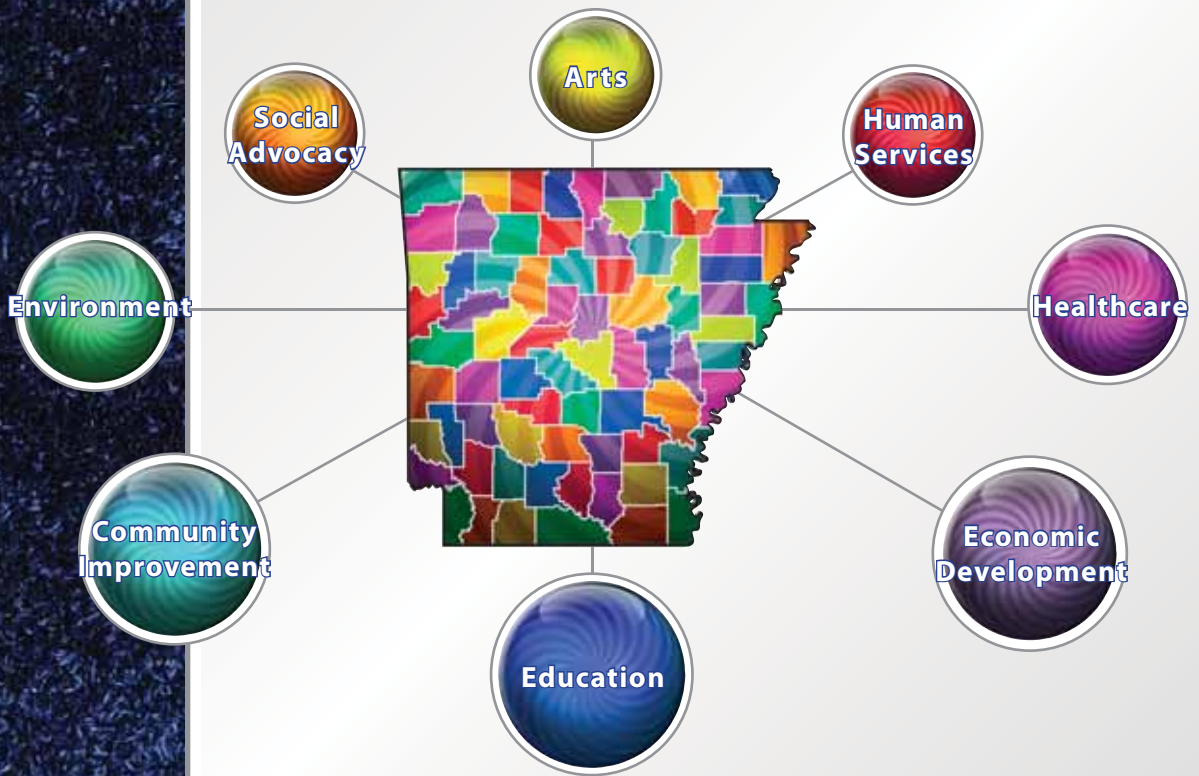


# THE BENEFIT OF DOING GOOD: The Structure, Contribution, and Impact of Arkansas Nonprofits on the State's Economy



# **The Benefit of Doing Good:** **The Structure, Contribution, and Impact** **of Arkansas Nonprofits on the State's Economy** **2008**

Institute for Economic Advancement  
College of Business  
University of Arkansas at Little Rock  
Little Rock, AR

## ***Prepared for***

Center for Nonprofit Organizations  
Institute of Government  
University of Arkansas at Little Rock  
Little Rock, AR  
and  
Arkansas Coalition for Excellence

## ***Underwritten by***



## ***Supported by***

Arkansas Community Foundation  
Association of Fundraising Professionals, Arkansas Chapter  
Association of Fundraising Professionals, Northwest Arkansas Chapter  
LEAVE A LEGACY® Arkansas  
Northwest Arkansas Community Foundation  
Alfred L. Williams and Elaine Eubank

October 2008

# THE BENEFIT OF DOING GOOD

---

*The Structure, Contribution, and  
Impact of Arkansas Nonprofits on the  
State's Economy 2008*

**N** **Nonprofit Organizations** are legal organizations engaging in activities without a monetary profit, although they may earn excess revenues. Nonprofits generally are formed to provide services and programs, and their revenues in excess of cost are untaxed and may be retained for future use. This report describes the Arkansas nonprofit sector in terms of its activities, composition, employment levels, and the earnings of its employees. The report then assesses the economic impact of the nonprofit organizations on the economy of Arkansas.

Data for this study were provided by National Center for Charitable Statistics (NCCS) and GuideStar USA, Inc. GuideStar constructed samples from the universe of Arkansas nonprofit organizations that have filed a single Internal Revenue Service Form 990 during the 2005-2007 and 2005-2008 periods. Data drawn from samples and analyzed in this study are running aggregates based on a one time observation of a nonprofit for the year the organization filed a Form 990.

From 1995 to 2008, the National Center for Charitable Statistics indicated that Arkansas has had 13,456 organizations registered with the Internal Revenue Service as charitable nonprofit organizations. The number of nonprofit organizations in Arkansas ranked 33rd among all states. Over the January 2006 to June 2008 period, Arkansas ranked 34th among the states with 5,839 nonprofit organizations, compared to 709,957 organizations in the United States.

Public charities make up 63% of the registered organizations. “Other nonprofits” were the second major type of nonprofit organization and represented 33% of the registered organizations. Nonprofits in this category include churches,

religious organizations, grantmaking, and advocacy groups. Private foundations compose 4% of nonprofit organizations. Overall, nonprofits in Arkansas reported \$14.4 billion in revenues on the Form 990 and \$15.9 billion in reported assets as of June 2008.

The majority of Arkansas nonprofit organizations were found to be in the health care and social assistance sector. There were 829 (43%) nonprofit organizations in the health care and social assistance sector. Nonprofits also concentrated in the educational services (9.6%), the arts, entertainment, and recreation sector (8.9%), and other services (except public administration) (34.5%).

Nonprofits employed 68,257 workers in 2005-2007, or 4% of all private employment in Arkansas. The majority of nonprofit employment was found in the health care and social assistance sector, followed by employment in the educational services sector, “other services,” and the fourth major employment sector, with the smallest percentage of workers, was the arts, entertainment, and recreation.

Arkansas’ nonprofits paid their workers wages totaling \$2,273,808,660 over the 2005-2007.



The bulk of wages were paid by health care and social assistance nonprofits. That sector had the largest share of wages at 83% (\$1.9 billion); followed by educational services with 7% (\$163 million); and “other services” had 5% (\$124 million) of the wage distribution, respectively.

For 2006, the average weekly salary for all Arkansas industries was \$666. This compares with an average weekly wage for health care and social assistance workers of \$636, and for educational services workers of \$503. Workers in the arts, entertainment, and recreation industry earned \$297, and “other services” workers earned \$451.

For nonprofits in Arkansas, the study found that compensation paid to officers, directors, and key employees as well as salaries and wages paid to other workers amounted to \$75,219,117. The health care and social assistance sector reported receiving the highest share of compensation. This was followed by “other services,” then educational services. The last major nonprofit sector included arts, entertainment, and recreation.

The Arkansas nonprofit revenues totaled \$9,904,879,743 over the 2005-2008 period.

Service revenues were the chief revenue source generating 96% of the revenues. Income earning activities (e.g. interest, dividends, and net rents) added 2% to nonprofit revenues, and the sale of assets contributed 1.6% to revenues. Contributions from all sources made up 13% of nonprofits total revenues. Revenues were concentrated in health care and social assistance, and that industrial sector reported 83% of the revenues received by nonprofit organizations.

Out-of-state funds attracted by Arkansas nonprofits are an important measure of nonprofit’s contribution to economic activity within the state. For the 2005-2006 period, nonprofits reported receiving approximately \$247 million in grant funds. Of this amount, \$108,095,270 (44%) were funded by out-of-state grantors. The distribution of out-of-state grants was concentrated in the information industries, industries providing educational services, and the other services industries with each industry group receiving about a quarter of the total amount. Health care and social assistance sectors received 14% of the funds.

Out-of-state grants to nonprofits supported 1,735 jobs directly. The economic impact analysis



found that the \$108 million on out-of-state grants supported \$90 billion in indirect and induced expenditures, and thus, added \$198 million to the total output of Arkansas' economy. Out-of-state grant funded expenditures added \$103 million to the state's value added, effectively increasing the gross state product by that amount. In terms of employment, the out-of state grants to nonprofits created 901 jobs throughout the state, and thus, the out-of-state grants total job creation was 2,363 jobs overall. In the process, nonprofits contributed \$72 million to labor incomes.

The overall contribution of the nonprofit sector was also analyzed in terms of its service revenues of approximately \$8.3 billion received over the 2005-2008 period. These revenues are derived from fundamental activities of nonprofits which give the organizations their nonprofit status. The economic impact analysis found that when nonprofits provide \$8.3 billion in goods and services, they support a total output of \$15.5 billion, add \$8.6 billion to gross state product through value-added activities, support 189,077 jobs, and contribute nearly \$6.6 billion to labor income.





# CONTENTS

INTRODUCTION .....	1
ARKANSAS' NONPROFIT SECTOR.....	2
Types of Nonprofits in Arkansas.....	3
Location of Nonprofits in Arkansas .....	5
Data Sources .....	5
ECONOMIC ACTIVITIES OF THE NONPROFITS IN ARKANSAS 2006 .....	7
Industrial Composition of Nonprofits .....	7
Employment Levels in the Nonprofits .....	9
<i>Employment in Health Care and Social Assistance</i> .....	10
<i>Employment in Educational Services</i> .....	10
<i>Employment in Other Services</i> .....	10
<i>Employment in the Arts, Entertainment, and Recreation</i> .....	11
Workers' Wages in Nonprofit Organizations .....	11
<i>Average Weekly Wages in Major Nonprofit Industrial Sectors</i> .....	12
<i>Average Weekly Wages for Educational Services</i> .....	13
<i>Average Weekly Wages for Health Care and Social Assistance</i> .....	14
<i>Average Weekly Wages for Other Services</i> .....	15
<i>Average Weekly Wages for Arts, Entertainment, and Recreation</i> .....	15
Compensation Paid to Nonprofit Workers .....	16
REVENUES FOR ARKANSAS' NONPROFIT ORGANIZATIONS IN 2005-2008 .....	17
Revenue Shares by Industry .....	17
Revenues by Source.....	18
Distribution of In-state and Out-of-state Grants: A Selected Sample .....	19
ESTIMATES OF THE ECONOMIC IMPACT OF NONPROFITS .....	23
Out-of-state Supported Economic Activity .....	23
Estimate of the Economic Impact of Grants to Arkansas Nonprofits .....	24
Funded from Out-of-state	
Estimate of the Economic Contribution of Nonprofits to the State Economy.....	26
CONCLUSION .....	29
DETAILED TABLES .....	31



# I Introduction

Nonprofit organizations are legal organizations engaging in activities without a monetary profit, although they may earn excess revenues. Nonprofits generally are formed to provide services and programs, and their revenues in excess of cost are untaxed and may be retained for future use. The U.S. tax code defines the tax-exempt status of these organizations in section 501(c) of the Internal Revenue Codes, and this tax code has become the primary means for identifying a nonprofit organization. For a tax-exempt status, a nonprofit organization must be organized and operated exclusively for exempt purposes set forth in section 501(c), and none of its earnings may inure to any private shareholder or individual.<sup>1</sup> The IRS requires all nonreligious nonprofit organizations with \$25,000 or more in expenditures to file Form 990. Data from IRS Form 990 have become a chief source of data for the National Center for Charitable Statistics (NCCS), which is the principle source for this study.

This report has two objectives. The first objective is to describe Arkansas' nonprofit sector in terms of its activities, its composition, employment levels, and the earnings of its employees. The second objective is to assess the economic impact of the nonprofit sector on the economy of Arkansas.

---

<sup>1</sup> Internal Revenue Service, US Department of Treasury, (<http://www.irs.gov/charities/charitable/article/0,,id=96099,00.html>)



## Arkansas' Nonprofit Sector

Arkansas' nonprofit sector is composed of organizations involved in a wide range of activities. There are nonprofit organizations providing health care and child care; nonprofit organizations providing educational services, social services, and others undertake scientific research; there are civic groups who form nonprofit organizations that are active in providing communities with theatrics, the arts, museums, and advocacy; yet other nonprofits are cooperative organizations owning utilities, financial institutions, and churches. Because of this wide range of activities by nonprofits, it is not a simple matter to identify the Arkansas nonprofit sector.

According to the National Center for Charitable Statistics (NCCS) as of January 2008 there were 1,496,773 organizations in the United States that have registered with the Internal Revenue Services as charitable nonprofit organizations.<sup>2</sup> Arkansas had 13,456 organizations registered with the Internal Revenue Service as charitable nonprofit organizations. It ranks 33rd among the states. This is the aggregate number of nonprofits that have registered in Arkansas, but this does not necessarily mean that there are that many nonprofits in Arkansas today. Many nonprofits come into existence for short periods, achieve an objective and disband. Some nonprofits do not have paid workers; instead they rely completely on volunteers and thus, are not counted. Other nonprofits are too small financially and are not required to file

---

2 National Center for Charitable Statistics (NCCS) Reference

a tax exempt nonprofit status. Other nonprofits disband prematurely due to management.

This study focuses on Arkansas nonprofit organizations that have filed a Form 990. Chart 1 shows a distribution of organizations in the U.S. that filed Form 990 over the January 2006-2008 period.<sup>3</sup> Nationally, Arkansas ranked 34th for nonprofits with \$25,000 or more in expenditures. Arkansas had 5,839 nonprofit organizations filing Form 990 as compared to 709,957 such organizations in the United States.

## Types of Nonprofits in Arkansas

As stated earlier, nonprofit organizations in Arkansas cross many industry lines. Table 1 reports NCCS breakdown of Arkansas’ nonprofits by type, from their June 2008 report. Arkansas’ nonprofits are dominated by public charities, which make up 63% of

the registered organizations and 58% of the registered organizations filing a Form 990. However, only 40% of the public charities file Forms 990. The category “other nonprofits” is the second major type of nonprofit organizations having 33% of the registered organizations, and it accounts for 36% of the organizations filing Form 990, which translates to a 48% participation rate for this type of nonprofit filing Form 990. Private foundations compose 4% of nonprofit organizations, and account for 6% of the nonprofits that file a Form 990. Private foundations have the highest participation rate for this type of nonprofit filing Form 990, at 66%. Overall, 43% of Arkansas’ nonprofit organizations filed a Form 990. Since this study is limited to the universe of nonprofit organizations that filed a Form 990, a large number of nonprofits are excluded. Fortunately, these organizations are probably small organizations using temporary volunteer workers.

**Table 1**

### Registered Nonprofit Organizations by Type of Organization June 2008

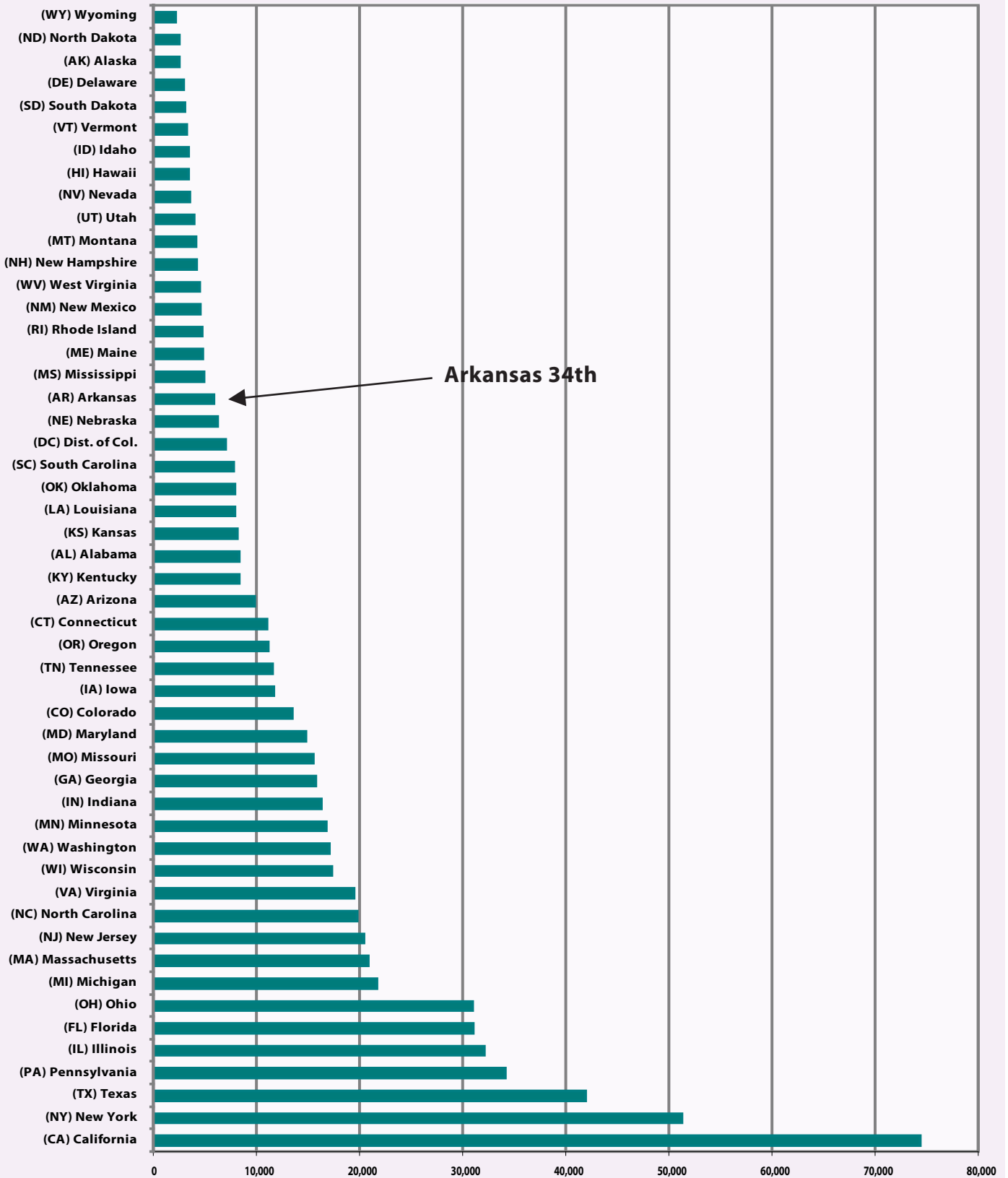
TYPE OF NONPROFIT	NUMBER OF REGISTERED ORGANIZATIONS		NUMBER OF ORGANIZATIONS FILING FORM 990		% OF REGISTERED ORGANIZATIONS FILING FORM 990
	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE	
Public Charity	8,512	63%	3,381	58%	40%
Other Nonprofits	4,385	33%	2,090	36%	48%
Private Foundation	549	4%	364	6%	66%
Unknown	10	0%	4	0%	40%
<b>TOTAL</b>	<b>13,456</b>	<b>100%</b>	<b>5,839</b>	<b>100%</b>	<b>43%</b>

Source: National Center for Charitable Statistics

<sup>3</sup> See Taxonomy of Nonprofit Organizations chart on page 37.

Chart1

### Nonprofit Organizations Filing IRS Form 990 By State January 2008



Source: National Center for Charitable Statistics

## *Location of Nonprofits in Arkansas*

As Table 2 indicates, nonprofits were located in every county in Arkansas during the last 24 months, ending June 2008. Overall, nonprofits in Arkansas reported \$14.4 billion in revenues on the Form 990 and \$15.9 billion in reported assets. Pulaski County had the greatest share of nonprofits with 20% of the state's nonprofit organizations and 30% of the state's filing nonprofits. Pulaski County nonprofits reported the greatest value of assets with 29% of the state reported assets and 20% of the state reported revenues.

## *Data Sources*

As indicated earlier, data for this analysis were obtained from NCCS and GuideStar USA, Inc. GuideStar constructed a sample from the universe of Arkansas nonprofit organizations that have filed a single Form 990 the last three years. At the time of the data request the tax years were 2005-2007. Hence, the data in this section of the report reflects economic conditions over the 2005-2007 period, and the totals are running aggregates reflecting a one time observation for the year the Form 990 was filed. To conform

to previous studies by the Arkansas Coalition for Excellence, only data for organizations falling under 501(c) subsections 3, 4, and 6 were requested. This means data for this study were limited to the following:

- Subsection 501(c) (3) includes corporations, and any community chest fund, or foundation, organized and operated exclusively for religious, charitable, scientific, for public safety, literary, or educational purposes, or to foster national or international amateur sports competition, or for the prevention of cruelty to children or animals.
- Subsection 501(c) (4) includes organizations operated exclusively for the promotion of social welfare.
- Subsection 501(c) (6) includes business leagues, chambers of commerce, real estate boards, boards of trade, and professional football leagues.

Thus, this study's sample was restricted to nonprofit organizations that in general are foundations, charities, social welfare organizations, educational institutions, and business leagues.



***Overall, nonprofits in Arkansas reported \$14.4 billion in revenues on the Form 990 and \$15.9 billion in reported assets.***

Table 2

## Registered Nonprofit Organizations by County Arkansas June 2008

COUNTY NAME	NUMBER OF REGISTERED ORGANIZATIONS		NUMBER OF ORGANIZATIONS FILING FORM 990 *		TOTAL REVENUE REPORTED ON FORM 990 *		ASSETS REPORTED ON FORM 990 *	
Arkansas	147	1.10%	67	1.1%	82,846,798	0.60%	40,230,493	0.3%
Ashley	111	0.80%	38	0.7%	59,182,739	0.40%	57,557,112	0.4%
Baxter	191	1.40%	100	1.7%	294,662,643	2.00%	194,957,852	1.2%
Benton	672	5.00%	285	4.9%	3,550,030,147	24.50%	2,270,754,238	14.3%
Boone	243	1.80%	118	2.0%	176,349,853	1.20%	131,680,271	0.8%
Bradley	61	0.50%	27	0.5%	25,663,982	0.20%	25,919,794	0.2%
Calhoun	36	0.30%	7	0.1%	6,564,971	0.00%	1,790,657	0.0%
Carroll	149	1.10%	64	1.1%	155,323,316	1.10%	339,343,736	2.1%
Chicot	68	0.50%	30	0.5%	4,542,826	0.00%	9,869,522	0.1%
Clark	166	1.20%	70	1.2%	103,430,773	0.70%	356,790,947	2.2%
Clay	63	0.50%	18	0.3%	28,326,214	0.20%	68,578,009	0.4%
Cleburne	111	0.80%	51	0.9%	8,324,342	0.10%	19,738,157	0.1%
Cleveland	34	0.30%	12	0.2%	2,427,690	0.00%	8,747,398	0.1%
Columbia	147	1.10%	58	1.0%	32,711,029	0.20%	50,171,024	0.3%
Conway	97	0.70%	51	0.9%	17,569,047	0.10%	61,140,757	0.4%
Craighead	330	2.50%	150	2.6%	603,846,411	4.20%	569,084,266	3.6%
Crawford	213	1.60%	86	1.5%	24,693,692	0.20%	34,654,494	0.2%
Crittenden	195	1.40%	67	1.1%	71,220,430	0.50%	56,913,873	0.4%
Cross	68	0.50%	23	0.4%	18,258,376	0.10%	12,201,019	0.1%
Dallas	59	0.40%	25	0.4%	1,506,457	0.00%	5,992,165	0.0%
Desha	100	0.70%	44	0.8%	16,981,972	0.10%	31,689,337	0.2%
Drew	104	0.80%	36	0.6%	12,772,809	0.10%	9,897,078	0.1%
Faulkner	360	2.70%	164	2.8%	359,588,569	2.50%	550,161,018	3.5%
Franklin	62	0.50%	24	0.4%	98,319,632	0.70%	185,566,827	1.2%
Fulton	53	0.40%	19	0.3%	60,299,889	0.40%	159,526,924	1.0%
Garland	466	3.50%	230	3.9%	132,680,114	0.90%	114,313,459	0.7%
Grant	65	0.50%	36	0.6%	2,960,802	0.00%	12,516,526	0.1%
Greene	111	0.80%	50	0.9%	113,472,326	0.80%	75,876,489	0.5%
Hempstead	86	0.60%	32	0.5%	24,143,337	0.20%	16,242,622	0.1%
Hot Spring	142	1.10%	47	0.8%	60,741,624	0.40%	42,570,065	0.3%
Howard	72	0.50%	30	0.5%	17,557,570	0.10%	24,735,721	0.2%
Independence	203	1.50%	103	1.8%	248,531,220	1.70%	332,978,802	2.1%
Izard	83	0.60%	38	0.7%	10,360,483	0.10%	16,954,828	0.1%
Jackson	81	0.60%	47	0.8%	11,602,525	0.10%	25,582,669	0.2%
Jefferson	532	4.00%	179	3.1%	614,397,937	4.20%	436,380,026	2.7%
Johnson	115	0.90%	45	0.8%	90,905,704	0.60%	184,125,674	1.2%
Lafayette	32	0.20%	9	0.2%	230,629	0.00%	256,732	0.0%
Lawrence	82	0.60%	22	0.4%	2,231,277	0.00%	3,525,754	0.0%
Lee	44	0.30%	7	0.1%	4,085,658	0.00%	1,652,981	0.0%
Lincoln	39	0.30%	14	0.2%	34,720,377	0.20%	97,629,270	0.6%
Little River	64	0.50%	18	0.3%	8,151,155	0.10%	6,384,083	0.0%
Logan	118	0.90%	41	0.7%	12,081,654	0.10%	29,385,249	0.2%
Lonoke	161	1.20%	66	1.1%	18,303,273	0.10%	16,697,355	0.1%
Madison	64	0.50%	26	0.4%	4,864,388	0.00%	7,285,325	0.0%
Marion	87	0.60%	39	0.7%	4,228,844	0.00%	2,887,166	0.0%
Miller	131	1.00%	53	0.9%	39,163,376	0.30%	32,370,731	0.2%
Mississippi	178	1.30%	60	1.0%	25,856,562	0.20%	110,365,345	0.7%
Monroe	60	0.40%	18	0.3%	5,869,514	0.00%	6,902,835	0.0%
Montgomery	47	0.30%	21	0.4%	1,348,946	0.00%	3,352,060	0.0%
Nevada	52	0.40%	23	0.4%	2,081,523	0.00%	4,213,150	0.0%
Newton	64	0.50%	24	0.4%	6,613,707	0.00%	14,438,704	0.1%
Ouachita	145	1.10%	59	1.0%	109,031,007	0.80%	109,782,003	0.7%
Perry	52	0.40%	15	0.3%	606,198	0.00%	1,386,954	0.0%
Phillips	118	0.90%	38	0.7%	20,502,834	0.10%	22,540,082	0.1%
Pike	51	0.40%	16	0.3%	2,026,938	0.00%	8,764,320	0.1%
Poinsett	82	0.60%	30	0.5%	2,899,570	0.00%	7,002,176	0.0%
Polk	111	0.80%	51	0.9%	25,495,308	0.20%	58,557,215	0.4%
Pope	287	2.10%	133	2.3%	73,927,955	0.50%	164,233,392	1.0%
Prairie	35	0.30%	10	0.2%	660,872	0.00%	895,146	0.0%
Pulaski	2,601	19.30%	1,206	20.7%	4,366,722,134	30.20%	4,608,064,394	28.9%
Randolph	77	0.60%	35	0.6%	13,598,977	0.10%	17,308,129	0.1%
St. Francis	105	0.80%	39	0.7%	46,397,329	0.30%	114,325,238	0.7%
Saline	295	2.20%	123	2.1%	204,257,741	1.40%	118,200,908	0.7%
Scott	53	0.40%	16	0.3%	620,520	0.00%	635,554	0.0%
Searcy	64	0.50%	18	0.3%	8,108,069	0.10%	7,766,525	0.0%
Sebastian	590	4.40%	295	5.1%	436,827,988	3.00%	497,963,715	3.1%
Sevier	68	0.50%	25	0.4%	2,445,023	0.00%	13,820,936	0.1%
Sharp	100	0.70%	47	0.8%	12,216,624	0.10%	11,092,244	0.1%
Stone	58	0.40%	27	0.5%	1,460,902	0.00%	3,957,365	0.0%
Union	242	1.80%	113	1.9%	204,158,378	1.40%	581,126,279	3.6%
Van Buren	102	0.80%	52	0.9%	52,434,037	0.40%	105,360,991	0.7%
Washington	823	6.10%	410	7.0%	1,151,314,210	8.00%	2,369,936,519	14.9%
White	257	1.90%	120	2.1%	386,032,606	2.70%	180,336,235	1.1%
Woodruff	35	0.30%	9	0.2%	17,558,958	0.10%	7,411,734	0.0%
Yell	84	0.60%	39	0.7%	23,020,781	0.20%	40,370,692	0.3%
<b>STATE</b>	<b>13,456</b>	<b>100.00%</b>	<b>5,839</b>	<b>100.0%</b>	<b>14,475,254,562</b>	<b>100.00%</b>	<b>15,923,467,851</b>	<b>100.0%</b>

Source: GuideStar USA, Inc.



# Economic Activities of Nonprofits in Arkansas 2005-2007

## *Industrial Composition of Nonprofits*

The NCCS data obtained for this study used the National Taxonomy of Exempt Entities (NTEE) classification system. For the purpose of the economic impact analysis, the data were converted to the North American Industrial Classification System (NAICS) using a crossover bridge developed by NCCS.<sup>4</sup> Table 3 and Chart 2 show the results of this reclassification.

Table 3 shows the NAICS reclassification of the NCCS data and Chart 2 shows the percentage distribution of nonprofit organizations by NAICS sector. Arkansas' nonprofits were concentrated in four industrial sectors in 2006. The majority of nonprofit organizations were in the health care and social assistance sector. Out of a possible total of 1,949 in this sample of nonprofits, there were 829 (43%) nonprofit organizations in the health care and social assistance sector. Nonprofits also concentrated in the educational services (9.6%), the arts, entertainment, and recreation sector (8.9%), and other services (except public administration) (34.5%).

---

<sup>4</sup> National Center for Charitable Statistics  
website: <http://nccsdataweb.urban.org/kbfiles/786/xwalka.pdf>.

**Table 3**

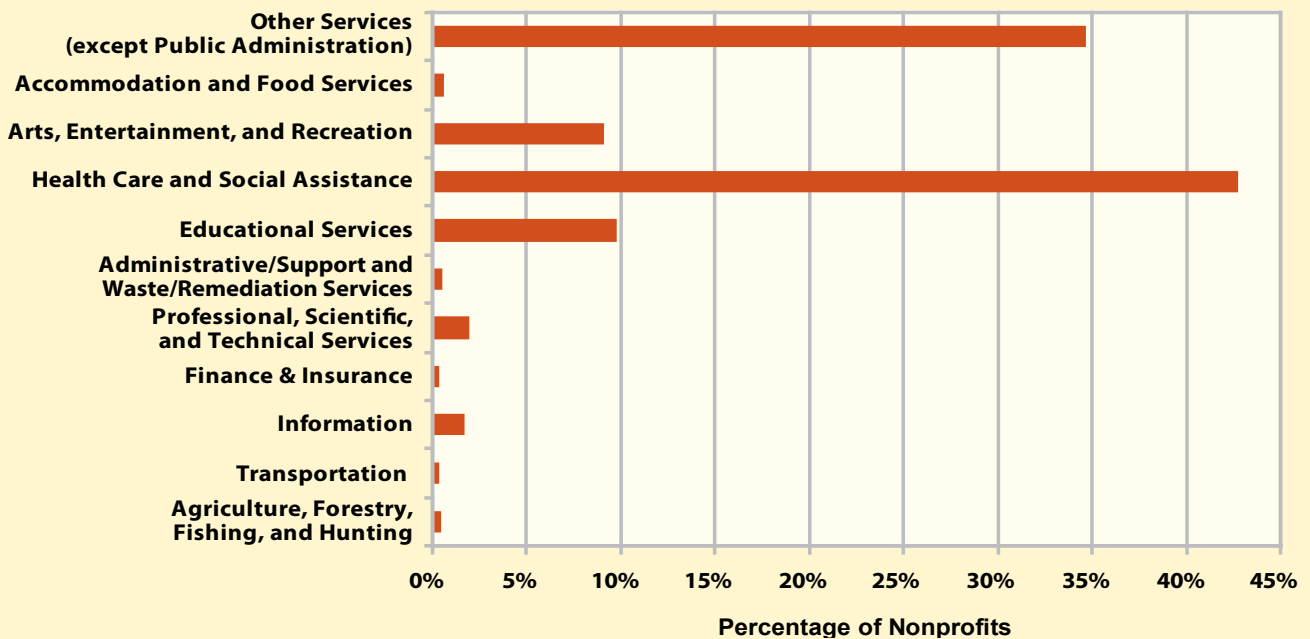
**Distribution of the Industrial Sectors  
Arkansas Nonprofits  
2005-2007**

<b>NAICS SECTORS</b>	<b>COUNT</b>	<b>PERCENTAGE</b>
Agriculture, Forestry, Fishing, and Hunting	4	0.2%
Transportation	2	0.1%
Information	30	1.5%
Finance & Insurance	2	0.1%
Professional, Scientific, and Technical Services	35	1.8%
Administrative/Support and Waste/Remediation Services	7	0.4%
Educational Services	187	9.6%
Health Care and Social Assistance	829	42.5%
Arts, Entertainment, and Recreation	173	8.9%
Accommodation and Food Services	8	0.4%
Other Services (except Public Administration)	672	34.5%
<b>TOTAL</b>	<b>1,949</b>	<b>100%</b>

Source: GuideStar USA, Inc.

**Chart 2**

**Distribution of Nonprofits by Industry  
Arkansas  
2005-2007**



Source: GuideStar USA, Inc.

## Employment Levels in the Nonprofits

Nonprofits employed 68,257 workers in 2006, or 4% of all employment in the state of Arkansas. Table 4 shows a breakdown of these workers by industry and compares the employment levels to private employment levels in the state.

**Table 4**

### Arkansas Nonprofit Employment by Industry Sector a State Comparison 2005-2007

NAICS Aggregation	Employment Nonprofits	Percentage of Nonprofits Employment by Sector	Employment in Arkansas by Sector (2006)	Percentage of State Employment by Sector	Nonprofit Percentage of Industry	Relative Employment Concentration
Agriculture, Forestry, Fishing, and Hunting	0	0.0%	18,035	1%		
Transportation	4	0.0%	77,024	5%	0%	0.0
Information	108	0.2%	23,630	1%	0%	0.1
Finance & Insurance	64	0.1%	51,797	3%	0%	0.1
Professional, Scientific, and Technical Services	130	0.2%	60,483	4%	0%	0.1
Administrative/Support and Waste/Remediation Services	114	0.2%	24,690	2%	0%	0.1
Educational Services	5942	8.7%	17,258	1%	34%	8.1
Health Care and Social Assistance	56551	82.9%	159,827	10%	35%	8.3
Arts, Entertainment, and Recreation	681	1.0%	17,874	1%	4%	0.9
Accommodation and Food Services	57	0.1%	94,937	6%	0%	0.0
Other Services (except Public Administration)	4606	6.7%	91,859	6%	5%	1.2
<b>TOTAL</b>	<b>68,257</b>	<b>100%</b>	<b>1,601,339*</b>	<b>39%</b>	<b>4%</b>	<b>0.04</b>

\*The total does not equal the column sum because several industries are excluded from the table.

Sources: National Center for Charitable Statistics (NCCS) and Bureau Economic Analysis, U.S. Department of Commerce.

➔ Employment in Health Care and Social Assistance: According to the Census, workers in the health care and social assistance sector provide services to individuals. Workers are trained professionals. All labor inputs of health practitioners or social workers have professional expertise requirements.<sup>5</sup> In 2006, there were approximately 56,551 workers employed in the nonprofit health care and social assistance organizations. This was 83% of all nonprofit employment, and was 35% of the state's employment in this sector. Comparing the 83% of workers in nonprofit health care and social assistance sector to the 10% of state workers in that sector, the share of nonprofit employment was 8.3 times more concentrated in the health care and social assistance sector than health care and social assistance employment in the state. Thus, Arkansas nonprofits had a relative specialization in providing health care and social assistance during that period.

➔ Employment in Educational Services: Workers in the educational services sectors are teachers or instructors who explain, tell, demonstrate, supervise, and direct learning. Industries in the sector share this commonality of process, namely, labor inputs of instructors with the requisite subject matter expertise and teaching ability.<sup>6</sup> Nearly 6,000 workers were employed in nonprofit educational service organizations during this study's

time frame. This was 8.7% of all nonprofit employment and represented 34% of the state's employment in this sector. Comparing the percentages of workers in nonprofit educational services sector to the percent of total number of workers in the state's sector, the share of nonprofit employment is 8.1 times more concentrated in the educational services sector than the counterpart employment share for the state. Arkansas workers in nonprofits had a relative specialization in providing educational services as compared to their counterparts in the state in 2006.

➔ Employment in Other Services: According to the Department of Labor, workers in this sector are associated with several different activities. For nonprofit organizations, these activities are most likely promoting or administering religious activities, grant making, and advocacy.<sup>7</sup> In 2005-2007, there were 4,606 workers employed in this sector or nearly 6.7% of all workers in nonprofit organizations, and accounted for 5% of all other service workers in the state. Comparing the percentage of workers in this sector to the percent of the total number of workers in the state's sector, the share of nonprofit employment is 1.2 times more concentrated in the "other services" than the state. Other services workers in nonprofits demonstrated some specialization in this sector relative to state workers.

5 U.S. Census, Service Annual Survey ([http://www.census.gov/svsd/www/services/sas/sas\\_summary/62summary.htm](http://www.census.gov/svsd/www/services/sas/sas_summary/62summary.htm)).

6 Bureau of Labor Statistic, U.S. Department of Labor, (<http://www.bls.gov/iag/tgs/iag61.htm>).

7 Ibid.

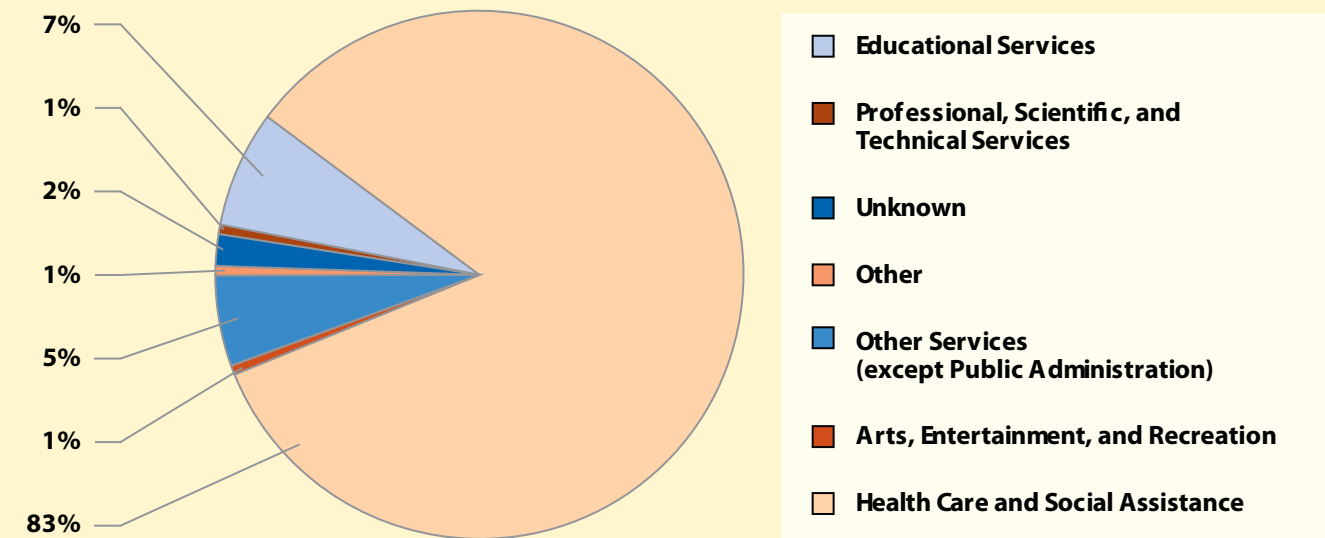
➔ Employment in the Arts, Entertainment, and Recreation: Workers in the arts, entertainment, and recreation sector are employed in organizations that produce, provide, promote, or participate in live performances, events, preserve and exhibit, and operate recreational facilities.<sup>8</sup> For 2005-2007, there were approximately 700 workers in nonprofit organizations in this sector. This amounted to 1% of all nonprofit workers and 4% of the state’s workers in this sector. Comparing the percentages of workers in this sector to the percent of the total number of workers in the state’s sector, the share of nonprofit employment was .9 times more concentrated in the arts, entertainment, and recreation than for the state. Workers in this sector demonstrated a slight degree of specialization.

## Worker’s Wages in Nonprofit Organizations

Arkansas’ nonprofits paid their workers wages totaling \$2,273,808,660 during the 2005-2007 period. The distribution of total wages for nonprofit organizations is shown in Chart 3. The chart only shows the major industrial sectors for nonprofits and aggregates the smaller sectors into other category. The 83% (\$1.9 billion) of nonprofit wages are paid by health care and social assistance nonprofits; followed by educational services with 7.2% (\$163 million); and “other services” has 5.4% (\$124 million) of the wage distribution pay.

Chart 3

### Distribution of Wages by Industrial Sector 2005-2007



Data Source: NCCS

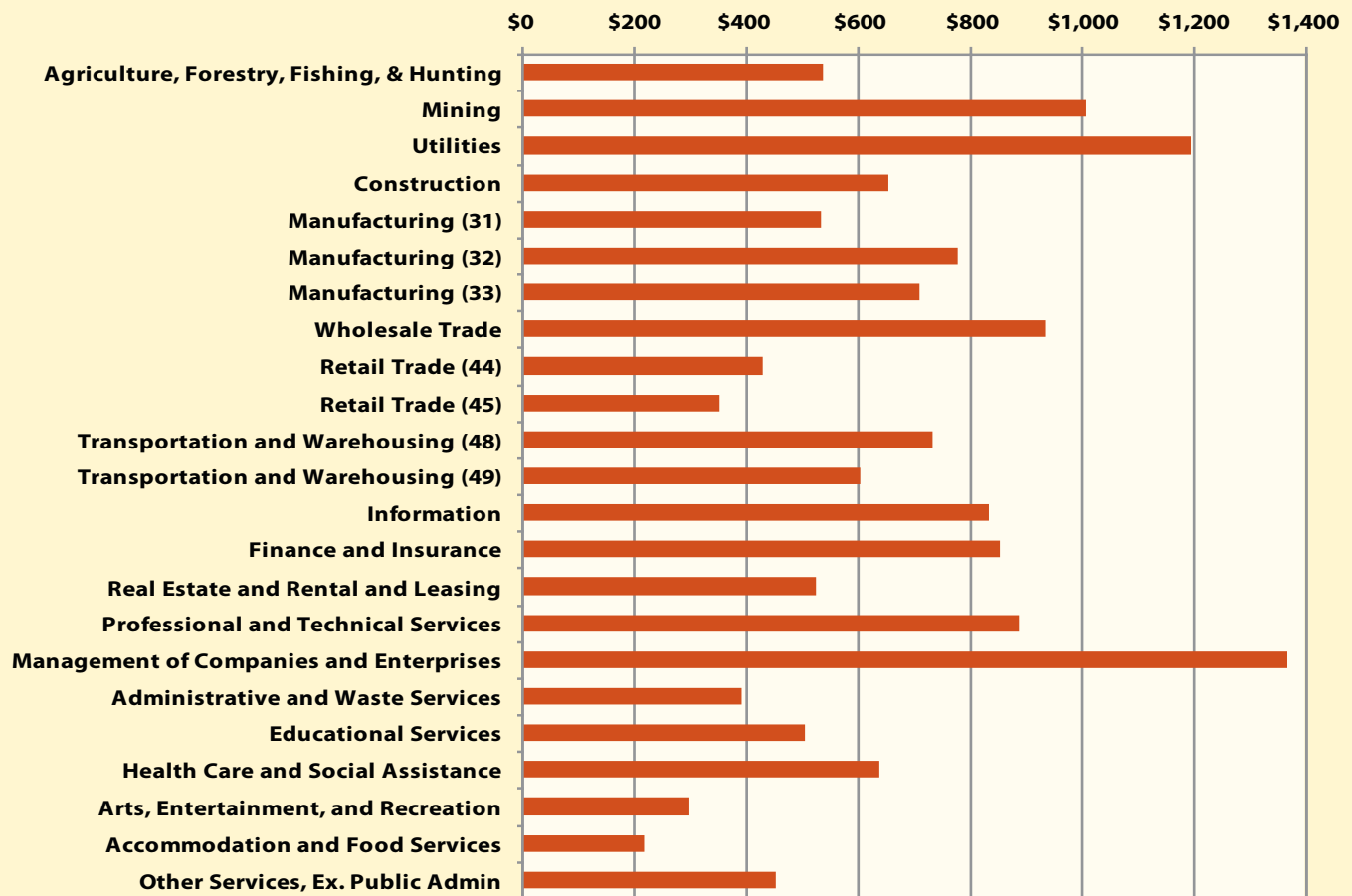
8 Ibid.

➔ Average Weekly Wages in Major Nonprofit Industrial Sectors: Because of confidentiality issues, wage data for workers in nonprofit organizations were not available for this study. This prevents a comparison of wages across nonprofits to the rest of the economy. However, average weekly wage data by industry sector are available at a level of detail to reveal the wages in the industrial sectors employing nonprofit workers.<sup>9</sup> Since the average weekly wage of workers in the same industry is the same regardless of whether they work for a nonprofit or not, average weekly wages provide some information about wages received by workers in nonprofit organizations.

Chart 4 shows the average weekly wages by the major industrial sector for Arkansas in 2006. For this year, the average weekly salary for all industries in Arkansas was \$666. This compares with an average weekly wage for health care and social assistance workers of \$636, for educational services workers of \$503, workers in the arts, entertainment, and recreation industry earned \$297, and “other services” workers earned \$451. Workers in the major nonprofit industrial sector earned average weekly wages less than the state’s average weekly wage in 2006.

Chart 4

### Average Weekly Wage in Arkansas 2006



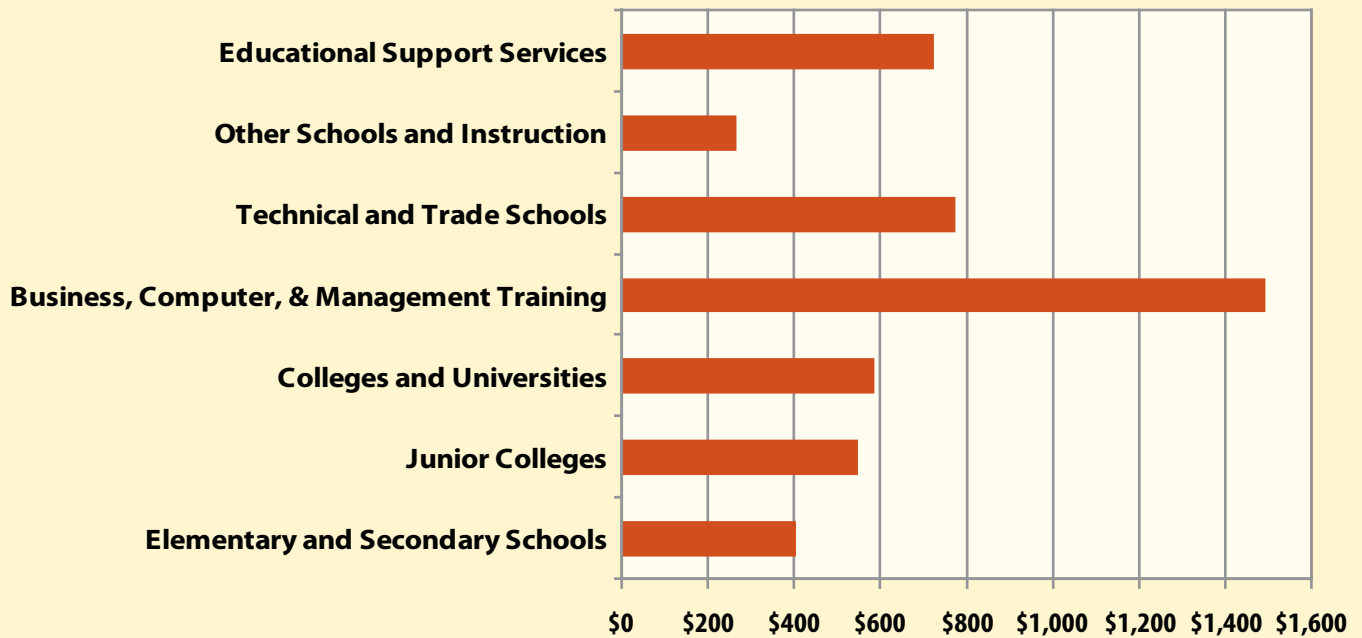
Data Source: Discover Arkansas, Labor Market Information

9 Covered Employment and Earnings, Discover Arkansas, labor Market Information <http://www.discoverarkansas.net/cgi/dataanalysis/AreaSelection.asp?tableName=Industry>.

➔ Average Weekly Wages for Educational Services: As can be seen in Chart 5, there is a great deal of variation in average weekly wages across the industrial groups within the Educational Services sector. Several industries paid wages above the state average weekly rate, and so, nonprofit workers in these sectors likely earned above the state's average weekly wage too.

Chart 5

**Average Weekly Wage in Educational Services  
Arkansas 2006**

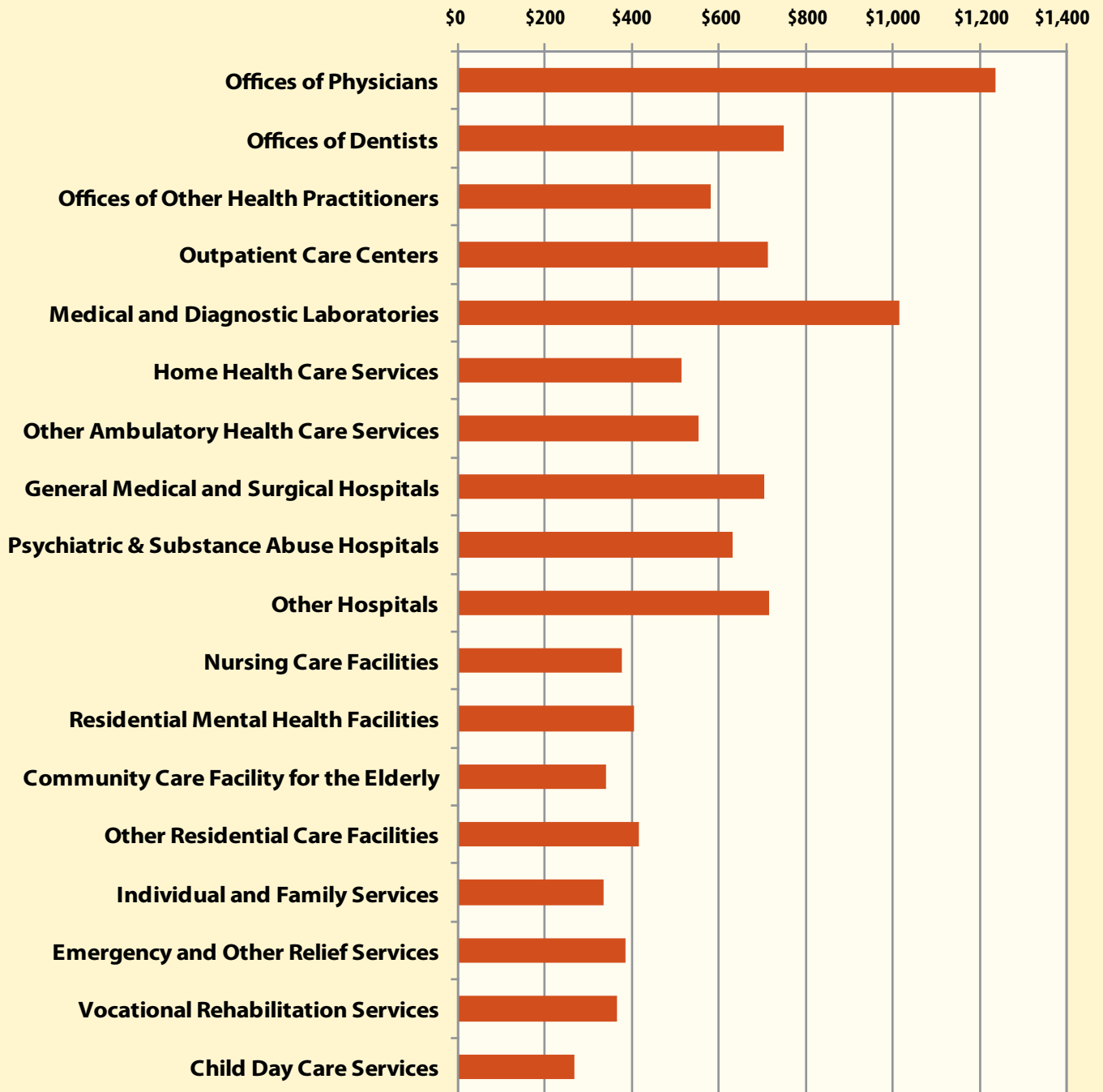


Data Source: Discover Arkansas, Labor Market Information

➔ Average Weekly Wages for Health Care and Social Assistance: In Chart 6, the average weekly wages for the health care and social assistance sector are reported for 2006. Not surprisingly the health caregivers had higher average weekly wages than those providing social assistance activities. Workers providing social services in nonprofit organizations received wages below the state’s average of \$666 in 2006.

Chart 6

**Average Weekly Wage in Health Care and Social Assistance  
Arkansas 2006**

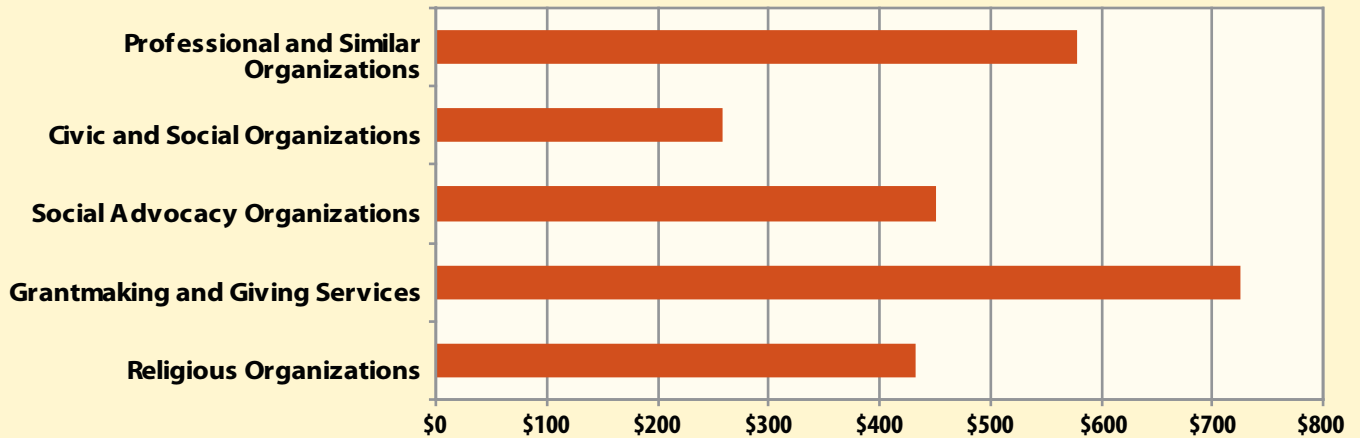


Data Source: Discover Arkansas, Labor Market Information

➔ Average Weekly Wages for “Other Services”: Chart 7 shows the average weekly wages for 2006 for the industries in the “other services” sector. Only grantmaking and giving services made average weekly wages in excess of the state in 2006.

Chart 7

**Average Weekly Wage in Other Services  
Arkansas 2006**

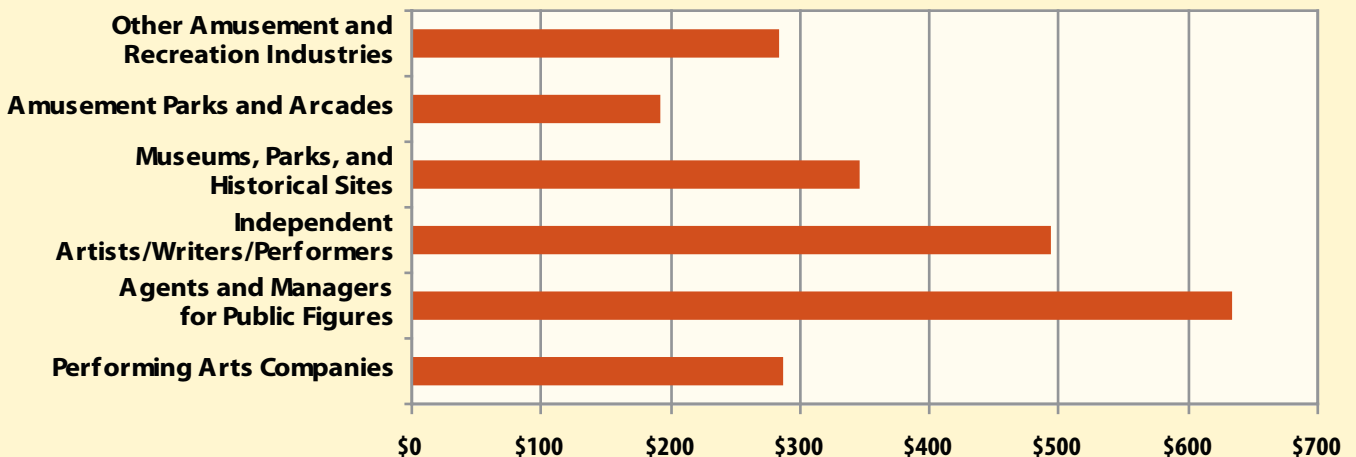


Data Source: Discover Arkansas, Labor Market Information

➔ Average Weekly Wages for Arts, Entertainment, and Recreation: The art, entertainment, and recreation industry had average weekly wages sustainably below the state average in 2006 as shown in Chart 8. Workers in these types of nonprofit organizations likely earned relatively lower wages in 2006.

Chart 8

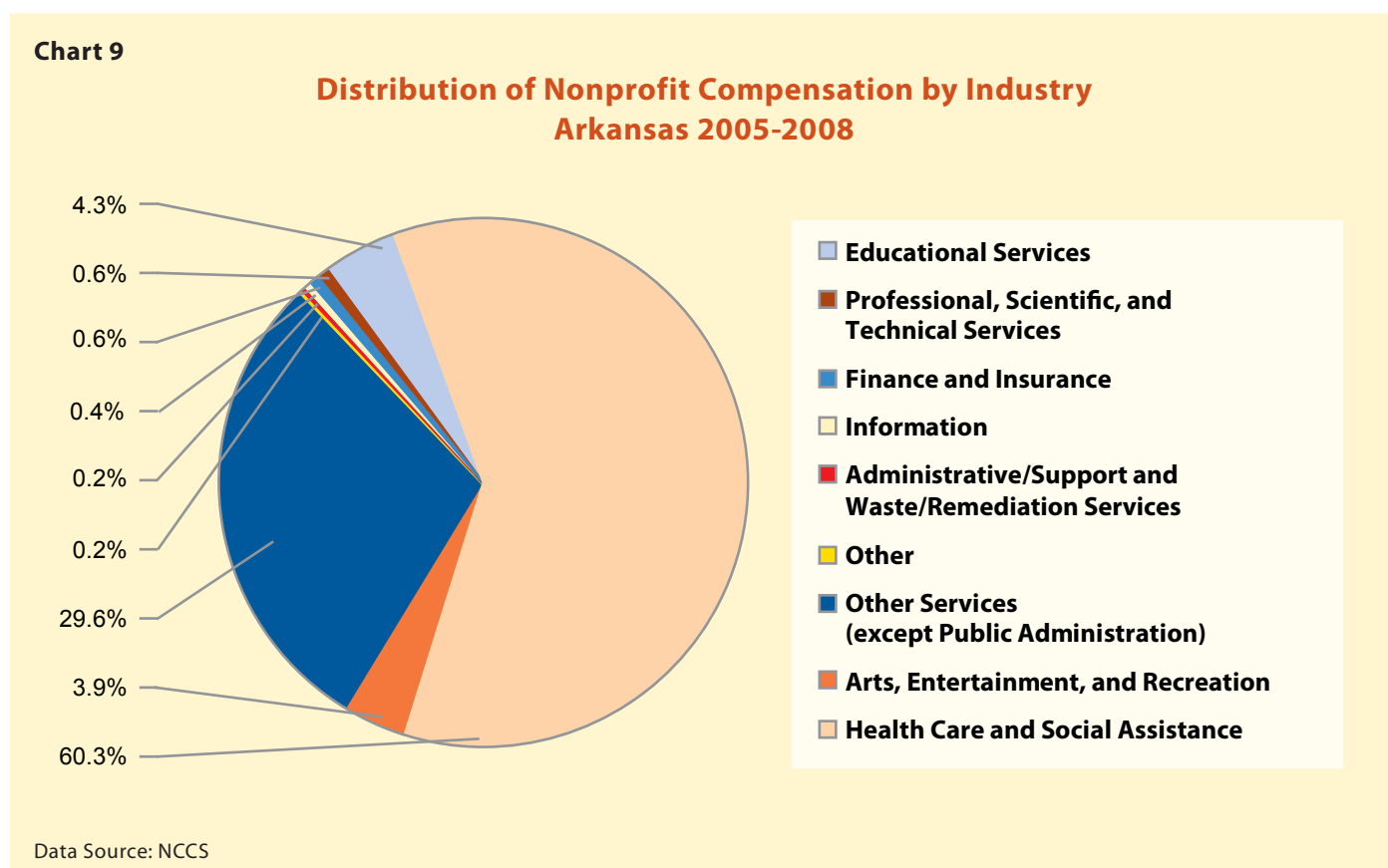
**Average Weekly Wage in Arts, Entertainment, and Recreation  
Arkansas 2006**



Data Source: Discover Arkansas, Labor Market Information

## Compensation Paid to Nonprofit Workers

Nonprofits are required by the IRS to report compensation paid to current officers, directors, trustees, and key employees. Arkansas' total compensation paid by nonprofits to these workers amounted to \$111,821,685 during the 2005-2008 period. The distribution of total compensation for nonprofit organizations is shown in Chart 9. The chart only shows the major industrial sectors for nonprofits and aggregates the smaller sectors into the other category. After the previous analysis of the relative composition of the nonprofit industries and the average weekly wages, it is not surprising that the health care and social assistance sector reported receiving the highest share of compensation. This is followed by other services, then educational services. The last major nonprofit sector includes arts, entertainment, and recreation.





# R Revenues for Arkansas' Nonprofit Organizations in 2005-2008

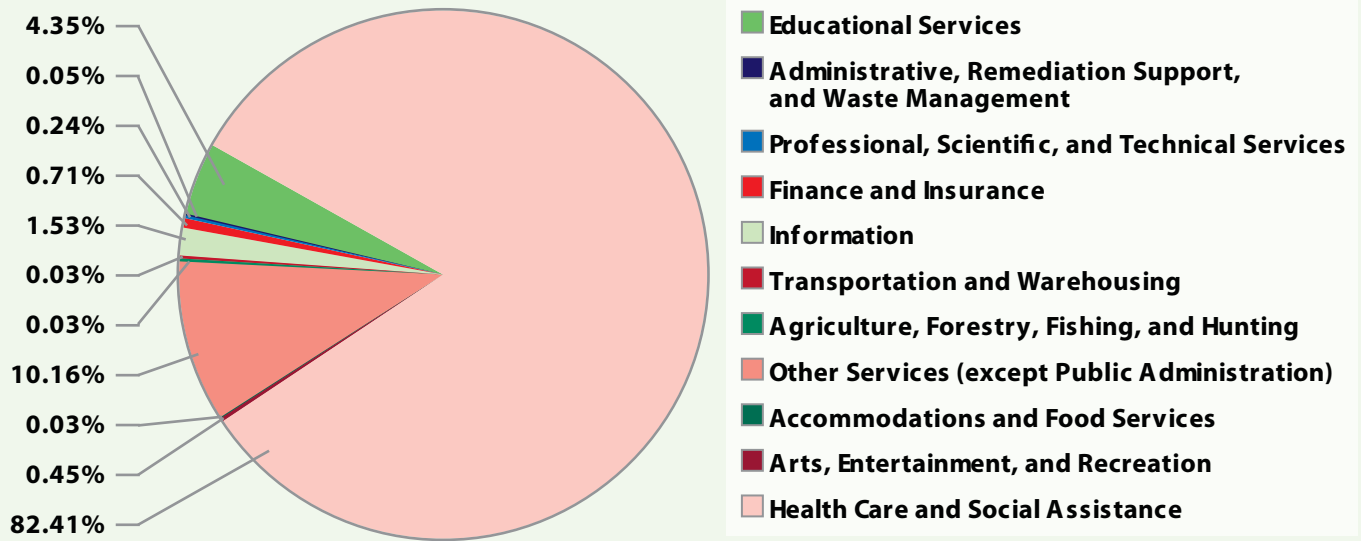
Form 990 also requests revenues in several categories including contributions, grants, program services, membership dues, and interest and dividend income, for example. GuideStar provided this data in a second database. As before, GuideStar constructed a database from a sample of Arkansas nonprofit organizations that have filed a single Form 990 during the 2005-2008 period. Therefore, the revenue data in this section of the report reflect economic conditions during the 2005-2008 period, and the totals are running aggregates reflecting a single observation for the year the reporting nonprofits filed their Form 990.

## *Revenue Shares by Industry*

Revenues for Arkansas nonprofits totaled \$9,904,879,743. Revenues were concentrated in the health care and social assistance sector as shown in Chart 10. That industry sector reported 83% of the revenues received by nonprofit organizations. This was followed by other services (10.2%) and then educational services (4.4%). Revenues received by the information sector (1.5%) exceeded those received in the arts, entertainment, and recreation sector (0.5%), and thus, ranked fourth in revenues received.

Chart 10

**Distribution of the Nonprofit Revenues by Industry, Arkansas 2005-2008**



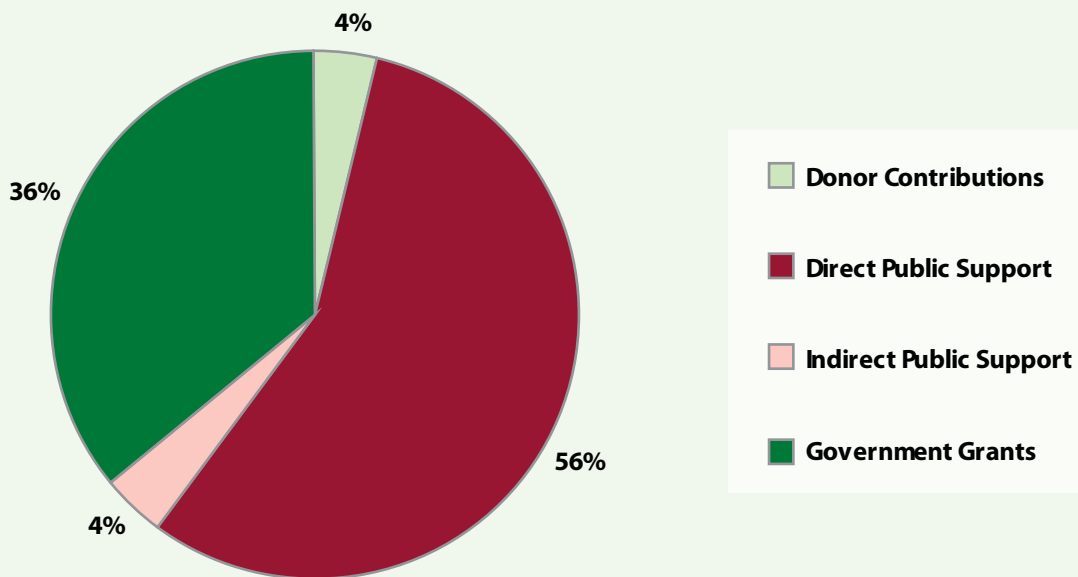
Data Source: GuideStar USA, Inc.

**Revenues by Source**

Like any business, nonprofits receive revenues from many different sources. Chart 11 and Chart 12 show the percentage shares of revenue by source as reported on Form 990 for Arkansas nonprofits. Contributions from all sources made up 13% of nonprofits total revenues. Of the \$1.3 billion in contributions, public support contributed 60% directly and indirectly. Nonprofits received 36% of their contributions in the form of government grants, and 4% from donors.

Chart 11

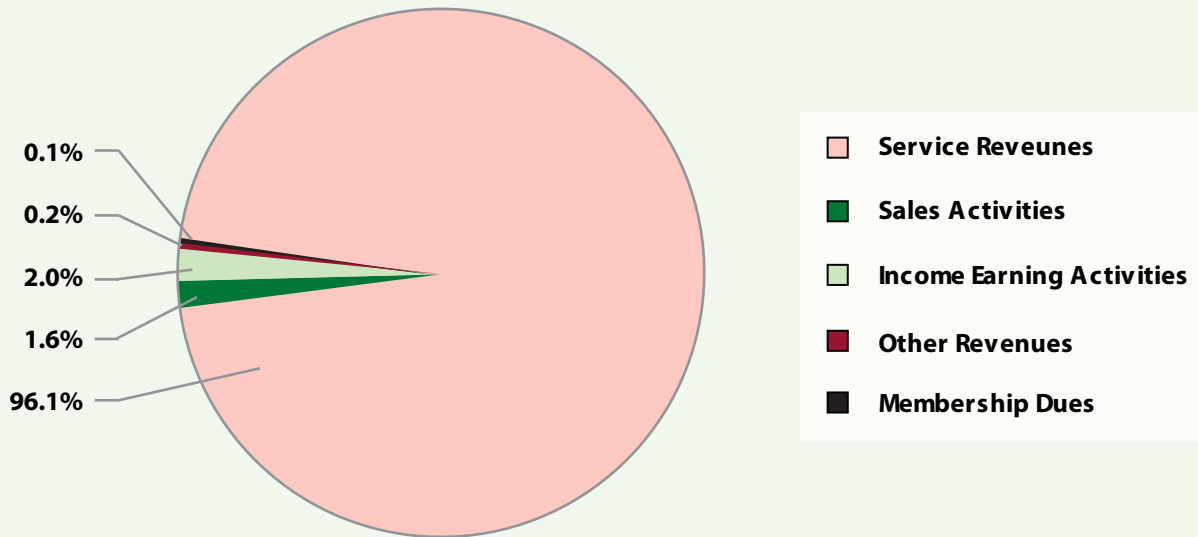
**Contributions to Nonprofits by Source, Arkansas 2005-2008**



Data Source: GuideStar USA, Inc.

Chart 12

### Distribution of the Nonprofit Revenues by Type of Activity, Arkansas 2005-2008



Data Source: GuideStar USA, Inc.

Nonprofits earn service revenues from their basic activities that provide the organizations their nonprofit status. They also receive revenues from activities like the sale of assets, revenues from income earning assets, and from membership dues. Chart 12 shows the percentage shares of the revenue earned from these activities. During the 2005-2008 period, nonprofit activities generated approximately \$8.6 billion in revenues in Arkansas. Service revenues were the chief revenue source generating 96% of the revenues. Income earning activities (e.g. interest, dividends, and net rents) added 2% to nonprofit revenues, and the sale of assets contributed 1.6% to revenues.

### *Distribution of In-State and Out-of-State Grants: A Selected Sample*

As shown in Chart 11, grants from governments made up 36% of the contributions received by nonprofits which amounted to approximately

\$471 million. Grants that have their origins out-of-state can have a significant role in contributing to the level of economic activities in the state. When a nonprofit receives an out-of-state funded grant, they bring new funds into the state that can create an economic base that supports a multitude of intrastate economic activities. Because of their importance, additional grant data were obtained from GuideStar.

As with the previous database, GuideStar constructed a data base from a sample of Arkansas nonprofit organizations that have filed a single Form 990 over the 2005-2008 period. The sample contained information on the amount of nonprofits funding from grants in excess of \$5,000. At the time of the data request the tax years were 2005-2008. This data in this section of the report reflect economic conditions over the 2005-2008 period, and as in the previous analysis the totals are running aggregates reflecting a one time observation for the year the Form 990 was

filed. The data provided by GuideStar permitted a more detailed analysis of the sources and impacts of grants received by nonprofits during this time period.

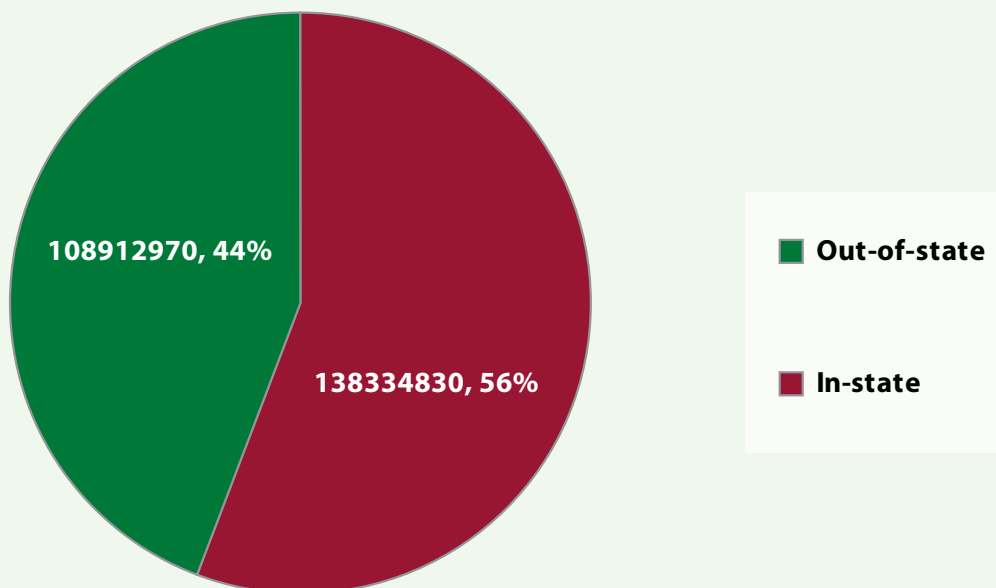
at the out-of-state locations of grantors. Grantors in Nevada and Texas gave the greatest support to nonprofits in Arkansas.

Chart 13 shows the distribution of grants between out-of-state and in-state sources. Of the \$247 million in grant funds analyzed, the majority (56%) had an in-state grantor and the remaining funding (44%) came from out-of-state grantors.

Chart 14 and Chart 15 give some idea about the locations of grantors. Chart 14 shows the in-state sources of grants by city. Fayetteville and Little Rock, the two major population centers in Arkansas, provided the largest share of intrastate grants. A review of the in-state grantor data indicates that foundations are a major source of funds in the smaller communities. Chart 15 looks

**Chart 13**

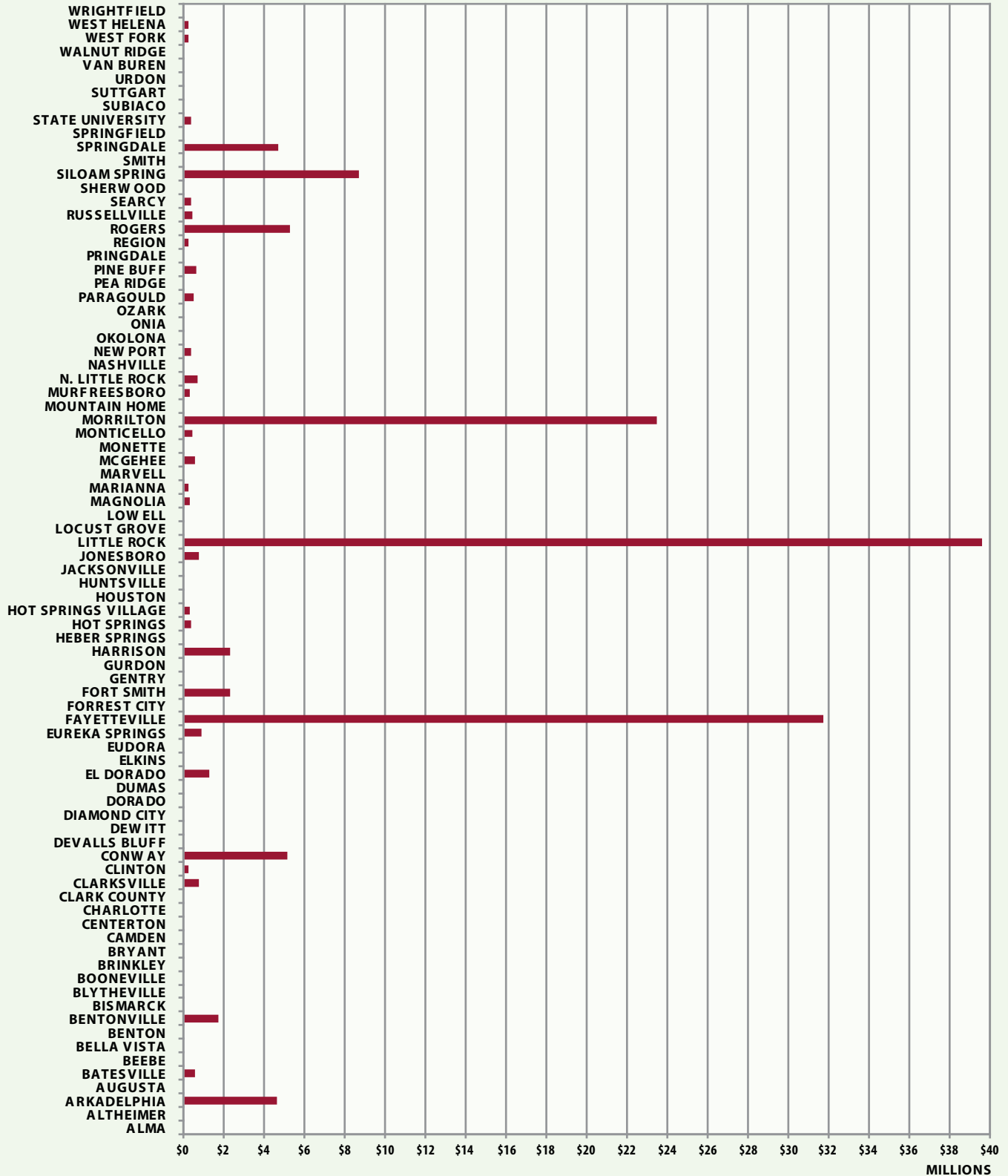
**Distribution of Grants by Funding Source  
2005-2008**



Data Source: GuideStar USA, Inc.

Chart 14

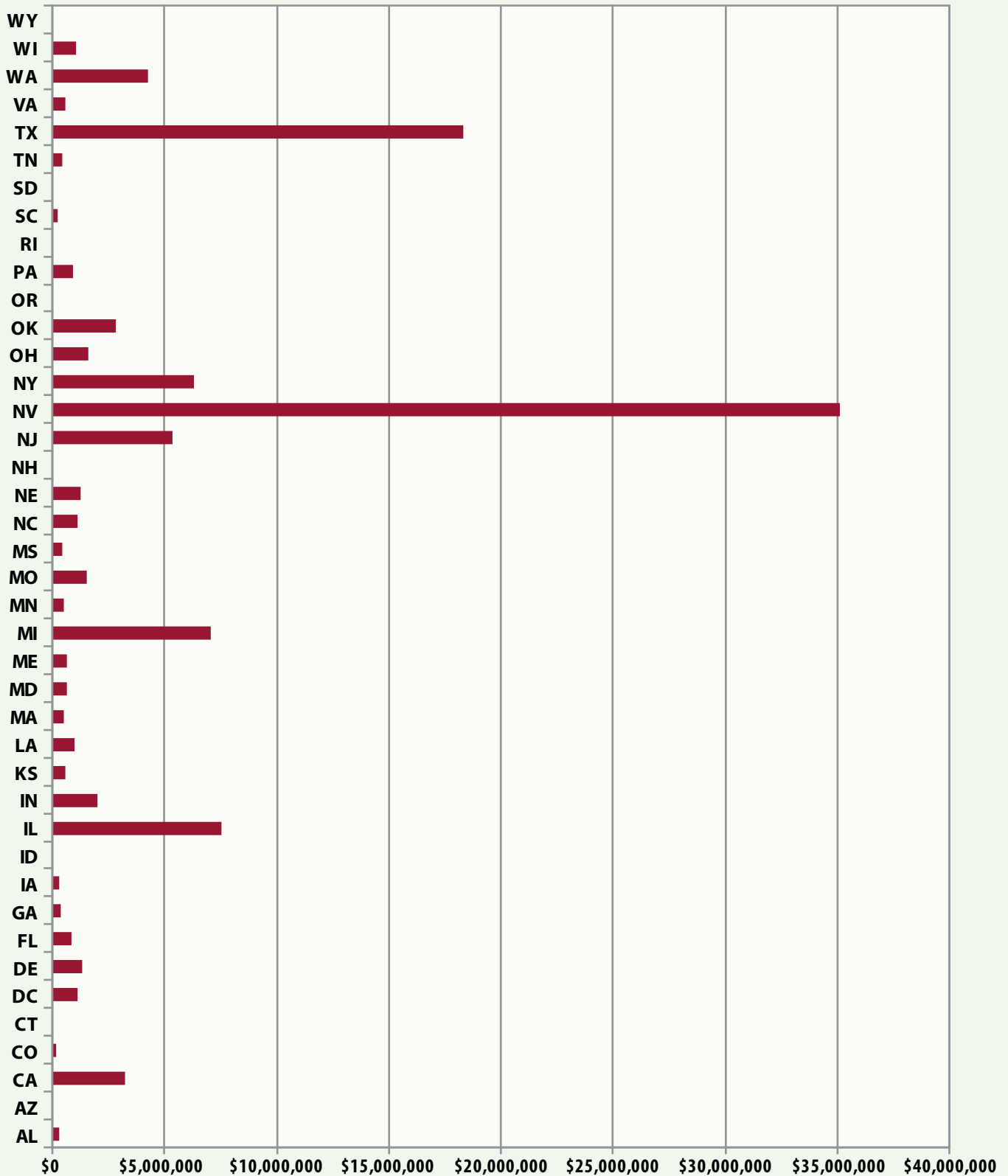
### Distribution of In-state Grants by Location of Funding Source Arkansas 2005-2008



Data Source: GuideStar USA, Inc.

Chart 15

### Out-of-State Distribution of Grants by Location of Funding Source Arkansas 2005-2008



Data Source: GuideStar USA, Inc.



# E Estimates of the Economic Impact of Nonprofits

## *Out-of-state Supported Economic Activity*

Out-of-state funds attracted by Arkansas nonprofits are an important measure of nonprofits contribution to economic activity within the state. These funds support economic activity by creating an economic base that supports many different economic activities. This economic base is due to the reacquiring nature of this funding and to the spending financed by the funding that over time contributes directly to economic activity (direct effect). Once spent by nonprofits, the funds continue to recycle throughout the economy, creating and supporting interindustry spending and purchases (indirect effects). Households also gain by earning additional income because of the direct and indirect effects, and this additional household income induces more household spending (induced effects). Thus, the out-of-state funds finance a base level of economic activity (direct effect), and this base level in turn supports more economic activity (indirect and induced effects). The additional activities supported by the base activity are a measure of the economic impact of the base activity. In this case, it is a measure of the economic impact of nonprofit organizations.

This study does not have direct measures of all the out-of-state funds received by the nonprofit organizations. However, out-of-state grantor data analyzed in the previous section can be used to give some indication of the significance of out-of-state funded

nonprofit activities. Table 5 shows the amounts of out-of-state funded grants by industrial sector for nonprofit sectors in Arkansas. Out of the approximately \$109 million in out-of-state funded grants, the information industries, industries providing educational services, and the other services industries each have about a quarter of the total amount. Health care and social assistance sectors receives 14% of the funds. The remaining industries receive less than 2% of the funds.

### *Estimate of the Economic Impact of Grants to Arkansas Nonprofits Funded from Out-of-state*

The economic impacts of the nonprofit sectors include their additions to the state revenues defined as the value of the state’s total output, plus the additional wages and salaries, and the creation of jobs. Following the standard

methodology used to analyze economic impacts, the direct impacts (effects) of nonprofit organizations are the expenditures made by nonprofits that are funded by out-of-state funds. In this section of this study, the analysis used grants funded by industry as a measure of the direct expenditures made by nonprofits. Indirect and induced expenditure multipliers are applied to estimate direct expenditures to arrive at estimates of the indirect and induced effects, and this leads to finding their impacts on the state’s output, income, and employment.

The IMPLAN Model expenditure multipliers were used in this analysis to access the economic impact of nonprofit organizations.<sup>10</sup> Even though the funds from out-of-state finance nonprofit expenditures, not all the financed expenditures will necessarily occur within the state as some may be spent out-of-state. This study assumed

**Table 5**

#### **Distribution of Out-of-state Funded Grants by Industry**

<b>INDUSTRY SECTOR</b>	<b>SECTOR TOTAL OF OUT-OF-STATE</b>	
	<b>GRANTS</b>	<b>PERCENT</b>
Agriculture, Forestry, Fishing, and Hunting	\$1,447,305	1.3%
Information	\$29,214,595	26.8%
Professional, Scientific, and Technical Services	\$207,237	0.2%
Administrative/Support and Waste/Remediation Services	\$893,554	0.8%
Educational Services	\$29,820,320	27.4%
Health Care and Social Assistance	\$15,196,729	14.0%
Arts, Entertainment, and Recreation	\$2,437,888	2.2%
Accommodation and Food Services	\$316,729	0.3%
Other Services (except Public Administration)	\$28,560,913	26.2%
<b>TOTAL</b>	<b>\$108,927,970</b>	<b>100.0%</b>

Source: GuideStar USA, Inc.

10 Minnesota IMPLAN Group, Stillwater, MN.

that every dollar was initially spent within state, and then they leaked out-of-state during the repeated rounds of interindustry expenditures.

This analysis assumed that on average almost 100% of the expenditures are initially spent on in-state purchases. Hence, for the nearly \$108 million in industrial expenditures funded by out-of-state grantors, there is \$108 million spent within the state creating a direct impact of \$108 million. In other words, the state’s economy captures 100% of the initial expenditures. Table 6 summarizes the expenditure assumptions and the direct employment estimates associated with the expenditure levels. The out-of-state funds support 1,735 jobs according to the IMPLAN data for Arkansas.

Table 7 shows the findings from the impact analysis. The \$108 million in out-of-state funded grants supports a total output (expenditures) of \$188 million. The expenditure multiplier for these grants is 1.83 (= \$198/108), and it conveys that for every dollar of out-of-state funded grant to nonprofits there will be \$1.83 total increase of expenditures in the Arkansas economy. The grant supported expenditures also add \$103 million to the state’s value added effectively increasing the gross state product by that amount. In addition, the expenditures funded by out-of-state grantors support an additional 901 jobs for a total of 2,636 jobs throughout the state, and contributed \$72 million to labor incomes.

**Table 6**  
**Direct Expenditures and Employment of Out-of-state Funded Grants by Industry**

INDUSTRY SECTOR	DIRECT EMPLOYMENT	OUT-OF-STATE GRANTS	DIRECT IMPACTS
Agriculture, Forestry, Fishing, and Hunting	23.1	\$1,447,305	\$1,447,305
Information	95.0	\$29,214,595	\$29,214,595
Professional, Scientific, and Technical Services	2.0	\$207,237	\$207,237
Administrative/Support and Waste/Remediation Services	22.3	\$893,554	\$893,554
Educational Services	678.8	\$29,820,320	\$29,820,320
Health Care and Social Assistance	202.5	\$15,196,729	\$15,196,729
Arts, Entertainment, and Recreation	58.4	\$2,437,888	\$2,437,888
Accommodation and Food Services	0.0	\$316,729	\$316,729
Other Services (except Public Administration)	653.4	\$28,560,913	\$28,560,913
<b>DIRECT IMPACT</b>			
<b>LEAKAGE OUT-OF-STATE</b>			
<b>TOTAL</b>	<b>1,735.5</b>	<b>\$108,095,270</b>	<b>\$108,095,270</b>
<b>CAPTURE RATE</b>			<b>100%</b>

Data Sources: IMPLAN Data for Arkansas , IMPLAN Group, Inc. and GuideStar database.

**Table 7**

**Economic Impact of Out-of-state Funded Grants  
Arkansas 2006**

<b>INDUSTRY SECTOR</b>	<b>DIRECT EFFECTS</b>	<b>INDIRECT &amp; INDUCED EFFECTS</b>	<b>TOTAL</b>	<b>VALUE-ADDED</b>	<b>LABOR INCOME</b>	<b>JOBS</b>
Agriculture, Forestry, Fishing, and Hunting	\$1,447,305	1,297,920	\$2,745,225	1,022,163	455,685	23.2
Mining	\$0	696,448	\$696,448	391,547	161,185	2
Utilities	\$0	2,133,089	\$2,133,089	1,479,888	429,842	5.2
Construction	\$0	1,708,348	\$1,708,348	662,112	578,254	17.9
Manufacturing	\$0	16,411,143	\$16,411,143	3,624,733	2,356,136	50
Wholesale Trade	\$0	3,826,741	\$3,826,741	2,577,821	1,441,699	25.6
Transportation and Warehousing	\$0	3,899,264	\$3,899,264	1,995,689	1,524,233	34
Retail Trade	\$0	6,867,868	\$6,867,868	4,364,442	2,763,239	120.4
Information	\$29,214,596	6,188,753	\$35,403,349	17,577,930	8,435,297	115.2
Finance and Insurance	\$0	5,556,059	\$5,556,059	3,219,532	1,587,373	36.4
Real Estate and Rental	\$0	8,135,669	\$8,135,669	5,234,118	1,407,228	72.2
Professional: Scientific, and Technical Services	\$207,237	5,535,486	\$5,742,723	3,030,308	2,606,336	54.1
Management Of Companies	\$0	1,022,497	\$1,022,497	587,583	454,531	5.5
Admin./Support & Waste/Remediation Services	\$893,554	3,182,787	\$4,076,341	2,332,694	1,912,224	101.6
Educational Services	\$29,820,320	757,614	\$30,577,934	16,077,908	14,410,020	696
Health and Social Services	\$15,196,729	7,901,014	\$23,097,743	13,437,422	11,701,853	307.8
Arts: Entertainment and Recreation	\$2,437,888	896,910	\$3,334,798	1,972,535	1,466,611	79.9
Accommodation and Food Services	\$316,729	3,678,782	\$3,995,511	1,809,269	1,124,019	87.5
Other Services	\$28,560,912	2,898,742	\$31,459,654	14,847,332	13,575,405	719.7
Government and Non NAICS	\$0	7,617,667	\$7,617,667	6,854,467	3,878,453	81.9
Foreign Trade	\$0	0	\$0	0	0	0
Domestic Trade	\$0	0	\$0	0	0	0
<b>TOTAL</b>	<b>\$108,095,270</b>	<b>\$90,212,801</b>	<b>\$198,308,071</b>	<b>\$103,099,493</b>	<b>\$72,269,623</b>	<b>2,636</b>

Source: GuideStar USA, Inc.

***Estimate of the Economic Contribution of Nonprofits to the State Economy***

The previous discussion looked at the impact of nonprofits on that state as related to estimated out-of-state grant funded activity. Another approach is to study the total contribution of nonprofit organizations to the state economy as measured by their revenues from activities affecting the

flow of resources. In particular, an impact analysis based on the nonprofits service revenues of approximately \$8.3 billion provides information about the extent nonprofits fundamental activities contribute to the overall economy. Alternatively, this type of impact analysis looks at the extent economic activity would change if all of a sudden nonprofits appeared in the economy and provided nearly \$8.3 billion in goods and services to the state’s economy.

Table 8 shows service revenues and direct impacts for all nonprofit industries. The reason for the equality between service revenues and direct impact is an implicit assumption that the revenues fund the purchases of the resources required by nonprofits to provide their basic services. The analysis continued to assume that every dollar was initially spent within the state, and then leaked to out-of-state during the repeated rounds of interindustry expenditures. In which case, the expenditures by nonprofits and the direct impacts are the same because there are no leakages to out-of-state vendors. Hence, the direct impact and expenditures were both estimated to be approximately \$8.3 billion for the nonprofit sector.

Table 9 shows the total economic impact of these direct expenditures. The nonprofit expenditure of \$8.3 billion supports a total output of \$15.5 billion. In the process of producing this output, nonprofit organizations added approximately \$8.6 billion to the state value added effectively increasing the gross state product by that amount. In addition, nonprofit service revenues supported 189,077 jobs throughout the state's economy, and contributed nearly \$6.6 billion in labor incomes.

**Table 8**

**Service Revenues and Their Direct Impact**

<b>INDUSTRIAL SECTOR</b>	<b>SERVICES REVENUES</b>	<b>DIRECT IMPACT/ EXPENDITURES</b>
Agriculture, Forestry, Fishing, and Hunting	\$1,083,581	\$1,083,581
Transportation and Warehousing	\$2,902,845	\$2,902,845
Information	\$3,428,878	\$3,428,878
Finance and Insurance	\$69,101,366	\$69,101,366
Professional, Scientific, and Technical Services	\$15,390,718	\$15,390,718
Administrative/Support and Waste/Remediation Services	\$1,616,675	\$1,616,675
Educational Services	\$230,830,797	\$230,830,797
Health Care and Social Assistance	\$7,676,914,229	\$7,676,914,229
Arts, Entertainment, and Recreation	\$16,172,126	\$16,172,126
Accommodation and Food Services	\$210,194	\$210,194
Other Services (except Public Administration)	\$244,730,949	\$244,730,949
Leakages out-of-state	\$0	0
<b>TOTAL</b>	<b>\$8,262,382,358</b>	<b>\$8,262,382,358</b>
<b>CAPTURE RATE</b>		<b>100%</b>

Source: GuideStar USA, Inc.

**Table 9**

**Economic Contribution of Arkansas Nonprofit Service Revenues**

<b>INDUSTRY SECTOR</b>	<b>DIRECT EFFECTS</b>	<b>INDIRECT &amp; INDUCED EFFECTS</b>	<b>TOTAL</b>	<b>VALUE-ADDED</b>	<b>LABOR INCOME</b>	<b>JOBS</b>
Agriculture, Forestry, Fishing, and Hunting	\$632,452	\$81,800,400	\$82,432,852	30,693,222	\$13,714,812	696
Mining	\$0	\$59,433,210	\$59,433,210	33,413,660	\$13,811,082	170
Utilities	\$0	\$176,881,844	\$176,881,844	122,716,552	\$35,793,392	433
Construction	\$0	\$79,804,874	\$79,804,874	30,930,348	\$27,078,020	838
Manufacturing	\$0	\$1,419,383,296	\$1,419,383,296	313,499,520	\$204,615,952	4,325
Wholesale Trade	\$453,672	\$324,860,880	\$325,314,552	219,142,736	\$123,090,392	2,178
Transportation and Warehousing	\$3,019,293	\$328,626,448	\$331,645,741	169,740,144	\$130,053,664	2,895
Retail Trade	\$1,139,728	\$601,005,460	\$602,145,188	382,655,584	\$242,913,424	10,555
Information	\$2,170,159	\$267,198,144	\$269,368,303	133,742,640	\$64,196,440	876
Finance and Insurance	\$69,101,368	\$497,409,024	\$566,510,392	328,271,936	\$162,310,944	3,708
Real Estate and Rental	\$0	\$555,626,128	\$555,626,128	357,464,512	\$96,323,640	4,931
Professional: Scientific, and Technical Services	\$15,390,718	\$388,629,016	\$404,019,734	213,192,304	\$183,791,360	3,806
Management of Companies	\$0	\$100,974,200	\$100,974,200	58,025,328	\$45,027,192	544
Administrative and Waste Services	\$1,616,675	\$283,372,672	\$284,989,347	163,085,728	\$133,911,592	7,101
Educational Services	\$230,830,800	\$52,986,864	\$283,817,664	149,231,616	\$133,756,464	6,460
Health and Social Services	\$7,676,914,176	\$760,435,968	\$8,437,350,144	4,908,541,952	\$4,278,084,608	112,424
Arts- Entertainment and Recreation	\$16,172,126	\$50,472,276	\$66,644,402	39,420,208	\$29,331,672	1,596
Accommodation and Food Services	\$210,194	\$357,066,448	\$357,276,642	161,783,968	\$109,461,648	7,821
Other Services	\$244,730,944	\$221,873,792	\$466,604,736	220,213,344	\$201,394,896	10,674
Government and Non NAICS	\$0	\$655,143,144	\$655,143,144	589,505,536	\$334,452,832	7,045
Foreign Trade	\$0	\$0	\$0	0	\$0	0
Domestic Trade	\$0	\$0	\$0	0	\$0	0
<b>TOTAL</b>	<b>\$8,262,382,305</b>	<b>\$7,262,984,088</b>	<b>\$15,525,366,393</b>	<b>8,625,270,838</b>	<b>\$6,563,114,026</b>	<b>189,077</b>

Source: GuideStar USA, Inc.



## Conclusion

Arkansas had 13,456 organizations registered with the Internal Revenue Service as charitable nonprofit organizations. As of June 2008, registered nonprofits in Arkansas had combined revenue of \$14.475 billion and assets of \$15.923 billion.

This study analyzed a sample of 1,945 nonprofit organizations that were tax exempt under 501(c) subsections 3, 4, and 6 and filed a Form 990 during the period 2005-2008. In general, these qualifications restricted the sample of nonprofit organizations to foundations, charities, social welfare organizations, educational institutions, and business leagues.

The nonprofit organizations analyzed in this study, received \$9.9 billion in revenues, paid wages of \$1.213 billion, and supported approximately 68,000 jobs. There were four dominant industrial sectors: health care and social assistance; educational services; arts, entertainment, and recreation; and the “other services” sector.

Out-of-state funds attracted by Arkansas nonprofits are an important measure of nonprofits contribution to economic activity within the state. Out-of-state grants composed 44% of the total \$247 million of grant funds. The IMPLAN Model expenditure multipliers were used to assess the economic impact of out-of-state grant industrial activities by nonprofit organizations. The impact analysis found an overall expenditure multiplier of 1.83, so that the \$108 million in out-of-state fund activities supported \$198

million in total economic activity (output). The grant supported expenditures also added \$103 million to the gross state product by increasing the state's value added by that amount. In so doing, the grant funded expenditures supported an additional 901 jobs for a total of 2,636 jobs throughout the state, and contributed \$72 million to labor incomes.

The overall contribution of the nonprofit sector was also analyzed in terms of its service revenues of approximately \$8.3 billion received over the 2005-2008 period. These revenues were derived from the fundamental activities of nonprofits which give the organizations their nonprofit status. The total economic impact analysis found that when nonprofits provide \$8.3 billion in goods and services, they support a total output of \$15.5 billion, add \$8.6 billion to gross state product through value-added activities, support 189,077 jobs, and contribute nearly \$6.6 billion to labor income.

# Detailed Tables

## Total Wages and Compensation of Nonprofits by Industry Arkansas 2005-2008

INDUSTRIAL SECTOR	COMPENSATION TOTAL	PERCENTAGE COMPENSATION BY INDUSTRY	WAGES TOTAL	PERCENTAGE WAGES BY INDUSTRY	TOTAL WAGES AND COMPENSATION
Agriculture, Forestry, Fishing, and Hunting	\$ -	0.0%	\$991,205	0.0%	\$991,205
Transportation And Warehousing	\$36,068	0.0%	\$1,205,773	0.1%	\$1,241,841
Information	\$434,622	0.4%	\$12,889,669	0.6%	\$13,324,291
Finance and Insurance	\$623,278	0.6%	\$2,460,211	0.1%	\$3,083,489
Professional, Scientific and Technical Services	\$683,118	0.6%	\$12,018,349	0.5%	\$12,701,467
Administrative/Support and Waste/Remediation Services	\$200,460	0.2%	\$1,295,086	0.1%	\$1,495,546
Educational Services	\$4,756,347	4.3%	\$166,933,917	7.3%	\$171,690,264
Health Care and Social Assistance	\$67,450,953	60.3%	\$1,929,358,508	84.5%	\$1,996,809,461
Arts, Entertainment, and Recreation	\$4,402,176	3.9%	\$13,389,047	0.6%	\$17,791,223
Accommodation and Food Services	\$156,441	0.1%	\$922,203	0.0%	\$1,078,644
Other Services (except Public Administration)	\$33,078,222	29.6%	\$142,820,640	6.3%	\$175,898,862
<b>TOTAL</b>	<b>\$111,821,685</b>	<b>100%</b>	<b>\$2,284,284,608</b>	<b>100%</b>	<b>\$2,396,106,293</b>

Source: GuideStar USA, Inc.

## Total Revenues by Industry and Source 2005-2008

INDUSTRY SECTORS	AGRICULTURE, FORESTRY, FISHING, & HUNTING	TRANSPORTATION AND WAREHOUSING	INFORMATION	FINANCE & INSURANCE	PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES	ADMINISTRATIVE AND SUPPORT AND WASTE MANAGEMENT & REMEDIATION SERVICES	EDUCATIONAL SERVICES	HEALTH CARE AND SOCIAL ASSISTANCE	ARTS, ENTERTAINMENT, AND RECREATION	ACCOMMODATION AND FOOD SERVICES	OTHER SERVICES (EXCEPT PUBLIC ADMIN.)	TOTAL BY SOURCE
NAICS CODE	11	48	51	52	54	56	61	62	71	72	81	
<b>REVENUE SOURCES</b>												
Contributions to Donor	\$0	\$26,065	\$0	\$0	\$0	\$0	\$12,269,725	\$3,474,897	\$2,239,781	\$0	\$31,781,581	\$49,797,049
Direct Public Support	\$51,443	\$0	\$143,400,148	\$0	\$3,011,749	\$817,598	\$74,575,088	\$108,822,307	\$12,318,050	\$2,780,047	\$388,501,727	\$734,278,157
Indirect Public Support	\$72,816	\$6,410	\$263,613	\$0	\$0	\$21,625	\$6,262,723	\$34,324,092	\$4,557,013	\$45,909	\$4,965,563	\$50,519,764
Government Grants	\$1,181,303	\$409,933	\$473,109	\$905,000	\$4,207,449	\$2,522,402	\$79,265,208	\$242,989,360	\$1,746,617	\$51,765	\$137,436,541	\$471,188,687
<b>TOTAL CONTRIBUTIONS</b>	<b>\$1,305,562</b>	<b>\$442,408</b>	<b>\$144,136,870</b>	<b>\$905,000</b>	<b>\$7,219,198</b>	<b>\$3,361,625</b>	<b>\$172,372,744</b>	<b>\$389,610,657</b>	<b>\$20,861,461</b>	<b>\$2,877,721</b>	<b>\$562,685,412</b>	<b>\$1,305,778,658</b>
Service Revenue	\$1,083,581	\$2,902,845	\$3,428,878	\$69,101,366	\$15,390,718	\$1,616,675	\$230,830,797	\$7,676,914,229	\$16,172,126	\$210,194	\$244,730,949	\$8,262,382,358
Membership Dues	\$2,454	\$33,350	\$89,970	\$0	\$0	\$0	\$761,748	\$3,302,858	\$3,231,116	\$0	\$6,869,584	\$14,291,080
Interest	\$18,683	\$1,993	\$249,769	\$319,405	\$91,632	\$16,155	\$4,648,012	\$22,606,895	\$375,467	\$46,346	\$11,742,242	\$40,116,599
Dividends	\$0	\$19,548	\$554,951	\$96,709	\$86,920	\$164	\$11,569,595	\$33,384,391	\$429,983	\$0	\$46,608,333	\$92,750,594
Net Rental Income	\$0	\$5,327	\$474,448	\$0	\$598,240	\$0	\$392,024	\$15,885,702	\$160,993	\$81,148	\$2,003,341	\$19,601,223
Other Investment Income	\$0	\$0	\$0	-\$4,864	\$0	\$0	\$1,818,684	\$10,178,794	\$159,065	\$0	\$2,636,079	\$14,787,758
Net Sales of Assets	\$0	\$1,889	\$717,823	\$112,690	\$9,099	\$260	\$7,291,376	\$6,251,246	\$155,704	-\$6,340	\$114,700,589	\$129,234,336
Net Income Special Events	\$0	\$0	\$0	\$0	\$0	\$0	\$98,964	\$844,881	\$728,454	\$0	\$4,458,680	\$6,130,979
Gross Profits Sales of Inventories	\$0	\$0	\$121,621	\$0	\$0	\$0	\$572,405	\$2,738,759	\$1,152,786	\$48,023	\$3,127,799	\$7,761,393
Other Revenue	\$161,156	\$0	\$1,549,092	\$0	\$364,366	\$402,071	\$479,268	\$1,234,647	\$779,818	\$0	\$7,074,348	\$12,044,766
<b>TOTAL REVENUE BY INDUSTRY</b>	<b>\$2,571,436</b>	<b>\$3,407,360</b>	<b>\$151,323,422</b>	<b>\$70,530,306</b>	<b>\$23,760,173</b>	<b>\$5,396,950</b>	<b>\$430,835,617</b>	<b>\$8,162,953,058</b>	<b>\$44,206,973</b>	<b>\$3,257,092</b>	<b>\$1,006,637,356</b>	<b>\$9,904,879,743</b>

Source: GuideStar USA, Inc.

## Nonprofit Organizations: Count, Employment, Wages, Revenues by County

COUNTY	ORGs	NONPROFIT		REVENUE TOTAL	COMPENSATION
		EMP.	WAGES		
ARKANSAS	14	372	\$10,883,443	\$56,052,303	\$417,523
ASHLEY	12	317	\$11,125,126	\$46,687,087	\$944,427
BAXTER	26	1469	\$49,053,073	\$262,129,897	\$1,342,508
BENTON	99	3308	\$117,048,774	\$419,605,113	\$3,820,767
BOONE	41	1552	\$35,238,190	\$171,075,576	\$1,930,557
BRADLEY	10	319	\$7,309,124	\$20,616,567	\$199,490
CALHOUN	2	73	\$2,513,982	\$6,346,528	\$329,933
CARROLL	20	344	\$10,698,769	\$25,789,515	\$603,673
CHICOT	5	4	\$861,688	\$2,922,597	\$0
CLARK	23	440	\$14,066,994	\$66,902,494	\$1,230,205
CLAY	4	64	\$2,406,195	\$6,865,582	\$79,211
CLEBURNE	13	94	\$1,546,175	\$5,787,259	\$158,343
CLEVELAND	1	0	\$0	\$29,450	\$0
COLUMBIA	18	225	\$9,475,765	\$28,105,983	\$716,378
CONWAY	19	407	\$12,793,430	\$33,545,906	\$703,110
CRAIGHEAD	57	4304	\$117,433,378	\$504,442,812	\$3,088,994
CRAWFORD	24	311	\$4,949,016	\$14,677,745	\$728,787
CRITTENDEN	20	591	\$25,392,563	\$67,624,330	\$1,795,830
CROSS	6	159	\$4,622,070	\$15,602,821	\$178,581
DALLAS	5	0	\$69,423	\$807,765	\$18,184
DESHA	11	170	\$6,108,645	\$14,542,568	\$201,719
DREW	12	80	\$6,107,901	\$11,433,728	\$68,930
FAULKNER	64	2123	\$61,130,173	\$306,079,487	\$1,837,487
FRANKLIN	7	60	\$2,608,797	\$12,089,263	\$563,805
FULTON	3	9	\$553,799	\$1,380,546	\$144,367
GARLAND	90	3054	\$111,027,163	\$813,029,360	\$3,229,400
GRANT	4	0	\$176,573	\$502,049	\$36,334
GREENE	15	800	\$24,192,684	\$108,622,859	\$922,710
HEMPSTEAD	10	0	\$4,664,876	\$9,023,968	\$99,184
HOT SPRING	9	445	\$12,237,393	\$56,725,043	\$528,679
HOWARD	8	229	\$5,632,910	\$14,188,654	\$263,571
INDEPENDENCE	55	2793	\$77,152,589	\$238,662,693	\$2,365,438
IZARD	13	109	\$3,141,649	\$8,346,377	\$326,043
JACKSON	9	24	\$733,246	\$2,192,022	\$88,684
JEFFERSON	76	3315	\$88,074,155	\$474,312,905	\$3,958,480
JOHNSON	12	293	\$7,438,847	\$72,549,551	\$757,878
LAFAYETTE	1	0	\$63,744	\$155,253	\$12,000
LAWRENCE	6	0	\$804,576	\$1,673,688	\$99,092

COUNTY	ORGs	NONPROFIT		REVENUE TOTAL	COMPENSATION
		EMP.	WAGES		
LEE	4	50	\$1,597,560	\$3,965,510	\$1,007,201
LITTLE RIVER	3	0	\$5,735	\$305,762	\$0
LOGAN	10	184	\$5,632,390	\$19,650,470	\$318,997
LONOKE	18	186	\$2,948,899	\$13,718,630	\$554,535
MADISON	8	112	\$2,318,560	\$4,535,436	\$74,820
MARION	5	110	\$2,008,813	\$3,269,802	\$36,822
MILLER	19	762	\$6,928,284	\$31,263,380	\$453,280
MISSISSIPPI	23	733	\$2,658,252	\$21,938,171	\$6,878,419
MONROE	7	26	\$2,019,599	\$5,560,853	\$144,361
MONTGOMERY	1	0	\$0	\$98,086	\$0
NEVADA	4	0	\$683,378	\$1,465,808	\$71,286
NEWTON	7	157	\$2,405,596	\$6,281,323	\$39,725
OUACHITA	17	117	\$16,147,640	\$85,288,663	\$864,471
PERRY	4	3	\$111,910	\$1,768,079	\$71,410
PHILLIPS	18	201	\$6,563,963	\$18,165,638	\$348,090
PIKE	1	1	\$0	\$966,239	\$59,783
POINSETT	5	25	\$577,716	\$1,971,300	\$0
POLK	17	69	\$2,805,850	\$10,411,558	\$396,725
POPE	47			\$57,201,254	
PRAIRIE	1	0	\$0	\$303,588	\$0
PULASKI	448	22560	\$807,758,049	\$3,483,449,228	\$25,698,515
RANDOLPH	16	217	\$4,578,863	\$12,876,521	\$359,092
SAINT FRANCIS	11	460	\$5,394,835	\$16,362,232	\$10,800
SALINE	28	1573	\$44,874,205	\$171,354,683	\$1,171,525
SCOTT	5	63	\$2,995,367	\$12,300,697	\$86,218
SEARCY	4	124	\$3,430,517	\$7,897,882	\$441,328
SEBASTIAN	110	5372	\$191,566,293	\$805,520,336	\$7,286,203
SEVIER	5	189	\$4,686,581	\$8,849,463	\$0
SHARP	8	301	\$6,057,319	\$10,587,990	\$104,285
STONE	3	0	\$241,161	\$337,159	\$29,076
UNION	40	515	\$11,173,240	\$36,042,738	\$881,850
VAN BUREN	13	391	\$8,700,975	\$19,908,339	\$355,824
WASHINGTON	173	3728	\$134,337,685	\$589,443,700	\$9,958,383
WHITE	33	1307	\$61,354,229	\$378,183,149	\$1,606,658
WOODRUFF	3	151	\$5,577,672	\$17,284,134	\$515,549
YELL	7	209	\$7,078,544	\$21,836,862	\$224,677
<b>TOTAL</b>	<b>1950</b>	<b>67753</b>	<b>\$2,204,556,578</b>	<b>\$9,781,492,007</b>	<b>\$93,840,210</b>

Source: National Center for Charitable Statistics (NCCS)

## Taxonomy of Nonprofit Organizations

<b>ALL NONPROFIT ORGANIZATIONS</b>		
501(c)(3) Public Charities		
501(c)(3) Private Foundations		
Other 501(c) Nonprofit Organizations		
Small community groups and partnerships, etc.		
<b>501(c)(3) Public Charities</b>		
501(c)(3) Public Charities Registered with the IRS (including registered congregations)		
	Reporting Public Charities	
		Operating Public Charities
		Supporting Public Charities
	Non-Reporting, or with less than \$25,000 in Gross Receipts	
Congregations (about half are registered with IRS)*		
<b>501(c)(3) Private Foundations</b>		
Private Grantmaking (Non-Operating) Foundations		
Private Operating Foundations		
<b>Other 501(c) Nonprofit Organizations</b>		
Civic leagues, social welfare organizations, etc.		
Fraternal beneficiary societies		
Business leagues, chambers of commerce, etc.		
Labor, agricultural, horticultural organizations		
Social and recreational clubs		
Post or organization of war veterans		
All Other Nonprofit Organizations		

Source: National Center for Charitable Statistics (NCCS)

## Sample Count of Arkansas Nonprofits by Industry 2005-2007

	2005	2006	2007	INDUSTRY TOTALS ALL YEARS
Agriculture, Forestry, Fishing, and Hunting		3	1	4
Transportation		1	1	2
Information	1	24	5	30
Finance & Insurance		2		2
Professional, Scientific, and Technical Services	3	24	9	36
Administrative/Support and Waste/Remediation Services		4	3	7
Educational Services	11	96	80	187
Health Care and Social Assistance	25	561	243	829
Arts, Entertainment, and Recreation	7	130	36	173
Accommodation and Food Services		8		8
Other Services (except Public Administration)	27	491	154	672
Annual Totals of All Industries	74	1,344	532	1,950
Unknown	8	66	24	98

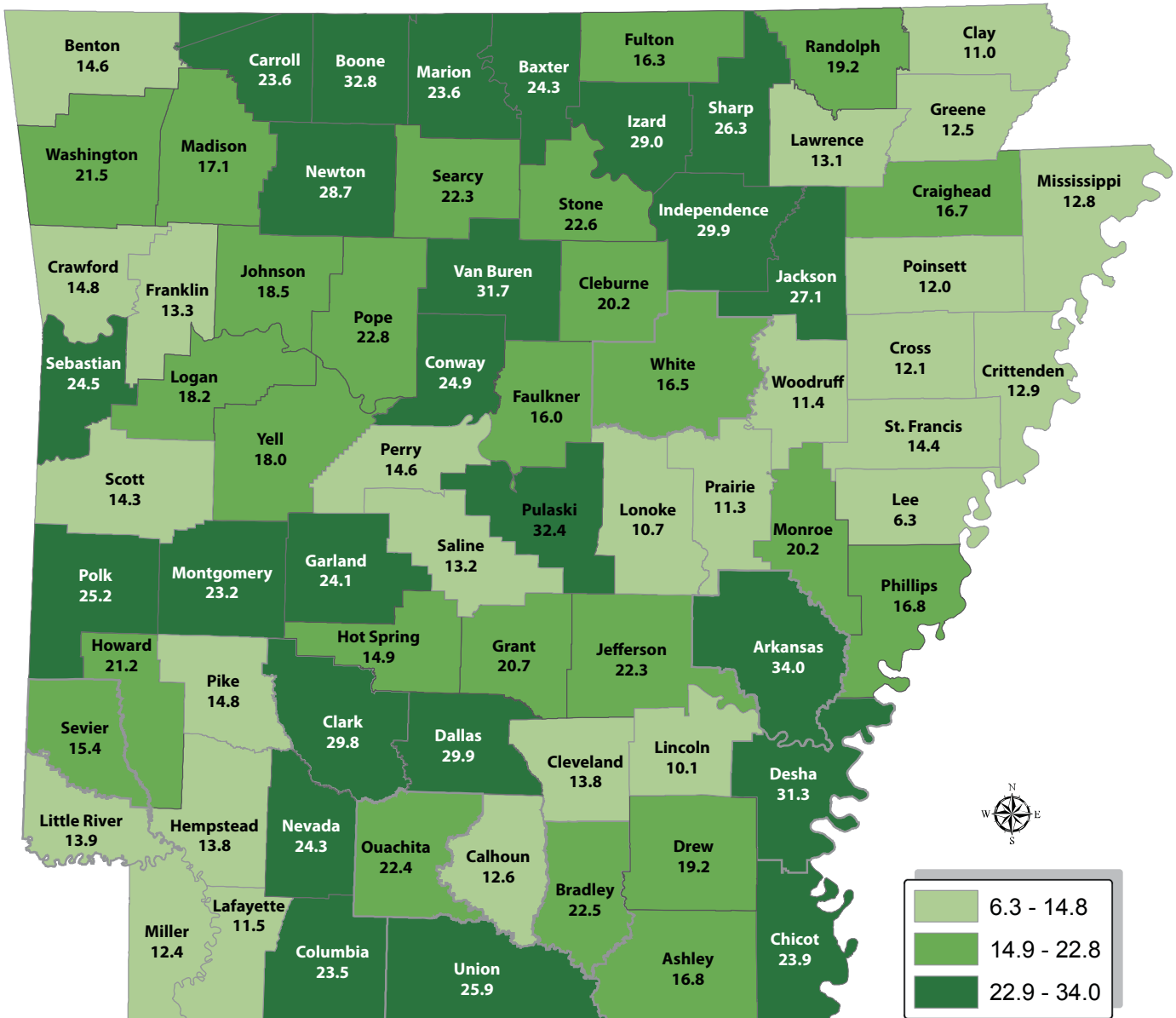
Source: GuideStar USA, Inc.

## Sample Count of Arkansas Nonprofits by Industry 2005-2008

	2005	2006	2007	2008	INDUSTRY TOTALS ALL YEARS
Agriculture, Forestry, Fishing, and Hunting		2	2	1	5
Transportation		1	1		2
Information		16	14		30
Finance and Insurance		3			3
Professional, Scientific, and Technical Services	1	20	15		36
Administrative/Support and Waste/Remediation Services		4	4		8
Educational Services	9	55	129		193
Health Care and Social Assistance	11	381	466		858
Arts, Entertainment, and Recreation	3	99	87	1	190
Accommodation and Food Services		4	4		8
Other Services (except Public Administration)	9	365	331	2	707
Annual Totals of All Industries	33	950	1,053	4	2,040

Source: GuideStar USA, Inc.

## Number of Nonprofit Organizations Filing IRS Form 990 2005-2008\*

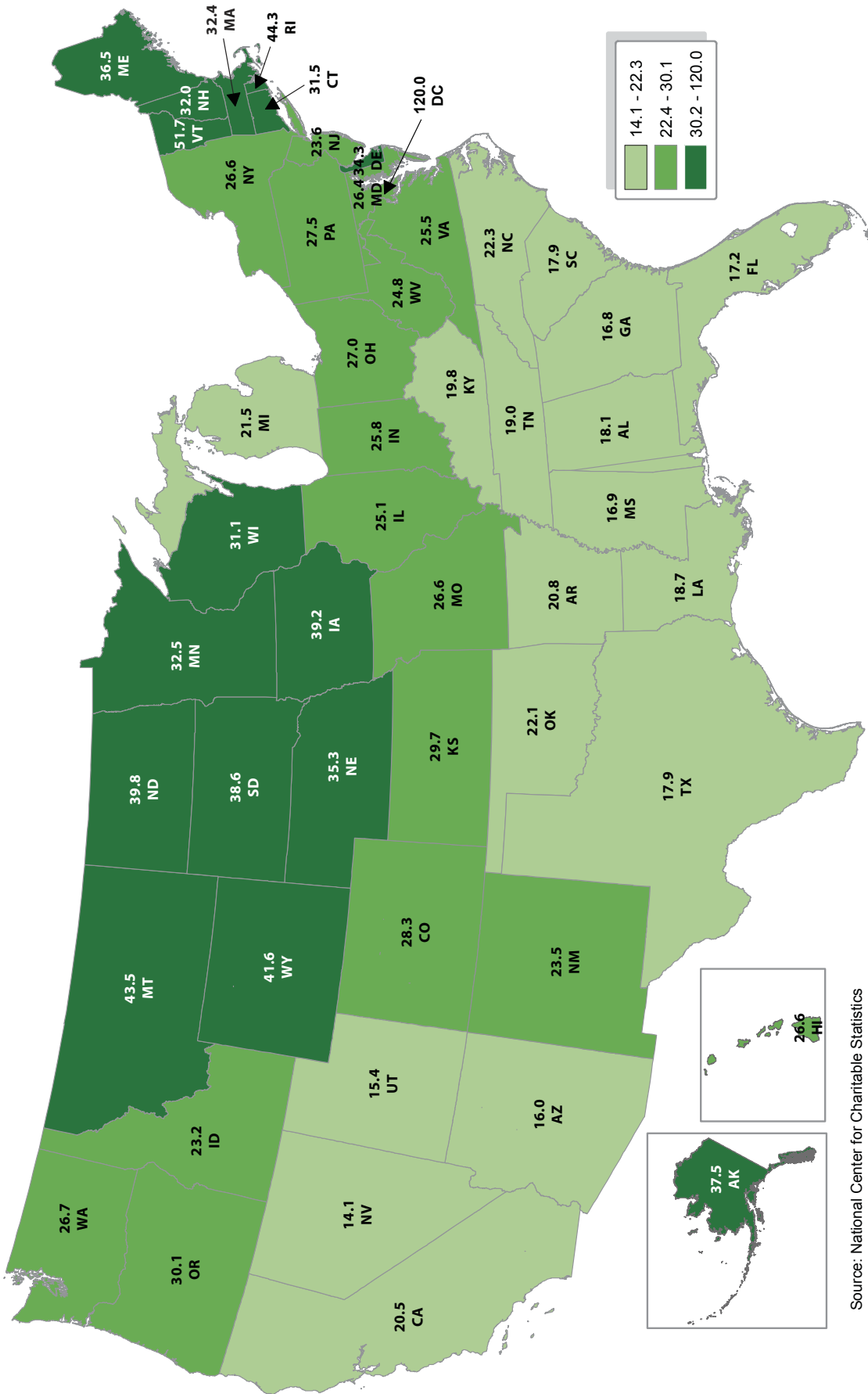


Source: National Center for Charitable Statistics

\*per 10,000 persons using 2006 population estimates

**University of Arkansas at Little Rock**  
**GIS Applications Laboratory**  
**Institute for Economic Advancement**  
<http://argis.ualr.edu>  
**(501) 569-8530**

# Number of Nonprofit Organizations Filing IRS Form 990 2005-2008\*



Source: National Center for Charitable Statistics

\*per 10,000 persons using 2006 population estimates

University of Arkansas at Little Rock  
GIS Applications Laboratory  
Institute for Economic Advancement  
<http://largis.ualr.edu>  
(501) 569-8530



INSTITUTE FOR  
ECONOMIC  
ADVANCEMENT

2801 South University Avenue, Little Rock, AR 72204-1099  
Phone: (501) 569-8519 • Fax (501) 569-8538 • [www.iea.ualr.edu](http://www.iea.ualr.edu)