



# The Philanthropic Collaborative

1455 Pennsylvania Avenue, NW Suite 800  
Washington, DC 20004  
202.349.2910

---

## **For Immediate Release**

December 19, 2012

Contact:

Sean Walsh

sean@navigatorcommunications.com

917-687-8291

## **New Report: True Impact of Foundation Investments Revealed, Fuels Millions of Jobs, Billions in Economic Activity Over Decades** *Value of Philanthropy More Important Than Ever As Lawmakers Tackle Fiscal Cliff*

Washington, D.C. – Foundation investments have a deeper and farther-reaching economic impact in America’s communities than previously understood, according to new independent research released today by The Philanthropic Collaborative. The first-of-its-kind analysis shows that foundation grantmaking supports millions of jobs, as well as billions of dollars in wages, GDP and tax revenues that extend for generations.

The report, “[\*Economic Impacts of 2010 Foundation Grantmaking on the U.S. Economy\*](#)” comes at a critical time. Congress and the White House are debating the role of the sector and considering caps or limits on incentives that encourage charitable giving. The report examines the present and future impact on the U.S. economy of foundation grantmaking, which supports diverse areas such as health care, scientific research, educational opportunities, safer neighborhoods and more.

“Although public and elected officials may be familiar with specific foundation-supported charitable organizations, the broader importance of the sector to our society and the size of its impact are less well known,” said John Tyler, chair of The Philanthropic Collaborative and general counsel and secretary of the Ewing Marion Kauffman Foundation. “Fortunately, appreciation is growing for the far-reaching effect that foundations and charitable giving have in our communities. That is a good trend, but there is more to be done.”

The study examines how foundation grants within the U.S. in 2010 (\$37.85 billion) contribute to immediate and short-term job creation and wages, GDP and tax revenues. But the study goes a step further to reveal the longer-term, more substantial impacts that are difficult to measure. Using return on investment data and the well-established IMPLAN economic model, the study examines the broader impact and benefits that these investments are likely to have for grantees and in communities for decades to come. The report reveals that the impacts of foundation grantmaking in America are vast:

## **Millions of jobs created**

- Nearly 500,000 jobs are created immediately following disbursement of foundation grants, expanding within about a year to nearly 1 million jobs once the grants flow through the economy.
- At least 8.8 million jobs over the long-term. In the subsequent years after foundation investments are made, impacts build that span a generation and beyond. For example, a foundation grant to support an early childhood education initiative increases the likelihood that more young people will go to college, improve their lifetime earnings and improve their quality of life.

## **Billions of dollars in long-term economic activity**

- Nearly \$970 billion in goods and services transactions are generated, and more than \$570 billion to America's GDP based on long-term return on investment and economic multipliers.

“Foundation investments set off a cascade of benefits in our communities over the course of decades,” said Steven Peterson, clinical assistant professor of economics at the University of Idaho and lead author of the report. “We now have a stronger understanding of the link between the short- and long-term impact of foundation grants and their significant contribution to economic growth.”

The study also examines the impact of foundation investments broken down by foundation giving, impacted nonprofit organizations and each economic sector across time. To report also includes an economic impact analysis of eight diverse community-level initiatives supported through foundation grantmaking, based on available data for specific grants or programs:

### **DePaul Industries – Oregon and Southwest Washington**

This Pacific Northwest nonprofit provides employment opportunities for people with disabilities, contributing \$195 million to the annual GDP and is responsible for nearly 4,000 jobs in the community in the long-term.

### **Educare – Lincoln, Nebraska**

Including the long-term economic benefits and the multiplier effects of \$10.4 million invested and about \$2.6 million in annual operating funds, Educare, an early education program serving at-risk children, will eventually generate more than 500 jobs and add nearly \$31 million to the GDP.

### **Georgia Aquarium – Atlanta, Georgia**

When long-term, social and economic benefits and the multiplier effects are calculated for a \$250 million seed grant, about \$191 million is added to the GDP and 2,700 jobs are added to the economy.

### **Mesilla Valley Community of Hope – Las Cruces, New Mexico**

Annual operating revenues for this human services program total nearly \$720,000, generating \$6.4 million in long-term transactions in the economy, 66 jobs and \$2.2 million in wages.

### **Chattanooga RiverCity Company – Chattanooga, Tennessee**

The riverfront redevelopment effort attracted approximately \$3 billion in construction investment to downtown Chattanooga since 1992, adding approximately 2,000 jobs and generating \$285.67 million for the local economy.

### **Cherokee County Community Indicators Project – South Carolina**

The community planning effort was launched with two generous seed grants totaling \$15,000. Over the long-term, the total economic impacts grow significantly to nearly \$900,000 in transactions and \$500,000 in additional GDP.

**Casper College Early Childhood Learning Center – Casper, Wyoming**

The long-term social and economic benefits and the multiplier effects of this facility that serves Casper College students and families generate \$6.45 million in additional GDP and nearly 100 jobs.

**Mississippi HOPE Credit Union – Utica, Mississippi and Mid South Communities**

The financial support program for disadvantaged communities received a grant of \$250,000 from the Kresge Foundation. The investment generates nearly \$4 million in economic transactions and \$1.6 million in total payroll. Additionally, the initiative's \$20 million operating budget in 2011 generates hundreds of millions of dollars for the region.

Foundations support almost nine million jobs in America, and the nonprofit community as a whole employs more than 13.5 million people, or approximately 10 percent of the workforce. Nonprofits pay nearly \$670 billion annually in wages and benefits, and employ more people than the finance, insurance and real estate sectors combined.

###

***The Philanthropic Collaborative***

*Representing key participants in the world of philanthropy – foundations, charities and elected officials, The Philanthropic Collaborative (TPC) brings together foundations, charities and elected officials to provide information to policy makers and others about the economic and social impacts of foundation grantmaking. [www.philanthropycollaborative.org](http://www.philanthropycollaborative.org)*