



# The Impact of the Financial Meltdown on the Westchester Nonprofit Sector

*A Report by the Wilson Center for Social Entrepreneurship at Pace University  
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## ***Nonprofit Sector Growth***

From 1995 to 2010, the number of registered nonprofits in Westchester increased from 3,871 to 5,709— *an increase of 47%*. Westchester is home to 5.5% of NY State nonprofits (state total 103,800). However, Westchester nonprofits hold only 3.7% of total nonprofit assets in NYS – the average nonprofit in Westchester is smaller than the NY State average NYS. Still, from 1995 to 2010, nonprofit assets in Westchester grew 143% - well above the State growth of only 128% during the same period.

## ***Westchester Nonprofits***

In 1995, 1,905 public charities were recorded in Westchester; an 84% increase in public charities was recorded between 1995 and 2010 for a current total of 3,501 registered public charities. Private Foundations experienced even greater growth with organizations increasing from 566 in 1995 to 971 in 2010, a 72% increase.

As of the 4<sup>th</sup> quarter of 2010, the reported total revenue of nonprofits in Westchester was \$7.3 billion with assets of \$11.7 billion. Since the 4<sup>th</sup> Quarter of 2008, **loss in revenue** was greater than \$730 million, while **loss of total assets** was greater than \$336 million.

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### About the Wilson Center

The Helene and Grant Wilson Center for Social Entrepreneurship is an institute of Pace University aiming to serve students and nonprofit organizations by encouraging more effective and efficient nonprofit management practices through research, colloquia and continuing education programs. The Center was launched with a \$5 million gift from Helene and Grant Wilson, entrepreneurs and philanthropists whose involvement with nonprofits has convinced them that entrepreneurial management can help these organizations increase their impact.

# Westchester Public Charities

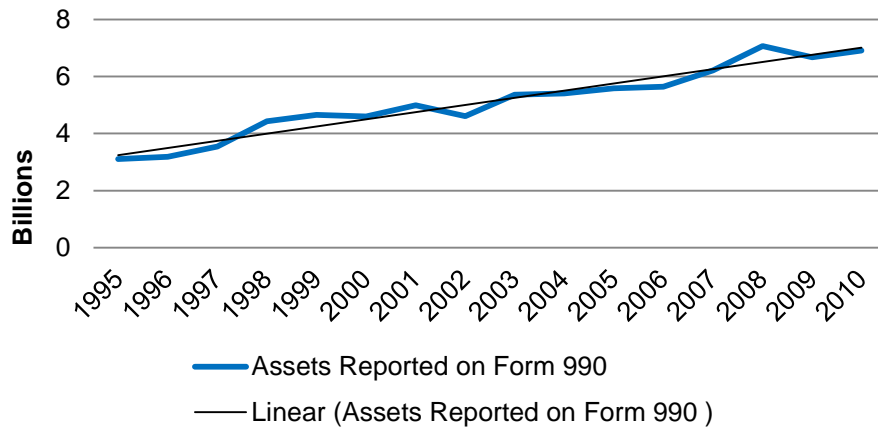
## Assets Reported on IRS Form 990

1995	\$3,106,181,703
2008	\$7,071,633,180
2010	\$6,910,674,492
Overall increase of	122%
Last 2 years <u>decrease</u> of	2.3%

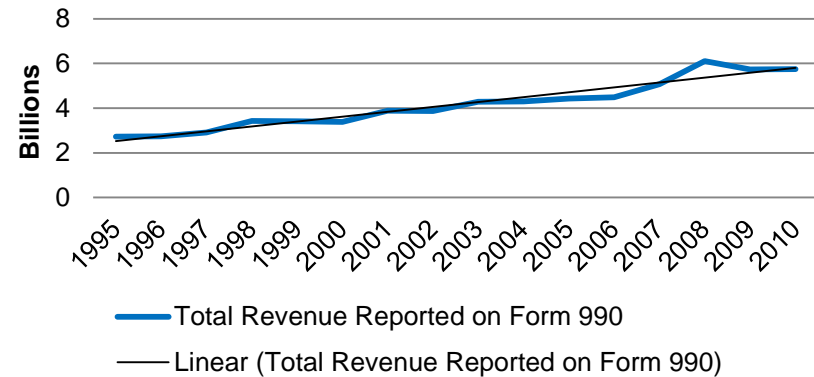
## Revenues Reported on IRS Form 990

1995	\$ 2,723,190,669
2008	\$6,099,985,683
2010	\$5,750,103,850
Overall increase of	111%
Last two years <u>decrease</u> of	5.7%

## Assets Reported on Form 990



## Total Revenue Reported on Form 990



Westchester Public Charities hold an estimated \$5.98 billion in Liabilities. *Liabilities have been historically 48% of assets, but increased to 51% in recent years.* They also report an estimated \$3.5 billion in Expenses. Westchester Public Charities receive approximately \$2 billion (estimated) in gifts, grants and contributions. *Gifts, Grants and Contributions have historically been 66% of Revenues but dropped to 36% in recent years.*

# Westchester Private Foundations

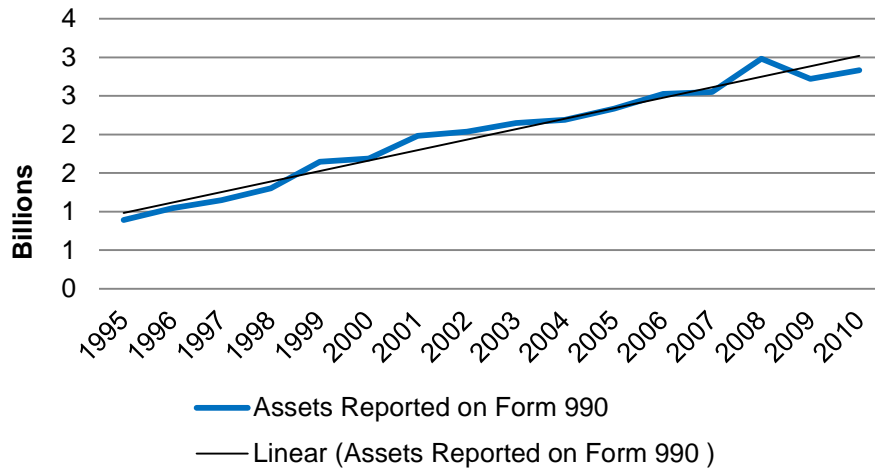
## Assets Reported on IRS Form 990

1995	\$891,952,149
2008	\$2,982,696,256
2010	\$2,834,267,564
<i>Overall increase of 288%</i>	
<i>Last 2 years <u>decrease</u> of 5%</i>	

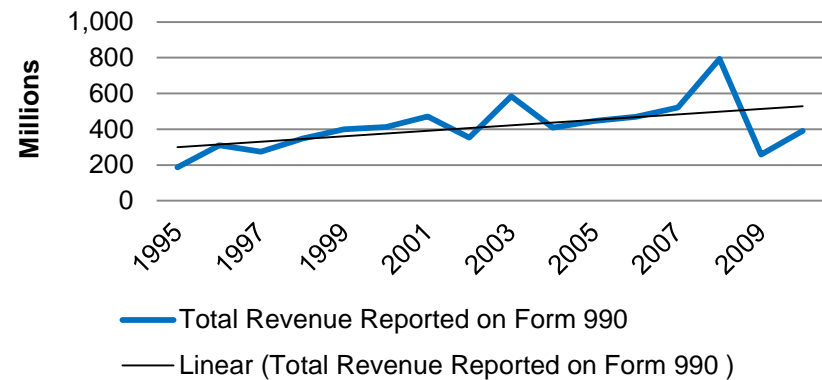
## Revenues Reported on IRS Form 990

1995	\$186,369,711
2008	\$792,808,435
2010	\$391,338,189
<i>Overall increase of 110%</i>	
<i>Last two years <u>decrease</u> of 51%</i>	

## Assets Reported on Form 990



## Total Revenue Reported on Form 990



## Employment and Wage Figures

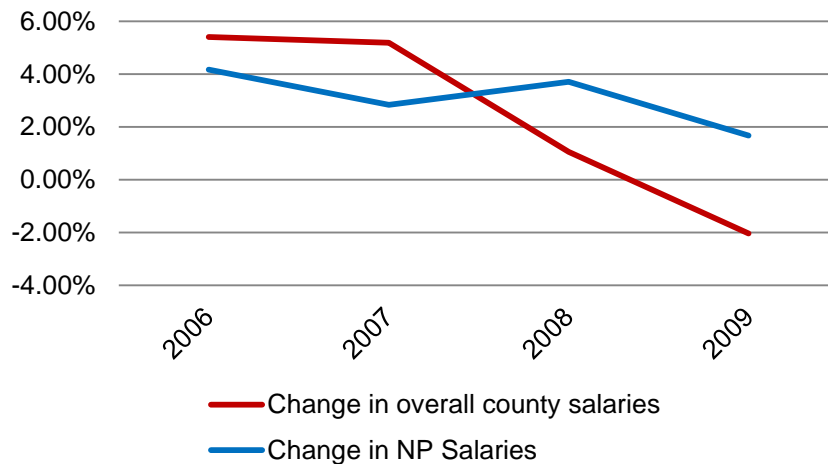
Westchester nonprofits employed approximately 97,054 people in 2009, up from 88,010 in 2000 – a 9% increase. However, total wages increased from \$3 billion to \$4.5 billion – a 50% increase.

**Westchester Average Nonprofit Salaries for 2009**

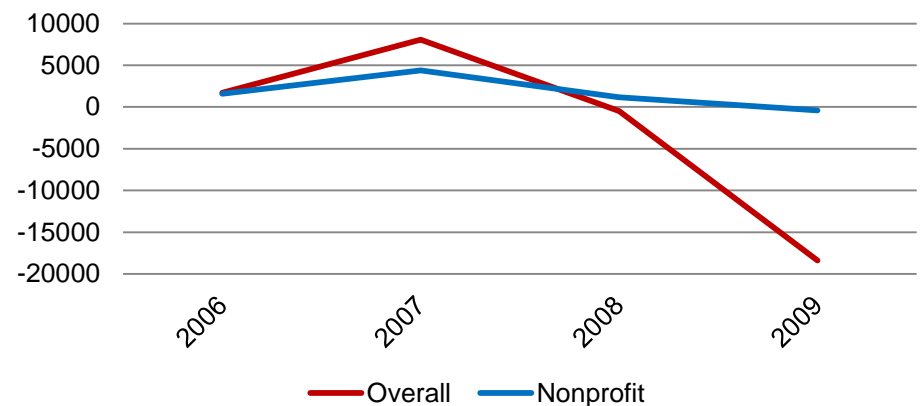
Sector	Average Salary
Educational Services	\$45,163
Healthcare and Social Assistance	\$49,024
Arts, Entertainment & Recreation	\$33,110
Performing Arts & Spectator Sports	\$51,347
Museums, Parks & Historical Sites	\$24,952
Membership Assoc. & Organizations	\$38,601

Average annual pay for all sectors in Westchester rose from \$47,066 in 2000 to \$61,086 in 2009; an increase of 30%. While the average annual pay in Westchester nonprofits is lower on average, it rose from \$34,195 in 2000 to \$46,124 in 2009: an increase of 35%.

### Westchester Salary Change



### Jobs Gained/Lost in Westchester



The overall average salary change in Westchester has dropped from 5.4% in 2006 to -2% in 2009. However, the nonprofit average salary change in Westchester stayed positive, dropping from 4.2% in 2006 to only 1.7% in 2009.

In recent years, the overall number of employees in Westchester has dropped from 412,534 to 401,699 – a loss of 10,835 jobs. However, the nonprofit sector gained 5,172 jobs during this same period.

## ***Economic Impact: The Multiplier Effect***

According to the Federal Reserve Bank of NY, the spending multiplier for this region is about 3.4 (i.e., every dollar made/spent generates \$3.40 in additional business activity in the region). Using the 2010 spending figure of \$5.5 billion, the overall economic impact of this nonprofit spending would be nearly \$19 billion for the region.

The last three years showed a \$334 million (estimated) *decrease* in nonprofit expenditure. *This translates to an overall loss in economic impact of \$1.1 billion in the county.*

Westchester nonprofits experienced a major decrease in giving. However, employment in nonprofits has been relatively buffered from the storm. And, nonprofit revenue and assets had already made a turn around by the end of 2009.

Representatives of 2,356 public charities and 163 private foundations nationwide took an online survey in Oct/Nov 2010. GuideStar/NCCS/AFP reported the following results:

- Participants reporting decreased contributions dropped from 51% to 37% in the last year.
- Participants reporting increased contributions grew from 23% to 36% in the last year.
- Nearly half (47 percent) of participants expect their organizations' budgets to increase next year.
- For the first time in two years, there is cause for cautious optimism about the sector and the economy.

Although trends in charitable giving have changed, but the *Financial Times* argues the impact is minimal and short-run, for a variety of reasons including:

- Pure altruism and
- The “Warm Glow” theory of James Andeoni

*Nonprofit finance data retrieved from IRS Business Master Files and Core Data via the National Center for Charitable Statistics Dataweb. Labor and wage statistics retrieved from New York State Quarterly Census of Employment and Wages.*