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Study Touts Economic Importance of Kentucky's Nonprofit Sector

The Kentucky nonprofit sector is a strong economic engine, but faces significant challenges in serving and strengthening our communities, according to a new study from Kentucky Nonprofit Network, Inc. (KNN).

The study found that one in nine Kentuckians is employed by a nonprofit organization. The data analysis by the Community and Economic Development Initiative of Kentucky (CEDIK) at the University of Kentucky College of Agriculture, Food and Environment found that nonprofits employ 11.7 percent of all Kentucky workers. In 2012, this made the nonprofit sector the third largest industry in Kentucky after government and manufacturing and larger than retail. The sector spent over \$22 billion in 2012, contributing significantly to Kentucky's economy even when charities were faced with continued cuts to funding and for some, sharp increases in the demand for human services.

"The nonprofit sector is rightly associated with improving the lives of individuals and families and building a strong quality of life in communities across the Commonwealth," said Dr. Alison F. Davis, PhD, executive director of CEDIK. "However, the magnitude of economic activity associated with nonprofits should not be ignored. It's time to move beyond thinking of nonprofits as only charity and to recognize their important role in the Kentucky economy."

The results of the analysis were reported at a "More Than Charity" rally KNN hosted in the Capitol Rotunda. Secretary of State Alison Lundergan Grimes addressed the crowd at the rally. "The fact is: Kentucky nonprofits are helping to keep Kentucky's economy going in the right direction," said Grimes. "Nonprofits are the heart and soul of Kentucky, giving their time, talents and treasures to rise above and see the broader concerns facing our Commonwealth."

While the economic importance of Kentucky's nonprofit sector was welcome, Kentucky Nonprofit Network's executive director Danielle Clore cautioned that the study also confirms that Kentucky's charities are stretched too thin. "Expenditures by Kentucky's nonprofits are relatively flat, yet the demand for services has dramatically increased for most human service organizations," said Clore. "This situation, coupled with fewer charitable donations and less income available from contracts with government, ultimately means less can be done to serve our most vulnerable residents and improve the quality of life for Kentucky communities. Nonprofits are creative and innovative by nature, but the bottom line is that the current situation facing Kentucky charities is a fragile house of cards that cannot be sustained. When nonprofits are hurting, Kentuckians are hurting."

Kentucky Nonprofit Network, Inc. is the state association of charities, existing to serve, strengthen and advance the Commonwealth's nonprofit sector.

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