

# The Economic Impacts of Idaho's Nonprofit Organizations (North Central Idaho)

With a focus on Clearwater, Idaho, Latah, Lewis, and Nez Perce counties

This is an economic impact assessment of Idaho's charitable nonprofit organizations with a regional focus on the counties of Clearwater, Idaho, Latah, Lewis, and Nez Perce. It was commissioned by the Idaho Nonprofit Center from University of Idaho research economist Steven Peterson, initiated in July 2011 and completed May 2012. The primary economic analysis is conducted using data from the 3,183 charitable nonprofit organizations which file 990 and 990EZ tax returns ("reporting nonprofits").

North Central Idaho charitable nonprofit organizations employ an estimated 3,891 actual (i.e. direct) jobs which constitute 9.4% of all (covered) jobs in north central Idaho, and pay \$160.4 million in total aggregate compensation based on \$289.7 million of charitable spending (Figure 1). The average salary (including all benefits) is \$41,219.

Figure 1

<b>North Central Direct Public Charity 2010/2011 Spending and Direct Jobs</b>				
Counties of Clearwater, Idaho, Latah, Lewis, Nez Perce				
Public Charity Classification/Category	Total Charity Spending	Total Aggregate Compensation	Total Direct Employment	% Jobs
Arts, Culture, and Humanities	\$ 1,393,469	\$ 619,863	25	1%
Education	\$ 43,814,402	\$ 33,677,206	958	25%
Environment	\$ 3,968,662	\$ 2,320,319	60	2%
Health Care	\$ 204,613,818	\$ 105,127,885	1,976	51%
Human Services	\$ 32,828,098	\$ 17,514,123	829	21%
Public and Societal Benefit	\$ 1,557,374	\$ 805,584	32	1%
Religious Organization	\$ 1,536,905	\$ 312,180	11	0%
Other Public Charities	\$ 16,422	\$ 8,677	0	0%
Battelle Energy Alliance				
<b>Total (with Battelle)</b>	<b>\$ 289,729,150</b>	<b>\$ 160,385,837</b>	<b>3,891</b>	<b>100%</b>

Economic impacts: Two economic impact analyses are conducted. The first is a narrow measure of impacts based solely on federal and out-of-state revenues generated by Idaho's charitable nonprofits. These are "high powered monies" and generate the following economic impacts including the multiplier effects (Figure 2):

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## Narrow Measure of Economic Impacts (Including the Multiplier Effects):

- \$215.9 million in sales transactions
- \$121.7 million in gross state product
- \$93.7 million in total compensation (payroll)
- 2,366 jobs
- \$3.9 million in property, sales, and excise taxes

Figure 2

Economic Impacts of the Charitable Nonprofits of North Central Idaho (From Federal and Out-of-State Funding)						
Includes the Direct, Indirect, and Induced Impacts						
Counties of Clearwater, Idaho, Latah, Lewis, Nez Perce						
Public Charity Classification/Category	Direct FED/Out-of-State \$	Sales	Gross State Product Value Added	Total Compensation	Jobs	Indirect Taxes
Arts, Culture, and Humanities	\$ 278,694	\$ 448,638	\$ 259,655	\$ 173,775	7	\$ 13,438
Education	\$ 10,953,601	\$ 17,175,239	\$ 13,058,135	\$ 10,291,913	302	\$ 270,597
Environment	\$ 793,732	\$ 1,284,810	\$ 736,953	\$ 559,392	16	\$ 27,838
Health Care	\$ 112,265,217	\$ 183,259,357	\$ 99,889,329	\$ 76,686,284	1,779	\$ 3,343,642
Human Services	\$ 7,658,918	\$ 12,606,111	\$ 7,238,984	\$ 5,615,564	248	\$ 239,814
Public and Societal Benefit	\$ 366,247	\$ 608,544	\$ 334,024	\$ 265,943	10	\$ 11,143
Religious Organization	\$ 307,381	\$ 543,238	\$ 195,129	\$ 132,709	5	\$ 7,300
Other Public Charities	\$ 3,284	\$ 5,565	\$ 3,001	\$ 2,410	0	\$ 142
Battelle Energy Alliance						
<b>Total (with Battelle)</b>	<b>\$ 132,627,074</b>	<b>\$ 215,931,501</b>	<b>\$ 121,715,210</b>	<b>\$ 93,727,989</b>	<b>2,366</b>	<b>\$ 3,913,914</b>

Secondly, a wider measure of the economic impacts is estimated that is more inclusive and includes a broader measure of revenues/leakages and other nonprofit contributions: (Figure 3).

## Wider Measure of Economic Impacts (Including the Multiplier Effects):

- \$408.5 million in sales transactions
- \$236.1 million in gross state product (6.7% of GSP)
- \$181.8 million in total compensation -payroll (8.1% of regional total)
- 4,984 jobs (12.0% of covered employment)
- \$7.5 million in property, sales, and excise taxes

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Figure 3

Economic Impacts of the Charitable Nonprofits of North Central Idaho (Wider Analysis)						
Includes the Direct, Indirect, and Induced Impacts						
Counties of Clearwater, Idaho, Latah, Lewis, Nez Perce						
Public Charity Classification/Category	Direct		Gross State Product		Total	
	FED/Out-of-State \$	Sales	Value Added	Compensation	Jobs	Indirect Taxes
Arts, Culture, and Humanities	\$ 1,251,132	\$ 2,014,060	\$ 1,165,663	\$ 780,122	30	\$ 60,326
Education	\$ 36,896,099	\$ 57,853,062	\$ 43,985,011	\$ 34,667,272	1,018	\$ 911,479
Environment	\$ 3,809,911	\$ 6,160,560	\$ 3,522,160	\$ 2,665,624	78	\$ 134,285
Health Care	\$ 172,976,165	\$ 282,376,703	\$ 153,967,917	\$ 118,240,679	2,743	\$ 5,150,390
Human Services	\$ 32,894,109	\$ 53,952,353	\$ 30,883,981	\$ 23,560,833	1,045	\$ 1,123,994
Public and Societal Benefit	\$ 1,300,813	\$ 2,158,050	\$ 1,187,207	\$ 939,255	35	\$ 40,554
Religious Organization	\$ 2,220,421	\$ 3,924,177	\$ 1,409,549	\$ 958,646	34	\$ 52,732
Other Public Charities	\$ 9,804	\$ 16,610	\$ 8,958	\$ 7,193	0	\$ 425
Battelle Energy Alliance						
<b>Total (with Battelle)</b>	<b>\$ 251,358,454</b>	<b>\$ 408,455,575</b>	<b>\$ 236,130,445</b>	<b>\$ 181,819,625</b>	<b>4,984</b>	<b>\$ 7,474,186</b>

Regional economic analyses have a specific language and terminology and are defined below:

- Direct effects (spending): This represents the actual observed sales, income, and jobs from nonprofit operations.
- Economic impacts: Economic impacts measure the magnitude or importance of the expenditures of base (export) industries. Our economic model estimates multipliers for each industry. If you have a multiplier of 1.61, for example, every dollar of expenditures creates \$1.61 dollars of new spending in the community. The total multiplier has three components: direct effects, indirect effects, and induced effects.
- Indirect effects: These are the downstream economic effects on sales, payroll, jobs, and indirect taxes that results from direct spending in the regional economy. For example, a nonprofit purchases community goods and services which supports other area businesses. These firms, in turn, purchase even more goods and services as the effects ripple throughout the economy. They are part of the overall multiplier effects.
- Indirect taxes: All taxes generated from economic activity excluding personal and corporate income taxes. These consist of mostly sales taxes and property taxes. These are adjusted (i.e. reduced) for the tax exemption of nonprofit organizations. The economic activity including the downstream effects will generate considerable tax revenues despite the fact these organizations are tax-exempt.
- Induced effects: These are downstream economic effects of employee and consumer spending on the economy. They are part of the multiplier effects.
- Jobs: Total employment resulting from economic activity. The economic model reports these as full-time and part-time jobs.
- Sales: Total dollar transactions from an increase in direct expenditures including the multiplier effects (i.e. direct, indirect, and induced economic activity).
- Total compensation: Wage, salary, and other income payments including fringe benefits to individuals.
- Value-added (gross regional product): Value added is a measure of total net production and activity. This is a measure of gross domestic product at the local or regional level.

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