

SUMMARY

OF THE ECONOMIC BENEFITS OF FLORIDA'S NONPROFIT SECTOR

MAY 2020





EXECUTIVE SUMMARY

While considerable attention is paid to the public and private sectors of the economy, the nonprofit sector cannot be overlooked. Nonprofit entities provide vital services and fill essential societal functions in Florida and across the nation. Through community organizations and associations, they play an active role in a wide range of settings—from providing healthcare to serving as financial institutions, protecting the environment to funding the arts. The diversity of offerings provided by nonprofits can make the sector’s impact seem smaller than it is; thus, it is important to understand the contribution the nonprofit sector makes to statewide employment and to highlight its significance and economic contribution to our overall economy.

Florida’s Nonprofit Organizations:

- Number over 94,000
- Directly employs more than 629,000 people in 2020, or 6.5 percent of Florida’s employed workforce¹
- Compare in employment size to Florida’s construction and manufacturing sectors²
- Provide an annual payroll of \$33 billion
- Hold assets of \$259.7 billion
- Generates nearly \$105 billion in annual revenue
- Ranks 39th lowest in the nation for nonprofit assets per capita

INDUSTRY COMPARISON

Comparisons between nonprofit employment and other industry sectors in Florida are difficult because standard labor force numbers do not account for organization type (for-profit versus nonprofit). As such, most of Florida’s 629,000 nonprofit employees are already included in the nonfarm employment number. As a share of total nonfarm employment in the state, the nonprofit sector makes up 6.5 percent of the Florida’s overall workforce. This is comparable to Florida’s construction industry, which employs 6.6 percent of the workforce aged 16 and over, and the manufacturing sector, which employs 5.2 percent of the workforce.³

¹ U.S. Bureau of Labor Statistics. April 17, 2020. Table 5. Employees on nonfarm payrolls by state and selected industry sector, seasonally adjusted. <https://www.bls.gov/news.release/laus.t03.htm>

² Florida Department of Economic Opportunity

³ Ibid.



NATIONAL COMPARISON

While the size and contribution of the nonprofit sector in Florida is significant, it is still lagging behind other states. Florida has 4.5 nonprofits per 1,000 residents. This ranks Florida 47th lowest for the number of nonprofits per 1,000 residents out of the 50 states and the District of Columbia. States with a similar number of nonprofits per 1,000 people are Louisiana (4.6), Nevada (4.4) and Texas (4.4). The top ten states all have 7.5 or more nonprofits per 1,000 people.⁴ A review of assets per capita—a more accurate view of the financial impact nonprofit have on a state—shows that Florida ranks 40th, similar in rank to Kentucky, Wyoming, and Arkansas. This position in the national context shows room for improvement and expansion of the nonprofit presence in Florida.

REGIONAL COMPARISON

In 2019, the nonprofit sector held more than \$105 billion in total revenues. Breakdown of Florida’s nonprofit organizations by economic region is provided in Exhibit 1. The top three regions for the number of nonprofits and revenues are the Southeast Region, Tampa Bay Region, and the East Central Region respectively.

EXHIBIT 1. Florida Nonprofit Organizations, Revenues and Assets, by Florida Economic Regions, for the 2018 Tax Year

Florida Economic Regions	Number of Nonprofits	Revenue
East Central Region	16,174	\$21,954,597,118
North Central Region	4,485	\$5,251,304,889
Northeast Region	8,575	\$12,879,598,392
Northwest Region	7,927	\$7,830,167,509
South Central Region	1,122	\$277,671,560
Southeast Region	30,991	\$29,177,739,043
Southwest Region	5,214	\$4,144,931,925
Tampa Bay Region	20,281	\$23,637,264,651
Grand Total	94,769	\$105,153,275,087

SOURCE: IRS BMF as of October 2019. Revenues for private foundations were supplemented with NCCS Core 2013 data when BMF revenues were not reported.

Exhibit 2 contains the breakdown of employment by Florida economic region from 2019 for the 2nd quarter. Not surprisingly, the Southeast Region, Tampa Bay Region, and East Central Region have the greatest number of paid nonprofit employees and pay the most in total wages, mirroring the number,

⁴ These are based on raw data from the IRS Business Master Files and have not been cleaned or modified in any way, for any state, to enable direct comparison. State nonprofit files are purged at different times, so some states may have more accurate data than others.



revenue, and assets of those regions. However, the East Central Region has the highest average hourly wage, followed by the Southeast and the Southwest Regions, respectively.

EXHIBIT 2. Employment in Nonprofit Organizations, by Florida Economic Regions, for the 2018 Tax Year

Florida Economic Region	Employment	Annual Wages	Average Hourly Wage
East Central Region	120,638	\$6,648,849,456	\$25.64
North Central Region	43,629	\$2,480,141,676	\$19.23
Northeast Region	58,266	\$3,013,636,724	\$20.14
Northwest Region	40,722	\$1,936,773,496	\$17.38
South Central Region	4,458	\$205,557,712	\$20.00
Southeast Region	193,250	\$10,497,439,456	\$23.43
Southwest Region	37,610	\$2,038,314,124	\$22.67
Tampa Bay Region	130,813	\$6,272,457,748	\$20.38
Grand Total*	629,386	\$33,093,170,392	\$20.21

NOTE: Totals do not sum, as they include statewide employment data not attributable to a specific county/region due to confidentiality.

SOURCE: Florida Department of Economic Opportunity, Bureau of Labor Market Statistics, Quarterly Census of Employment and Wages Program, 2nd Quarter of 2019. Calculations by Public Sector Consultants.

DEFINING THE NONPROFIT SECTOR

Section 501(c) of the federal tax code specifies 29 different sets of requirements for classification as a nonprofit.⁵ There are two major divisions of nonprofits: **charitable** nonprofit organizations (to which donations are tax deductible) and **noncharitable** nonprofit organizations.

Charitable Nonprofit Organizations—501(c)(3)

Charitable organizations—clustered under section 501(c)(3) of the tax code—are further divided into two categories: public charities and private foundations. According to the IRS, the express purpose of a 501(c)(3) organization must be to benefit the community or society. Furthermore, a group’s articles of organization must limit the organization to one or more exempt purposes, must not empower the organization to engage in activities not directly related to its exempt purpose, and must provide that the organization, upon its dissolution, distribute its assets to another 501(c)(3) organization.

- **Public charities**—Examples include groups with arts, charitable, educational, healthcare, religious, and scientific missions. Florida’s largest public charities include Shriners Hospitals for Children, Adventist Health System, Baptist Health South Florida, and the University of Miami.

⁵ The 29th exemption category for qualified nonprofit health insurance issuers was added under the Affordable Care Act of 2010.



- **Private foundations**—Typically, these entities receive assets from families, individuals, or corporations and devote a portion of their assets and investment earnings to support charitable causes. Among Florida’s largest private foundations are the Maxcess Foundation, John S. and James L. Knight Foundation, Ted Arison Family Foundation, and the Batchelor Foundation.

Noncharitable Nonprofit Organizations

The largest category of noncharitable nonprofit entities can be found in sections 501(c)(6) and (8). These noncharitable entities are also exempt from federal taxation, but because they receive much of their funding from members as opposed to the general public, are allowed to serve a focused community, and may engage in substantial lobbying, their donors are not permitted to deduct contributions to these groups from their federal taxes.

Examples of noncharitable nonprofits in Florida include civic associations and business leagues, such as chambers of commerce; fraternal societies; federal- and state-chartered credit unions; and mutual insurance companies.

DATA SOURCES

Public Sector Consultants (PSC) compiled the most recent data available on nonprofit organizations in Florida. Sources for the data were:

- The IRS BMF for Exempt Organizations for 2019, which list 94,769 nonprofit organizations, and the assets and revenue of the most recently filed tax returns.
- The NCCS Core Files for 2013, which report the assets, expenditures, and revenue of all tax-exempt organizations with more than \$25,000 in gross receipts
- The Florida Department of Economic Opportunity (FDEO) and the Bureau of Labor Market Statistics Quarterly Census of Employment and Wages Program—official source of state employment figures
- Individual annual reports for the 20 largest private foundations
- The U.S. Census Bureau and the U.S. Bureau of Labor Statistics

The IRS BMF are periodically purged of defunct nonprofits, but this procedure is not standardized. There may be nonprofits included in the total count that no longer exist. This is a minor issue when looking at financial data, as the last date of submission is included.

While the total count of nonprofits is complete for all those registers as a nonprofit, it is important to note that throughout this analysis of financial information is considered only for those organizations with gross receipts of more than \$25,000. Those required to report financial data only a small share of all nonprofit organizations. While those organizations that do not report financial information are by definition small, the large number of nonreporters creates an explicit downward bias in all of our estimates. Furthermore, this report excludes government bodies (including public universities and colleges). To include government bodies would greatly distort the picture of the nonprofit sector, which is very much separate from the public sector.



A similar downward bias also exists with respect to any employment figures that are included in this report. Employment numbers and wages came from the FDEO, Bureau of Labor Market Statistics, Quarterly Census of Employment and Wages Program and only include nonprofits covered by the Florida Reemployment Assistance Program. Some exceptions to this reporting include sole proprietors and religious organizations. Employment numbers also do not include unpaid workers (volunteers), which make up a large share of the nonprofit sector workforce. Hence, these employment numbers are a low-end estimate. While PSC is confident that the employment figures presented in this report represent the vast majority of economic activity in the nonprofit sector, it is important to note that a nontrivial number of small nonprofit organizations are not included in the employment figures.

Employment data was matched using Employer Identification Numbers received from the IRS BMF were then given to the FDEO in order to obtain aggregate employment data at a variety of different geographic and National Taxonomy of Exempt Entities categories of nonprofit levels. At no time was organization-level employment information transmitted to PSC.

ABOUT THE FLORIDA NONPROFIT ALLIANCE

The Florida Nonprofit Alliance provides a collective voice for Florida nonprofits at the local, state and federal levels to inform, promote and strengthen the influence of Florida's nonprofit sector.

www.flnonprofits.org  FLNonprofits  Florida Nonprofit Alliance

QUESTIONS? CONTACT

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