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Alexandria Council of Human Service Organizations

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RETURN ON INVESTMENT:

ALEXANDRIA NONPROFIT IMPACT REPORT

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ALEXANDRIA COUNCIL OF HUMAN SERVICES ORGANIZATIONS
FEBRUARY 2014

ACKNOWLEDGEMENTS

We are grateful to ACHSO members for providing data and guidance for the development of this report. We also want to acknowledge the hard work of J. Glenn Hopkins (Hopkins House) and John Porter (ACT for Alexandria) for their stewardship of this report and guidance to the report researchers.

This report was funded by the Alexandria Council of Human Services Organizations, with additional funding from the following organizations: ACT for Alexandria, Arlington-Alexandria Coalition for the Homeless, Hopkins House, Rebuilding Together, SCAN, and The Campagna Center.

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ALEXANDRIA COUNCIL OF HUMAN SERVICES ORGANIZATIONS

The mission of the Alexandria Council of Human Services Organizations (ACHSO) is to improve human services through cross sector collaboration for the benefit of the Alexandria community.

Executive Committee

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- Ronald Frazier
- Kari Galloway
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- Michael O'Rourke
- John Porter, *Co-Convener*
- Melodie Seau
- Fay Slotnick

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- ACT for Alexandria
- Alexandria City Manager's Office
- Alexandria Public Schools
- Alexandria Department of Community & Human Services
- Alexandria Department of Recreation, Parks & Cultural Activities
- Alexandria Health Department
- Alexandria Housing Development Corporation
- Alexandria J & DR/Court Services Unit
- Alexandria Library
- Alexandria Neighborhood Health Services, Inc.
- Alexandria Office of Housing
- Alexandria Olympic Boys & Girls Club
- Alexandria Redevelopment & Housing Authority
- Alexandria Seaport Foundation
- Alexandria Tutoring Consortium
- ALIVE!
- The ARC of Northern Virginia
- Arlington-Alexandria Coalition for the Homeless
- Brain Injury Services
- The Campagna Center
- Carpenter's Shelter
- Center for Alexandria's Children
- The Child & Family Network Centers
- The Giving Circle of Alexandria
- Healthy Heroes Alliance
- Higher Achievement
- Hopkins House
- Islamic Relief USA
- Just Neighbors
- K.I. Services, Inc.
- Legal Services of Northern Virginia
- Liberty's Promise
- Literacy Council of Northern Virginia
- Neighborhood Improvement Corps
- New Hope Housing, Inc.
- Northern Virginia Area Health Education Centers (NVAHEC)
- Northern Virginia Community College
- Northern Virginia Family Services
- Northern Virginia Resource Center for Deaf and Hard of Hearing Persons
- Parent Leadership Training Institute of Alexandria (PLTI)
- Prevention of Blindness Society
- PRS, Inc.
- The Reading Connection
- Rebuilding Together Alexandria
- Senior Services of Alexandria
- SisterMentors
- Space of Her Own
- Stop Child Abuse Now (SCAN) of Northern Virginia
- Tahirih Justice Center
- Volunteer Alexandria
- The Women's Center
- Wright to Read
- YoKid . . . Stretch Your Limits

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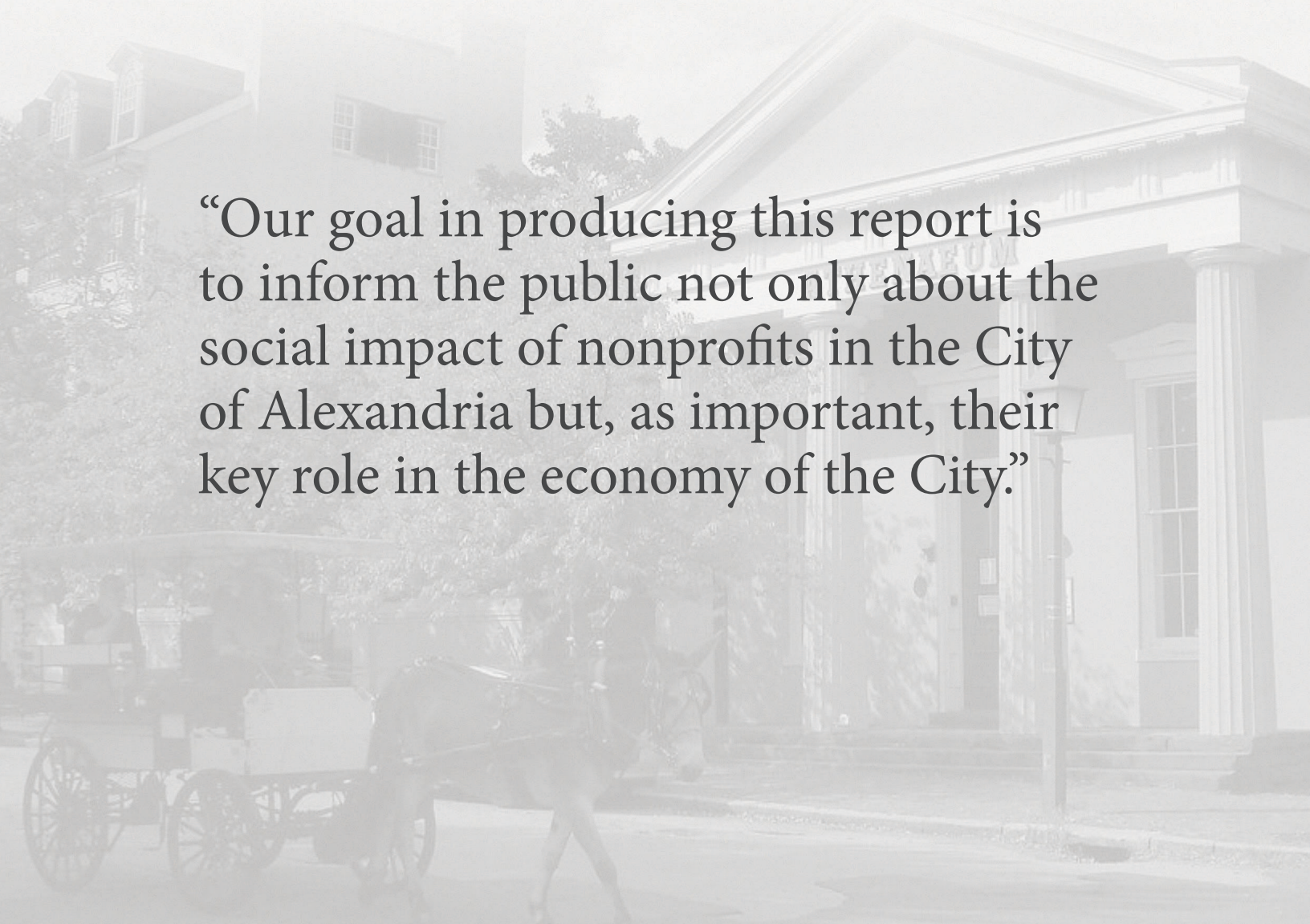
PREFACE

Nonprofits are often viewed as merely social enterprises that perform good works in the community through heavy reliance on tax-payer and donor dollars. Some argue, that while tax-payers and donors can hope for significant and valuable social return for their financial investment, they should not expect much in economic return. For this reason, nonprofit organizations are assumed to be discretionary in nature and not integral to the overall health or vitality of the local economy. As this report will show, this notion is quite incorrect.

In addition to providing rather significant social services, Alexandria nonprofits contribute substantially to the economy of the City. Nonprofits are, in fact, businesses of varying size and complexity with the added virtue of having, as their main product a social mission.

Nonprofits employ thousands of people in the City, generate and spend millions of dollars, and help to improve the lives of untold numbers of residents. The return on tax-payer and donor investment is, as you will read in the ensuing pages, rather astonishing.



"Our goal in producing this report is to inform the public not only about the social impact of nonprofits in the City of Alexandria but, as important, their key role in the economy of the City."

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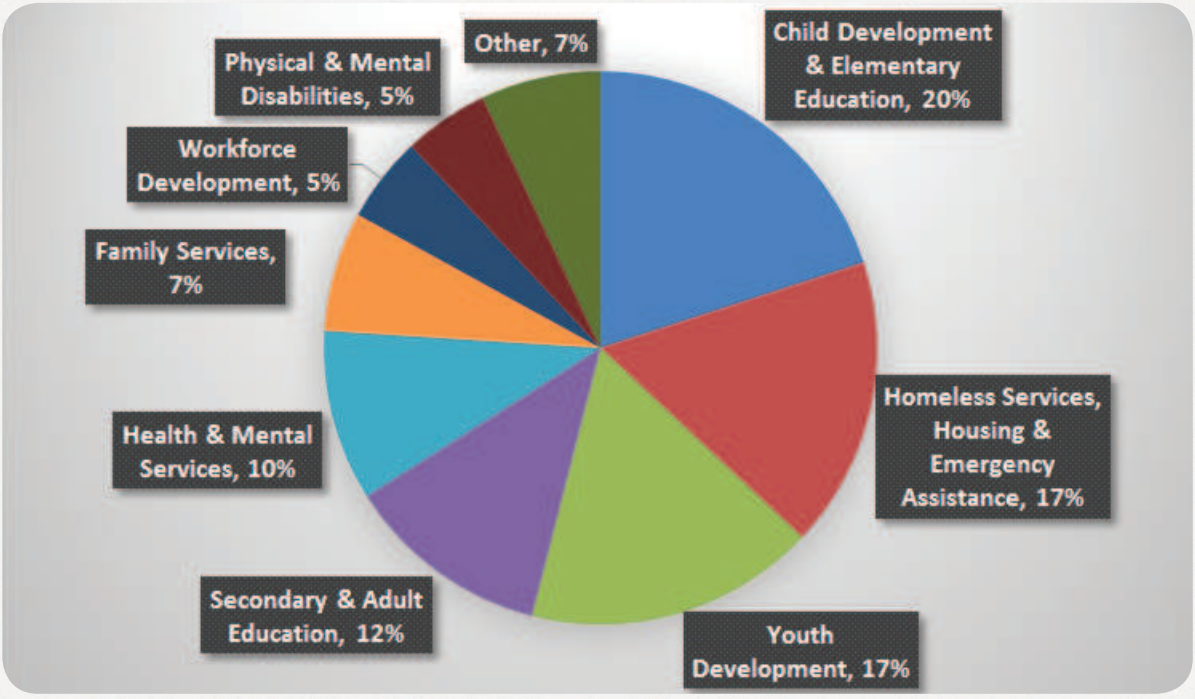
KEY FINDINGS

ALEXANDRIA IS A KEY DRIVER OF NONPROFIT ACTIVITY IN THE COMMONWEALTH OF VIRGINIA:

- *Nonprofits in Northern Virginia account for 39 percent of the Commonwealth's nonprofit activity and Alexandria, along with its neighbors Fairfax County and Arlington County, are leaders in the region.*
- *Alexandria is 5th in the Commonwealth for the number of persons employed by nonprofits, 2nd for the number of existing nonprofit entities, 4th for the amount of revenue generated, 4th in expenditures, 5th for the amount of assets held, and 6th for the amount of nonprofit spending per capita.*
- *Alexandria's nonprofits include many high profile national nonprofits that account for a significant portion of the total revenue earned by nonprofits. Some 20 organizations generate 60 percent of the $3.3 billion in annual nonprofit revenue in the City, and 19 of them are nationally or internationally focused.*
- *Local nonprofits are characterized by strong and visible collaborations among organizations.*
- *The large number of nonprofits meets a broad range of needs, and not just for low-income and/or vulnerable persons.*
- *While providing services essential to improving the lives of vulnerable residents and, by extension, improving the City as a whole, Alexandria nonprofits are also businesses that provide thousands of jobs, attract millions of dollars in revenue, and contribute to millions more in consumer spending and contributions to the City's tax base.*

ALEXANDRIA NONPROFITS ADDRESS KEY LOCAL CHALLENGES:

- *Alexandria's human services nonprofits focus on needs and services not provided by the private sector in the City, so their participation on behalf of underrepresented groups is key.*
- *Statewide, some 16 percent of nonprofits provide human services. Locally, the human services organizations that serve in this niche cross a wide range of areas:*



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Key Findings Continued

THE MEMBER ORGANIZATIONS OF THE ALEXANDRIA COUNCIL OF HUMAN SERVICES ORGANIZATIONS (ACHSO) PLAY A PARTICULARLY KEY ROLE IN THE CITY'S NONPROFIT SECTOR:

- *ACHSO nonprofits provide more than 100,000 services per year, with the lack of affordable housing, support for children and youths, and health care for hard to reach populations among their most consistent challenges.*
- *Alexandria nonprofits overall attract $3.3 billion in revenue annually, of which ACHSO nonprofits represent some $206 million.*
- *ACHSO nonprofits have $198 million in assets.*
- *ACHSO nonprofits expend $182 million, including $60 million in salaries and wages.*
- *ACHSO nonprofits employ 2,057 individuals on a full- and part-time basis.*
- *ACHSO nonprofits pay $24.2 million in salaries/wages to the Alexandria residents they employ, who in turn spend $23.4 million, most of it in the Alexandria community, on housing, food and transportation.*
- *ACHSO nonprofits raise or earn $4 for every $1 they receive in tax-payer funding.*
- *ACHSO nonprofits utilize the services of over 18,000 volunteers a year.*
- ***Alexandria's $2 million annual investment in ACHSO nonprofits through the Alexandria Fund for Human Services generates:***
  - *–101 times that amount in revenue;*
  - *–89 times that amount in nonprofit spending;*
  - *–29 times that amount in wages paid to employees overall; and,*
  - *–11 times that amount in both wages paid to Alexandria residents and in consumer spending.*

Alexandria is a leader in nonprofit economic activity in the Commonwealth of Virginia. The City of Alexandria is one of the major drivers of nonprofit activity across the Commonwealth of Virginia. According to a 2012 comprehensive study of economic participation by Virginia nonprofits, Northern Virginia accounts for 39 percent of the Commonwealth's nonprofits and Alexandria, along with its neighbors Fairfax County and Arlington County, lead in the sheer number of organizations within their borders, the number of people they employ, the amount of revenue they generate, and the assets they hold.[i]

According to the study, which used 2010 IRS filings along with Census and labor data, Alexandria ranks:

- 5th in the Commonwealth for the number of persons employed (10,202), and notably close in numbers to the City of Richmond (10,933) and Virginia Beach (10,113) which ranked 4th and 6th respectively;
- 2nd in the Commonwealth for the number of existing entities (691), behind the much larger Fairfax County (1,658);
- 4th in the Commonwealth for the amount of revenue generated ($3.1 billion);[ii]
- 4th in the Commonwealth for the amount of expenditures ($182 million); and
- 5th in the Commonwealth for the amount of assets held ($198 million).
- Unlike most of its other Northern Virginia neighbors (Arlington being the exception), Alexandria is also a leader in the Commonwealth for the amount its nonprofits spend per capita, which is typically a ranking dominated by much smaller jurisdictions whose small populations benefit them in such calculations. Alexandria's nonprofits rank 6th in the Commonwealth, spending $21,547 per person.

TABLE 1: TOP 5 VIRGINIA JURISDICTIONS FOR NONPROFIT ECONOMIC PARTICIPATION

RANKING	EMPLOYMENT	NUMBER OF ENTITIES	REVENUE	EXPENDITURES	ASSETS
1	Fairfax	Fairfax	Norfolk	Norfolk	Arlington
2	Arlington	**Alexandria**	Arlington	Arlington	Fairfax
3	Norfolk	Arlington	Fairfax	Fairfax	Charlottesville
4	Richmond	Henrico	**Alexandria**	**Alexandria**	Norfolk
5	**Alexandria**	Richmond	Henrico	Henrico	**Alexandria**

Source: Johns Hopkins University Nonprofit Economic Data Project

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Key Findings Continued

ALEXANDRIA NONPROFITS ARE STRONG COLLABORATORS AND HAVE NATIONAL SIGNIFICANCE:
Alexandria's nonprofit community is distinguished by more than just its size relative to its neighbors across the Commonwealth, but also by a number of other important characteristics:

Prevalence of National Nonprofits *- The Washington metropolitan region is home to many national nonprofits and, next to theDistrict of Columbia, Alexandria is a favorite home for organizations that focus their efforts broadly. Organizations such as Good360 (Gifts in Kind), the American Diabetes Association, Global Impact, United Way Worldwide, and National Center for Missing and Exploited Children are all high profile nonprofits located in the City and that also attract significant revenue to the City. In fact, the City's top 20 nonprofit revenue generators are all nationally and internationally focused organizations with one exception – Goodwin House, a local retirement community. Those 20 organizations account for 60 percent of the $3.3 billion in revenue attracted by nonprofits in the City annually.*

DIRECT ECONOMIC IMPACT

TABLE 2: LARGEST ALEXANDRIA NONPROFITS *(by revenue)*

NONPROFITS	TOTAL REVENUE*
GOOD360	$310,514,892
INSTITUTE FOR DEFENSE ANALYSES	$242,961,609
AMERICAN DIABETES ASSOCIATION INC	$202,794,922
CENTRO INTERNACIONAL DE MEJORAMIENTO DE MAIZ Y TRIGO DF	$123,523,994
CNA CORPORATION	$119,403,514
GLOBAL IMPACT	$101,128,558
UNITED WAY WORLDWIDE	$96,098,760
SERVICESOURCE INC	$90,329,576
AMERICAN SOCIETY OF CLINICAL ONCOLOGY	$88,427,911
ALLIANCE FOR A GREEN REVOLUTION IN AFRICA	$84,433,438
GOODWIN HOUSE INCORPORATED	$66,668,369
DONORS CAPITAL FUND INC	$61,700,814
ISLAMIC RELIEF USA	$60,899,942
CHARITIES AID FOUNDATION AMERICA	$53,825,234
ASSOCIATION FOR SUPERVISION AND CURRICULUM DEVELOPMENT	$50,645,717
NATIONAL CENTER FOR MISSING AND EXPLOITED CHILDREN	$48,006,661
INTERNATIONAL INSTITUTE OF TROPICAL AGRICULTURE	$47,427,000
DONORS TRUST INC	$40,127,442
PROTESTANT EPISCOPAL HIGH SCHOOL IN VIRGINIA	$36,830,518
INTERNATIONAL WATER MANAGEMENT INSTITUTE	$35,129,000

**Source: IRS list of charitable organizations (pulled November 2013)*

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Key Findings Continued

Strong Collaborations Among Local Partners – Alexandria's locally-focused nonprofits are strong collaborators. This is particularly true for its human services nonprofits, as the following examples demonstrate:

After experiencing a peak rise in homelessness in 2011 (15.9 percent higher than the previous year), the City registered a 15 percent reduction in 2012, and another 22 percent reduction in 2013, attributed to the collaboration between government agencies and homeless services nonprofits on a new centralized intake system designed to triage and divert individuals and families away from the shelter system when there were other viable options for them. In 2009, 2010 and 2011 Alexandria was ranked as the top locale in the country for online giving.[iii] A large part of this ranking was fueled by an annual "Spring2Action" effort in which nonprofits all reached out to their networks over the same 24 hour period to encourage giving. Sponsored by ACT for Alexandria and ACTion Alexandria, the 2011 effort attracted 5,872 donors in one day.[iv]

Responsibility for Meeting Broad Community Needs – Large and small, encompassing both broad and limited impact, the sheer number of nonprofits in Alexandria means there is little they do not touch or that does not depend on their participation. Nonprofit activity is typically associated with services provided in moments of personal or community crisis and/or only to members of the community who are vulnerable due to age, disability, income, etc. In fact, Alexandria nonprofits provide emergency shelter, food, mental and physical health care, among other services, to a substantial and broad demographic of people every year. Moreover, the City's nonprofits help support a healthy community for everyone who lives in the City, providing education, sports and health activities, economic development, as well as arts and culture.

"In 2009, 2010, and 2011 Alexandria was ranked as the top locale in the country for online giving."

Alexandria Human Services Nonprofits are a Critical Piece of the Local Fabric – In most communities nonprofits provide important, often critical services and benefits. They are thought to focus primarily on the vulnerable populations and not the larger community. Yet, nonprofits typically provide a broad range of services to a large segment of the local community. From schools, childcare, hospitals, churches, community associations, sports and recreation groups, theatre to the arts, nonprofits fill the gap left by government and the private sector. To the extent that a community intends to be inclusive, it is often the human services organizations that help them achieve this goal by facilitating access to the basics (shelter, food, health care, and education) and more for the people who tend not to have such access.

The 50 non-government and eight government organizations that make up the Alexandria Council of Human Services Organizations (ACHSO), indeed, serve this purpose for the City of Alexandria. In addition to services to the broader community, ACHSO member organizations focus on the human services needs of vulnerable populations in the City, and the resources needed to bridge the gap for those individuals, families and communities. Each organization accomplishes this within the parameters of their mission and resources and, as a coalition their impact is amplified.

AS A GROUP, ACHSO NONPROFITS:

- *Focus on vulnerable populations;*
- *Collaborate in seeking resources and delivering services under one roof;*
- *Work to consolidate efforts to reduce duplication;*
- *Serve as a repository (quantitatively and anecdotally) for information about need and how well the City is meeting those needs;*
- *Educate the public about the needs of vulnerable populations and create platforms (through giving, volunteering, etc.) for community participation in improvement efforts; and,*
- *Help the City make good on its goal of being inclusive even for individuals, families and communities with multiple challenges.*

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Key Findings Continued

Alexandria's Nonprofits Thrive in a Very Challenging Environment – Even as nonprofits work to fill this critical niche in the community, they do so in an environment that can be both supportive and challenging. Alexandria, by most comparisons nationally and across the Commonwealth of Virginia, is a community with both considerable resources and considerable demand on those resources.

ALEXANDRIA IS:

- *Wealthy – The median household income according the latest Census data is $82,748 (31 percent higher than the state median) and the median family income is $101,472. Both are consistently rising faster than the rate of inflation;*
- *Educated – Some 92 percent of Alexandrians have a high school diploma and 60 percent have a Bachelor's degree or better; and*
- *Employed – Approximately 95.4 percent of Alexandrians are employed, higher than the national average.*

Human services nonprofits are, for the most part, serving individuals and households at the lower end of the economic spectrum – those with incomes below $25,000 per year, with low skills and/or education, and unemployed or under-employed. In fact, according to the latest Census data, some 7.8 percent of Alexandria residents are poor and, according to the latest annual Point in Time count, some 275 individuals in the City are homeless on any given night. When the Alexandria Redevelopment and Housing Authority opened its (typically closed) wait list in 2011, some 15,000 households applied to be added.

In a city with so many people who do so well, the people who struggle with low incomes, high housing costs, and inadequate access to services and community amenities are often missed. Yet the City's struggling citizens have some very specific challenges, exacerbated by the wide gap in resources and visibility between them and higher income residents. High on the list of challenges is lack of affordable housing, access to adequate health care (particularly for immigrants), and lack of appropriate supports for low-income youths. The challenges in these areas persist despite the work being done by nonprofits and government agencies across the City.

The George Washington Masonic National Memorial, Alexandria, Virginia

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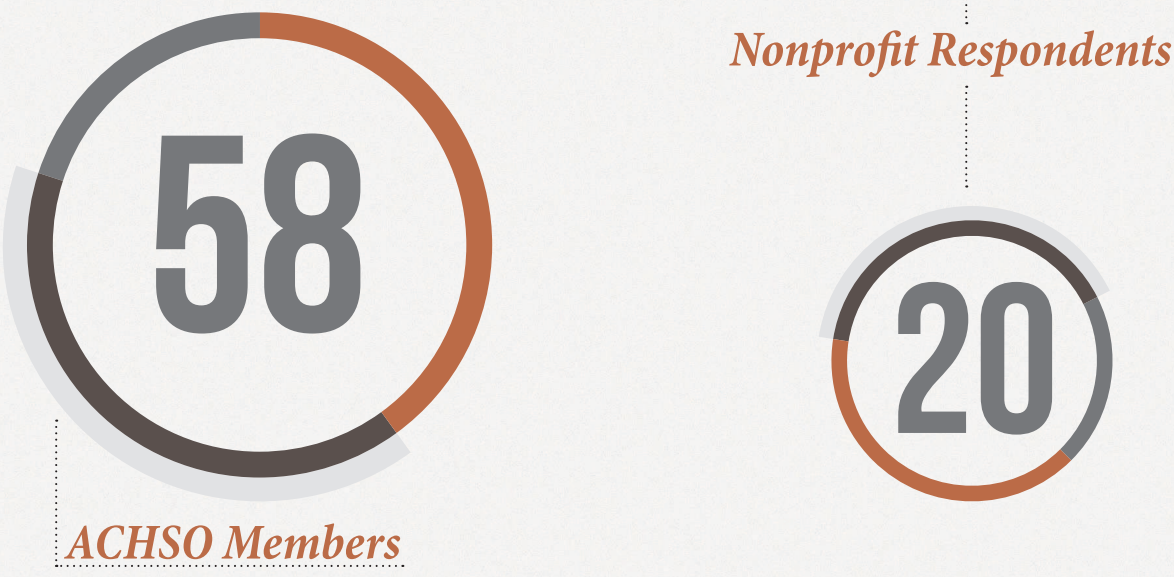
METHODOLOGY

THIS REPORT RELIES ON THE FOLLOWING SOURCES OF DATA:

- *ACHSO Survey* – All 58 ACHSO members received an electronic survey which posed questions about current and past year economic participation *(revenue, assets, expenses, wages and benefits, charitable contributions and employment numbers)*, as well as service delivery *(organizational focus, activities undertaken, number of persons served, as well other measurements)*. A subset of ACHSO membership – 20 nongovernment members – responded to the survey. Note the following:
  - *2 government agency respondents were removed from the sample, as data were not consistent with the overall content of the report's focus on non-government nonprofit service delivery and impact.*
  - *For service delivery estimates, respondents were not asked to produce unduplicated numbers. They were asked to detail the major activities of their organizations and the number of persons they serve with each activity. For this reason, survey participants may have duplicated numbers of persons served if a person participated in multiple activities through their organization.*
  - *The report notes areas where survey responses are used to make assumptions/conclusion about the entire ACHSO (non-government nonprofits) membership.*
- *IRS Form 990 – Note the following:*
  - *Recent tax returns for 40 of the 50 non-government nonprofits were available.*
  - *Similar information was collected for another four organizations that answered the survey but did not have a recent tax return to provide.*
  - *The latest return available for 7 of the organizations was from 2011, although 2 of those were also survey respondents that provided more recent (unfiled) data for comparison.*
- *IRS Exempt Organization Listing – The most recent list of exempt organizations was pulled for the City of Alexandria. Note the following:*
  - *The list contains thousands of organizations, but it is widely accepted that the list is not regularly purged. For this reason and for the purposes of this report the list was sorted and entries were used only if (1) the organization was designated as a 501 (c) 3 and not any other kind of exempt organization; and (2) the organization (if required) has filed a tax return in the past five years (to eliminate potentially defunct organizations).*
  - *The list was used mainly in the report to compare total nonprofit revenue (for recent filers, 2011 - 2013) to the total nonprofit revenue quoted from a 2012 report on Virginia nonprofits that used 2010 IRS data.*

ACHSO SURVEY



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SERVICE IMPACT

According to the 2012 Johns Hopkins University report, Virginia's nonprofit sector is quite diverse. Most *(some 46 percent)* are religious, grant-making and civic organizations. Some 14 percent represent arts and entertainment. Another 16 percent are social services organizations, and nine percent are health-related *(although since this area includes hospitals it accounts for the bulk of nonprofit employment and expenditures)*. The final three percent are educational institutions. Since Alexandria's nonprofits numbers do much to drive the statewide numbers, we can assume comparable representation across all of its nonprofits.

The ACHSO nonprofits, for the most part, fall into that 16 percent which provide social services. The recent survey of ACHSO organizations provides insight on the diversity of services provided. The survey found that:

- *20 percent are providing child development and elementary education services;*
- *17 percent are providing homeless services, housing and/or emergency assistance;*
- *17 percent are working in youth development;*
- *12 percent are providing secondary or adult education services;*
- *10 percent are providing health and/or mental health services;*
- *7 percent are providing family services;*
- *5 percent are providing workforce development services; and*
- *5 percent are providing services to people with physical and intellectual disabilities.*[v]

THOUSANDS SERVED ANNUALLY:

In the recent survey of ACHSO nonprofits, organizations were asked to delineate the activities their organizations undertake annually and to detail the numbers served for each activity. The number of activities are too numerous to list here in full, but consistent with the areas of service listed above, organizations are providing tutoring and after-school services to children, bed nights in shelter and emergency food, visits and transportation assistance for the elderly, and hours of outreach and education to improve health and other personal/community outcomes.

Through these activities in the past year the 20 survey respondents reached:

- *40,100 persons*[vi]
- *4,975 children*
- *12,349 families*
- *8,981 Individuals (not in families)*
  - *–Note that, taken together, these numbers (of families and individuals not in families) represent 33 percent of Alexandria's 65,000 households, served just by the 20 nonprofits that were part of the survey.*
- *51 percent of all adults served were women*

ORGANIZATIONS WERE ALSO ASKED TO QUANTIFY THEIR ACTIVITIES IN WAYS OTHER THAN NUMBER OF PEOPLE SERVED. COLLECTIVELY, THEY PROVIDED:

- *98,700 meals, snacks and bags of food;*
- *3,930 bed nights of shelter;*
- *2,600 home visits and 60,000 rides to vulnerable seniors;*
- *120 repairs, replacements and/or energy efficient upgrades to home roofs, HVAC and other home systems;*
- *9 rehabilitated affordable homes; and*
- *24,615 hours of tutoring, mentoring and after-school programming.*

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Service Impact Continued

Most of these services are the almost exclusive domain of the nonprofits that provide them. These numbers represent the impact of the 20 survey respondents, but there are 50 non-government nonprofits in the ACHSO membership. If we assume the survey respondents are representative of the 50 (in size, scope and range of activities), then we can deduce that ACHSO nonprofits provide over 100,000 services per year.

AS NONPROFITS CONTINUE TO SERVE IN THE ALEXANDRIA COMMUNITY, IT IS WORTH NOTING SOME OF THE CHALLENGES THEY EXPERIENCE:

- *Changes in the Number and Types of People/Households Who Need Help* – Particularly as a result of the recent recession, nonprofits report at least anecdotally about how the "face" of the vulnerable population is changing. This is especially true for basic needs such as housing, food assistance and health care. This has also meant that the sheer number of people needing services has continued to rise, even as charitable donations and government funding remain flat (or decrease when you take into account inflation). These are the challenges nonprofits are experiencing all over, and from which Alexandria nonprofits are not exempt. Alexandria has some very specific challenges, though, as detailed by the numerous plans and studies undertaken in the past few years in different areas.

- *Lack of Affordable Housing* – ACHSO's human services needs assessment from 2008 identified the lack of affordable housing for low-income households as a particular challenge. The subsequent Housing Master Plan process undertaken by the City in 2012 and approved in 2013 further quantified this challenge, noting that households with incomes below 60 percent of the area median income ($64,380 for a family of four) have few options in the Alexandria market where the average single family home was valued at $618,000 in 2011, and outside of a few public housing and nonprofit-owned units, there are no guaranteed affordable units for extremely low-income households. Fair Market Rent (FMR) grew by 57 percent between 2000 and 2010, and the City lost almost 12,000 units affordable to households with incomes below 60 percent of Annual Median Income over this same period.

"If we assume the survey respondents are representative of the 50 (in size, scope and range of activities), then we can deduce that ACHSO nonprofits provide over 100,000 services per year."

- *Lack of Senior Housing* – The aforementioned Housing Master Plan also notes the specific lack of housing for elderly persons, with only 614 units in the City available to provide independent living for seniors.

- *Youth Poverty* - The lack of affordable housing and also a growing poverty rate are noted in the City's draft Children, Youth and Families Master Plan as main drivers for negative indicators among low-income youths – dropout rate (currently 12 percent), juvenile crime, school offenses, teen pregnancy (8.5 percent), abuse and neglect rates (1.8 percent), as well as overall family instability and lack of civic engagement. Child poverty strongly eclipses adult and overall poverty; some 22 percent of children live in poor families nationally, and Alexandria's numbers are consistent with the national average. The aforementioned ACHSO human services needs assessment also reinforced the need for additional human services for youth, and even pinpointed particular areas of the City with critical need, like the community of Arlandria.

- *Health Care for Hard to Reach Populations* – The Partnership for a Healthier Alexandria has particularly noted the difficulty reaching immigrant populations, and the concurrent lack of understanding about what their needs are.

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ECONOMIC IMPACT

As Alexandria nonprofits participate in the delivery of critical services, they are also businesses that contribute to the economy of the City and the Commonwealth. Like other businesses, they attract revenue, they hire employees *(who in turn pay income, property and other taxes and spend money on consumer goods)*, and spend money in the City on the goods and services that support healthy operations for their businesses. Both the 2012 Johns Hopkins University study and the most recent IRS listing of 501(c)3 organizations operating in the City confirm that Alexandria nonprofits are attracting more than $3 billion annually in revenue.

ACHSO NONPROFITS, AS A SUBSET OF NONPROFITS IN ALEXANDRIA OVERALL, HAVE A SUBSTANTIAL AND MEASURABLE IMPACT IN THE LOCAL ECONOMY.

Responses to the ACHSO survey as well as ACHSO organizations' annual tax returns (IRS Form 990) indicate that collectively, the 50 non-government ACHSO members:

- Attract $206 million annually in revenue;
- Have $198 million in assets;
- Expend $182 million in total (including salaries and wages);
- Employ 2,057 individuals, including both full- and part-time employees. (If the survey of ACHSO members is representative it suggests that roughly 53 percent of these employees are full-time and 47 percent are part-time).
- Spend $60 million annually on employee salaries and wages;
- Use the services of over 18,000 volunteers over the course of a year; and
- Raise or earn through program revenue $4 for every $1 they receive in federal, state and local government grants.

DIRECT ECONOMIC IMPACT

TABLE 3: ACHSO NONPROFITS - DIRECT ECONOMIC IMPACT *at a glance*

IMPACT MEASURE	AMOUNT/NUMBER	YEAR-OVER-YEAR TREND
REVENUE	$206 million	↓ 4.2 percent
ASSETS	$198 million	↑ 19 percent
EXPENDITURES	$182 million	↑ 4.4 percent
EMPLOYEES	2,057	↑ 4.2 percent
SALARIES & WAGES	$60 million	↑ 5.7 percent
LEVERAGING	4 (private$) to 1 (government$)	↑ 4.5 percent
VOLUNTEERS	18,000	↑ 9 percent *(persons)* ↑ 13 percent *(hours)*

RESPONSES FROM THE SURVEYED ORGANIZATIONS SUGGEST SOME YEAR-OVER-YEAR TRENDS RELATED TO THESE NUMBERS, INCLUDING THE FOLLOWING:

- Total revenue dropped by 4.2 percent between the 2011 and 2012 tax returns;
- Salaries and benefits saw a better-than-inflation 5.7 percent increase;
- Total expenditures increased by 4.4 percent;
- Assets increased by 19 percent;
- Charitable contributions received increased by 4.5 percent;[vii]
- Increases in employment were driven largely by increases in the number of part-time employees organizations hired. (Survey respondents saw a slight decrease (one percent) in the number of full-time employees, but a significant increase (10.4 percent) in the number of part-time employees).
- Total number of volunteers increased by 9 percent, and the number of volunteer hours spent increased by 13 percent.

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Economic Impact Continued

INDIRECT ECONOMIC IMPACT

TABLE 4: ACHSO NONPROFITS - INDIRECT ECONOMIC IMPACT *at a glance*

IMPACT MEASURE	AMOUNT/NUMBER
EMPLOYEES - % Alexandria Residents	40% (823 persons)
SALARIES & WAGES – Earned by Alexandria Residents	$24.2 million
CONSUMER SPENDING – By Alexandria Residents	$23.4 million
TAXES – By ASCHO Employees	$2.9 million

In addition to the non-salary/wages spending that ACHSO nonprofits do in the Alexandria economy to sustain their operations, these organizations also employ more than 2,000 individuals, some 40 percent of whom live in Alexandria (based on the ACHSO survey) and we can assume spend the majority of their income in the Alexandria economy since they both live and work in the City. We can use a typical analysis of consumer spending patterns at different income levels from the U.S. Bureau of Labor Statistics (U.S. BLS) to make assumptions about consumer spending among ACHSO non-profits employees and their contribution to the Alexandria economy.[viii]

WE KNOW THE FOLLOWING FROM ACHSO NONPROFITS' TAX RETURNS AND THE ACHSO SURVEY:

- ACHSO nonprofits employees earned $60 million in salary alone in 2012;
- 40 percent of ACHSO nonprofits employees live in Alexandria (823 persons);
- Roughly $24.2 million of the salaries paid by ACHSO nonprofits was earned by people living in the City;
- 30 percent of ACHSO nonprofits employees make less than $17,000 per year (these may be a combination of part-time and other workers); and
- Some $7.3 million of the total salaries paid to people living in the City went to "low-wage" earners, and the remaining $16.9 million went to people who earn an average wage.[ix]

For the purposes of this report, low-wage earners have been disaggregated from average wage earners because of the differences in their consumer spending patterns. The latest U.S. BLS data show that low-income households spend 72 percent of what they earn on consumer goods like food, transportation, alcohol and entertainment, and other items. When you factor in their total spending, though, including what they spend on housing, health care and education costs, low-wage earners in the City spend 140 percent of their income (driven largely by the fact that housing costs for this group are so high).

Average income households spend 45 percent of their income on food, transportation, alcohol and entertainment, and other items. When factoring in total spending for this group that includes housing, health care and education costs, they spend a total of 78 percent of their income.

These assumptions when applied to the income earned by ACHSO nonprofits employees mean, of the $24.2 million that they earned in 2012, they spent some $23.4 million of it. Notably, the bulk of spending occurs on items (housing, food and transportation) that are consumed locally.

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Economic Impact Continued

TAXES

The Alexandria Economic Development Partnership notes that for FY 2013 the City collected $229 million in residential property taxes. With 64,723 households in the City based on the latest Census data, that equates to an average of $3,538 per household in residential taxes. These assumptions when applied to the 823 ACHSO nonprofits employees who live and pay taxes mean that they contributed $2.9 million to the local tax base.[x]

RETURN ON INVESTMENT

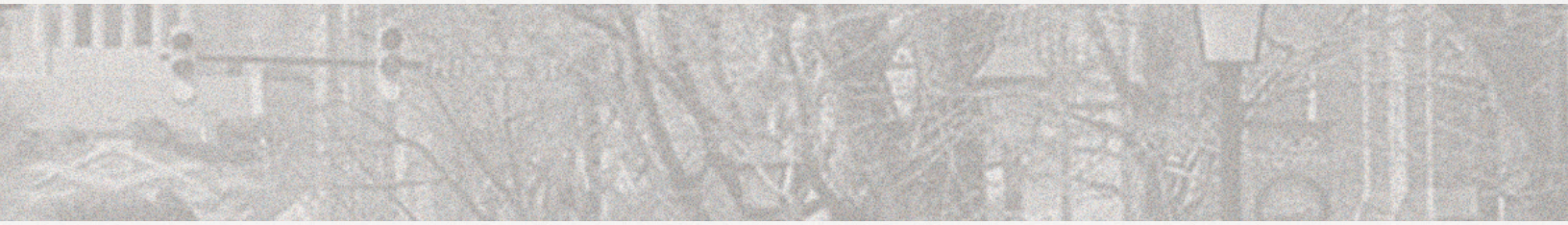
TABLE 5: ROI FOR AFHS FUNDS ($2 MILLION IN FY 2014)

IMPACT AREA	AMOUNT	RETURN ON INVESTMENT
DIRECT		
REVENUE	$206 million	101x
ASSETS	$198 million	97x
EXPENDITURES	$182 million	89x
SALARIES & WAGES *(all ACHSO employees)*	$60 million	29x
INDIRECT		
SALARIES & WAGES *(Alexandria ACHSO employees)*	$24.2 million	11x
CONSUMER SPENDING	$23.4 million	11x
TAXES	$2.9 million	0.4x

The Alexandria Fund for Human Services (AFHS), which annually administers three grant pools (Children's Fund, Youth Fund, and the Community Partnership Fund) on behalf of the Department of Community and Human Services, were allocated $907,202, $277,147 and $848,910 respectively in FY 2014, for a total of $2,027,259.[xi] Given the direct and indirect economic impacts noted in the previous sections, we can deduce that the annual $2 million investment generates/supports:

- 101 times that amount in revenue;
- 97 times that amount in assets;
- 89 times that amount in spending;
- 29 times that amount in overall salaries and wages;
- 11 times that amount in salaries and wages for Alexandria residents;
- 11 times that amount in consumer spending; and
- 0.4 times that amount in taxes.

These are, of course, general estimates for the purposes of this report that in fact underestimate the return on investment in each category. For example, if we calculated the exact portion of the annual $2 million AFHS spent on salaries as opposed to assuming the entire amount, the result would be an even greater return on investment to the City for amounts spent on salaries.



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CONCLUSION

If Alexandria wishes to remain a socio-economically diverse community, and one that cares about all its citizens, regardless of their current condition in life, it will need to continue and enhance the collaboration with its nonprofit organizations. These organizations, rather than being regarded simply as charities, must be seen for what they are: businesses that efficiently and reliably produce valuable services, worthy of continued and increased investment of public and private resources.

ALEXANDRIA NONPROFITS PLAY A KEY ROLE IN THE SOCIAL AND ECONOMIC VITALITY OF THE CITY:

- *They accomplish things in the City that no other sector does, nor has the willingness and capacity to take on;*
- *Address and solve some of the City's most pressing problems;*
- *Create (formal and informal) partnerships to improve efficiency in service delivery, save money and serve people better;*
- *Facilitate a connection between community members from different economic backgrounds, races, and life circumstances through public education, volunteerism and charity;*
- *Employ thousands of full- and part-time workers;*
- *Attract millions of dollars in revenue into Alexandria; and*
- *Spend millions of dollars in the City, both through purchasing other goods and services, but also by providing income to thousands of employees who in turn pay taxes and participate in the consumer economy.*

Alexandria's nonprofits also attract considerable outside resources into the City and leverage those resources in unique and creative ways. Tax-payer and donor investment in the City's nonprofits is multiplied substantially and used to directly serve the City's residents, employ its workers, vitalize its businesses, and support a diverse, vibrant, and caring culture.

Endnotes:

[i] Johns Hopkins University Center for Civil Society Studies, Virginia's Nonprofit Sector: An Economic Force, 2008

[ii] Note that the current IRS listing of exempt organizations counts many more than the 663 noted in the Johns Hopkins University report. The listing has thousands of organizations altogether, although refining the list to organizations designated specifically as 501(c) 3, accounting for group listings and only counting organizations that have filed a tax return in the last five years produces a count of 1,070 organizations. It is widely accepted, though, that this list overstates the numbers because it is not regularly purged. Notably, the total revenue count (taken from organizations that filed a return within the last 3 years) is $3.3B, consistent with the number reported in the Johns Hopkins University report. Reported revenue from 838 organizations contributes to that number.

[iii] Convio Annual Ranking of Most Generous Online Cities. Ranking includes 273 large cities (with population over 100,000).

[iv] www.spring2action.razoo.com

[v] Many of organizations surveyed serve in multiple areas.

[vi] Respondents were not asked to provide unduplicated numbers, only numbers served per activity.

[vii] The response from ACT for Alexandria omitted for this question.

[viii] A number of research and media outlets regularly analyze U.S. Bureau of Labor Statistics data about spending. This one offered by the International Business Times uses the latest data available, is representative of other analyses of this type, is readily accessible in presentation and easily applies to the subgroup of human services nonprofit employees. Only profiles for low-and average-income households have been used. http://www.ibtimes.com/consumer-spending-how-much-their-income-do-poor-rich-american-families-spend-housing-education-0

[ix] "Average" here is used generally and refers to average for the country, not necessarily for the Washington metropolitan area.

[x] We assume for the purposes of this analysis that landlords pass 100% of their taxes on to tenants.

[xi] Alexandria Fund for Human Services, Report of the Alexandria Fund for Human Services Review Committee, November 2013.

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Alexandria Economic Development Partnership (www.alexecon.org)

Partnership for a Healthier Alexandria (www.healthieralexandria.org)

ABOUT THE RESEARCHER

Peoples Consulting, LLC is a consulting company that has provided policy, research, advocacy and community development services since 2009. Peoples works mainly in the area of affordable housing, but also more broadly on health and human services, and other issues affecting low- and moderate-income households. Peoples: provides financial advisory and project management services to organizations that are building affordable housing and other community spaces; produces original research reports to assist advocacy organizations pushing for a range of policy and funding solutions to pressing human needs; leads policy and advocacy campaigns, helping organizations to build coalitions around their issues as well as formulate strategies, and develop/deliver messaging; and assists organizations in building capacity by providing strategic and business planning.

Angie Rodgers, principal of Peoples Consulting, LLC, has a decade of experience doing research, policy and advocacy, and program development. Ms. Rodgers has a Master's Degree in Public Policy from the Goldman School of Public Policy at the University of California, Berkeley, a Bachelor's Degree from Wesleyan University, and a certification in Housing Development Finance from the National Development Council.

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www.achsova.org

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