs, and delivered \$29.4 million in state and local government revenue. In the report accompanying the data analysis, the President and CEO of the State Chamber of Oklahoma said the “arts are critical in attracting and retaining good businesses in our economy.”¹⁰³

A recent study completed by the New England Foundation on the Arts found that in 2009, the 18,000 non-profit arts institutions in New England provided an economic impact of \$3.7 billion, directly employing more than 53,000 people and supporting the jobs of approximately 30,000 more. The study stated that “The spending of New England’s nonprofit arts and cultural organizations becomes income to printers, builders, maintenance and repair vendors, fuel suppliers, banks, insurance agents, advertising agencies, electricity, heating oil and telephone companies, as well as state and local governments... These enterprises, in turn, spend some of their sales revenues to buy needed supplies and services from other New England businesses.”¹⁰⁴

98 (National Governors Association 2009)

99 (Americans for the Arts 2007)

100 (The Foundation Center’s Statistical Information Service 2011)

101 (Whitaker and Drennan 2007)

102 (Maryland State Arts Council 2010)

103 (Americans for the Arts 2010)

104 (Fink 2011)

The arts and culture industry is particularly important to “creative class” workers when deciding where to work and live. These workers have knowledge-based jobs in the arts, health care, business or educational fields, have seen relatively low rates of unemployment during the economic downturn. They are projected to make up approximately half of all projected employment growth through 2018.¹⁰⁵

The “creative class” jobs attracted by arts programs include knowledge based jobs in science, technology, and engineering; business, finance and management; law, health care and education; and arts, culture, media, and entertainment. In 2010, the creative workforce made up roughly a third of total employment and accounts for more than half of all wages and salaries in America.¹⁰⁶

Researchers believe that employment in these areas will continue to grow, but that growth will be concentrated in specific economic areas¹⁰⁷ – underscoring the importance of diverse non-profit investment in the arts across the country.

Case Study: WriterzBlok in San Diego, California

“When I first started with WriterzBlok,” said Jose Venegas, the program’s production manager, “my mom didn’t want me to come here. She wanted me to get a real job. But I loved it so much that I couldn’t stay away.”

Jose Venegas has been with WriterzBlok, a San Diego-based graffiti art project that offers training in silk-screening and graphic design¹⁰⁸, since he dropped out of high school in the late 1990s. By stressing the importance of art in public space, Writerz Blok has also helped turn dilapidated, abandoned or blighted areas into sanctuaries for graffiti art.¹⁰⁹ It also keeps kids out of trouble and off the street.

The program started in 1999, when the Jacobs Center for Neighborhood Innovation purchased some land in San Diego and hired a muralist named Victor Ochoa instead of security guards to work with the local community and keep the space free

of illegal graffiti. The program (originally known as Graff Creek) grew, and soon had more than 300 young people who volunteered on graffiti art sites throughout San Diego.

Sergio Gonzalez, the program’s finance manager, has been a friend of Venegas since they were in 6th grade. Venegas introduced him to WriterzBlok. “I just started coming every week,” said Gonzalez, “and here we are.”¹¹⁰

One of the first cooperative relationships the two started, said Gonzalez, was with the San Diego Police Department. Teenagers caught with graffiti paraphernalia or tagging walls were allowed to come to WriterzBlok instead of getting a ticket and paying a fine. “These kids would come to us, and we’d teach them about the history and the values behind graffiti,” said Gonzalez. “And they’d learn about the consequences of their actions, too.” In San Diego, vandalism that causes over \$2,000 worth of damage is a felony.¹¹¹



With the passing of No Child Left Behind in 2001, arts programs in public schools have been slashed all over the country as districts have emphasized improved performance on national, standardized tests. Arts education has struggled to remain in many schools throughout the country. Senior education officials have repeatedly noted that anecdotal evidence indicates art curriculum is narrowing nationwide.¹¹²

105 (Florida 2010)

106 (Florida 2010)

107 (Florida 2010)

108 (San Diego Union Tribune)

109 (San Diego Union Tribune)

110 (Gonzalez 2012)

111 (Gonzalez 2012)

112 (Americans for the Arts)



Foundation funding, says Gonzalez, is what helps them run the educational programs at WriterzBlok even though the program is not a traditional arts program. “Sometimes, it’s hard to justify what we do,” he said. “People think we’re training vandals. But what we’re really trying to do is help them use the energy and the love they have for art in different ways.”¹¹³

In 2003, WriterzBlok found a permanent home in San Diego, when a half-acre facility was donated to the program, including a large yard that houses an open-air art park.

“This is a dream job for me,” said Venegas. “In a busy month, we work with 1200 kids and adults. In a slow month, it’s maybe half that – but they all come by and they paint. Adults will take off work to paint here. They paint so much that we end up painting over the walls in the yard every day.”

In addition to a regular core of volunteers, WriterzBlok has built relationships with museums and visiting artists from all over the world. In 2008, when The New Children’s Museum opened in San Diego, WriterzBlok completed a mural for display.¹¹⁴ And in December of 2011, WriterzBlok completed a mural at the San Diego Museum of Art. “That’s our biggest accomplishment,” said Gonzalez. “It lets these kids see that what they do really is art that could be in a museum or part of a business. Our mural is part of the museum’s permanent collection now.”

He added wryly, “It’s the first time they [the museum] ever let anyone paint on their walls.”¹¹⁵

WriterzBlok is also a site for court-ordered community service. “It used to be that we would have them [community service attendees] just pick up

trash,” said Venegas, “But we started having them help us paint over the walls, and now we actually try to teach them a skill, like running a screen print. We’re learning more about how to work with these kids every day.”

The group is eager to expand. Although they’re dependent primarily on donations and foundation funding for their operating income, WriterzBlok has started to earn money working with local construction companies and they’re looking forward to becoming more self-sufficient. They are finding, however, that the current economic slowdown, that’s easier said than done.

“We have a big wish list, and we want to start bringing in revenue so that we can offer more to the community,” said Venegas. “But it’s a tough economy. Without the Jacobs Center [which works in partnership with the Jacobs Family Foundation], we wouldn’t be here. Their support has been critical to WriterzBlok’s success.”

“Plus,” Venegas added, “my mom is pretty proud of us now.”

The Non-profit Sector in California:

- Employs 900,800 people – 7.5% of the state’s workforce
- Generates \$169 billion in annual revenue

Case Study: Virginia Opera Association in Norfolk, Virginia

The Virginia Opera Association opened in 1974 and enjoys a working budget of \$5.8 million with 32 mainstage performances in three markets reaching nearly 50,000 attendees.¹¹⁶ It has been hosting performances in three venues throughout the state – Norfolk, Richmond, and Fairfax – for more than 20 years.

In Norfolk, the Opera performed in a 45 year old former USO hall, until the building was renovated in 1993 as part of the heart of downtown Norfolk’s revitalization. The renovated opera house serves as an anchor for economic development throughout the area, and today the Opera Association is committed to the economic development of the communities where it performs.

113 (Gonzalez 2012)
114 (San Diego Union Tribune)
115 (Gonzalez 2012)

116 (Virginia Opera)



“We hold restaurant promotions together with performances in all three of our markets, and we give our patrons as many opportunities as we can to help them make an evening of it, and that includes promoting local overnight stays,” said CEO Russell Allen. “We’re working now on a project that is a weekend of opera activities in Norfolk, so that people can both come to our performances as well as take advantage of everything else our community has to offer.”

Tourism is a key source of revenue for Norfolk’s businesses and local government. The latest data available from the Virginia Tourism Corporation indicates that state and local tax receipts due to tourist travel was more than \$40 million in 2010, and the industry supported more than 6,600 jobs and provided more than \$167 million in income in the city.¹¹⁷

In addition to a robust schedule of top-notch performances, the Opera Association gives back to its community in a variety of ways, says Allen. “We’re putting on high quality performances that have been incredibly well received,” said Allen. “And we’re also constantly reaching out to and working with the community.”¹¹⁸

The Opera Association has gone to great lengths to make opera, a medium with a bit of a stuffy reputation, accessible to young people. One of the ways they do this is through their educational programs, which reach more than 150,000 children a year. The Opera Association visits local schools and puts on up to 300 productions annually, as well as hosting

a Student Night at the Opera. Docents have visited classes of young students to educate them about classic operas and the music of Beethoven.¹¹⁹ The opera also offers workbooks to teachers with different activities for each grade level.¹²⁰ Other programs include Operation Opera, which offers hundreds of free presentations a year to communities around Virginia.

“The Harrison Opera House plays an integral role in Norfolk’s arts community,” said Mayor Paul D. Fraim. “As home to the Virginia Opera, the Commonwealth of Virginia’s Official Opera Company, the Opera House enhances the City’s reputation as the arts and cultural capital of Virginia. Through its education program 500,000 Virginia schoolchildren are exposed to the opera each year. The Harrison Opera House is a beloved, historic treasure of the City of Norfolk.”¹²¹

“Our outreach programs are incredibly popular,” said Allen. “We did a production of Little Red Riding Hood that was very well received, and it’s really an educational experience for the kids.”¹²²

In 2006, the Opera Association held Family Day at the Opera, which featured \$1 admission to *Sleeping Beauty* and seven hours of activities for young people of all ages.¹²³ Family Day is now held annually in at least one of the opera’s three venues.

In Fall 2012, the Virginia Opera will host its fourth annual free Opera in the Park event. In addition, the

117 (Virginia Tourism Corporation 2010)
118 (Allen 2012)

119 (The Virginian-Pilot)
120 (Richmond Times Dispatch)
121 (Fraim 2012)
122 (Allen 2012)
123 (The Virginian-Pilot)

Virginia Opera will continue its free concert series in 2012 featuring performances of arias and duets from popular operas and operettas.

None of this, says Allen, would be possible without foundation funding. “We’ve done well overall with earned revenue and ticket sales, but that’s barely 50 percent of the cost of putting on our performances,” Allen said. Foundation funding, he states, is “absolutely necessary to round out our budget. There are a number of different projects, like our student night at the opera, that are only possible because of foundation funding.”¹²⁴

“Our foundation partners,” Allen added, “are critical to our success.”

The Non-profit Sector in Virginia:

- Pays \$8.2 billion in wages annually
- Employs 233,100 people – 8.2% of the state’s workforce
- Generates \$46.1 billion in annual revenue

Non-Profits Face New Economic Pressures As The Economic Slowdown Continues

The charities profiled in this report are excellent examples of the immediate and significant impact foundation supported programs have on local economies.

And although they have demonstrated a striking resilience to the economic pressures of the past five years, non-profits are still susceptible to overall economic trends.¹²⁵

Unfortunately the down economy has brought with it the threat of new taxes and fees on non-profits. Although it is a long-standing legal principle that non-profit organizations are exempt from Federal and state taxes, anecdotal evidence from across the country indicates state and local governments have begun to target non-profits as sources of revenue. A 2011 review by the Johns Hopkins Center for Civil

Society Studies, which surveyed 358 nonprofits, found that throughout 2010 and 2011, 42 percent of the organizations surveyed paid user fees over the past year; 17 percent paid “field specific taxes”; and 36 percent paid property and sales tax payments. Nearly 63 percent of the organizations surveyed were paying taxes, fees, or some kind of alternate payments (PILOTs) to local governments, and have been paying them for years. Even as for-profit businesses, government agencies, and community organizations are cutting services across the board, forcing non-profits to pick up the slack and do more with less, many non-profits expect the fees and taxes they are charged to increase over the next year. Approximately 15 percent of the organizations surveyed were aware of proposals in their state or locality to impose new taxes or fees on non-profits. At the time, the average cost of taxes and fees charged by state and local governments to non-profits represented approximately 2.5 percent of their operating income.¹²⁶

New Taxes and Fees

From street lights in St. Cloud, Minnesota, to water usage in Nassau County, New York, to road services in Schenectady, New York – costs previously covered by property taxes (which non-profits do not pay) are being redesigned in ways that impact the non-profit community. In 2009, in Kingston, New York, city officials considered implementing a new garbage fee system that charged residents, businesses, and non-profit groups new fees based on how much garbage they produced.¹²⁷

In a similar vein, the city of Houston voted to adopt a “drainage fee” in 2010 for property owners, including churches, schools, and charities, that would raise approximately \$125 million a year. Comparable “drainage fees” were adopted in Richmond, Virginia; Lafayette, Indiana; Verona, Wisconsin. In some cities, including Chicago, Illinois, and Dade City, Florida, new fees that potentially targeted non-profits were dropped after a public outcry; in Cleveland, Ohio, a proposal for new fees was dropped after groups sued the city.¹²⁸

124 (Allen 2012)

125 (Salamon, Solowski and Geller, Non-profits continue to add jobs in the current downturn but rate of job growth falters: An overview 2011)

126 (Salamon, Geller and Solowski, Taxing the Tax Exempt Sector: A Growing Danger for Nonprofit Organizations 2011)

127 (Bosch 2009)

128 (Dugan 2010)

Payments in Lieu of Taxes

Payments in lieu of taxes (PILOTs) are widely used by local governments as a creative tax mechanism. The difficult economic climate has only increased policymakers' interest in levying these payments. A 2010 study by the Lincoln Institute of Land Policy found that over the past 10 years, PILOTs have been used in at least 117 cities in 18 states, including Baltimore, Boston, Philadelphia and Pittsburgh. Application of PILOTs are often "haphazard, secretive, and calculated in an ad hoc manner," and although these payments are entirely voluntary, non-profits often feel pressured to begin making them because of concerns local agencies will withhold zoning changes, permit applications, or explore revoking a non-profit's tax exemption.¹²⁹

Recently, city officials in Scranton, Pennsylvania contacted major non-profits to encourage them to make payments in lieu of taxes to cover their share of city services¹³⁰, as did city officials in Albany, New York¹³¹ and St. Louis, Missouri.¹³² In 2010, the City of Boston took this effort one step further, and sought to formalize how much non-profits should pay in PILOT fees. The city developed a formula that tied payments to property values and considers the value of the scholarships, volunteer work, and other positive benefits these groups bring to the city. The goal was for non-profits to pay 25 percent of what they would owe in property taxes if they were not exempt.¹³³

States and Local Governments Failing to Pay Their Bills

Adding to the financial pressures many non-profits face are instances of state and local governments (who are often major consumers of non-profit services) simply not paying their bills. In 2009, the Congressional Research Service found that, "states apparently have been delaying payments for services they have contracted with non-profits to provide...it appears that governments, particularly state governments, may be contributing to the financial difficulties of non-profit organizations, even

to the point of not paying for services."¹³⁴

Illinois appears to be the most striking example of this trend. As of December of 2010, more than 2,000 non-profit organizations in Illinois were owed \$1 billion by the state. One group, Lutheran Social Services of Illinois, which offers services to approximately 70,000 elderly, disabled, and mentally ill state residents, was owed \$9 million and was almost forced to close its doors until the state began making payments.¹³⁵

It is difficult to overstate the impact these new fees, PILOTs and delays in payment will have on non-profits already struggling to make ends meet while continuing their current level of services. Approximately 85 percent of America's non-profits have an annual income of less than \$500,000, making it difficult for them to afford yet one more unexpected cost.¹³⁶ In addition, in 2011, approximately 26 percent of non-profits projected they would end the year with deficits, evidence of the precarious nature of their finances.¹³⁷

More Must Be Done To Support The Non-Profit Community

Despite the financial pressures that non-profits and foundations face due to the economic downturn, foundations continue to fill part of the gap left by shrinking government support and private sector involvement. In a 2011 survey by the Foundation Center, more than half of private foundations surveyed indicated they expected to increase giving levels by the end of the year.¹³⁸

Throughout the recent five-year economic slowdown, foundations and non-profits have stepped up to the plate, holding giving levels essentially steady in the face of decreasing assets, and providing a valuable economic counterweight to serious and sustained job losses in the private sector. And across the board, research continues to demonstrate the significant job creation potential in the non-profit sector, even during times of economic downturn.

129 (Kenyon and Langley 2010)

130 (Salamon, Geller and Solowski, Taxing the Tax Exempt Sector: A Growing Danger for Nonprofit Organizations 2011)

131 (Dugan 2010)

132 (Bogan 2010)

133 (Ryan 2010)

134 (Sherlock and Gravelle 2009)

135 (CBS News 2010)

136 (National Council of Nonprofits 2011)

137 (Nonprofit Finance Fund 2011)

138 (Foundation Center 2011)

Despite this, the non-profit community has been treated as a less-than-equal partner in ongoing discussions about our economic recovery and options for sustained job growth. Instead, anecdotal evidence indicates non-profits are being targeted for new fee and tax increases on the state and local level, while Federal policymakers are considering tax increases that would adversely impact the non-profit community.

Foundations are indispensable laboratories of innovation that have spurred flexible, creative responses to tough economic and social problems. With the economic recovery still in a fragile state, we would encourage state and Federal policymakers to find new ways to embrace the non-profit and foundation community as partners and resources.

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Appendix 1 – Economic Impact

State	Nonprofit Employment		Foundation Grantmaking	
	Nonprofit Employment*	Nonprofit Share of Private Employment**	Grants Awarded***	Revenue Generated****
AK	26,1000	11.00%	\$30 million	\$4.1 billion
AL	74,700	5.20%	\$173 million	\$11.7 billion
AR	79,700	8.60%	\$667 million	\$15.6 billion
AZ	154,200	7.90%	\$263 million	\$23.3 billion
CA	900,800	7.50%	\$5,988 million	\$169 billion
CO	142,000	7.90%	\$524 million	\$20 billion
CT	187,200	13.80%	\$735 million	\$34 billion
DC	118,100	26.40%	\$404 million	\$47 billion
DE	38,500	11.40%	\$1,163 million	\$4.7 billion
FL	429,800	7.10%	\$1,298 million	\$66.4 billion
GA	216,100	7.00%	\$874 million	\$43 billion
HI	53,000	11.40%	\$111 million	\$6.6 billion
IA	135,300	11.30%	\$218 million	\$16.2 billion
ID	32,300	6.50%	\$60 million	\$3.6 billion
IL	497,300	10.60%	\$2,245 million	\$85.5 billion
IN	230,200	10.00%	\$1,050 million	\$32.5 billion
KS	93,500	8.90%	\$177 million	\$12.3 billion
KY	130,400	9.30%	\$113 million	\$25.4 billion
LA	104,800	7.10%	\$171 million	\$14.5 billion
MA*	455,900	16.70%	\$1,316 million	\$95 billion
MD	250,300	12.70%	\$832 million	\$40.6 billion
ME	83,400	17.40%	\$126 million	\$8.9 billion
MI	371,200	11.70%	\$1,472 million	\$133 billion
MN	301,100	13.80%	\$870 million	\$50 billion
MO	230,900	10.80%	\$856 million	\$39.9 billion
MS*	63,800	7.70%	\$87 million	\$8.4 billion
MT	47,800	14.30%	\$37 million	\$4.5 billion
NC	269,700	8.70%	\$1,484 million	\$44.4 billion
ND	45,500	15.60%	\$20 million	\$4.6 billion
NE	79,500	10.80%	\$683 million	\$10.6 billion
NH*	85,600	16.70%	\$66 million	\$9.2 billion
NJ	304,600	9.70%	\$2,801 million	\$46.9 billion
NM	48,000	8.10%	\$82 million	\$5.3 billion
NV	24,900	2.60%	\$290 million	\$4.9 billion
NY	1,246,900	18.10%	\$7,000 million	\$192 billion

State	Nonprofit Employment		Foundation Grantmaking	
	Nonprofit Employment*	Nonprofit Share of Private Employment**	Grants Awarded***	Revenue Generated****
OH	482,500	11.60%	\$1,220 million	\$73 billion
OK	76,100	6.60%	\$455 million	\$12.5 billion
OR*	129,000	9.80%	\$371 million	\$70.8 billion
PA	727,200	15.30%	\$1,338 million	\$95.4 billion
RI	70,300	18.20%	\$226 million	\$9.4 billion
SC	76,400	5.40%	\$131 million	\$14 billion
SD	45,200	14.30%	\$33 million	\$5.6 billion
TN	181,300	8.50%	\$401 million	\$24.8 billion
TX	433,000	5.20%	\$2,287 million	\$84 billion
UT	63,600	6.70%	\$163 million	\$7.6 billion
VA	233,100	8.20%	\$481 million	\$46.1 billion
VT	41,500	17.30%	\$34 million	\$4.1 billion
WA	211,400	9.30%	\$3,570 million	\$43.9 billion
WI	272,900	12.20%	\$600 million	\$39.1 billion
WV	68,900	12.50%	\$76 million	\$7.7 billion
WY*	15,800	7.70%	\$94 million	\$1.6 billion
USA	10,681,300	10.10%	\$45.8 billion	\$1.87 trillion

*Estimates based on regional average nonprofit densities.

**Source: Salamon, Lester M. et al. "Holding the Fort: Nonprofit Employment During a Decade of Turmoil", John Hopkins University, January 2012. Authors' estimates based on data from the U.S. Bureau of Labor Statistics

***The Foundation Center, Fiscal Data of Grantmaking Foundations by Region and State, 2009. Includes grant, scholarships, and employee matching gifts.

****Independent Sector, State Profiles, available at: independentsector.org/state_profiles