

# **Economic Contribution of Florida Nonprofit Organizations: A Resource for the Public Good**

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April 2002

***Prepared for***  
Philanthropy & Nonprofit Leadership Center  
Rollins College

***Prepared by***  
Public Sector Consultants, Inc.

***Funded by***  
Jessie Ball duPont Fund

Edyth Bush Charitable Foundation

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# **I. Executive Summary**

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Florida's economy rests upon three sectors. Enormous amounts of data and information are collected about the private and public sectors. Data about the nonprofit sector, on the other hand, are more scarce and more difficult to access, making the economic impact of the sector more difficult to assess. By commissioning this research, the Philanthropy & Nonprofit Leadership Center at Rollins College seeks a basis upon which to document the economic contribution of Florida's nonprofit organizations.

This report documents that Florida's nonprofit organizations:

- Number more than 50,000
- Employ directly approximately 430,000 people
- Generate an additional 360,000 jobs as a result of spending by the organizations and their employees
- Comprise the state's sixth largest source of employment among all industry sectors
- Hold assets exceeding \$63 billion
- Receive more than \$43 billion in annual income
- Generate more than \$22 billion in total personal income
- Generate more than \$61 billion in total economic activity
- Have grown faster than the state's overall economy (an increase in expenditures of approximately 140 percent from 1988 to 1998 compared to an 87 percent increase in Florida personal income)
- Attract 88 million hours of volunteer time, equal to the work of more than 42,000 full-time employees

In short, Florida's nonprofit sector generates significant economic benefits for state residents.

The nonprofit sector provides employment and service to every community of the state. Extraordinarily diverse, it serves missions including health care, education, social welfare, the environment, the arts and culture, the humanities, housing, and public safety. Health care accounts for approximately 60 percent of all nonprofit employment and nearly 69 percent of all nonprofit wages in Florida.

The research prompts several recommendations.

1. Nonprofit organizations in Florida must scale up considerably their education of the public and opinion leaders. People deserve to know the extent of the nonprofit sector's contributions to the state's economy.
2. Most particularly, nonprofit organizations must educate policy leaders and advocate at public policy forums in Florida. Public policy should be made in consideration of its impact on nonprofit groups as well as the complementary contributions of nonprofit organizations to public sector missions.

3. While it is common for government to look to nonprofit groups for help in bad economic times, crisis situations, natural disasters, or instances of policy failure, governmental leaders should tap the nonprofit sector's vitality, innovation, and reach on a regular basis.
4. Success in solving common problems will be enhanced through close communications and partnerships among the private, public, and nonprofit sectors.

A final recommendation pertains to collecting data. Complete, comprehensive, and timely information on nonprofit organizations is lacking. In combination, Florida's state government and its nonprofit groups should resolve to collect, disclose, and analyze such data regularly. We trust that, by taking the initiative with this report, the Philanthropy & Nonprofit Leadership Center has proven the worth of research on the nonprofit sector to policymakers, donors, grantees, and nonprofit organizations.



## II. Overview

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This report describes Florida's nonprofit sector: the number and diverse missions of nonprofit organizations as well as the sector's combined assets, revenues, expenditures, and other financial data. Based on these financial data, the report estimates the direct and indirect effects of the nonprofit sector on the state's economy as well as on its quality of life. We conclude that the nonprofit sector contributes heavily to Florida's economic and social vitality.

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This overview

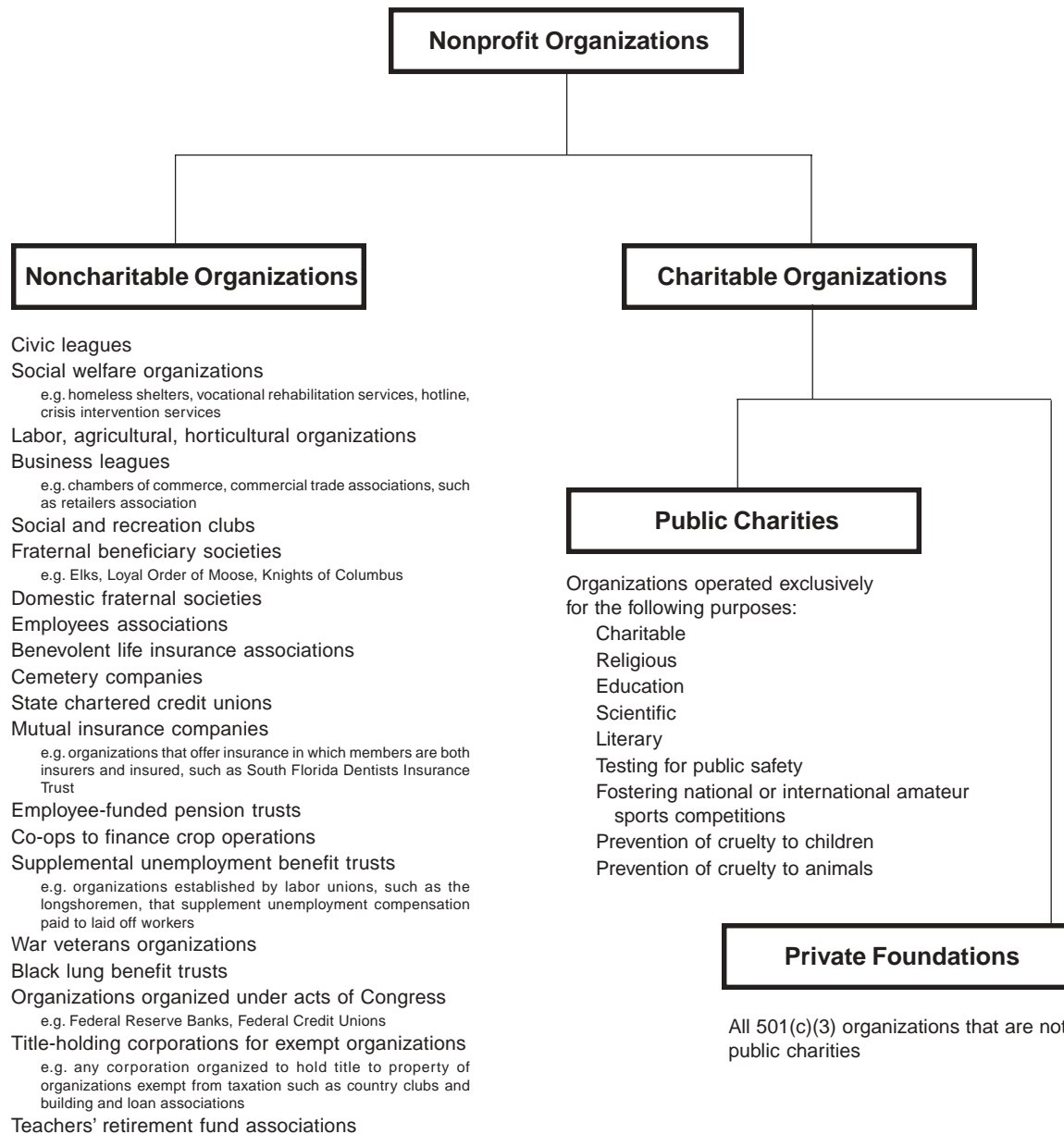
- (1) defines the nonprofit sector,
- (2) describes sources of information and methodologies used to establish economic conclusions,
- (3) provides more detailed information on each of the above findings, and
- (4) sets forth several recommendations.

## **DEFINING THE NONPROFIT SECTOR**

Section 501(c) of the federal tax code specifies the requirements for classification as a nonprofit organization. Groups that have obtained nonprofit status are exempt from corporate income taxes. Several kinds of groups are included under the nonprofit rubric. There are two major divisions: charitable nonprofit organizations and noncharitable nonprofit organizations.

Charitable organizations (clustered under section 501(c)(3) of the tax code) are further divided into two categories: public charities and private foundations. According to the Internal Revenue Service (IRS), the express purpose of a 501(c)(3) organization must be to benefit the entire community or society. Furthermore, a group's articles of organization must limit the organiza-

**EXHIBIT 1**  
**Conceptual Breakdown of Tax-Exempt Organizations**  
**Classified under Section 501(c) of U.S. Tax Code**



SOURCE: Bureau of Economic and Business Research, The University of Utah. 1998. *The Economic Impact of Utah's Nonprofit Sector: Characteristics of a Resource for the Public Good*. Salt Lake City, Utah: University of Utah.

tion to one or more exempt purposes, must not empower the organization to engage in activities not directly related to its exempt purpose, and must provide that the organization, upon its dissolution, must distribute its assets to another 501(c)(3) organization.

Most public charities listed with the IRS meet the “public support test,” meaning that at least one-third of their revenues are donations received from the public. The remaining organizations have obtained public charity status because they are educational institutions, medical care providers, religious organizations, or fundraising auxiliaries that support other public charities. Donations to charitable nonprofit organizations, subject to certain limits, may be deducted from an individual’s federal income tax return.

Most noncharitable nonprofit entities fall into 501(c)(4) status. These groups are also exempt from federal taxation, but because they receive much of their funding from members as opposed to the general public, are allowed to serve a focused community, and may engage in substantial lobbying, their donors are not permitted to deduct contributions from their federal taxes.

Exhibit 1 shows how 501(c) nonprofit entities break down into two categories.

■ **Charitable nonprofit organizations—501(c)(3)**

- **Public charities** Examples include groups with arts, charitable, educational, health care, religious, and scientific missions. Florida’s largest public charities include Shriners Hospitals for Children-A Colorado Corporation, the Adventist Health System-Sunbelt Healthcare Corporation, and the University of Miami. The category encompasses art museums, community theaters, childcare centers, religious groups and institutions, United Way, and the American Red Cross.
- **Private foundations** Typically, these entities receive assets from families, individuals, or corporations and devote a portion of their assets and investment earnings to support charitable causes. Among Florida’s largest private foundations are the John S. and James L. Knight Foundation, the Jessie Ball duPont Fund, and Publix Super Markets Charities. Because a great percentage of private foundation grants are made to public charities, their expenditures are not factored into our analysis of overall economic impact. To do so would double count their contributions and overstate the nonprofit sector’s scale.

- **Noncharitable nonprofit organizations—501(c)(4).** Examples include civic associations and business leagues, such as chambers of commerce; fraternal societies such as the Elks and Knights of Columbus; and state chartered credit unions and mutual insurance companies.

## SOURCES OF INFORMATION AND METHODOLOGIES

Public Sector Consultants consolidated extensive data on nonprofit organizations in Florida from:

- The Internal Revenue Service (the Business Master File for Exempt Organizations for 1999, which lists 51,273 nonprofit organizations in Florida; the 1999 IRS 990 forms that are required to be filed by 501(c) organizations; the 1999 IRS Returns Transactions File; the 1999 Statistics of Income files)
- The National Center for Charitable Statistics (the 1999 Core File for Florida, which reports the assets of public charities and private foundations with gross receipts over \$25,000, and the 1999 national database that covers 228,000 public charities throughout the U.S.)
- The Florida Agency for Workforce Innovation (official source of state employment figures)
- The U.S. Census of Service Industries (the 1997 report of employment by type of organization)
- A March 2001 survey of Florida nonprofit organizations by Public Sector Consultants (the goal of which was to ascertain contributions of volunteers)

To establish the full impact of entities on an overall economy, a model known as RIMS II was developed by the U.S. Bureau of Economic Analysis. An organization's purchases from vendors in other sectors are multiplied, along with the earnings of its employees, based on assumptions about goods and services they purchase from sources beyond their employer. The RIMS II model was used in this report to estimate the overall contribution of Florida's nonprofit sector to the state economy. (An explanation of this model is provided in Appendix A.)

We draw attention to several shortcomings in the data. The IRS Business Master File excludes financial information about smaller organizations, those with annual revenues less than \$25,000, and about religious groups, which are exempt from disclosing financial data. The Florida Agency for Workforce Innovation gathers employment data without specifically classifying employers that are nonprofit organizations. The U.S. Census Bureau's Census of Service Industries releases data only once every five years, and therefore information may not be current. Public Sector Consultants' random survey of 1,200 nonprofit organizations and follow-up mailing to 1,116 underrepresented organizations generated a low response rate of 10 percent. (Please see Appendix B for a complete discussion of data sources and limitations. The PSC survey and distribution of responses is provided in Appendix C.)

*With respect to virtually all data and findings in this report, the reader should know that there are underestimations of the scale of the nonprofit sector of Florida.* In many cases, data are not reported or collected. Among Florida's 51,273 tax-exempt organizations, many are not required to report financial and other information with federal and state agencies. Among the state's 30,814 public charities, only 9,103 reported financial information to the IRS. (Organizations with gross receipts of \$25,000 or more in a year are required to file Form 990.) Among the state's 3,960 private foundations, 816 list no assets and another 1,420 have assets under \$25,000. Religious groups, as noted above, are not required to disclose financial data with the IRS. Finally, although governmental bodies (including public colleges and universities) are tax-exempt, their expenditures, revenues, and employment are not included in this report. To include governmental bodies would distort greatly the picture of the charitable nonprofit sector, very much separate from the public sector.

## FINDINGS

### ***Florida's nonprofit organizations number more than 50,000.***

At minimum, there are 51,273 nonprofit organizations in Florida. Approximately 60 percent of these are public charities (30,814). Private foundations number 3,960. Noncharitable nonprofit organizations number 16,499. The fields of arts and humanities, education, health, and human services account for 60 percent of all public charities.

In 1999, 9,103 public charities in Florida filed IRS Form 990, providing one of the bases for economic analysis in this report. Within this group, the largest number are in five counties: Dade (1,137), Palm Beach (745), Broward (705), Hillsborough (604), and Orange (601).

### ***Florida's nonprofit organizations employ directly approximately 430,000 people.***

The 1997 Economic Census found 370,798 paid employees in Florida's nonprofit organizations. Applying findings from that survey to more recent data collected by the Florida Agency for Workforce Innovation, we estimate that the nonprofit workforce totaled 426,480 persons in 1999 and 431,308 in 2000. Approximately 60 percent (257,756) of all such employees worked in health care services, with nonprofit hospitals accounting for most of these jobs. Another 21 percent (90,909) of nonprofit sector employees worked in social services or human services. The next largest employers were nonprofit membership organizations and amusements and recreation. The average wage paid employees of nonprofit organizations in Florida was \$26,197.

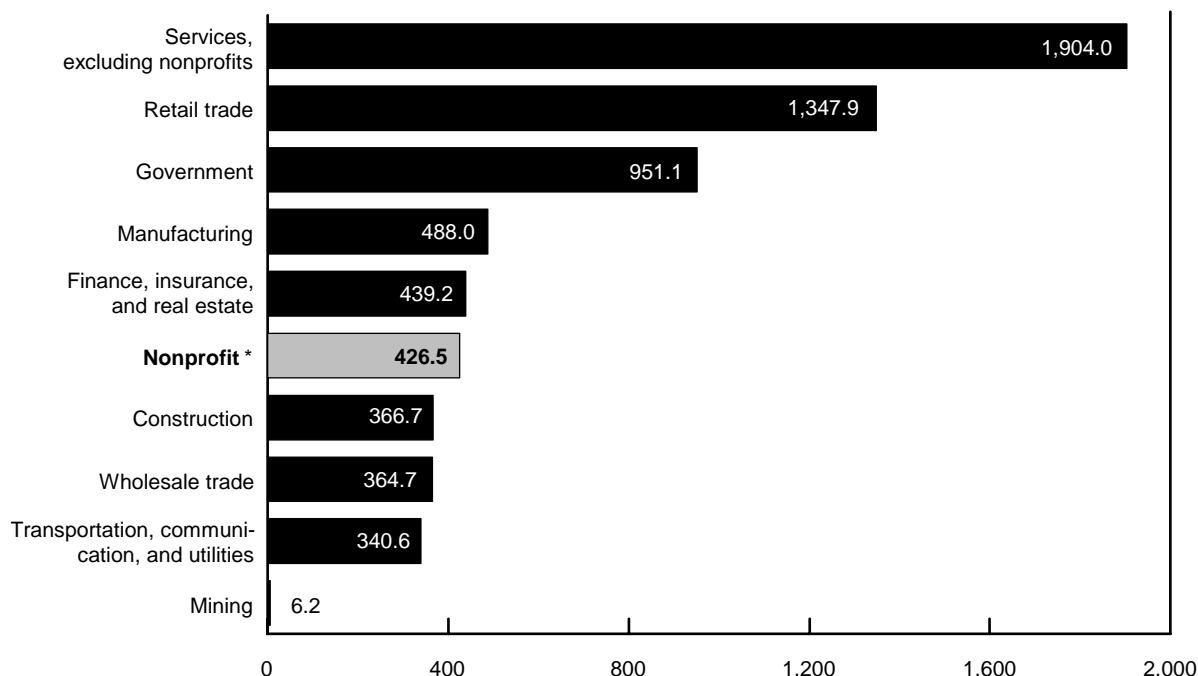
### ***Florida's nonprofit organizations generate an additional 360,000 jobs.***

The RIMS II model calculates the extended economic effects of the nonprofit sector, which includes adding other jobs to an economy. For each \$1 million in nonprofit expenditures, 30.4 jobs are created. For every job in the nonprofit sector, an additional .837 jobs are created. Therefore, Florida's nonprofit sector spawns not only 430,000 direct jobs but also provides employment for approximately 360,000 others, for a total of approximately 790,000 Floridians.

### ***Florida's nonprofit organizations comprise the state's sixth largest source of employment among all industry sectors.***

Approximately 6 percent of all employment in Florida is based in the nonprofit sector. The only larger industries are services; retail trade; government; manufacturing; and finance, insurance, and real estate (see Exhibit 2).

**EXHIBIT 2**  
**Employment in Nonprofit and Major Industry Sectors, Florida, 1999**  
**(thousands)**



\*Estimated employment based on 1997 Census of Service Industries for Florida and 1999 Florida ES-202 employment data.  
 NOTE: A total of 180,800 persons are employed in other industries.  
 SOURCES: Florida Agency for Workforce Innovation and Public Sector Consultants, Inc.

***Florida’s nonprofit organizations hold assets exceeding \$63 billion.***

In 1999, Florida tax-exempt organizations reported to the IRS total assets of \$63.559 billion. Private foundations account for \$8.7 billion. Florida’s largest foundation—the John S. and James L. Knight Foundation—holds assets of \$1.25 billion. Public charities report \$46.8 billion. Approximately \$30 billion in assets is held by health care entities; educational institutions account for \$7.1 billion. Holding the largest assets among Florida’s public charities are Shriners Hospital for Children-A Colorado Corporation (\$8.2 billion), Adventist Health System-Sunbelt Healthcare Corporation (\$2 billion), and the University of Miami (\$1.4 billion). Noncharitable nonprofit organizations account for the balance.

***Florida’s nonprofit organizations receive more than \$43 billion in annual income.***

Sources of income vary among nonprofit organizations. For private foundations, investment returns on assets comprise a significant source of annual income. Among public charities, approximately 70 percent of income is derived from payments for services they provide (program revenue). Health services organizations receive nearly 83 percent of their total income from



program revenue, largely payments for medical services provided by hospitals. Arts and humanities organizations receive only 32 percent of income from program revenue, with nearly half of their revenue provided by public support. Noncharitable nonprofit groups may rely more heavily on membership dues and contributions.

***Florida's nonprofit organizations generate more than \$22 billion in total personal income.***

Every dollar spent by nonprofit organizations generates 79 cents of personal income (i.e., income earned by individuals employed in the nonprofit sector or in other industry sector jobs that are an indirect or induced effect of activity in the nonprofit sector). Statewide, Florida's nonprofit sector generates \$22 billion in total personal income.

***Florida's nonprofit organizations generate more than \$61 billion in total economic activity.***

The RIMS II calculates the extended economic effects of the nonprofit sector. In addition to direct employment and income, nonprofit organizations generate other economic activity known as *indirect effects* (such as goods and services the organization buys) and *induced effects* (employees spending their income on goods and services provided by other businesses). Every dollar spent by nonprofit entities generates \$2.89 of economic activity statewide. Taking into account direct, indirect, and induced economic effects, the model calculates that Florida's nonprofit sector produces total economic activity of \$61.6 billion.

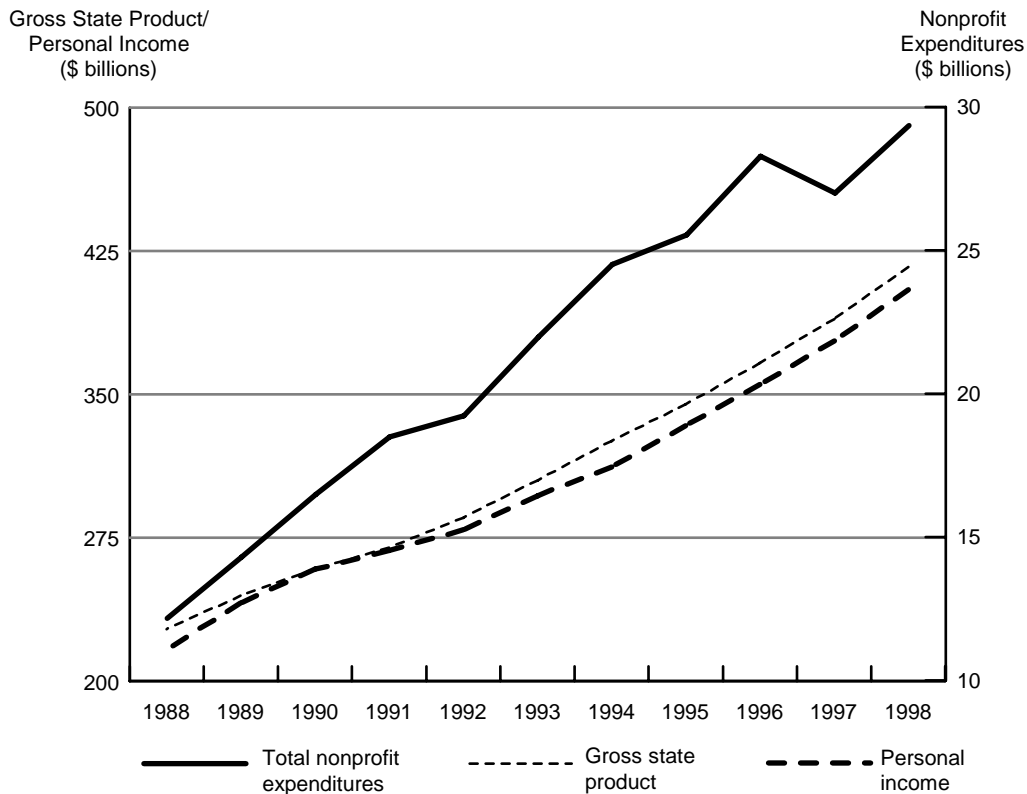
***Florida's nonprofit sector has grown faster than the state's overall economy.***

From 1988 to 1998, Florida personal income increased 87 percent and its gross state product increased 83 percent. During the same period, according to IRS estimates, the combined expenditures of Florida public charities and private foundations increased by approximately 140 percent (see Exhibit 3).

***Florida's nonprofit organizations attract 88 million hours of volunteer time, equal to the work of more than 42,000 full-time employees.***

Based on responses to the March 2001 survey by Public Sector Consultants, the average public charity attracts 9,695 hours annually of volunteer support. These numbers are consistent with a comparable survey in Michigan in 1998. Based on the assumption that the random sample of public charities is representative of all such organizations in Florida, volunteers contribute 88 million hours each year to public charities. Valued at the average wage of a nonprofit sector employee, this translates into slightly more than \$1 billion of "income" through donated time. Without such contributed service, nonprofit groups would not be able to carry out existing services and functions at current levels.

**EXHIBIT 3**  
**Florida Growth Rates: Nonprofit Expenditures,  
 Gross State Product, Personal Income, 1988–1998**



SOURCES: Bureau of Economic Analysis, U.S. Department of Commerce; IRS Statistics of Income files; and Public Sector Consultants, Inc.

***In short, Florida's nonprofit sector generates significant economic benefits for Floridians.***

In addition to the measurable economic impact of nonprofit organizations, they improve the state's workforce, provide much-needed services not provided by other sectors, and assist the poor.

- From early childhood to adult education, nonprofit groups support the building of employment skills. They nurture beneficial work habits among young people and volunteers, leading to lower absenteeism and higher productivity.
- Nonprofit groups specialize in providing services that government or the private sector do not provide, and supplementing services provided by the public and private sectors that are insufficient to meet the community's need. Being largely community-based, generally they innovate and customize and are resilient. They define the character of a community through cultural, education, and other institutions. Their support of culture and education advantages communities that seek to retain and recruit business.

- The nonprofit sector contributes mightily to a voluntary redistribution of wealth through its services to disadvantaged people. As wealth and income gaps have widened in the past 20 years, nonprofit groups have assumed an ever-greater role in helping families at the lowest rung of the economic ladder.

## RECOMMENDATIONS

The research prompts several recommendations.

1. Nonprofit organizations in Florida must scale up considerably their education of the public and opinion leaders. People deserve to know the extent of the nonprofit sector's contributions to the state's economy.
2. Most particularly, nonprofit organizations must educate policy leaders and advocate at public policy forums in Florida. Public policy should be made in consideration of its impact on nonprofit groups as well as the complementary contributions of nonprofit organizations to public sector missions.
3. While it is common for government to look to nonprofit groups for help in bad economic times, crisis situations, natural disasters, or instances of policy failure, governmental leaders should tap the nonprofit sector's vitality, innovation, and reach on a regular basis.
4. Success in solving common problems will be enhanced through close communications and partnerships among the private, public, and nonprofit sectors.

A final recommendation pertains to collecting data. Complete, comprehensive, and timely information on nonprofit organizations is lacking. In combination, Florida's state government and its nonprofit groups should resolve to collect, disclose, and analyze such data regularly. We trust that, by taking the initiative with this report, the Philanthropy & Nonprofit Leadership Center has proven the worth of research on the nonprofit sector to policymakers, donors, grantees, and nonprofit organizations.



## **III. Data and Analysis**

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# **General Characteristics of the Nonprofit Sector**

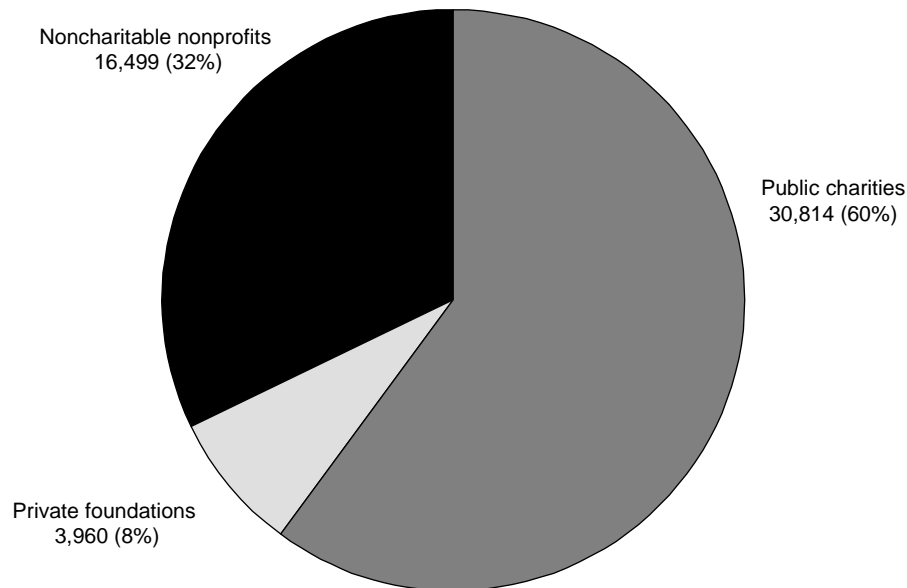
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## 1. DESCRIPTION OF THE NONPROFIT SECTOR

### EXHIBIT 4 Nonprofits in Florida



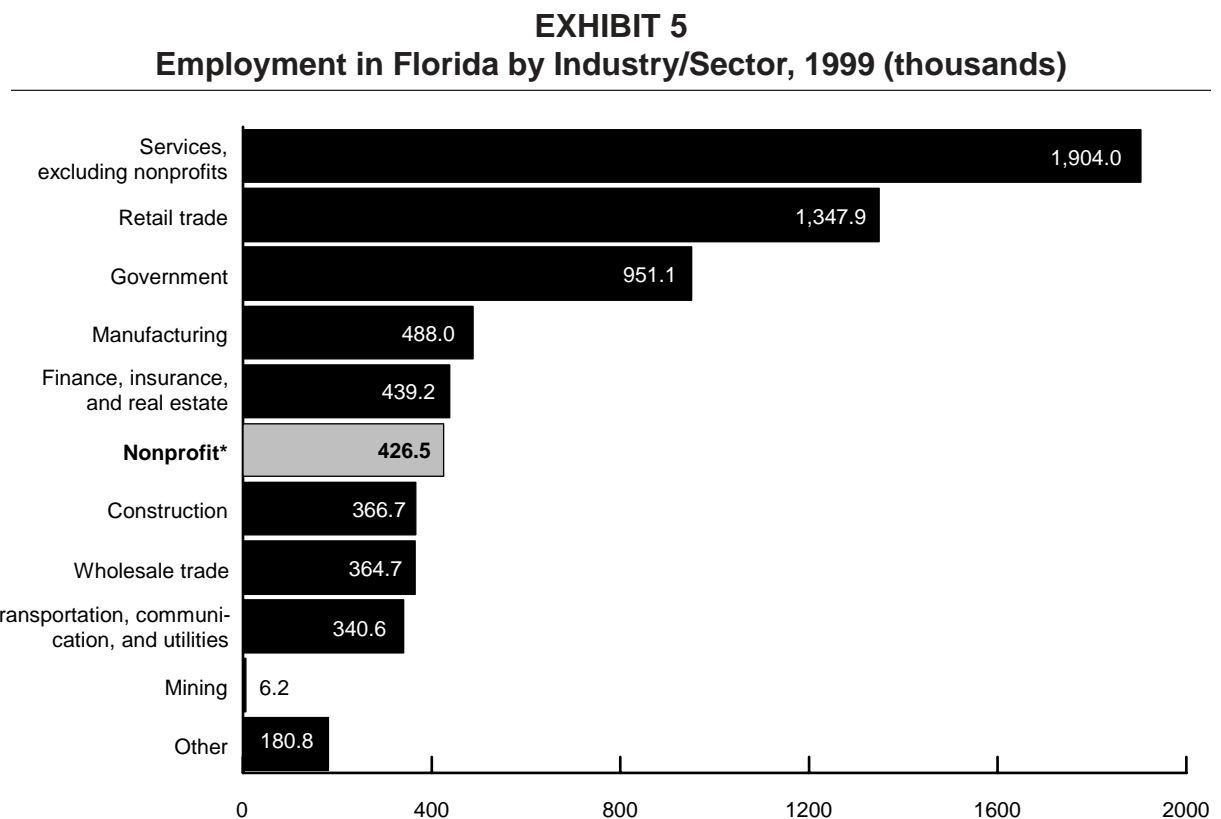
SOURCE: Internal Revenue Service.

- At minimum, there are 51,273 nonprofit organizations in Florida.
- Charitable organizations, comprised of public charities and private foundations, number 34,774 and make up 68 percent of all nonprofits in Florida. Charitable organizations maintain 501(c)(3) tax-exempt status. These organizations are exempt from corporate income taxes, and donations to these tax-exempt organizations may, subject to certain limits, be deducted from an individual's federal income tax return. To maintain this status, an organization's express purpose must be to benefit the entire community or society. Furthermore, the group's articles of organization must limit the organization to one or more exempt purposes, must not empower the organization to engage in activities not directly related to its exempt purpose, and must provide that the organization's assets, upon dissolution, would be distributed to another 501(c)(3) organization.
- Public charities number 30,814 and make up 60 percent of all nonprofit organizations in Florida. In general, public charities are organizations that receive significant support from the public.
- Private foundations number 3,960 and make up 8 percent of all nonprofit organizations in Florida. These foundations differ from public charities because they receive significant individual or corporate support. These organizations must file form 990-F with the IRS and prove to have distributed at least 5 percent of their assets during the previous year.

- Noncharitable nonprofit organizations number 16,499 and make up 32 percent of all nonprofit organizations in Florida. Most noncharitable nonprofit entities fall into 501(c)(4) status. These groups are also exempt from federal taxation, but because they receive much of their funding from members as opposed to the general public, are allowed to serve a focused community, and may engage in substantial lobbying, their donors are not permitted to deduct contributions from their federal taxes.

## 2. EMPLOYMENT IN NONPROFIT ORGANIZATIONS

### Size of the Nonprofit Workforce



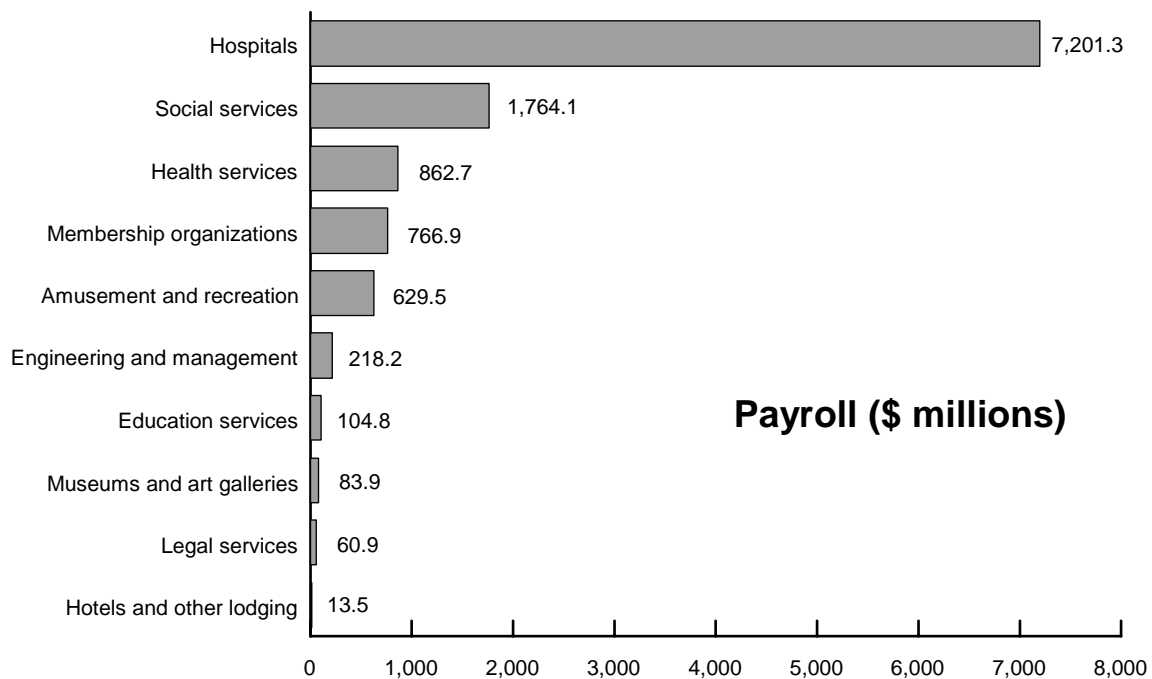
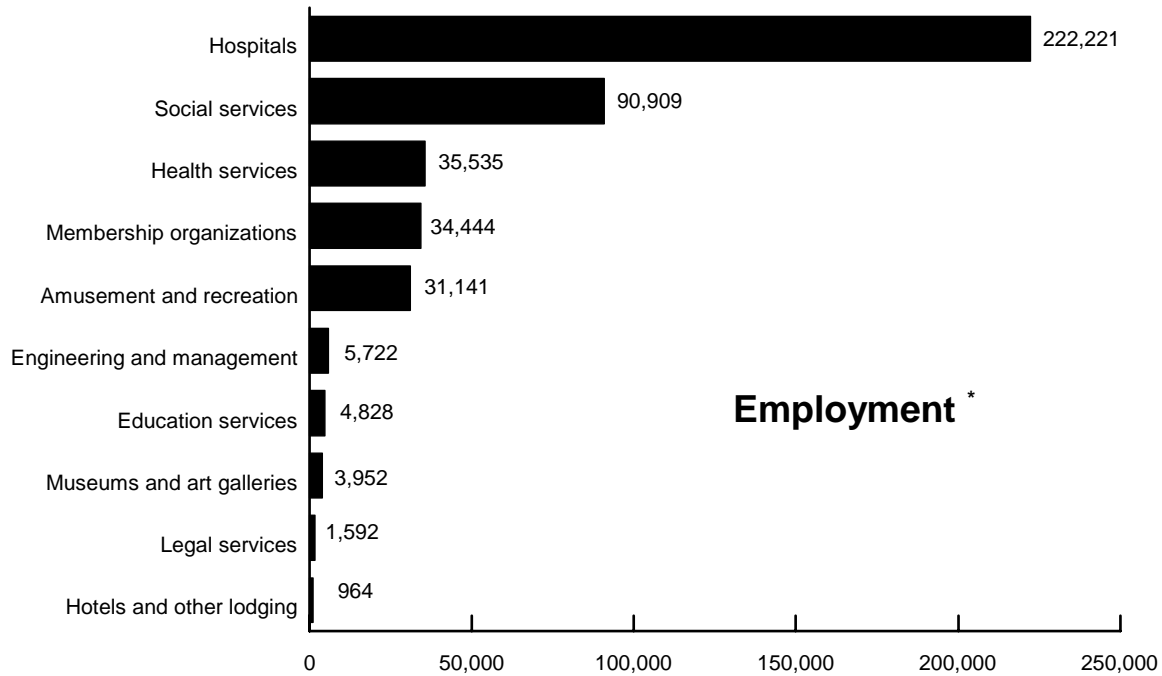
\*Estimated employment based on 1997 Census of Service Industries for Florida and 1999 Florida ES-202 employment data. SOURCES: Florida Agency for Workforce Innovation and Public Sector Consultants, Inc.

- We estimate that the nonprofit workforce employed 426,480 people in 1999 and 431,308 in 2000. This represents approximately 6 percent of Florida’s nonagricultural wage and salary employment (paid workers). PSC utilized the percent distribution between industries/sectors to estimate the current employment levels in Florida.
- The nonprofit sector comprises the sixth largest source of employment among all industry sectors. This sector employs more people than the construction; wholesale trade; transportation, communication and utilities; or mining sectors.

- According to the RIMS II economic modeling system utilized by PSC, the nonprofit sector generated an additional 360,415 jobs in 1999. These jobs result from purchases of goods and services made by the nonprofit organizations (indirect effects) and their employees (induced effects).

Nonprofit Employment by Activity

**EXHIBIT 6**  
**Estimated Nonprofit Employment and Payroll in Florida, 2000**

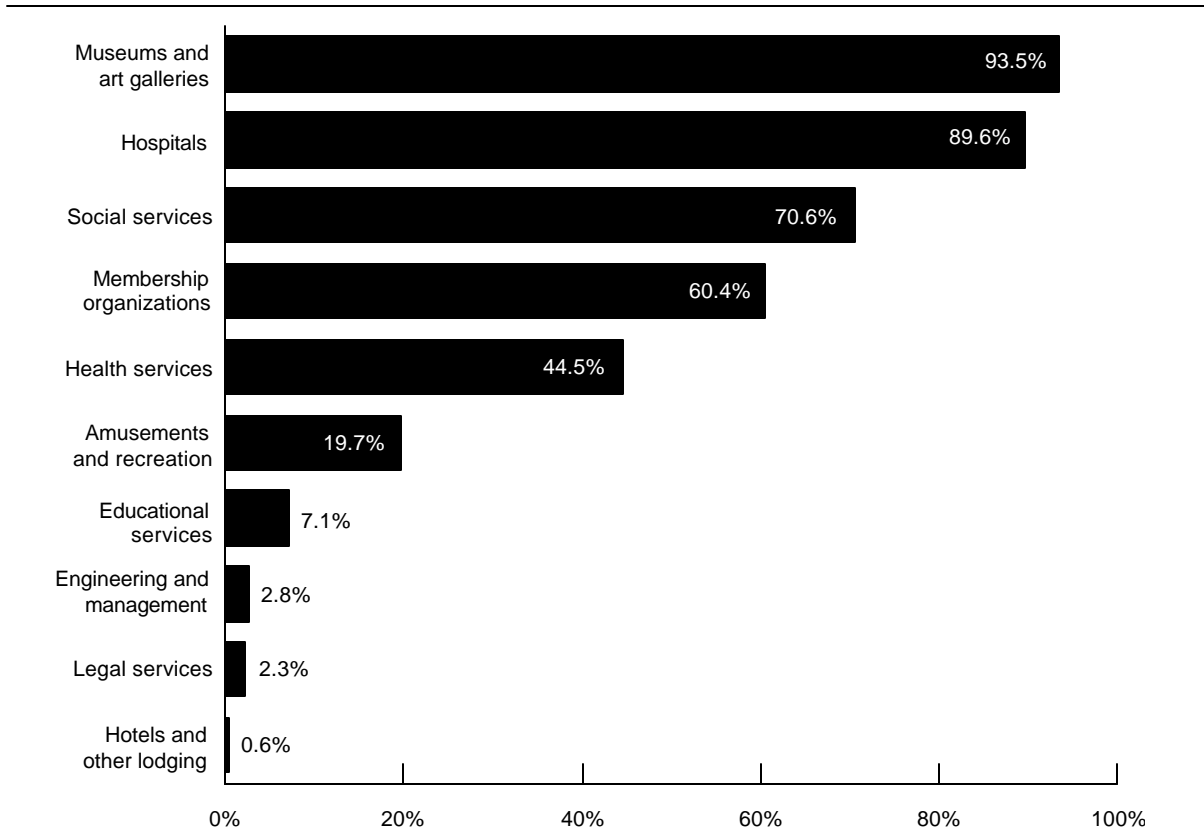


\* Based on second quarter data.

SOURCE: 1997 Economic Census, Bureau of the Census and Florida Agency for Workforce Innovation. Calculations by Public Sector Consultants, Inc.

- The nonprofit sector in Florida is involved in a variety of activities. The largest employers in this industry are health services organizations, which account for 60.0 percent of all nonprofit employment and 68.9 percent of payroll. Nonprofit hospitals account for the majority of these health services jobs. Social services, the next largest employer, accounts for 21.1 percent of employment in this sector and 15.1 percent of payroll.
- The average wage of all nonprofit employees in Florida is \$26,197. Nonprofit legal service employees have the highest wage and nonprofit social services employees have the lowest.
- Almost all jobs in the nonprofit sector are in the services sector and approximately 17 percent of all service sector jobs are in nonprofit organizations.

**EXHIBIT 7**  
**Nonprofit Percentage of Total Employment**  
**in Florida’s Service Subsectors<sup>1</sup>, 2000**



NOTE: Hospitals are also included in the aggregate Health Services figure.  
 SOURCES: Florida Agency for Workforce Innovation and Public Sector Consultants, Inc.

<sup>1</sup> The sectors identified in Exhibit 7 are extracted from United States Standard Industrial Classification (SIC) codes. Organizations are classified based on their primary activity, not their respective tax status. Therefore, under any SIC code it is possible to have both taxable and tax-exempt organizations. Nonprofit organizations in service subsectors such as engineering and management, amusements and recreation, and hotels and other lodging represent such a small percentage of overall employment because most of the companies in these subsectors are for-profit entities.

- The nonprofit sector is responsible for approximately 94 percent of the jobs in the museums and art galleries subsector, 71 percent of the jobs in the social services subsector, 60 percent in the membership organizations subsector, and 45 percent of total employment in the health services subsector.
- The nonprofit sector also provides almost 90 percent of employment in hospitals.

### ***Nonprofit Employment and Earnings in Detail***

- Employment data presented in this section include information on part-time and full-time wage and salary workers.
- The most reliable source of employment data for nonprofit organizations is the 1997 Census of Service Industries.
- Using data from approximately 12,200 nonprofit organizations that were exempt from federal income tax, the Census Bureau estimates the 1997 nonprofit employment and payroll figures for Florida at 370,798 and \$9.2 billion respectively.
- The Florida Agency for Workforce Innovation collects employment data for Florida. Because they do not separate nonprofit from for-profit industries, PSC utilized the employment distribution by the Census of Service Industries to estimate nonprofit employment in Florida industries.
  - For example, the 1997 Census indicates that 25.5 percent of the employees in the engineering and management category work for nonprofit organizations. In 1999, there were 18,919 workers employed in this sector in Florida. We estimate that 25.5 percent or 4,824 workers were employed by the nonprofit sector.
  - This methodology produces estimates of 426,480 workers and a payroll of \$11.2 billion for 1999 and 431,308 workers and a payroll of \$11.7 billion for 2000 (see Exhibit 6).
  - These numbers are corroborated by estimates derived from projecting the 1997 Census data to 2000, assuming that nonprofit employment will grow at the same rate as all employment in Florida. This calculation projects 434,200 workers and \$12 billion in payroll.
- The data extrapolated from the Florida Agency for Workforce Innovation provide more detail about the concentration of employment in two subsectors: health services and social services.
  - In 2000, health services and social services organizations (Standard Industrial Classification codes 80 and 83, respectively) employed 348,665 workers, approximately 81 percent of all employment in the nonprofit sector.
  - This resulted in combined wages of \$9.8 billion, or approximately 84 percent of all wages paid in the nonprofit sector.
- This analysis indicates that the health services field is the largest component of the nonprofit sector with respect to employment and earnings, although it accounts for slightly less than 16 percent of the number of nonprofit organizations.

- Health services organizations employed 257,756 workers, just under 60 percent of all employment in the nonprofit sector in 2000.
- Earnings paid by medical organizations amounted to almost \$8.1 billion, or nearly 69 percent of all wages paid in the nonprofit sector in 2000.
- Hospitals account for most of the employment and earnings in the health care industry, with 194,448 employees and \$6.4 billion in earnings.
- The social services subsector is the second largest component of the nonprofit sector in terms of employment and payroll, although it is the largest in terms of number of organizations, comprising approximately 20 percent of all reporting nonprofits.
- Social service organizations employed 90,909 persons, approximately 21 percent of all employment in the nonprofit sector in 2000.
- Wages paid by social services organizations were \$1.76 billion or approximately 15 percent of all wages paid in the nonprofit sector.
- Social services paid a relatively low average annual wage of \$17,104 in 1999, approximately 65 percent of the average annual wage of all Florida nonprofits.

### **3. ASSETS AND EXPENDITURES IN THE NONPROFIT SECTOR**

- According to IRS data, 51,273 nonprofit organizations were operating in Florida in 1999, retaining assets of more than \$63 billion and receiving more than \$43 billion in annual income.
- Of these, 68 percent were charitable organizations that accounted for 89 percent of the total assets and 90 percent of the combined income for all Florida nonprofits.





## **Public Charities**

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## 1. LARGEST PUBLIC CHARITIES

### EXHIBIT 8 Top Ten Florida Public Charities, Assets and Income, 1999

	<b>Assets</b>
Shriners Hospitals for Children-A Colorado Corporation	\$8,184,199,639
Adventist Health System-Sunbelt Healthcare Corporation	2,004,379,636
University of Miami	1,408,037,760
Orlando Regional Healthcare System	867,138,858
Shands Teaching Hospital and Clinics	713,300,794
University of Florida Foundation	691,143,577
The Shriners Hospital for Children-A Massachusetts Corporation	688,338,751
Nemours Foundation	672,963,348
Sunbelt Healthcare Corporation	618,628,488
North Broward Hospital District	583,717,824
	<b>Income</b>
Adventist Health System-Sunbelt Healthcare Corporation	\$1,105,477,534
Shands Teaching Hospital and Clinics	1,008,932,802
St. Joseph's Hospital	798,552,074
University of Miami	661,183,586
North Broward Hospital District	608,681,446
Orlando Regional Healthcare System	585,450,927
Baptist Hospital of Miami	585,409,545
Southern Baptist Hospital of Florida-Baptist Medical Center	517,004,380
Baptist Hospital	367,424,565
South Miami Hospital	343,062,517

SOURCES: National Center for Charitable Statistics and Public Sector Consultants, Inc.

- In terms of assets, the largest public charity in Florida is the Shriners Hospital for Children-A Colorado Corporation, with \$8,184,199,639 in 1999.
- In terms of 1999 income, the largest public charity is the Adventist Health System-Sunbelt Healthcare Corporation, with \$1,105,477,534. Shands Teaching Hospital and Clinics is a close second, with \$1,008,932,802.
- All but two of the largest public charities in terms of assets, and all but one on the basis of income, are health care organizations.

## 2. ASSETS AND EXPENDITURES

### EXHIBIT 9 Florida Public Charities, Distribution of Assets and Expenditures, 1999

Assets				
Asset Category	Number	Cumulative Percentage	Amount (000)	Cumulative Percentage
\$0–50,000	3,155	34.7%	\$54,481	0.1%
\$50,001–250,000	2,229	59.1	275,243	0.7
\$250,001–1,000,000	1,613	76.9	855,021	2.5
\$1,000,001–5,000,000	1,331	91.5	3,078,856	9.1
\$5,000,001–10,000,000	307	94.9	2,181,568	13.8
\$10,000,001–25,000,000	247	97.6	3,894,886	22.1
\$25,000,001–100,000,000	149	99.2	7,453,104	38.1
100,000,001–500,000,000	62	99.9	13,117,362	66.1
\$500,000,001+	10	100.0	15,848,131	100.0
TOTAL	9,103	100.0%	\$46,758,652	100.0%

Expenditures				
Expenditures Category	Number	Cumulative Percentage	Amount (000)	Cumulative Percentage
\$0–50,000	2,505	27.5%	\$66,670	0.3%
\$50,001–250,000	3,201	62.7	372,906	1.7
\$250,001–1,000,000	1,793	82.4	921,377	5.3
\$1,000,001–5,000,000	1,059	94.0	2,386,642	14.7
\$5,000,001–10,000,000	230	96.5	1,681,589	21.2
\$10,000,001–25,000,000	179	98.5	2,606,330	31.4
\$25,000,001–100,000,000	91	99.5	4,407,855	48.7
100,000,001–500,000,000	38	99.9	7,638,465	78.5
\$500,000,001+	7	100.0	5,488,495	100.0
TOTAL	9,103	100.0%	\$25,570,329	100.0%

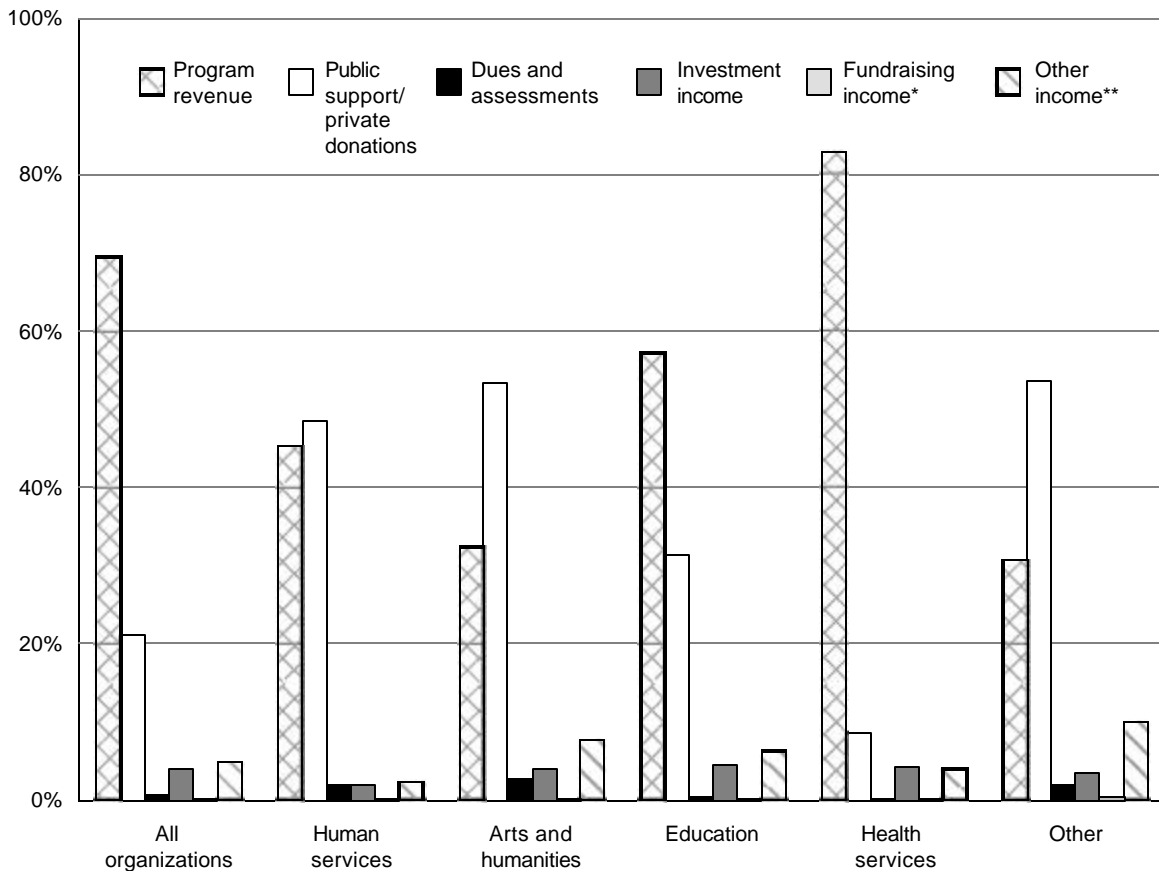
NOTE: The reporting year was 1999, but most organizations used financial data for the years 1996 to 1998.

SOURCE: National Center for Charitable Statistics, Washington, D.C. Calculations by Public Sector Consultants, Inc.

- Of Florida's 9,103 public charities that filed financial data, 59 percent reported assets of less than \$250,000; combined, they account for only 0.7 percent of total assets.
- Approximately 77 percent of the organizations reported assets of less than \$1 million, accounting for only 2.5 percent of the total assets of public charities.
- Seventy-two public charities reported assets of more than \$100 million, and these organizations reported combined assets of \$29 billion in 1999, approximately 62 percent of total assets of public charities for the year.
- Forty-five public charities reported more than \$100 million in expenditures; combined expenditures total \$13.1 billion and account for approximately 51 percent of all charitable expenditures.

### 3. SOURCES OF REVENUE

**EXHIBIT 10**  
Sources of Revenue, Florida Public Charities, 1999



\* "Fundraising income" includes book sales, art auctions, a 10k race, and other similar activities.

\*\* "Other income" includes private unsolicited gifts and miscellaneous income.

SOURCE: National Center for Charitable Statistics, Washington, D.C. Calculations by Public Sector Consultants, Inc.

- The largest source of revenue for Florida public charities is program revenue (payments for services provided by the organization), which accounts for 70 percent of total revenue.
- There is, however, wide variation in revenue sources among the various types of public charities.
  - Health services organizations receive almost 83 percent of their total revenue from program revenue (largely, payment for medical services provided by hospitals).
  - Education organizations, too, receive a large share of their revenue—approximately 57 percent—from program revenue (largely student tuition), but they also receive over 31 percent from public support (government grants) and private donations.
  - Human services organizations depend on two main revenue sources, program revenue (45.2 percent) and public support (48.5 percent).

- Arts and humanities organizations receive over half their revenue from public support and private donations and approximately 32 percent from program revenue.

#### 4. VOLUNTEERS AND PUBLIC CHARITIES

- Data for volunteers were estimated based on information collected in the Public Sector Consultants survey of nonprofit organizations.
- This survey determined the number of hours volunteers worked on a monthly or annual basis. Estimates of time contributed by volunteers have been converted to full-time equivalent (FTE) employment, using the figure of 2,080 hours per work year.
- Survey results show that volunteer efforts provide critical assistance to many nonprofit organizations.
  - In 2000, 94 percent of all public charities surveyed tapped the help of at least one volunteer.<sup>2</sup>
  - The average number of annual volunteer hours was 9,695 per organization.
  - This equals 4.7 FTEs.
- These numbers are consistent with a 1998 Public Sector Consultants survey of Michigan nonprofit organizations.
- Based on the assumption that Public Sector Consultants' random sample of public charities is representative of the universe (the 9,103 reporting public charities), we estimate that volunteers contributed over 88 million hours of work, equal to the work of more than 42,000 full-time employees.<sup>3</sup>
- Using the average yearly wage for employees of nonprofit organizations in Florida (\$26,197) this translates into \$1.11 billion of in-kind income donated to public charities.
- In addition to the 9,103 public charities included in the analysis, thousands of other nonprofit organizations also use volunteers. However, we do not have sufficient data to generate a reasonable estimate of the hours of volunteer time donated to these organizations.
- While the 9,103 public charities in the core file account for less than 60 percent of the income generated by organizations in the master file (which includes all nonprofit organizations), they likely account for a much higher share of volunteer hours, as volunteers are used more by public charities than by noncharitable nonprofit organizations.

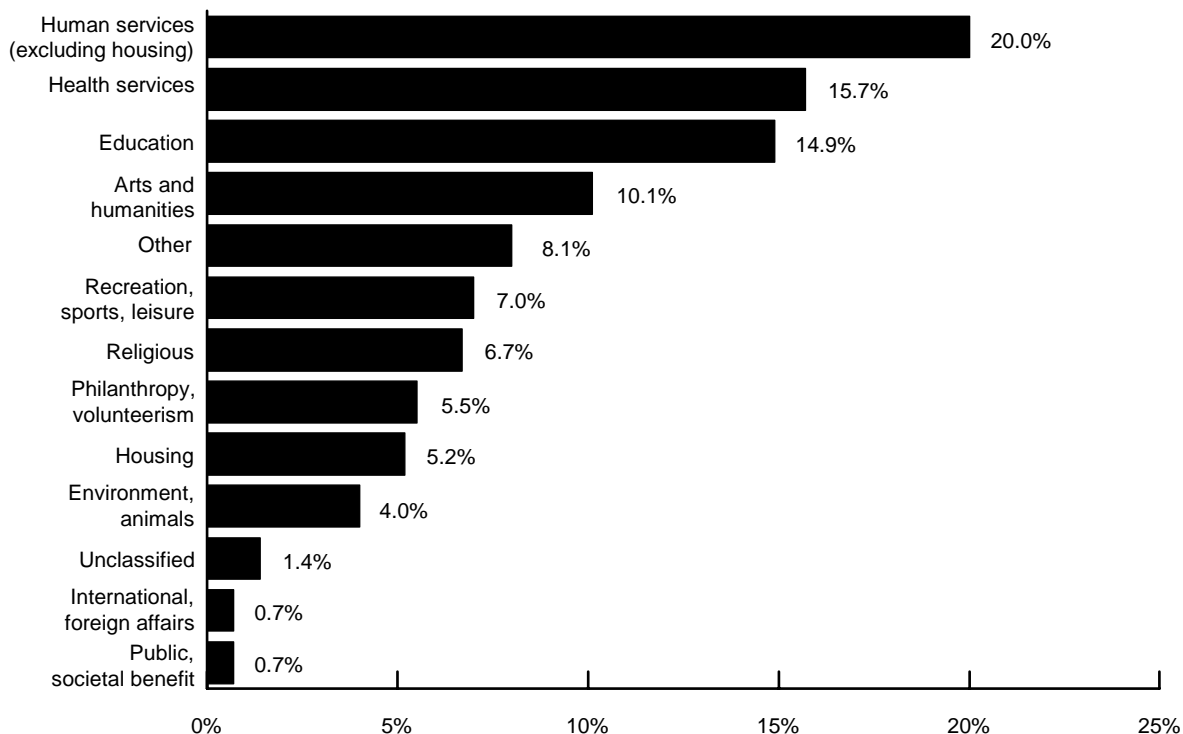
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<sup>2</sup> Three-quarters of organizations surveyed responded to this question. This returned a large enough sample to project results to the entire universe of nonprofits.

<sup>3</sup> This number was determined by multiplying the mean number of volunteer hours (9,695) by the number of organizations (9,103), resulting in 88,253,585 hours. Dividing by 2,080 hours will determine the number of FTEs, 42,429.6.

## 5. PUBLIC CHARITIES ACCORDING TO SOCIAL FUNCTION

**EXHIBIT 11**  
**Florida Public Charities by Social Function, 1999**



NOTE: The reporting year was 1999, but most organizations used financial data for the years 1996 to 1998.

SOURCE: National Center for Charitable Statistics, Washington, D.C. Calculations by Public Sector Consultants, Inc.

- Four major functional categories of public charities account for 61 percent of all such organizations in Florida: health services, human services, education, and arts and humanities.

### **Health Services Organizations**

- The health services subsector includes organizations (such as nursing and personal care facilities, hospitals, medical and dental laboratories, home health care services, and other health and allied services) that provide health-related services to the public.
- The assets of the health services subsector total \$30 billion.
- Measured by assets, the largest subsector is easily health services, accounting for over 64 percent of all assets held by public charities.
- Measured by annual expenditures, this subsector is even larger, accounting for almost 67 percent of all public charity expenditures.
- According to the National Center for Charitable Statistics, there were 1,425 health services organizations with gross receipts of more than \$25,000 in Florida in 1999.

- In terms of number of organizations, this is the second largest subsector in the public charities sector, after human services.
- The 204 organizations classified as community health systems comprise the largest component of the health services subsector. These are general hospitals, related primary medical-care facilities, and specialty hospitals.
- Hospitals reported total assets of \$25.1 billion, approximately 83 percent of all assets in the health services subsector and 53.2 percent of all public charities.
- Hospital revenues total \$14 billion, approximately 77 percent of revenues in this subsector and 50 percent of the total revenue of all public charities.
- The three largest nonprofit hospitals—Shriners Hospitals for Children-A Colorado Corporation, Adventist Health System-Sunbelt Healthcare Corporation, and Orlando Regional Healthcare System—account for approximately 37 percent of the assets of all hospitals and approximately 12.5 percent of the revenue.

**EXHIBIT 12**  
**Florida Health Services, Distribution of Assets and Expenditures, 1999**

Asset Category	Assets			
	Number	Cumulative Percentage	Amount (000)	Cumulative Percentage
\$0–50,000	293	20.6%	\$5,388	0.0%
\$50,001–250,000	351	45.2	42,882	0.2
\$250,001–1,000,000	262	63.6	143,046	0.6
\$1,000,001–5,000,000	239	80.4	588,234	2.6
\$5,000,001–10,000,000	89	86.6	619,395	4.7
\$10,000,001–25,000,000	77	92.0	1,202,036	8.7
\$25,000,001–100,000,000	58	96.1	3,024,807	18.7
\$100,000,001+	56	100.0	24,382,635	100.0
<b>TOTAL</b>	<b>1,425</b>	<b>100.0%</b>	<b>\$30,008,423</b>	<b>100.0%</b>

Expenditure Category	Expenditures			
	Number	Cumulative Percentage	Amount (000)	Cumulative Percentage
\$0–50,000	224	15.7%	\$5,673	0.0%
\$50,001–250,000	421	45.3	51,895	0.3
\$250,001–1,000,000	283	65.1	149,898	1.2
\$1,000,001–5,000,000	248	82.5	575,862	4.6
\$5,000,001–10,000,000	85	88.5	635,303	8.3
\$10,000,001–25,000,000	75	93.8	1,206,544	15.4
\$25,000,001–100,000,000	48	97.1	2,658,648	31.0
\$100,000,001+	41	100.0	11,787,949	100.0
<b>TOTAL</b>	<b>1,425</b>	<b>100.0%</b>	<b>\$17,071,772</b>	<b>100.0%</b>

NOTE: The reporting year was 1999, but most organizations used financial data for the years 1996 to 1998.

SOURCE: National Center for Charitable Statistics, Washington, D.C. Calculations by Public Sector Consultants, Inc.



- Approximately 45 percent of the health services organizations have assets of \$250,000 or less, and 45 percent have expenditures of \$250,000 or less.
- The 191 organizations with assets exceeding \$10 million account for approximately 95 percent of total assets and the 164 organizations with expenditures over \$10 million account for approximately 92 percent of total expenditures.
- Eight organizations—seven hospitals and a community clinic—have assets over \$500 million, accounting for approximately 22 percent of total health services assets.
- Six organizations, all hospitals, have expenditures of over \$500 million, accounting for approximately 40 percent of total health services expenditures.

### Human Services Organizations

**EXHIBIT 13**  
**Florida Human Services, Distribution of Assets and Expenditures, 1999**

Assets				
Asset Category	Number	Cumulative Percentage	Amount (000)	Cumulative Percentage
\$0–50,000	547	23.8%	\$9,874	0.2%
\$50,001–250,000	646	51.9	120,288	2.6
\$250,001–1,000,000	357	67.4	221,506	7.0
\$1,000,001–5,000,000	554	91.6	1,343,937	33.8
\$5,000,001–10,000,000	97	95.8	689,039	47.6
\$10,000,001–25,000,000	65	98.6	1,094,478	69.4
\$25,000,001+	32	100.0	1,532,138	100.0
TOTAL	2,298	100.0%	\$5,011,260	100.0%

Expenditures				
Expenditure Category	Number	Cumulative Percentage	Amount (000)	Cumulative Percentage
\$0–50,000	404	17.6%	\$11,299	0.2%
\$50,001–250,000	704	48.2	87,876	3.0
\$250,001–1,000,000	640	76.1	338,232	13.2
\$1,000,001–5,000,000	401	93.5	882,007	39.8
\$5,000,001–10,000,000	69	96.5	518,443	55.5
\$10,000,001–25,000,000	66	99.4	863,594	81.5
\$25,000,001+	14	100.0	611,669	100.0
TOTAL	2,298	100.0%	\$3,313,120	100.0%

NOTE: The reporting year was 1999, but most organizations used financial data for the years 1996 to 1998.

SOURCE: National Center for Charitable Statistics, Washington, D.C. Calculations by Public Sector Consultants, Inc.

- Human services organizations provide a wide range of social support—for example, individual and family social services, job training and vocational rehabilitation, childcare, and residential care.
- This sector involves such large, well-known agencies as Daily Bread Food Bank, Miami Jewish Home and Hospital for the Aged, Goodwill Industries, and Big Brothers and Big Sisters.
- According to the National Center for Charitable Statistics, 2,298 human services organizations with gross receipts of \$25,000 or more qualified as public charities in Florida in 1999.
- These organizations reported assets of \$5 billion, more than 10 percent of the total reported assets of all public charities, and expenditures of \$3.3 billion, approximately 13 percent of all public charity expenditures.
- Approximately 52 percent of the organizations have assets of \$250,000 or less, and approximately 48 percent have expenditures of \$250,000 or less.
- The 194 organizations with assets exceeding \$5 million account for approximately 66 percent of the subsector's total assets, and the 149 organizations with expenditures over \$5 million account for approximately 60 percent of total public charity expenditures.
- Ten Florida human services organizations list assets of over \$50 million: the three largest are Miami Jewish Home and Hospital for the Aged, Presbyterian Retirement Communities and Christian and Missionary Alliance Foundation.
- Three organizations report expenditures over \$50 million: Miami Jewish Home and Hospital for the Aged, Eckerd Family Youth Alternatives, and Food for the Poor.

## Educational Organizations

**EXHIBIT 14**  
**Florida Education Organizations,**  
**Distribution of Assets and Expenditures, 1999**

Assets				
Asset Category	Number	Cumulative Percentage	Amount (000)	Cumulative Percentage
\$0–50,000	664	49.0%	\$10,065	0.1%
\$50,001–250,000	270	68.9	34,130	0.6
\$250,001–1,000,000	168	81.3	85,643	1.8
\$1,000,001–5,000,000	131	90.9	302,191	6.1
\$5,000,001–10,000,000	41	94.0	300,507	10.3
\$10,000,001–25,000,000	40	96.9	605,982	18.9
\$25,000,001+	42	100.0	5,755,360	100.0
TOTAL	1,356	100.0%	\$7,093,878	100.0%

Expenditures				
Expenditure Category	Number	Cumulative Percentage	Amount (000)	Cumulative Percentage
\$0–50,000	602	44.4%	\$14,235	0.5%
\$50,001–250,000	330	68.7	37,790	1.7
\$250,001–1,000,000	221	85.0	117,007	5.6
\$1,000,001–5,000,000	129	0.0	315,697	16.0
\$5,000,001–10,000,000	31	0.0	215,364	23.1
\$10,000,001–25,000,000	23	0.0	329,053	34.0
\$25,000,001+	20	0.0	1,996,096	100.0
TOTAL	1,356	100.0%	\$3,025,240	100.0%

NOTE: The reporting year was 1999, but most organizations used financial data for the years 1996 to 1998.

SOURCE: National Center for Charitable Statistics, Washington, D.C. Calculations by Public Sector Consultants, Inc.

- The education subsector includes private colleges and universities, private primary and secondary schools, parent-teacher organizations, and other education groups.
- Florida organizations in this subsector include the University of Miami, Nova Southeastern University, Stetson University, and Rollins College.
- According to the National Center for Charitable Statistics, there are 1,356 educational organizations with gross receipts over \$25,000. This represents the third largest subsector in Florida's public charities sector.
- This subsector maintains assets of \$7.1 billion and accounts for 15 percent of the assets of all public charities.
- Education revenues and expenditures account for approximately 13 percent and 12 percent, respectively, of the total revenue and expenditures for all public charities.

- Sixty nine percent of organizations in this subsector have assets of less than \$250,000, accounting for only 0.6 percent of total assets in this category.
- Conversely, 42 organizations have assets exceeding \$25 million and account for 81 percent of all assets in this subsector.
- The 365 parent-teacher groups comprise more than half of the organizations with less than \$50,000, and retain total assets of \$4.7 million.
- Colleges and universities, in conjunction with vocational and trade schools, constitute 79 of the 1,356 organizations in this category (approximately 6 percent) but claim over 50 percent of the total assets (\$3.6 billion) of the subsector. Colleges and universities also account for approximately 64 percent of all expenditures and 60 percent of all revenues in the education subsector.

### Arts and Humanities Organizations

**EXHIBIT 15**  
**Florida Arts and Humanities Organizations,**  
**Distribution of Assets and Expenditures, 1999**

Assets				
Asset Category	Number	Cumulative Percentage	Amount (000)	Cumulative Percentage
\$0–50,000	343	37.5%	\$ 6,365	0.5%
\$50,001–250,000	259	65.8	32,644	2.9
\$250,001–1,000,000	151	82.3	80,509	8.9
\$1,000,001–5,000,000	104	93.7	216,565	24.9
\$5,000,001–10,000,000	31	97.0	218,565	41.1
\$10,000,001–25,000,000	18	99.0	268,189	60.9
\$25,000,001+	9	100.0	527,406	100.0
TOTAL	915	100.0%	\$1,350,243	100.0%

Expenditures				
Expenditure Category	Number	Cumulative Percentage	Amount (000)	Cumulative Percentage
\$0–50,000	111	12.1%	\$1,259	0.2%
\$50,001–250,000	530	70.1	47,275	7.9
\$250,001–1,000,000	174	89.1	83,001	21.5
\$1,000,001–5,000,000	78	97.6	179,461	50.8
\$5,000,001–10,000,000	16	99.3	115,166	69.7
\$10,000,001–25,000,000	3	99.7	36,671	75.7
\$25,000,001+	3	100.0	148,877	100.0
TOTAL	915	100.0%	\$611,710	100.0%

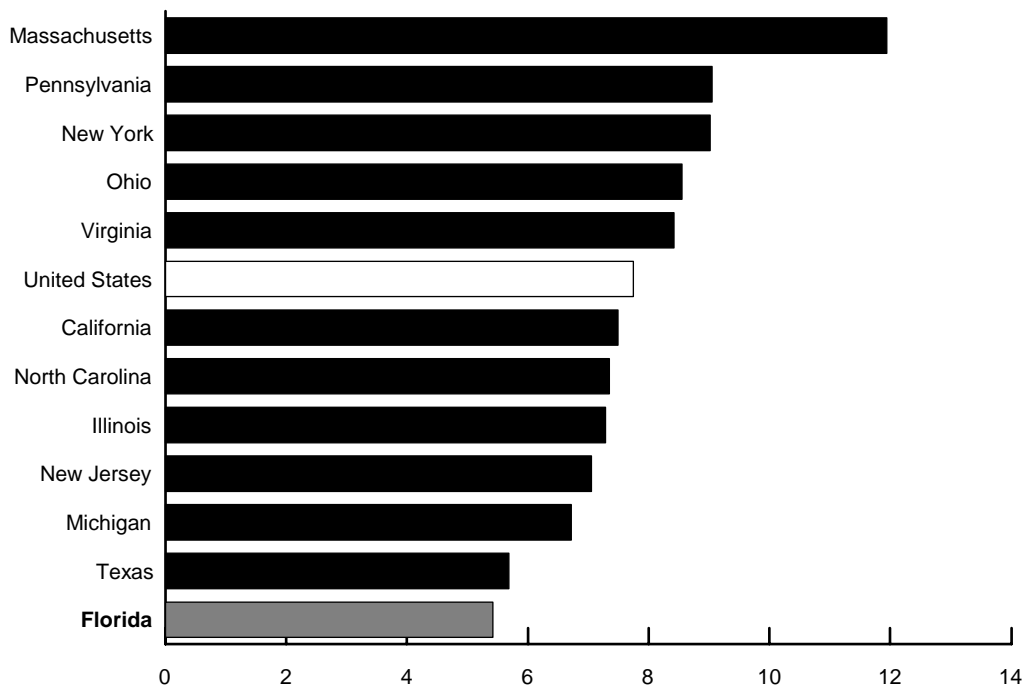
NOTE: The reporting year was 1999, but most organizations used financial data for the years 1996 to 1998.

SOURCE: National Center for Charitable Statistics, Washington, D.C. Calculations by Public Sector Consultants, Inc.

- The arts and humanities subsector consists of three major components:
  - Radio and television broadcasting
  - Orchestras and theaters
  - Museums, botanical gardens, and zoological gardens
- Prominent organizations in this subsector include the Florida Philharmonic Orchestra, the Ringling Museum of Art, and the Miami City Ballet.
- According to the National Center for Charitable Statistics there were 915 arts and humanities organizations, with gross receipts over \$25,000, classified as public charities in Florida in 1999.
- The majority of these organizations are quite small.
- In terms of assets, arts and humanities organizations account for only 2.9 percent of all public charities.
- Approximately two-thirds of the 915 arts public charities have assets of \$250,000 or less, accounting for only 2.9 percent of the total assets in this category.
- There are only 27 organizations with assets of \$10 million or more, but they account for nearly 60 percent of all the arts and humanities assets (\$796 million).
- The largest nonprofit in this category accounted for only 7 percent of total assets.
- Measured by annual expenditures, the subsector is even smaller (\$612 million), accounting for only 2.4 percent of all public charity expenditures.
- Only 22 organizations generated expenditures of \$5 million or more for the year.
- Six organizations have expenditures of \$10 million or more, accounting for approximately 30 percent of the monies expended by the subsector.

## 6. COMPARISONS WITH OTHER STATES

**EXHIBIT 16**  
**Number of Reporting Public Charities per 10,000 Population, 1998**

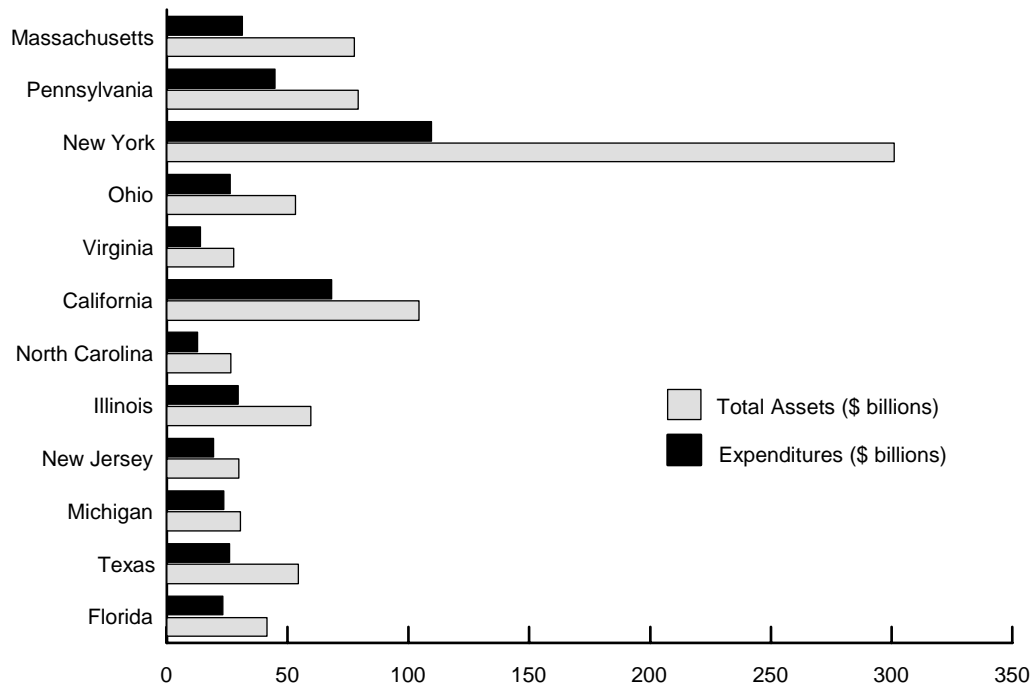


SOURCE: National Center for Charitable Statistics, Washington, D.C. Calculations by Public Sector Consultants, Inc.

- The only state comparison data available are for 1992 and 1998, and include only data for public charities.
- The National Center for Charitable Statistics database covered 228,000 public charities nationwide in 1998, approximately 18 percent of all tax-exempt organizations registered with the IRS (excluding churches).
- With 9,103 reporting public charities, Florida ranked seventh among the fifty states and first among southeastern states in terms of the total number of reporting charities.
- A more accurate indicator of the relative size of the nonprofit sector is the number of nonprofit organizations per 10,000 people. On this basis, Florida—at 5.42—is well below the U.S. average of 7.75.
- In general, southeastern states rank low in the number of reporting public charities when the data are adjusted for population.
  - The highest-ranking southeastern state is North Carolina, which ranks 33rd.
  - There are seven southeastern states among the bottom ten.
- The number of reporting public charities in Florida increased 46.9 percent from 1992 to 1998 (nationwide, the increase was 37.5 percent).

- There was little variation among states in the distribution of public charities. Florida has a slightly above-average number of health services organizations and a slightly below-average number of educational organizations.

**EXHIBIT 17**  
**Assets and Expenditures of Public Charities, 1998**



SOURCE: National Center for Charitable Statistics, Washington, D.C. Calculations by Public Sector Consultants, Inc.

- In 1998 (latest data available for all states) Florida’s reporting public charities had expenses of \$23.3 billion and assets of \$41.6 billion, 3.6 percent and 3.1 percent of the U.S. total respectively.
- Among the southeastern states, Florida ranked first in both total expenditures and total assets.

## 7. PUBLIC CHARITY DATA BY COUNTY

## EXHIBIT 18

Florida Public Charities, Number, Expenditures, Assets,  
and Economic Effects (Direct, Indirect, and Induced) by County, Circa 1998

County	Number of Organizations	Assets (000)	Assets per Organization (000)	Expenditures (000)	Expenditures per Organization (000)	Employment	Income (000)
Alachua	236	\$2,056,600	\$8,714	\$1,603,400	\$6,794	48,427	\$1,267,247
Baker	3	18,700	6,233	7,600	2,533	230	6,007
Bay	61	55,000	902	43,800	718	1,323	34,617
Bradford	5	1,000	200	1,300	260	39	1,027
Brevard	238	932,400	3,918	848,000	3,563	25,612	670,217
Broward	705	2,139,000	3,034	1,835,500	2,604	55,437	1,450,688
Calhoun	5	1,700	340	1,300	260	39	1,027
Charlotte	82	109,000	1,329	96,100	1,172	2,902	75,953
Citrus	47	113,000	2,404	80,700	1,717	2,437	63,781
Clay	42	43,300	1,031	23,100	550	698	18,257
Collier	160	616,600	3,854	377,500	2,359	11,402	298,357
Columbia	24	9,500	396	12,700	529	384	10,037
Dade	1,137	5,581,300	4,909	4,185,700	3,681	126,419	3,308,169
De Soto	6	18,900	3,150	25,300	4,217	764	19,996
Dixie	1	—	—	100	100	3	79
Duval	498	3,403,900	6,835	2,090,500	4,198	63,139	1,652,227
Escambia	209	822,200	3,934	723,000	3,459	21,837	571,423
Flagler	15	3,100	207	2,400	160	72	1,897
Franklin	5	500	100	800	160	24	632
Gadsden	22	13,000	591	8,600	391	260	6,797
Gilchrist	8	5,600	700	4,500	563	136	3,557
Glades	1	100	100	—	—	—	—
Gulf	5	1,800	360	1,900	380	57	1,502
Hamilton	4	3,000	750	3,000	750	91	2,371
Hardee	8	1,400	175	2,900	363	88	2,292
Hendry	10	3,600	360	4,300	430	130	3,399
Hernando	31	65,300	2,106	67,600	2,181	2,042	53,428
Highlands	55	43,800	796	29,700	540	897	23,473
Hillsborough	604	11,805,000	19,545	2,669,300	4,419	80,620	2,109,682
Holmes	6	4,500	750	6,000	1,000	181	4,742
Indian River	98	269,900	2,754	244,700	2,497	7,391	193,399
Jackson	15	11,200	747	7,400	493	223	5,849
Jefferson	6	2,000	333	1,900	317	57	1,502
Lafayette	3	300	100	200	67	6	158
Lake	100	657,500	6,575	321,100	3,211	9,698	253,781
Lee	270	426,400	1,579	203,900	755	6,158	161,152
Leon	333	970,400	2,914	587,900	1,765	17,756	464,647
Levy	15	5,300	353	8,000	533	242	6,323
Liberty	1	100	100	300	300	9	237
Madison	10	3,000	300	7,500	750	227	5,928
Manatee	163	194,700	1,194	105,900	650	3,198	83,698
Marion	95	290,700	3,060	226,100	2,380	6,829	178,698
Martin	105	271,800	2,589	224,800	2,141	6,790	177,671
Monroe	100	127,700	1,277	103,200	1,032	3,117	81,564
Nassau	26	6,700	258	6,600	254	199	5,216
Okaloosa	90	224,700	2,497	62,900	699	1,900	49,713
Okeechobee	15	3,100	207	2,800	187	85	2,213
Orange	601	5,206,200	8,663	2,841,000	4,727	85,806	2,245,385
Osceola	45	80,800	1,796	30,900	687	933	24,422
Palm Beach	745	3,245,900	4,357	1,562,900	2,098	47,204	1,235,238

Exhibit continues on next page



County	Number of Organizations	Assets (000)	Assets per Organization (000)	Expenditures (000)	Expenditures per Organization (000)	Employment	Income (000)
Pasco	95	\$109,500	\$1,153	\$126,300	\$1,329	3,815	\$99,821
Pinellas	471	1,980,300	4,204	1,309,300	2,780	39,544	1,034,805
Polk	262	1,150,300	4,390	695,400	2,654	21,003	549,609
Putnam	30	25,400	847	15,900	530	480	12,567
Santa Rosa	155	76,500	494	69,900	451	2,111	55,245
Sarasota	96	421,800	4,394	126,400	1,317	3,818	99,900
Seminole	68	71,700	1,054	55,800	821	1,685	44,102
St. Johns	36	17,300	481	7,900	219	239	6,244
St. Lucie	305	908,900	2,980	576,500	1,890	17,412	455,637
Sumter	8	2,700	338	5,000	625	151	3,952
Suwannee	6	32,300	5,383	11,700	1,950	353	9,247
Taylor	4	6,900	1,725	16,600	4,150	501	13,120
Union	2	700	350	500	250	15	395
Volusia	223	1,017,100	4,561	606,300	2,719	18,312	479,189
Wakulla	6	1,200	200	1,300	217	39	1,027
Walton	15	3,400	227	4,900	327	148	3,873
Washington	8	13,800	1,725	19,100	2,388	577	15,096
NO COUNTY	244	1,047,500	4,293	614,900	2,520	18,572	485,986
STATE	9,103	\$46,758,700	\$5,137	\$25,570,300	\$2,809	772,291	\$20,209,490

Source: U.S. Internal Revenue Service Form 990 Return Transaction File, 1999, as adjusted by the National Center for Charitable Statistics and Public Sector Consultants, Inc.

- County data are available for 9,103 public charities that are required to file a Form 990 return with the IRS.
- The five counties with the largest number of public charities are Dade (1,137), Palm Beach (745), Broward (705), Hillsborough (604), and Orange (601).
- These five counties account for nearly 42 percent of the public charities in the state.
- On the basis of assets:
  - Hillsborough County ranks first, with \$11.8 billion.
  - Dade County ranks second, with \$5.6 billion.
  - The five counties with the largest number of public charities account for almost 60 percent of the total assets of public charities in the state.
- On the basis of expenditures:
  - Dade County ranks first, with \$4.2 billion.
  - Orange County ranks second, with \$2.8 billion.
  - Hillsborough County ranks third, with \$2.7 billion.
  - These counties account for approximately 38 percent of total expenditures for public charities.



## **Private Foundations**

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**EXHIBIT 19**  
**Top Ten Florida Private Foundations, Assets and Income**

<b>Assets</b>	
John S. and James L. Knight Foundation	\$1,247,860,819
Jessie Ball duPont Fund	229,497,262
Publix Super Markets Charities	217,957,599
Arison Foundation	201,406,493
Arthur Vining Davis Foundation	157,721,157
Harbor Branch Oceanographic Institution	153,036,050
Fundacion Carvajal	143,198,563
Carl Shapiro Foundation	123,911,186
Abramson Family Foundation	116,406,593
Koch Foundation	116,334,666
<b>Income</b>	
John S. and James L. Knight Foundation	\$133,091,866
Arison Foundation	91,814,772
Carl Shapiro Foundation	90,211,378
Publix Super Markets Charities	72,142,689
Harbor Branch Oceanographic Institution	58,243,408
Jessie Ball duPont Fund	55,772,703
Peacock Foundation	27,116,797
Forrest C. Lattner Foundation	23,591,373
Charles Hosmer Morse Foundation	21,639,379
Paul and Phyllis Fireman Charitable Foundation	21,427,767

SOURCES: National Center for Charitable Statistics and Public Sector Consultants, Inc.

- The IRS Business Master File for 1999 lists 3,960 private foundations in Florida.
- Of these organizations, 816 list no assets and 1,420 list assets of less than \$25,000. This suggests that many organizations contained in the master file are no longer active.
- Most private foundations listed for Florida are of the non-operating type. This means that they provide grants to other individuals and organizations to conduct programs or provide services as defined under section 501(c)(3) of the tax code.
- Private foundations are divided into two categories: independent foundations and company-sponsored foundations.
- According to the IRS master file, approximately 3 percent of Florida private foundations are of the operating type. They devote most of their earnings and assets to directly supporting their own tax-exempt endeavors—for example, operating a museum or conducting research—rather than making grants to other organizations.

- Private foundations operate significantly differently from public charities. In general, private foundations
  - hire fewer people,
  - commit a smaller portion of their income to operating expenses, and
  - use fewer sources of financial support to fund their activities.

**EXHIBIT 20**  
**Private Foundations, Florida, Distribution of Assets and Income, 1999**

Assets				
Asset Category	Number	Cumulative Percentage	Amount (000)	Cumulative Percentage
\$0–50,000	1,615	40.8%	\$9,588	0.1%
\$50,001–250,000	678	57.9	92,724	1.2
\$250,001–1,000,000	806	78.3	441,490	6.2
\$1,000,001–5,000,000	606	93.6	1,292,466	21.0
\$5,000,001–10,000,000	127	96.8	856,069	30.8
\$10,000,001–20,000,000	60	98.3	844,303	61.5
\$20,000,001–50,000,000	41	99.3	1,334,349	55.7
\$50,000,001–100,000,000	14	99.7	940,749	66.5
\$100,000,001–500,000,000	12	100.0	1,681,519	85.7
\$500,000,001+	1	100.0	1,247,861	100.0
<b>TOTAL</b>	<b>3,960</b>	<b>100.0%</b>	<b>\$8,741,118</b>	<b>100.0%</b>

Income				
Income Category	Number	Cumulative Percentage	Amount (000)	Cumulative Percentage
\$0–50,000	2,403	60.7%	\$22,563	1.3%
\$50,001–250,000	855	82.3	102,471	6.9
\$250,001–1,000,000	444	93.5	217,786	19.0
\$1,000,001–5,000,000	192	98.3	408,055	41.6
\$5,000,001–10,000,000	45	99.5	304,041	58.5
\$10,000,001–20,000,000	10	99.7	129,086	65.6
\$20,000,001–50,000,000	5	99.8	118,617	72.2
\$50,000,001–100,000,000	5	100.0	368,185	92.6
\$100,000,001–500,000,000	1	100.0	133,092	100.0
\$500,000,001+	—	100.0	—	100.0
<b>TOTAL</b>	<b>3,960</b>	<b>100.0%</b>	<b>\$1,803,896</b>	<b>100.0%</b>

NOTE: The reporting year was 1999, but most organizations used financial data for the years 1996 to 1998.  
SOURCES: National Center for Charitable Statistics and Public Sector Consultants, Inc.

- Florida's 50 largest private foundations reported assets of \$4.7 billion (almost 55 percent of the total assets of private foundations) and income of almost \$1 billion (almost 56 percent of the income of all private foundations).
- The John S. and James L. Knight Foundation accounts for approximately 14 percent of all reported assets and income.
- Approximately 78 percent of all private foundations reported assets of less than \$1 million, accounting for only about 6.2 percent of total assets. Approximately 94 percent of the private foundations reported income of less than \$1 million.
- In 1999 Florida's private foundations received approximately \$1.8 billion of income from primarily two sources: investment income (52.3 percent) and individual/business contributions (44.3 percent).





# **Noncharitable Nonprofit Organizations**



- Noncharitable nonprofit organizations pursue activities that primarily benefit their own members.
- Most noncharitable nonprofit organizations are classified under section 501(c)(4) of the tax code.
- The 1999 Business Master File for Florida lists 16,499 noncharitable nonprofit organizations.
- Only 4,793 of these organizations reported income and assets.
- The reported income amounted to \$4.2 billion and the reported assets totaled \$6.8 billion.
- These assets are irregularly distributed, as there are only 61 organizations with assets over \$25 million, which account for 43 percent of all assets.



# **Impact of the Nonprofit Sector on Florida**

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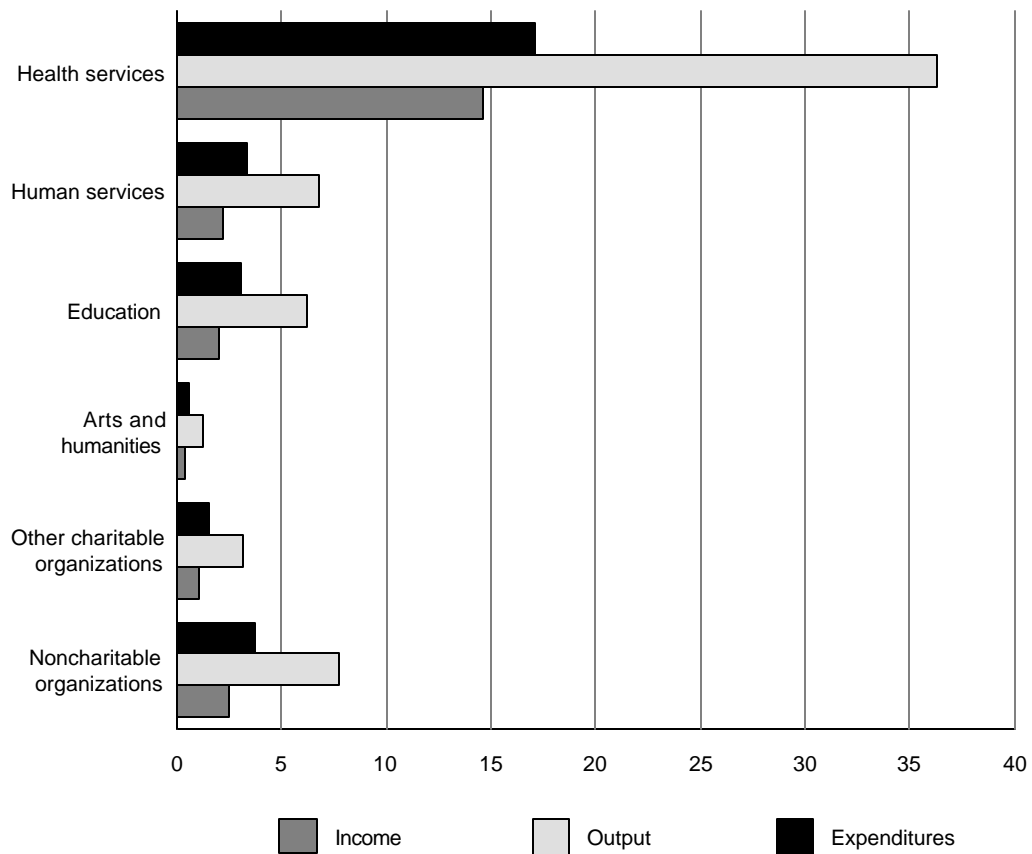
## 1. ECONOMIC EFFECTS OF FLORIDA NONPROFITS

- In addition to direct employment and income, the nonprofit sector generates other economic activity known as *indirect* and *induced* effects.
  - *Indirect effects* are the result of purchases by the nonprofit sector from other sectors of the economy—for example, transportation, communications, and utilities services—that generate income and employment in these other sectors.
  - *Induced effects* are the result of nonprofit employees spending their income on goods and services provided by businesses other than their employer, such as grocery stores and dry cleaners.
- The purpose of the estimates presented here is to compare the size of the nonprofit sector to other economic sectors, not just to estimate the economic activity generated by dollars the nonprofit sector attracts from outside Florida.
- The base economic activity in a state is generated largely by manufacturing; mining; regional financial services; agriculture; and tourism. The multiplier effects of these sectors generate additional economic activity in the services; retail trade; finance; transportation, communications and utilities; and government sectors.
- The nonprofit sector is not a base sector; it exists to serve people who have been attracted by base-industry jobs and the spin-off jobs they create.
- Nonprofits create base activity only when they attract monies from out of state, usually in the form of federal or out-of-state foundation grants.
  - This means that if the nonprofit sector disappeared and government or the private sector did not pick up its activities, some of its jobs would not be replaced, and overall state employment would be negatively affected.
  - Some additional jobs, however, would be created in other sectors, as contributions to the nonprofit sector would be diverted to other purposes, such as increased consumer spending or increased business investment.
- Developing estimates of the economic effects of the nonprofit sector involved three steps.
  - 1) Public Sector Consultants developed estimates of the direct expenditures for charitable and noncharitable organizations.
    - Private foundations were excluded because many of their expenditures are in the form of grants to public charities, which would result in double counting if they were included.
    - The estimates for public charities were available from IRS data.
    - An estimate for Florida noncharitable nonprofit expenditures was developed using national data.
    - This estimate indicates that revenue exceeds expenditures by approximately 9 percent. Based on this assumption, Florida's noncharitable nonprofit organizations expend approximately \$3.77 billion annually.
    - Total nonprofit expenditures were estimated at \$29.3 billion annually with 87.1 percent of spending in the charitable sector and 12.9 percent in the noncharitable sector.

- 2) An estimate of the percentage of total nonprofit expenditures in Florida (as opposed to out-of-state) was developed from the Public Sector Consultants nonprofit survey.
  - Nonprofit organizations were asked to estimate the percentage of their expenditures, excluding wages and salaries, spent on the purchase of goods and services from Florida firms.
  - The weighted mean response for nonprofits that answered the question was 97.4 percent.
  - While the reliability of the estimate is open to question, this remains the only information available.
  - Approximately 62 percent of the organizations reported that 100 percent of their expenditures were in Florida.
  - The overall effect of out-of-state spending on the analysis is therefore minimal and we made no adjustment for expenditures outside Florida.
- 3) The expenditure estimates for the various categories were entered into the RIMS II model.
  - For every dollar spent by nonprofit organizations, \$2.89 of economic activity and 79 cents of personal income are generated statewide.
  - For every \$1 million in nonprofit expenditures, 30.4 jobs are created. Put another way, for every job in Florida's nonprofit sector, an additional .837 jobs are created.
  - On the basis of estimates generated that take into account direct, indirect, and induced economic effects, the model calculates that the nonprofit sector generates total economic activity (output) of \$61.6 billion, total personal income of \$22.7 billion, and spawns employment for 786,896 persons.



**EXHIBIT 21**  
**Nonprofit Economic Activity by Sector (\$ billions)**



SOURCE: Public Sector Consultants, Inc.

- The economic effects of the various types of nonprofit organizations were not calculated directly for this report, but these effects can be estimated on the basis of expenditures in each category.
  - The health services sector produces over half the output, income, and employment in the charitable sector.
  - Noncharitable organizations, charitable human services organizations, educational organizations, and other public charities also produce a significant level of economic activity.

**EXHIBIT 22**  
**Calculation of Economic Activity Generated by Florida Nonprofit Sector**  
**(Multiplier Effects), 1999**

Industry	Output Total	Income Total	Employment Total (Final Demand)	Employment Total (Direct Effect)
Farm and agricultural services	0.0113	0.0040	0.260	NA
Mining	0.0009	0.0002	0.006	NA
Construction	0.0388	0.0138	0.550	NA
Durable Goods	0.0338	0.0089	0.260	NA
Nondurable goods	0.0791	0.0162	0.532	NA
Transportation and public utilities	0.1150	0.0281	0.785	NA
Wholesale trade	0.0586	0.0200	0.559	NA
Retail trade	0.0912	0.0342	2.024	NA
Finance, insurance, and real estate	0.2970	0.0379	1.375	NA
Services	1.3786	0.6270	23.874	NA
<b>TOTAL</b>	<b>2.8963</b>	<b>0.7918</b>	<b>30.379</b>	<b>1.837</b>

Industry	Direct, Indirect, and Induced Output (000)		Direct, Indirect, and Induced Income (000)		Direct, Indirect, and Induced Employment (000)	
	Charitable	Noncharitable	Charitable	Noncharitable	Charitable	Noncharitable
Farm and agricultural services	\$289,824	\$39,962	\$101,439	\$13,949	6,638	NA
Mining	23,013	3,393	5,114	754	149	NA
Construction	992,880	242,788	354,234	86,710	14,063	NA
Durable Goods	865,142	126,295	227,598	31,291	6,651	NA
Nondurable goods	2,023,418	303,108	413,337	65,975	13,600	NA
Transportation/public utilities	2,940,715	420,732	719,421	101,790	20,085	NA
Wholesale trade	1,498,399	223,184	512,249	76,531	14,303	NA
Retail trade	2,332,328	312,156	875,475	117,247	51,756	NA
Finance, insurance, and real estate	7,593,672	1,105,741	969,160	138,359	35,164	NA
Services	35,251,452	5,005,052	16,031,462	1,874,821	610,511	NA
<b>TOTAL</b>	<b>\$53,810,844</b>	<b>\$7,782,411</b>	<b>\$20,209,490</b>	<b>\$2,507,427</b>	<b>772,921</b>	<b>13,975</b>

NOTE: Output, income, and employment totals (multipliers) are weighted average of multipliers for health services and other services.

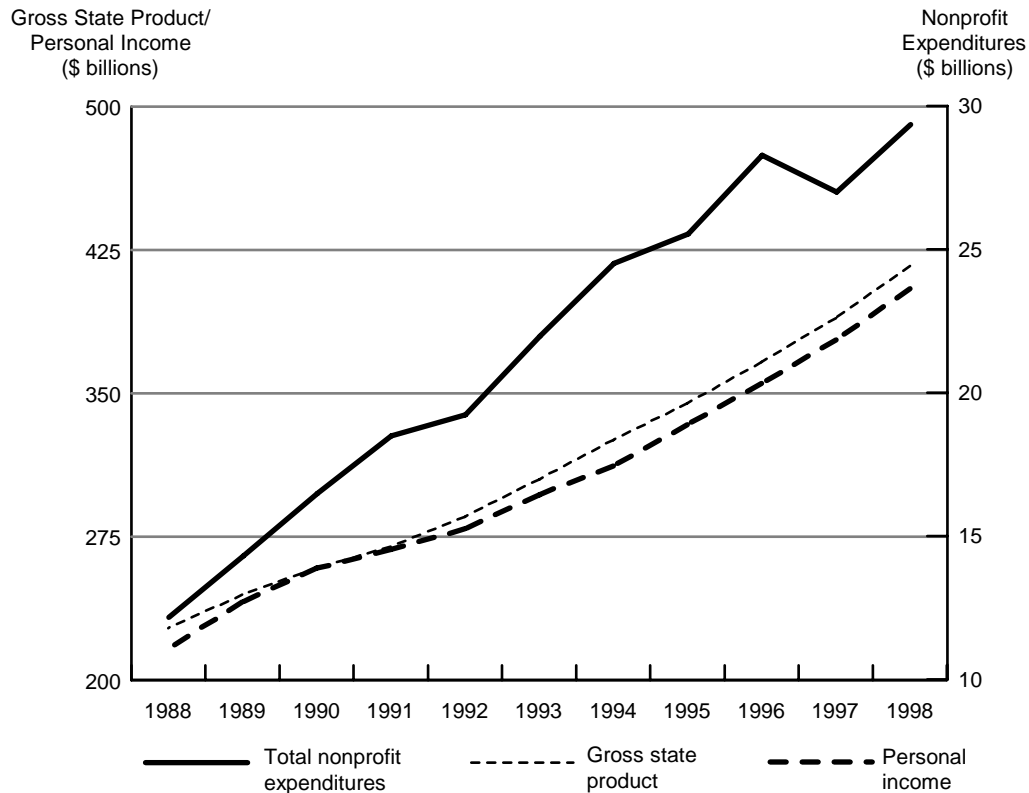
NA = Not available.

SOURCE: Public Sector Consultants, Inc. and RIMS II model.

- The economic activity generated by nonprofit organizations is concentrated in five major economic sectors: nondurable goods; transportation/public utilities; retail trade; finance, insurance, and real estate; and services.
- The services sector accounts for the largest share of economic activity with 65 percent of the output, 79 percent of the income and 85 percent of the total employment.

## 2. GROWTH OF THE NONPROFIT SECTOR

**EXHIBIT 23\***  
**Florida Growth Rates: Nonprofit Expenditures,  
 Gross State Product, Personal Income, 1988–1998**



\* This exhibit also appears in the Overview section of this report as Exhibit 3.

SOURCES: Bureau of Economic Analysis, U.S. Department of Commerce; IRS Statistics of Income files; and Public Sector Consultants, Inc.

- Historical data for Florida nonprofit organizations are limited.
- The data that Public Sector Consultants was able to collect show that nonprofit sector growth has been increasing.
- The number of public charities reporting financial data increased by approximately 47 percent from 1992 to 1998.
- Nonprofit employment in Florida increased 10.9 percent from 1992 to 1997, according to the Census Bureau's Census of Service Industries.
- According to IRS estimates, the expenditures of Florida public charities increased 141.4 percent from 1988 to 1998, while the expenditures of private foundations increased 137 percent.

- According to the Bureau of Economic Analysis, over the same period Florida's personal income increased 87 percent and Florida's gross state product grew 83 percent.
- It is possible to make an estimate of the increase in the nonprofit share of both personal income and wage and salary employment.
  - Assuming that employment and personal income increased at the same rate as expenditures from 1988 to 1998 (and that noncharitable expenditures increased at the same rate as the combined expenditures of public charities and private foundations), it is possible to produce expenditure and income estimates for 1988 and subsequent years.
  - On the basis of these estimates, we calculate that nonprofit income (direct, indirect, and induced) increased from 4.3 percent of Florida personal income in 1988 to approximately 5.7 percent in 1998, and the employment (direct, indirect and induced) generated by nonprofits increased at a much faster rate than total employment.
  - While these are rough estimates and could be overstated, they provide evidence that the nonprofit sector in Florida has been growing faster than the overall economy.

### 3. NONMEASURABLE EFFECTS OF FLORIDA'S NONPROFIT SECTOR

- In addition to the employment and income effects discussed in this report, Florida's nonprofit sector plays a critical role in the overall health and vitality of the state.
  - Much of this role is not directly measurable, given existing data and methodologies.
  - In the long run, however, these nonmeasurable effects may be as important as directly measured interactions.

For the purposes of this report, we group the nonmeasurable economic effects into three general categories: (1) improving the state's workforce, (2) providing needed services, and (3) assisting the poor.

#### ■ **Improving the workforce**

- The nonprofit sector plays an important role in creating an educated and skilled workforce.
- The nonprofit sector has a significant impact on education.
  - Many of the state's nonprofit groups are involved in early childhood and adult education.
  - Nonprofit groups also support programs and funding for libraries, college scholarship funds, university research foundations, preschool education, and foundations that support secondary and elementary schools.
  - These efforts increase student achievement and worker productivity.
- Many nonprofits also provide an opportunity for young adults to build the skills and habits necessary to be successful workers.
  - A 1996 Independent Sector survey of teenagers reveals the importance of the habits learned by volunteering for a nonprofit organization.
  - Forty-seven percent of the respondents reported that at the nonprofit organization they had learned new skills that would apply to future employment.

- A large number agreed that working with the nonprofit organizations increased their stock of the intangibles that are necessary for successful employment. For example, 57 percent reported improving their ability to get along with others, while 67 percent reported an increase in respect for others.
- The nonprofit sector makes important contributions to the quality of the state workforce in the areas of health and safety. Florida's social services nonprofit sector concentrates on:
  - Preventing disease
  - Promoting healthier lifestyles
  - Providing recreation activities
  - Reducing drug and alcohol abuse

These activities contribute to a healthier workforce with lower absenteeism and higher productivity.

- Many of Florida's nonprofits hire underemployed or unemployed workers. For example, Goodwill Industries provides employment for workers who have had trouble directly entering the labor market. Workers are able to use the job training they receive at a nonprofit organization as a building block to entering the private sector workforce.

#### ■ Providing needed services

- Florida's nonprofit organizations provide goods and services that increase the general welfare of society. These goods are often given to individuals who would be unable to pay for the market value of the provided services.
- The nonprofit sector can at times provide needed services more efficiently than state or local governments.
- Nonprofits are also responsible for flexible and innovative approaches to social problems.
- Nonprofit cultural and educational institutions play a major role in defining the character of a community. The support provided to these activities is often an important index of community spirit.
- In addition to the usual considerations—taxes, relative wage rates, and transportation costs—the strength of a region's cultural and educational institutions is an important determinant in business location decisions. A strong, local nonprofit sector can attract and retain business.

#### ■ Assisting the poor

- Nonprofit organizations traditionally act to soften rising inequality of national wealth distribution.
- Through voluntary contributions, organizations such as the United Way redistribute income from the better-off to the needy.
- This voluntary redistribution of income occurs across geographical areas. Many of Florida's nonprofit institutions are located in the state's major urban areas; 42 percent of all public charities and 60 percent of assets held by these organizations are located in the five most populous counties.



## **APPENDIX A: Stimulating the Economy: Multiplier Effects**

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The benefits of an industry—specifically jobs and income—on a specific geographical region are not limited to those working in that industry; additional employment and earnings are stimulated by the employees spending their earnings and by purchases made by the industry from other industries and services. Spending on goods and services by those employed in the expanding industry and by those employed in industries stimulated by the expanding industry will enhance the economy. Businesses will increase their production and employment to meet demand, which in turn will create more jobs and income. The degree to which output, employment, and earnings expand as the result of the existence or expansion of a given industry commonly is referred to as the multiplier effect.

The U.S. Bureau of Economic Analysis has developed an input-output database model of each state and county in the United States, known as RIMS II. This model is used to derive output, personal income, and employment multipliers for various sectors of the state, regional, or local economies. The multipliers estimate the change in an industry's output, personal income (wage and sole-proprietor earnings), and employment, all based on changes in final demand, or the ultimate consumer's purchases of goods and services. For example, an output multiplier of 1.5 implies that a dollar increase in personal income for a given industry will result in an additional \$1.50 in demand for final goods and services throughout the economy.

The RIMS II model was specifically designed to measure the effects of the expansion of an industry and to estimate the overall contribution to the economy of a given industry. The model includes multipliers that determine the various types of economic effects: direct effects are the additional jobs and income created within the industry being analyzed, in this case, the non-profit sector; indirect effects are the jobs and income created when the industry buys more goods and services from other industries (or input suppliers); finally, induced effects surface in other sectors of the economy, such as retail trade and services, as a result of the expenditure of income earned by the original industry employees and by employees of input suppliers. RIMS II calculates the direct, indirect, and induced effects of an existing or expanding industry with regard to output, income, and employment in a state or region. The result is a summary of the total economic benefits that are provided by an existing industry or may be expected when the economy is stimulated by increased economic activity in any particular sector.





# APPENDIX B:

## Technical Appendix:

### Data Sources and Limitations

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The data used in this report are based on information from five primary sources:

- Internal Revenue Service (IRS)
- National Center for Charitable Statistics (NCCS)
- Florida Agency of Workforce Innovation (FAWI)
- 1997 Census of Service Industries (U.S. Bureau of the Census)
- Statistics from a survey of Florida nonprofit organizations conducted by Public Sector Consultants

To the greatest extent possible, the report focuses on research from 1999. This section explains these data sources in greater detail and discusses the limitations attributable to the data.

#### INTERNAL REVENUE SERVICE

The IRS is the primary source of data on tax-exempt organizations. Using the returns filed by tax-exempt organizations, the IRS produces databases known as the Business Master File for Exempt Organizations and the IRS Return Transactions file. The former data file (the one used in this study) is derived from IRS records of organizations that file an annual information return titled Form 990 and also organizations that have applied for and received tax-exempt status but are not required to file Form 990.

Although the IRS database is the most complete source of information about the nonprofit sector available, it has several limitations. First, little information is available about religious organizations, which as a group may constitute the largest segment of the nonprofit sector in terms of both the number of organizations and their assets. These nonprofits may file for an individual tax exemption, or they may file an omnibus return for their entire congregation and affiliated organization or denomination. They are not required to file Form 990 returns, although some do so voluntarily. Thus it is difficult to get complete information regarding this nonprofit subsector from the IRS.

Second, there is a lack of information on small organizations. Organizations with annual revenues of less than \$5,000 are not required to apply for tax-exempt status or to file a Form 990 tax return. Also, the IRS does not require organizations with gross receipts of more than \$5,000 but less than \$25,000 to file a Form 990 tax return, although these organizations are required to file for tax-exempt status. Some of these organizations may complete Form 990, but the IRS

does not report the information. The lack of information on small organizations does not materially affect the results of this study, as most of these organizations have no employees and account for less than 1 percent of the total assets in the nonprofit sector.

Third, the IRS does not verify the correctness of the Form 990 information submitted by nonprofit organizations.

Fourth, the Business Master File is cumulative and includes all of the relatively recent financial data available. Some of the information in the file may be several years old, however. For example, if an organization meets the \$25,000 revenue threshold one year and subsequently files a Form 990, that information is entered in the database and is not changed if the organization never meets the filing threshold again. It is unlikely, however, that these errors are serious enough to materially affect the results of this study.

Fifth, the IRS allows national organizations to file either an omnibus return for all affiliates or separate returns for each incorporated affiliate. If an omnibus return is filed, the organization's activities and financial data will show up in the state where the organization's national headquarters are located, although the name of the affiliates in each state are included in the file.

Finally, as already mentioned, the IRS Business Master File is cumulative. Once an organization receives tax-exempt status, that status is retained even if the organization never commences doing business or goes out of business, unless the organization notifies the IRS of its change in status. Consequently, the number of nonprofit organizations reported by the IRS is overstated by an unknown factor. In addition, the Business Master File can understate the number of nonprofits; nonprofits that have filed but have not yet received their tax exempt status are excluded.

## **NATIONAL CENTER FOR CHARITABLE STATISTICS**

The National Center for Charitable Statistics, which is part of the Urban Institute in Washington, D.C., derives its data files primarily from information that tax-exempt organizations file with the IRS. The NCCS employs a range of data-checking procedures. Although unable to verify every record, the NCCS, using IRS data, has created several updated files, two of which were used for this study.

- The Core Files, produced annually, combine descriptive information from the IRS Business Master Files and financial variables from the IRS Return Transaction Files after they have been verified and cleaned up by the NCCS. Only 501(c)(3)s required to file Form 990 are included. The 1999 Core File contains 83 variables for 9,103 Florida organizations filing for the years of 1996, 1997, 1998, and 1999.<sup>4</sup>

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<sup>4</sup> There were 269 organizations that filed based on 1996 data, representing 0.3 percent of charitable expenditures; 1,261 organizations filed based on 1997 data, representing about 19 percent of expenditures; 6,636 organizations filed based on 1998 data, representing almost 78 percent of expenditures; and 937 organizations filed based on 1999 data, representing 2.4 percent of expenditures.

- The Business Master File (February 2001) is a cumulative list of 501(c) organizations; these files contain all active nonprofit organizations that have obtained IRS recognition of their tax-exempt status. This file is created by the IRS and verified and updated by NCCS.

The NCCS also provided Public Sector Consultants with a file containing financial data for 3,960 private foundations and 16,499 noncharitable 501(c) organizations [other than 501(c)(3)s] located in Florida.

## **FLORIDA AGENCY FOR WORKFORCE INNOVATION**

This state agency administers the state's unemployment insurance program and collects employment data—such as number of staff, hours worked, and earnings—from Florida employers. This resource is limited by the fact that some nonprofit organizations have no regular employees and thus are not covered by unemployment insurance. Furthermore, there is no specific classification for nonprofit organizations, making it impossible to isolate such data. The agency provides a useful analysis of employment and wages for a number of nonprofit organizations (data used in this report are for 1999 and the second quarter of 2000), although it clearly cannot guarantee that the analysis covers all nonprofit agencies that have employees.

## **CENSUS OF SERVICE INDUSTRIES**

The U.S. Bureau of the Census releases the Census of Service Industries every five years, creating a separate publication for each state. The latest report is for 1997. The data are collected from a questionnaire that is sent to all service establishments that have some payroll during the year. All data in the report originate from the questionnaire or from administrative records of other federal agencies and therefore are not subject to sampling errors. The data are subject to nonsampling errors, however, which may be attributed to several sources: inability to identify all cases in the actual universe; definition and classification problems; differences in the interpretation of questions; errors in recording or coding the data obtained; and other errors of collection, response coverage, processing, and estimation for missing or misreported data.

## **PUBLIC SECTOR CONSULTANTS SURVEY**

With the assistance of the Philanthropy & Nonprofit Leadership Center at Rollins College, Public Sector Consultants conducted a survey in 2001 of Florida nonprofits drawn from a sample of charitable organizations maintained by the National Center for Charitable Statistics. The survey sought information on the number and types of employees and volunteers, total expenditures and gross receipts, revenue sources, and the organization's classification. Respondents were asked to use information from 2000, or the most recent year for which a full year of data was available. Much of the information requested could be obtained by referring to the IRS

Form 990 or 990-PF filed by the organization for 2000; where appropriate, the survey instrument included references to the appropriate line on the IRS form providing the correct information.

Questionnaires with postage-paid return envelopes were mailed to 1,200 charitable organizations in Florida, drawn at random from the database. Because of a poor response to the first mailing, particularly from small health and arts and humanities organizations, a second mailing was sent to 1,116 of these underrepresented organizations. The second mailing nearly doubled the return rate among charitable organizations, from 5 to 10 percent, well below the customary rate of response for mailed surveys of at least 33 percent.

The low return rate was disappointing, especially as the survey packet included a letter of invitation signed by the Philanthropy Center's director and printed on the Center's letterhead, addressed to the executive director of each selected organization. The subsequent mailing inviting organizations to complete the on-line survey, signed by the project manager at Public Sector Consultants and printed on the firm's letterhead, generated nearly the same response as the first letter.

The return rate was also disappointing, compared to a similar research project conducted by Public Sector Consultants outlining the economic impact of Michigan's nonprofit sector approximately two years before the current project was initiated. In that project, nearly half of the respondents had not returned the survey within six weeks, but the instrument was more than twice as long as the instrument administered in Florida. When the survey was shortened to the same length as used in Florida, the response rate doubled. Based on that experience, and in consultation with the Philanthropy & Nonprofit Leadership Center at Rollins College, Public Sector Consultants

- used the shorter survey in Florida to encourage a higher response rate than originally observed in Michigan;
- sent the original invitation on the Center's letterhead and under the director's signature to keep a Florida organization in the forefront; and
- offered an Internet-based version of the survey to provide respondents an alternative mechanism for responses.

Even with these modifications, the response rate for this survey was 10 percent. Since responses were returned to Public Sector Consultants in nearly equal number from the first and second mailing—which used different organizational letterhead for the invitation—Public Sector Consultants concluded that there were additional barriers that prevented organizations from completing the survey. These barriers may have included:

- **Inadequate response time.** Public Sector Consultants set a response date of three weeks after the original mailing was expected to be received by respondents. Given the detail requested in the survey—i.e., this was not asking for opinions but for specific information from a tax form—organizations may have required more than three weeks to respond.

- **Concern about privacy of financial information.** Nonprofit organizations may have been concerned about sending financial information (on behalf of their donors as well as their own organizations)—even information that is regularly sent to the Internal Revenue Service—to a research project, even one sponsored by a known nonprofit research center within the state.
- **Confusion about the role of Public Sector Consultants.** If organizations were indeed concerned about sending financial information to a research project, the partnering of a research firm from out-of-state may have raised additional concern.

Whatever the reason for the low response rate, the resulting survey results come with two important caveats. Most importantly, the results may not necessarily be projectable to the universe of Florida nonprofits. While Public Sector Consultants did compare the geographic location and assets of responding organizations to the universe of Florida nonprofits—and found that the sample varied by 5–8 percent against the expected results from the universe—the sample cannot appropriately address “non-response bias,” or the possibility that the 90 percent of the organizations that did not respond to the survey vary in important ways from those included in the sample. In addition, the low response rate means that the survey cannot be analyzed by region of the state, allowing comparison of employment or volunteer hours between counties/regions within Florida.

Even with these caveats, the survey information serves at least two useful purposes. First, the survey responses do show detailed information on 227 Florida nonprofits. Given the dearth of information available about the nonprofit sector, these responses do add to the universe of data available to nonprofit stakeholders. Second, the survey provides a useful outline for future work, especially when viewed in combination with the associated data from the Internal Revenue Service and National Center for Charitable Statistics that also were analyzed as part of this project.



# APPENDIX C: Public Sector Consultants Survey and Summary of Responses

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April 30, 2001

Dear Nonprofit Executive:

The Philanthropy & Nonprofit Leadership Center at Rollins College, along with the Jessie Ball duPont Fund and The Edyth Bush Charitable Foundation, are collecting information that shows the importance of nonprofit organizations to the Florida economy. Nonprofit organizations employ hundreds of thousands of workers who have been shown to contribute significantly to the economies of other states.

Rollins College has hired Public Sector Consultants, Inc., to conduct a survey and provide a report on Florida nonprofits. Public Sector Consultants has surveyed Michigan nonprofits and authored a well known report titled *Economic Benefits of Michigan's Nonprofit Sector: Description and Analysis*. The purpose of our report for Rollins College is to provide similar documentation that shows the extent to which Florida nonprofits bolster Florida's economy.

Many businesses benefit from the work of nonprofit organizations. Nonprofits enhance academic performance, improve work skills, provide mentors, assist families with housing, and provide many other activities that result in a skilled workforce. This survey will provide real data to illustrate the significant contributions that nonprofit organizations make. By participating in the survey, you will provide vital information on nonprofit organizations, which will demonstrate the value of nonprofits to the Florida economy.

Please complete the survey on the Internet at **[www.pscinc.com/Florida](http://www.pscinc.com/Florida) by Monday, May 21, 2001**. Please follow the instructions at the website. If you would like this survey mailed to you, please feel free to contact Janice Jackson at Public Sector Consultants at (517) 484-4954. If you have questions about the survey, please contact Dennis Washington or Robert Kleine at the same number.

Thanks for your assistance.

Sincerely,

Sherry Abbott  
Rollins College

Enclosure

**Florida Nonprofit Survey (March 2001)**

*Sample: 4. Number of full-time employees in 2000 or latest year available **40 (year 1999)***

1. Name of your nonprofit organization \_\_\_\_\_
  - a. Main location: City \_\_\_\_\_ County \_\_\_\_\_
  - b. Phone number (optional) \_\_\_\_\_
2. Name of person completing the survey (optional) \_\_\_\_\_
3. Title of person completing the survey (optional) \_\_\_\_\_
4. Number of full-time employees in 2000 or the latest year available (year \_\_\_\_ )

Mean: 32.9  
 Min: 0  
 Max: 3,500  
 Sum: 7,106

5. Number of part-time employees in 2000 or the latest year available (year \_\_\_\_ )

a. (20 to 40 hours per week): Mean: 16.1  
 Min: 0  
 Max: 1,110  
 Sum: 2,867

b. (fewer than 20 hours per week): Mean: 9.2  
 Min: 0  
 Max: 593  
 Sum: 1,243

6. Total number of volunteer hours per month if they can respond to 1 or the other annually in 2000 or the latest year available:

Mean: 9,695  
 Min: 0  
 Max: 288,000  
 Sum: 1,793,614

7. Was all or part of your revenue exempt under Section 501 of the IRS code in 2000 or the latest year available? (year \_\_\_\_ )

a. Yes ..... 95.8%  
 b. No ..... 0.9  
 c. Unsure ..... 3.3



7a. IF YES to #7, what year was your organization granted tax-exempt status? (see frequencies)

7b. IF YES to #7, which subsection of the IRS code applies to your organization? (Circle one)

- a. .... 97.5% 501 (C) (3)
- b. .... 501 (C) (4)
- c. .... 501 (C) (5)
- d. .... 2.5% 501 (C) (6)
- e. .... 501 (C) (7)
- f. .... 501 (C) (8)
- g. .... 501 (C) (10)
- h. .... 501 (C) (19)
- i. Other: \_\_\_\_\_

8. What were the gross receipts for your organization for the latest year available (line 12 on IRS Form 990 and 990-PF)

Mean: \$1,657,072  
Min: \$0  
Max: \$46,351,487  
Sum: \$293,301,776

9. What were your total organization expenditures in 2000 or the latest year available?

Mean: \$1,555,836  
Min: \$3,000  
Max: \$43,066,198  
Sum: \$272,271,327

10. What percentage of your total organization expenditures were out of state in 2000 or the latest year available?

Mean: 3.48%  
Min: 0  
Max: 70

11. What was your total organization payroll in 2000 or the latest year available?

Mean: \$568,079  
Min: \$0  
Max: \$23,418,261  
Sum: \$98,845,781

12. What percentage of your total revenues are provided by private foundations or other non-profit organizations?

Mean: 13.19%  
Min: 0  
Max: 100

13. What is the primary category that best describes your nonprofit organization? (Circle one)

- a. Education ..... 25.3%
- b. Human Services ..... 39.2
- c. Arts and Culture ..... 21.0
- d. Health ..... 8.6
- e. Please list specific NTEE\* category ..... 5.9

14. Geographical area served by your organization: (Circle one)

- a. City ..... 13.2%
- b. County ..... 24.7
- c. Multiple counties ..... 36.3
- d. State ..... 12.1
- e. Multi-state region ..... 2.1
- f. National ..... 4.2
- g. International ..... 7.4

\*NTEE - National Taxonomy of Exempt Entities

**THANK YOU FOR COMPLETING THIS SURVEY!**

# GLOSSARY

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## ■ 501(c)(3) Categories

- *Public charities*

There are two kinds of 501(c)(3) organizations, public charities and private foundations. Public charities must either receive significant public support or fall into another category that entitles them to automatic public charity status. The primary advantage of public charity status is that gifts are fully deductible by the donor under federal income tax code. (Most are operating organizations).

- *Private foundations*

Private foundation status is the catchall category for 501(c)(3) organizations that fail to qualify for public charity status. Most, but not all of them, give grants to public charities.

## ■ Direct Economic Activity (or Effects)

The actual number of jobs and income provided by the nonprofit sector.

## ■ Economic Output

In the context of this analysis economic output consists of the expenditures of nonprofit organizations plus the sales of businesses to nonprofit organizations, to employees of nonprofit organizations (food, clothing, etc.), and to employees of businesses providing goods and services to nonprofit organizations.

## ■ Indirect Economic Activity (or Effects)

The jobs and income created when the industry, in this case the nonprofit sector, buys goods and services from other industries.

## ■ Induced Economic Activity (or Effects)

The jobs and income created when nonprofit sector employees spend their income in other sectors of the economy such as dry cleaners and grocery stores; and when employees of companies who supply the nonprofit sector, such as medical equipment firms, spend their income.

## ■ Noncharitable Organizations

These are 501(c) organizations [other than 501(c)(3)] that exist mainly for the benefit of their members. Most noncharitable nonprofit organizations are grouped in section 501(c)(4) of the tax code.

## ■ Operating Categories

- *Operating public charities*

These organizations engage in a variety of activities ranging from research and education to health care and antipoverty work and are deemed to serve the general public good.

- *Supporting public charities*

Supporting public charities, such as the United Way organizations or grant-making public foundations, distribute funds to operating public charities and are deemed to serve the general public good.

- *Mutual benefit public charities*

These organizations are essentially providers of private services to paying customers and include some insurance providers and self-insurance trust funds that serve other nonprofit organizations or their employees, such as TIAA-CREF.

- *Out-of-scope organizations*

Governmental or foreign organizations, and organizations without state identifiers are excluded from most analyses of the nonprofit sector.

## ■ Program Service Revenues

Program service revenues are revenues derived from activities that the nonprofit organization was created to conduct and which, along with any activities commenced subsequently, form the basis for the organization's current exemption from tax. Examples include the fees a hospital charges for its medical services, tuition charged by a school, revenue from admissions to a concert or other performing arts event or to a museum, or interest income on loans a credit union makes to its members. Program service revenue can also include the organization's unrelated trade or business activity.

## ■ Reporting/Filing Categories

- *Non-reporting*

Organizations that did not file Form 990.

- *Reporting without financial information ("zero-filers")*

Organizations that filed IRS Form 990 but had less than \$25,000 in gross receipts. These organizations were not required to file. The IRS entered organizational information but entered "zeros" for the financial variables in its database.

- *Reporting with financial data*

Organizations that were required to file IRS Form 990 and that did so. (See "zero-filers" above.)

**■ Total 501(c)(3) Charitable Organizations**

The total number of 501(c)(3) organizations, active and inactive (but legally still in existence), that have obtained recognition of tax-exempt status from the IRS. (Fewer than 20 percent of religious congregations, which are not required to obtain recognition, are included in the IRS files.)

**■ Total Active 501(c)(3) Charitable Organizations**

The total number of active 501(c)(3) organizations that have obtained recognition of tax exempt status from the IRS. Inactive organizations either reported themselves as inactive to the IRS or had mail sent by the IRS returned as undeliverable.