

Editor: Cynthia S. Paris  
(804) 649-6801  
oped@timesdispatch.com

# Op/Ed

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## ECONOMY

# Nonprofits Are Big Business in the Business of Doing Good

BY NANCY STUTTS  
and WALTER ROBERTSON

**N**onprofits. The word provokes images of feeding the poor, healing the sick, or sheltering the destitute — all true. But nonprofits are big business in Virginia. And, surprisingly, only one in seven is devoted to social assistance.

The release this week of preliminary results from an economic impact study of Virginia's and its regions' nonprofit sector by Johns Hopkins University is important to every citizen of the commonwealth. It tells us a heretofore untold story. The nonprofit community is a tremendous financial and employment contributor to the growth and viability of Virginia, and particularly its capital region.

The Johns Hopkins study adds empirical data to the Crupi Report's observations on the Metro Strengths for which nonprofits can take much credit — protection of the area's natural beauty, interpretation of the city's historic past and preservation of its compelling architecture, strength within our education system (particularly higher education), civility of our people, breadth of our cultural and outdoor activities, our superior quality of life, and, most important, strong civic leadership. Taken as a whole, the nonprofit sector represents a powerful player in the state's economy. The study reveals how the nonprofit industry stacks up to those industries traditionally considered most important to the state's

economy and ability to attract new business.

INITIAL FINDINGS demonstrate that:

- Virginia nonprofits have 350,000 employees and volunteers, which exceeds other large industry sectors such as manufacturing, accommodations and food, construction, or finance and insurance.

- Virginia nonprofits generate \$31 billion in revenue and spend \$27 billion, including \$8 billion in wages and compensation each year.

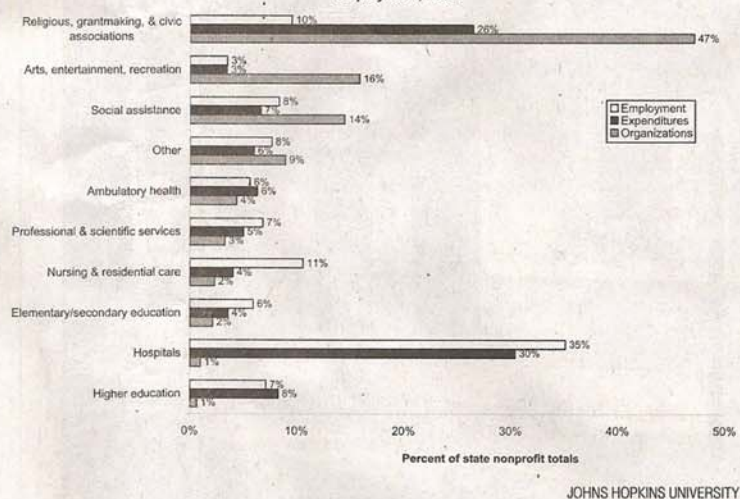
- The asset base of Virginia nonprofits is \$67 billion.

- Employment in the nonprofit sector has grown 35 percent in the past 10 years, versus 10 percent in the for-profit sector and 12 percent in the public sector.

More people in Virginia work in the nonprofit sector than in its finance, insurance, wholesale trade, and real estate industries combined. Professionals from 9,000 nonprofits touch each of us on a daily basis — ensuring that little league and scouting are there for families, that higher education is available for youth and adults, that our water and air are less polluted, that the arts are alive, that our parks and playing fields are safe and green and fun, that dance and drama and language courses are alive in our schools, and so much more.

Indeed, nonprofits do provide a safety net to meet needs. They provide hearing aids for low-income seniors,

Distribution of Virginia nonprofits by number of organizations, expenditures, and employment, 2005



counseling for veterans, prenatal care for the uninsured, new homes for abandoned animals, and food and shelter for those who would otherwise go without. But this critical role, which points to larger questions about our nation's values, also promulgates popular misunderstandings about what nonprofit organizations are, what role they play in community life, and how they actually operate. For example, most would be surprised to learn that less than 20 percent of nonprofit income comes from donations — and the largest proportion of their income is earned.

What are the policy implications of

these findings? Legislators at the federal, state, and local levels should consider the economic impact of nonprofits when mulling new regulations. They should also consider the degree to which the nonprofit sector, operating in a highly competitive environment, is efficiently providing needed services. Nonprofits should be sought out for the "boots on the ground" knowledge they have accumulated, which should inform public policy.

INDIVIDUALS seeking careers that require the full range of business skills will find ample opportunity in the non-

profit sector. Nonprofit workers earn more than their counterparts in similar for-profit fields — from 17 percent more in arts and recreation to 35 percent more in social assistance businesses.

The Johns Hopkins study indicates that nonprofits should be considered for their economic impact as well as for the societal benefits they produce. The size, scope, economic presence, and employment impact should be included when portraying the state and region's business environment to companies that might locate here. Furthermore, nonprofits have an important perspective to add to discussions about collaboration in civic and economic initiatives, education, and leadership development.

Lester Salamon will present preliminary findings to the Richmond Donors Forum tomorrow. The full story is still unfolding and the final report will be available later this summer on both Connect Richmond ([www.connectrichmond.org](http://www.connectrichmond.org)) and The Community Foundation's Web site ([www.tcfichmond.org](http://www.tcfichmond.org)).

• Nancy Stutts is on the faculty of VCU's L. Douglas Wilder School of Government and Public Affairs and is founding director of Connect Network. Contact her at (804) 827-2164 or [nstutts@connectnetwork.org](mailto:nstutts@connectnetwork.org). Walter Robertson is the president and CEO of Scott & Stringfellow and the chairman of the Community Foundation — Serving Richmond and Central Virginia. Contact him at (804) 343-3767 or [wrobertson@scottstringfellow.com](mailto:wrobertson@scottstringfellow.com).