

ECONOMIC IMPACT OF PHILANTHROPY

ARIZONA SUMMARY REPORT

Fall 2024



**Center for
Nonprofits & Philanthropy**
THE BUSH SCHOOL • TEXAS A&M UNIVERSITY



Philanthropy
southwest

Connected, Impactful Philanthropy



Acknowledgments

This report was made possible through a partnership with The Center for Nonprofits & Philanthropy at Texas A&M University and Philanthropy Southwest, and the generous financial support of PNC Institutional Asset Management.

Thank you for helping us support research on the nonprofit and philanthropic sector to create lasting change in the southwest region.



This research and data were compiled as part of the 2023-2024 Graduate Capstone Course at the Bush School of Government & Public Service, Texas A&M University. A team of six dedicated graduate students (Erin Steglich, Nathaniel Potz, Sangcheol Sim, Yoontae Moon, Aulden Maj, and Javier Vazquez), under the direction of Dr. William Brown and Dr. Mallory Driggers, worked tirelessly to compile, clean, and analyze data for this report.



**Center for
Nonprofits & Philanthropy**
THE BUSH SCHOOL • TEXAS A&M UNIVERSITY

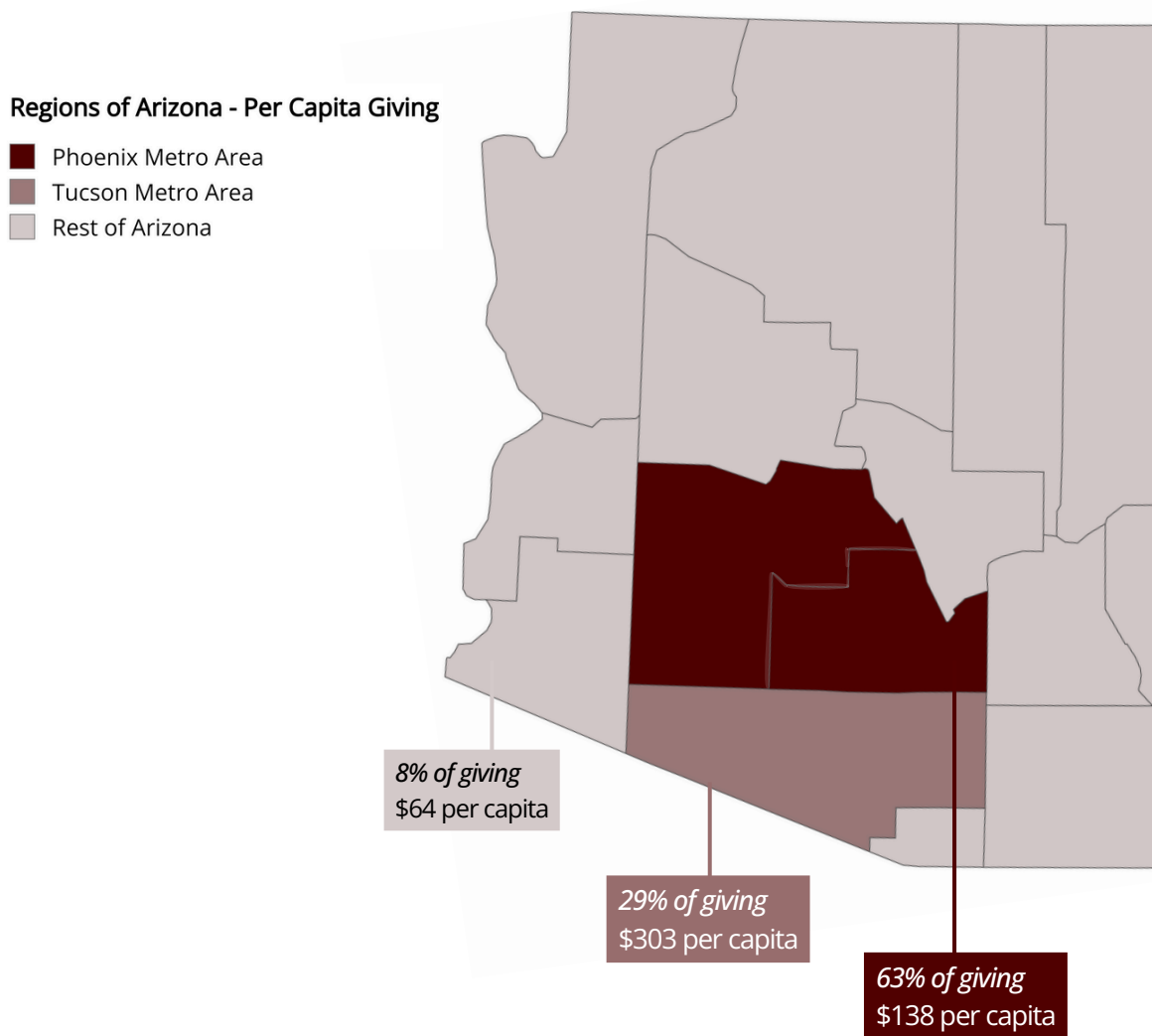
Research ☆ Outreach ☆ Education

The Center for Nonprofits and Philanthropy (CNP) supports a vibrant nonprofit and philanthropic sector in Texas and beyond, through high quality research, professional outreach, and engaged learning.

nonprofit.tamu.edu | [@CNPatbushschool](https://twitter.com/CNPatbushschool)

This report examines the economic impact of foundation giving in Arizona with comparison between subregions within the state. These subregions include the Phoenix Metropolitan Area, Tucson Metropolitan Area, and Rest of Arizona as defined in Figure 1.

Figure 1: Regions of Arizona - Percentage of Giving Across the State and Amount of Giving Per Capita



There were an estimated 1,178 foundations in Arizona with assets of about \$9 billion, about 5% of the assets held by foundations in the Southwest region of the US (southwest.candid.org/dashboard/). The number of foundations was down slightly from prior years, but assets remained steady. As a proportion of assets, giving from the prior year was down at about 6% of assets in 2021 vs 9% of assets in the prior year. Some of that is reflected in additional giving during the pandemic. Arizona Foundations allocate 54% of their grants within the state, which is in line with the regional average of 55% remaining in the home state.



Table 1: Distribution of Giving Across the State

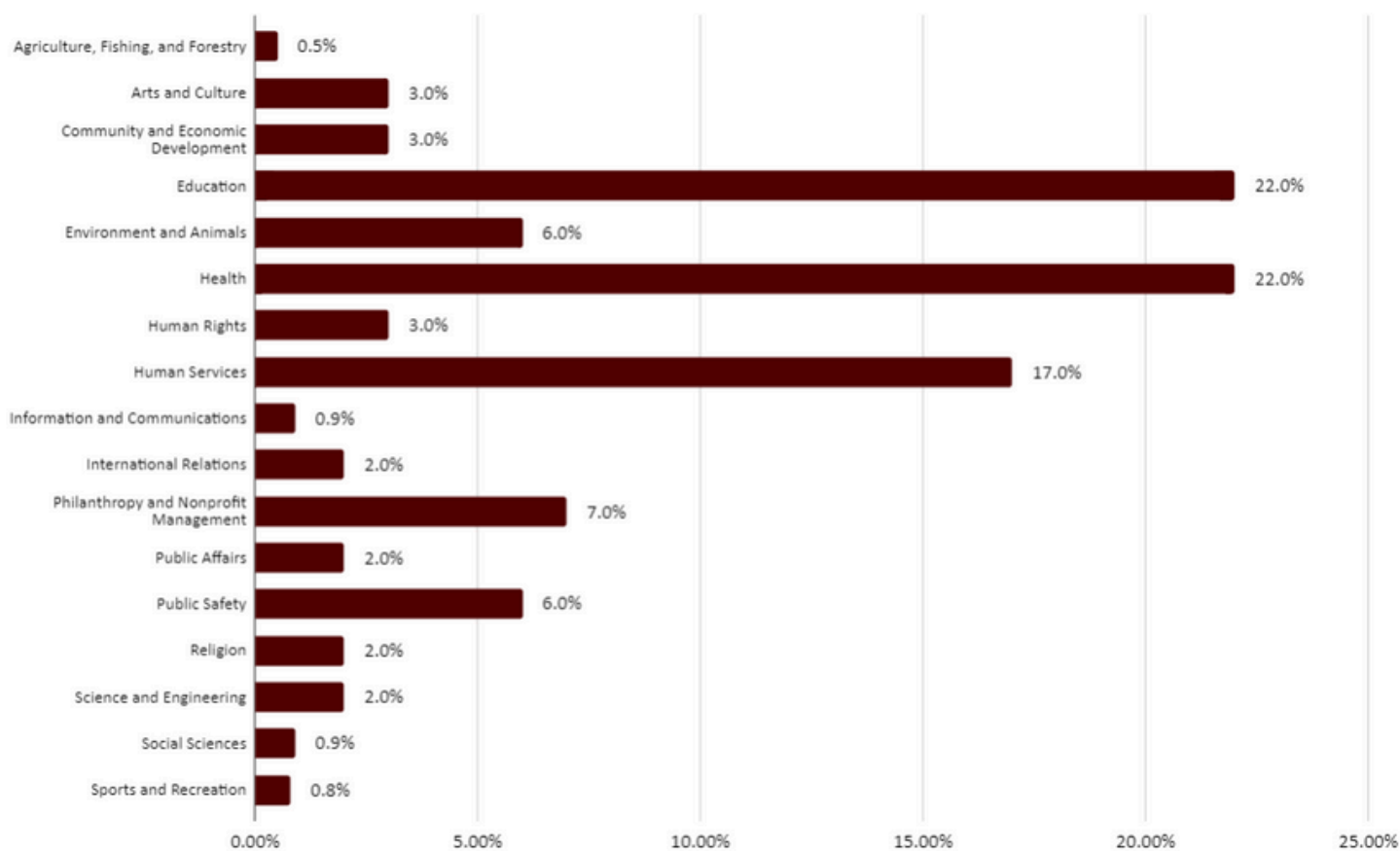
	Population	% of total	Estimated Giving	% of Giving	Per Capita
Phoenix-Mesa-Chandler Metro Area	5,015,678	67%	\$ 693,705,600	63%	\$ 138
Tucson Metro Area	1,057,597	14%	\$ 320,108,799	29%	\$ 303
Rest of Arizona	1,358,069	18%	\$ 87,231,688	8%	\$ 64
Arizona	7,431,344	100%	\$ 1,101,046,088	100%	\$ 148

Source: US Census 2023; Estimates based on sample of Candid Grants Data 2022

Arizona has a population of 7,431,344, the second most populous state in the region accounting for 13% of the regional total of 55 million. The Phoenix Metro area (Maricopa and Pinal County) has over 5 million residents, which is 67% of the state's population. Phoenix metro nonprofits receive about 63% of giving amounting to \$138 per capita (See Table 1). The Tucson metro area has per capita giving at a little over \$300 per person about twice the state average. Regarding the rest of the state with a little over \$50 million in donations, there is per capita giving at just \$64 per person outside of the two metro areas.

Arizona Foundations in the southwest distribute their grants across numerous services areas and industries. Health and Education related grants (includes higher education, K-12, and pre-k) are the most common granting area accounting for about 44% (22% each) of the total dollars granted. Human service is the next most common area accounting for 17% of the total dollars granted (See Figure 2).

Figure 2: Proportion of Grants Distributed by Giving Priority – Arizona





Impact

Economic impact is determined by estimating the flow of funds through regional nonprofits and then calculating indirect and induced effects that are influenced by regional economies. In Arizona, a typical grant accounts for only .12% of a nonprofits annual budget. Nonprofit grant recipients rely on a variety of sources of funds to operate their organizations and provide valuable services to the community. On average, Arizona nonprofits allocate over 82% of their budget to program related expenses and just under 15% to management and administration (See Table 2). With an estimated \$1.1 billion in direct giving to nonprofits, Philanthropic Foundations in Arizona generate an additional \$1.5 billion in indirect and induced economic impact, amounting to \$2.6 billion impact in the region (See Figure 3).

Figure 3: Overall Impact of Giving by Foundations in Arizona

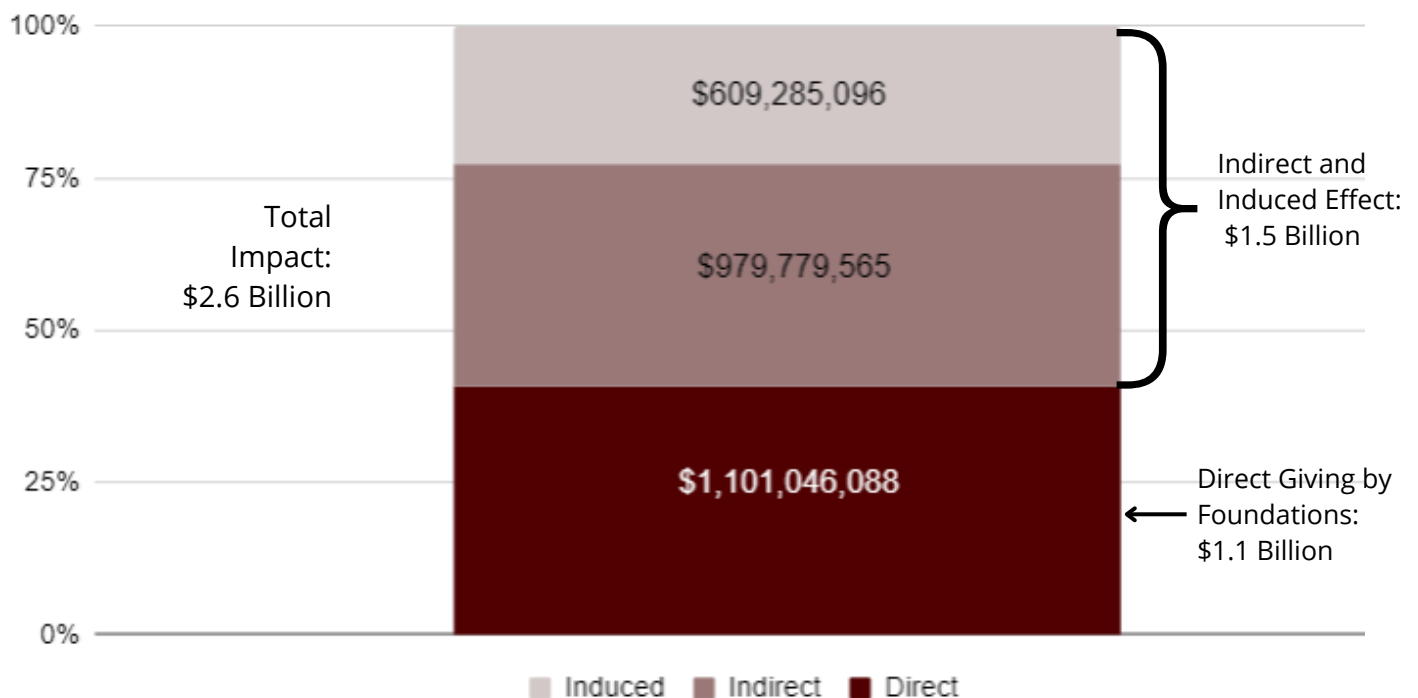
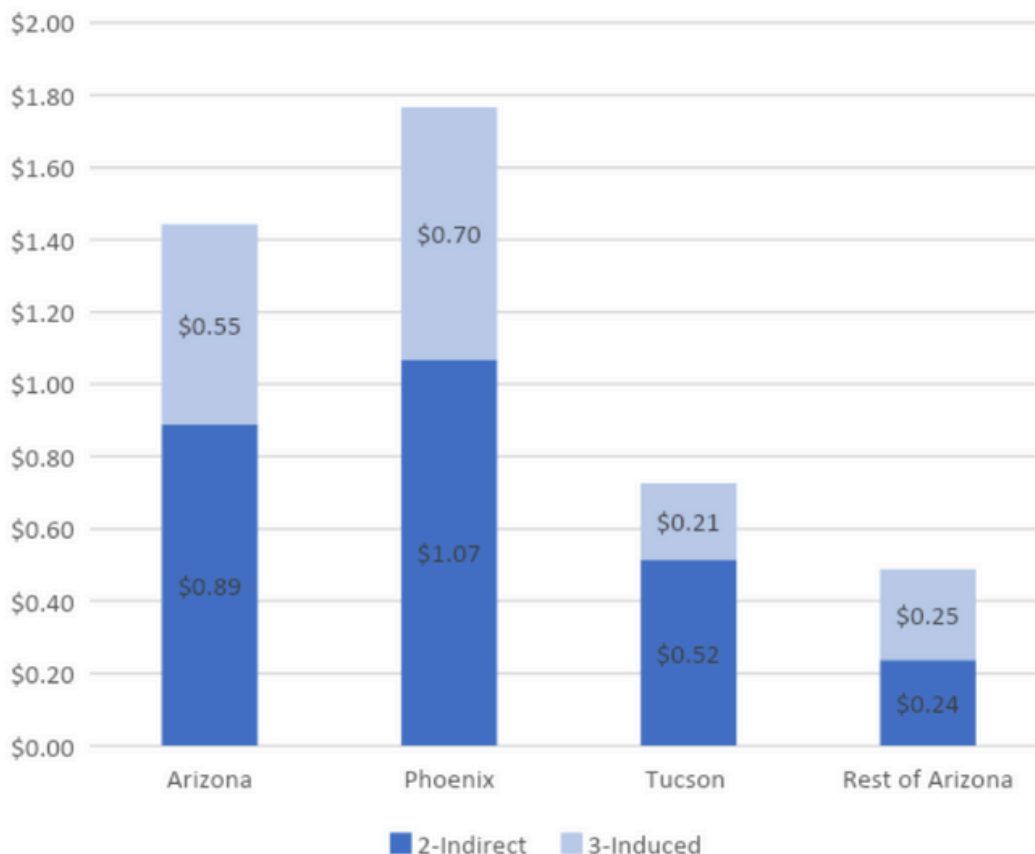


Table 2: Ratios Across Arizona

State	Single Grant to Total Expense Ratio	Program Expense to Total Expense Ratio	Fundraising Expense to Total Expense Ratio	Management Expense to Total Expense Ratio
Arizona	0.12%	82.41%	2.93%	14.64%

In other words, for every \$1 invested an additional \$1.44 is generated for the regional economy (See Figure 4). This is some of the biggest financial returns compared to the regional average of \$1.27 gained for every dollar invested. These returns are not evenly distributed across the state. Philanthropic investments in the Phoenix Metro area see a return of \$1.77 for every dollar invested. The Tucson area returns amount to \$0.73 for every dollar invested.

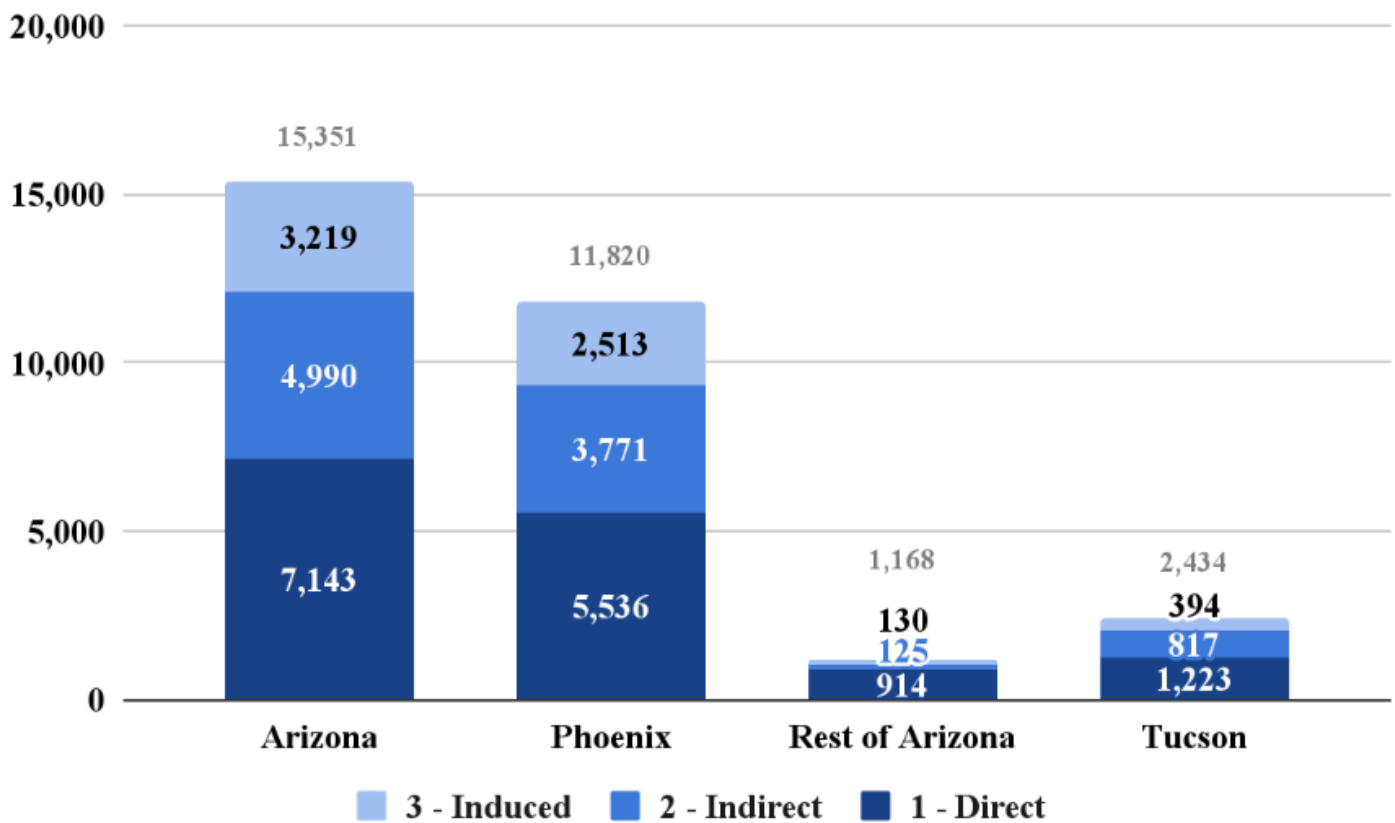
Figure 4: Return on Investment Across the State of Arizona



Employment and Jobs

Through direct, indirect, and induced impact connected to philanthropic giving, a total of 15,351 jobs were created within the state of Arizona (See Figure 5). Seventy-six percent of the jobs created in the state were within the Phoenix metropolitan area.

Figure 5: Economic Impact for Employment in Arizona





Conclusion

The giving of philanthropic foundations culminated in over \$2.6 billion in total economic impact across the state. Overall, philanthropic foundations gave \$148 per resident of Arizona. Most grants made by foundations remain within the state (55%). Philanthropic foundations support a substantial number of jobs across the region, with over 15,000 jobs supported by grantmaking. The distribution of economic impact is not evenly distributed across the state. This is due to a variety of reasons including the size of the local population, the number of foundations investing, and the amount of giving by foundations. The average nonprofit recipient across the region invests 82% of their total funds into their program services. While there is some variation across subregions and giving priorities most of the money is spent on programs achieving both social and economic benefits.

Notes and Methods

To determine the economic impact of philanthropic giving it was necessary to estimate the total value of grants received by organizations within Arizona. This estimate was calculated by determining an average grant amount (based on a sample of over 200 Arizona nonprofit organizations) and multiplying times the total number of grants received in the state. For Arizona, we estimated that nonprofits in the region received \$1.1 billion in direct giving from Philanthropic Foundations ([See Table 1](#)). This estimate is higher than reported by Candid, but it reflects a reasonable approximation of grant dollars flowing into Arizona nonprofits, because funds come from multiples sources not all of which are accounted with foundation tax returns (i.e., public charities) and these estimates are based on grants received during the 2022 tax year as opposed to 2021, which is the latest year available from Candid.

