



Economic Impacts of Idaho's Nonprofits

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UNDERWRITTEN BY:



The Idaho Nonprofit Center represents the interests of Idaho's over 6,000 charitable nonprofit organizations.

It serves as a broker of information, a convener of leaders and allies, and a bridge between the nonprofit, public, and private sectors to create a stronger Idaho.

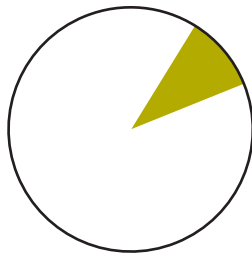
More information can be found on its website: www.idahononprofits.org

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55,949 JOBS

are estimated to be created by Idaho charitable nonprofit organizations



10.1% of private sector jobs

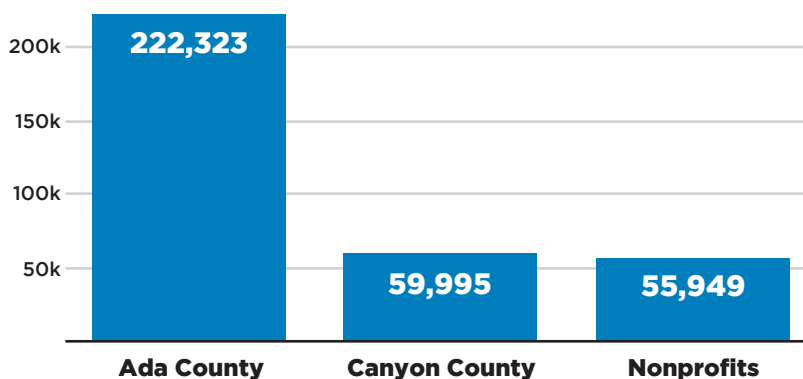
and 8.4% of all Idaho jobs covered by unemployment insurance

\$3.0 BILLION

is paid by charitable nonprofits in total compensation¹

Idaho's charitable nonprofits are ranked 6th in the state based on actual employment, and 7th in a broader measure of jobs that includes self-employment.²

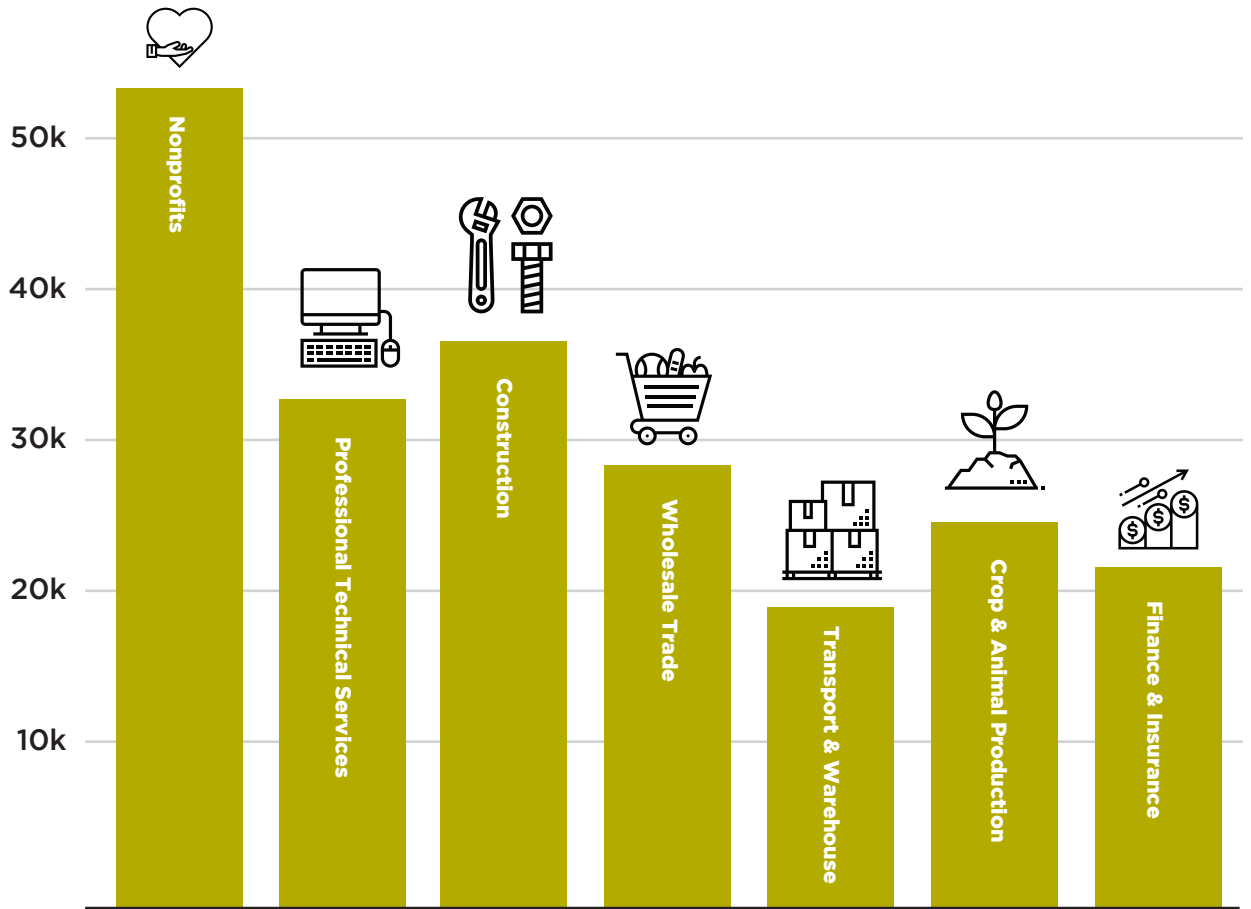
6TH



In comparison to county economies in Idaho measured by 2016 employment, charitable nonprofits rank 3rd

¹ Actual jobs represent direct jobs (excluding multiplier effects). Covered employment is measured by the Quarterly Census of Employment and Wages (QCEW), Bureau of Labor Statistics, and excluded self-employed workers. Unless otherwise noted these rankings are based on QCEW data.

² Bureau of Economic Analysis (BEA)



Idaho charitable nonprofits directly employ more people than the above industries

Federal or out-of-state sources, to 51.7% of nonprofits, equal

\$2.7 BILLION

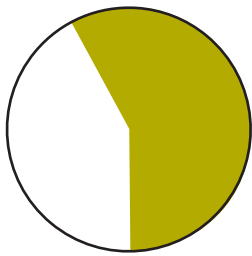
The expenditures derived from federal and out-of-state revenues generate the following economic impacts, including the multiplier effects:

- **\$5.19 BILLION** in sales transactions
- **\$2.81 BILLION** in gross state product (4.3% of GSP)
- **\$2.27 BILLION** in total compensation (payroll)
- **45,480 JOBS**

7,670 NONPROFITS

- **REVENUE = \$5.45 BILLION**
- **ASSETS = \$9.56 BILLION**

Of these, 5,213 were public charities, with \$5.14 billion in revenues and \$6.71 billion in assets. The \$5.14 billion revenues of Idaho public charities are their sources of operational spending and expenditures.



57.5%

was spent on total compensation for an estimated 55,949 workers

The average compensation per worker across all nonprofits was

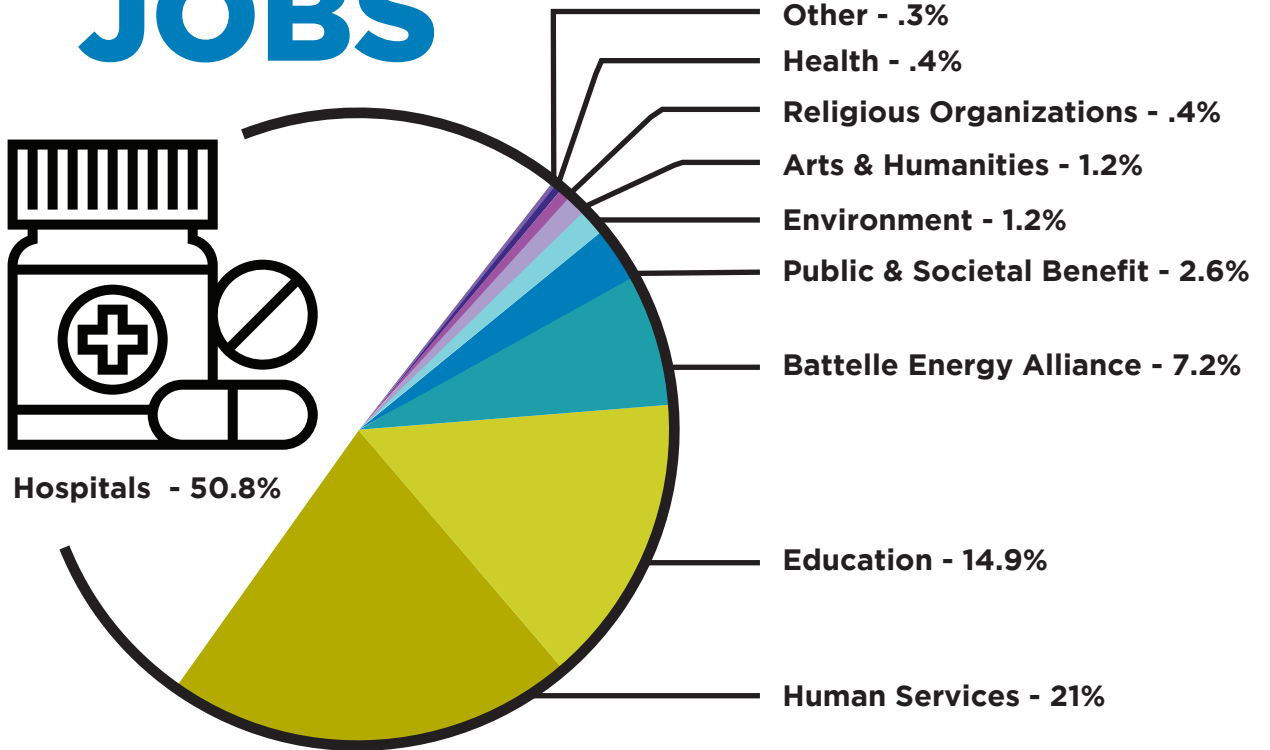
\$52,836

- **\$86,009** per worker at Battelle Energy Alliance
- **\$19,245** per worker in public charities

\$149 MILLION in TAXES

is created from economic activities arising from federal/out-of-state revenues including indirect business taxes (i.e. sales taxes, property taxes, and excise taxes), personal income taxes, and corporate income taxes (from the direct, indirect, and induced tax impacts)

JOBS

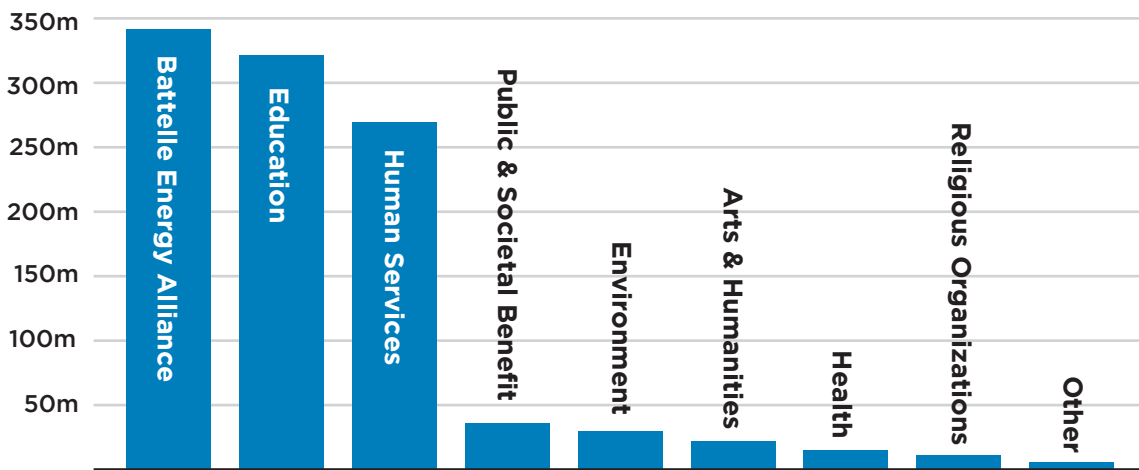


HOSPITALS make up

50.8% of nonprofit jobs and

\$1.9 BILLION

of the total aggregate compensation



of total aggregate compensation

382,220

Idaho citizens volunteered in 2015

53.4 MILLION

hours of service

34%

of Idaho's labor force volunteers

5TH

in the nation

The total market value of volunteer labor hours equals

\$1.3 BILLION

Annualized, the total labor hours are the equivalent of

25,683 JOBS

Overview of Study

This is an update of an economic impact assessment of Idaho's charitable nonprofit organizations. The original study was commissioned by the Idaho Nonprofit Center and completed in April 2012. The study has since been updated in 2014, 2015, 2016, and now 2017. The primary economic analysis is conducted using data from the 3,382 charitable nonprofit organizations in Idaho which file 990 and 990EZ tax returns ("reporting nonprofits").

Types of Nonprofit Organizations

The IRS recognizes 29 different classifications of nonprofit organizations. Public charities represent a substantial portion of the national nonprofit sector, and constitute 62 of Idaho's nonprofit organizations. Public charities receive their tax-exemption under subsection (3) of Section 501(c). The IRS defines these organizations as "charitable" because they serve broad public purposes, including educational, religious, scientific, and literary activities, among others, as well as the relief of poverty and other public benefits.

Public charities are divided into two sub-categories: 1– Registered charities; and 2– Unregistered charities (revenues less than \$5,000). Registered charities are further classified as (a) those with revenues greater than \$25,000 annually, and (b) smaller charities with less than \$25,000 in revenues. Private foundations are also charitable organizations exempt under Section 501(c)(3), but are not public charities. Most private foundations are created to distribute money to public charities or individuals. They must meet strict guidelines requiring distribution of a proportion of their assets each year.

Other nonprofit organizations include social welfare organizations (501(c)(4)), business leagues and trade associations (501(c)(6)), and social and recreational clubs (501(c)(7)). All nonprofit organizations, regardless of their classification, are exempt from federal income tax. However, only those classified as a 501(c)(3) permit donors to make tax-deductible contributions to the organization. Although this report will touch on the economic role of all nonprofit organizations in the economy, its focus is on public charities.

National Role of Nonprofits in the U.S. Economy

Nonprofits play a significant role in the U.S. economy at all levels. Nationally there are 1.53 million nonprofits of which 69% are public charities, other nonprofits (24%), and private foundations (8%). U.S.-based nonprofits employed 11.4 million people in 2012, of which an estimated 10.23 million were employed in public charities (Independent Sector). This constituted 10.3% of the 2012 covered U.S. workforce for all classified nonprofits and 8.4% based on public charities alone (QCEW). To put this in perspective, the total U.S. nonprofit employment was larger than the population of 44 states. Public charities alone employed more people than the population of 43 states and is equivalent to the 9.88 million population of Michigan (U.S. Census). Nonprofits paid an approximate \$587 billion in wages and benefits (2009/2010) which constituted 9.8% of the covered \$5.98 trillion U.S. total wages and benefits (Independent Sector /QCEW).

11.4 MILLION

employed by U.S. based nonprofits

Idaho's Nonprofit Organizations

7,670

Idaho nonprofits

In 2015, including Battelle, Idaho had 7,670 registered nonprofit organizations producing total revenue of \$5.14 billion with \$6.71 billion in assets. Of these, public charities consisted of 5,213 organizations (3,382 organizations filing form 990 or 990EZ) producing \$5.14 billion in revenues. In terms of the relative size of the revenues of charitable organizations, the largest sub-sector was health-related (\$3.51 billion) which constitutes 68% of total public charity revenues and 63% of assets. In second place ranking, excluding Battelle, was education, producing \$427.1 million in revenues, which constitutes 8.3% of total revenues and 17.1% of total assets.

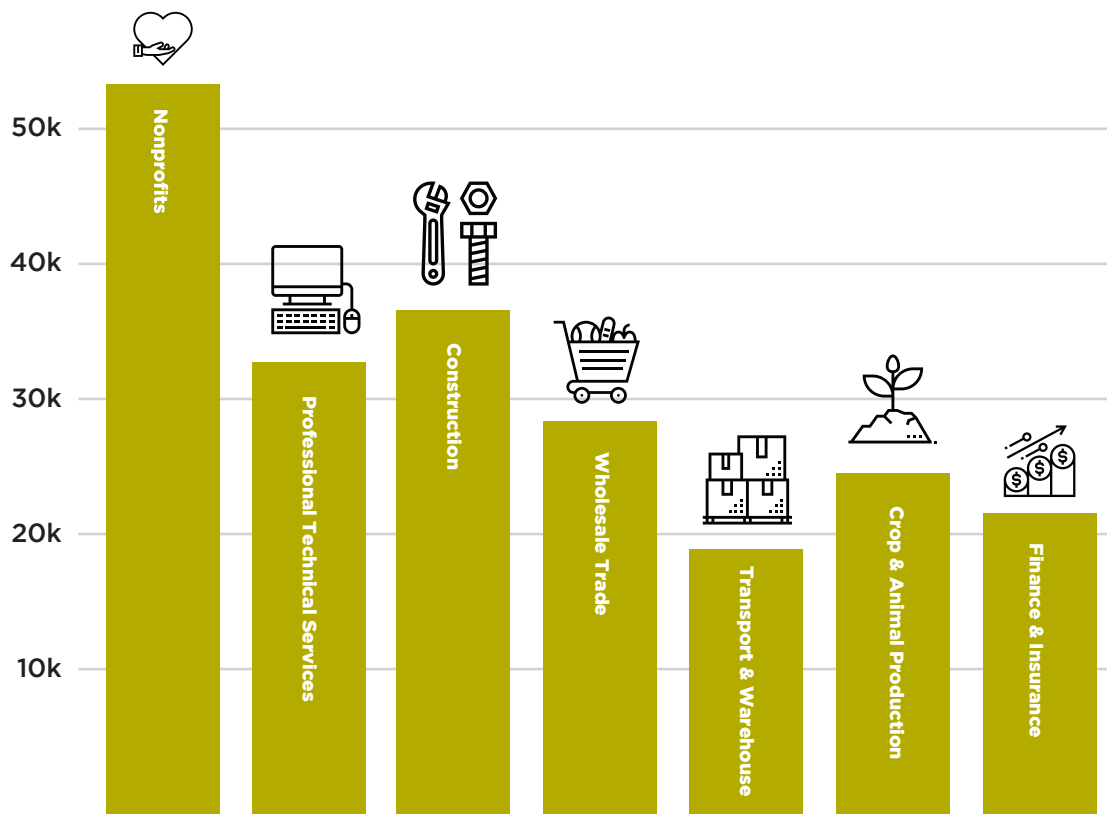
The \$5.14 billion revenues produced by Idaho public charities are the source of operational spending and expenditures. Approximately 57.5% was spent on total compensation for an estimated 55,949 direct workers (totaling \$2.96 billion in total aggregate compensation). The average total compensation per worker was \$52,836, and ranged from \$86,009 per worker at Battelle to \$19,245 per worker in other public charities. Approximately 51.2% of total jobs are in the health care sector and 21.0% are in human services.

Actual (Direct) Employment from Idaho's Charitable Organizations

In terms of industry employment comparisons, the charitable nonprofits would rank in 6th place in Idaho using the most commonly cited measure of employment (Quarterly Census of Employment and Wages-QCEW). It would rank in 7th place using a wider measure of employment called the Regional Economic Information System (REIS), Bureau of Economic Analysis. REIS includes an estimation of self-employed workers and includes other employment categories such as production agriculture not included in covered employment measures.

Idaho charitable nonprofits directly employ more people than professional and technical services (33,391), construction (36,151), wholesale trade (28,609), transportation and warehousing (18,678), crop and animal production (24,350), and finance and insurance (21,726).

If ranked as a county economy (2015) in terms of employment charitable nonprofits would rank 3rd in Idaho behind Ada County (222,323 jobs) and Canyon County (59,995 jobs).



Idaho charitable nonprofits directly employ more people than the above industries

3rd

In comparison to county economies in Idaho measured by 2016 employment, charitable nonprofits rank 3rd

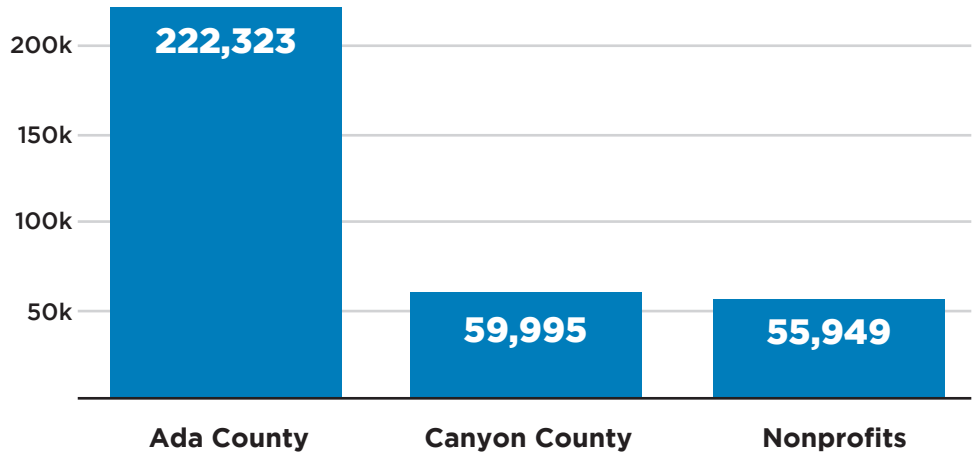


FIGURE 1
Public Charities in Idaho, 2017

NTEE Code	Type of Public Charity	Number	%	Total Revenues Spending	%	Total Assets	%
A	Arts, Culture, and Humanities	521	10.0%	\$51,923,760	1.0%	\$126,243,960	1.9%
B	Education	751	14.4%	\$427,071,226	8.3%	\$1,150,549,357	17.1%
C	Environmental Protection, Beaut.	161	3.1%	\$32,683,596	0.6%	\$75,633,563	1.1%
D	Animal-Related	160	3.1%	\$27,502,776	0.5%	\$94,976,566	1.4%
E	Health	237	4.5%	\$3,486,744,546	67.8%	\$4,175,519,709	62.2%
F	Mental Health, Crisis Intervention	77	1.5%	\$16,542,043	0.3%	\$17,493,391	0.3%
G/H	Medical Research/Diseases, Disciplines	100	1.9%	\$7,712,819	0.1%	\$9,694,217	0.1%
I	Crime, Legal Related	66	1.3%	\$17,450,916	0.3%	\$16,520,361	0.2%
J	Employment, Job Related	35	0.7%	\$57,577,582	1.1%	\$43,886,968	0.7%
K	Food, Agriculture, and Nutrition	70	1.3%	\$42,769,370	0.7%	\$20,345,319	0.3%
L	Housing, Shelter	100	1.9%	\$65,100,869	1.3%	\$256,432,991	3.8%
M	Public Safety	94	1.8%	\$3,521,024	0.1%	\$7,095,224	0.1%
N	Recreation, Sports, Leisure, Athletics	490	9.4%	\$51,953,988	1.0%	\$79,633,935	1.2%
O	Youth Development	152	2.9%	\$28,770,307	0.6%	\$79,262,563	1.2%
P	Human Services - Multipurpose	430	8.2%	\$238,552,918	4.6%	\$280,245,973	4.2%
R	Civil Rights, Social Action, Advocacy	35	0.7%	\$7,064,573	0.1%	\$7,059,535	0.1%
S	Community Improvement	194	3.7%	\$33,312,033	0.6%	\$52,327,619	0.8%
T	Philanthropy, Voluntarism, and Grants	106	2.0%	\$29,692,857	0.6%	\$161,999,648	2.4%
U/V	Science, Social Science and Technology	33	0.6%	\$1,727,809	0.0%	\$2,243,444	0.0%
W	Public, Society Benefit	102	2.0%	\$7,612,358	0.2%	\$5,991,921	0.1%
X	Religion Related, Spiritual Development	1,196	22.9%	\$33,791,506	0.6%	\$40,120,865	0.7%
Q/Z/Y	Other including International	102	2.0%	\$10,297,409	0.2%	\$10,317,151	0.2%
	Battelle Energy Alliance	1	0.0%	\$463,199,491	9.0%		
Total		5,213	100.0%	\$5,142,575,776	100.0%	\$6,713,594,280	100.0%

Source: National Center For charitable Statistics
* Not available

JOBS

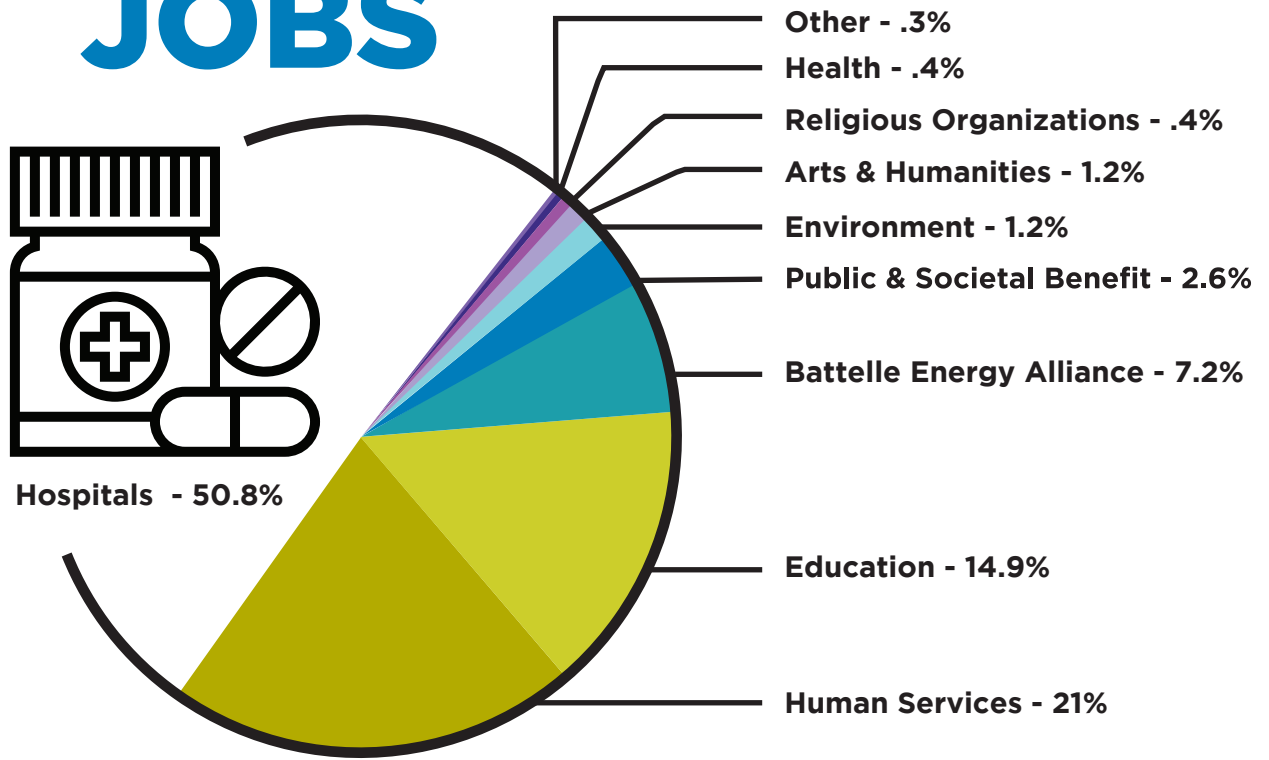


FIGURE 2

Total Direct Public Charity 2015 Spending and Direct Jobs Total

Public Charity Classification/Category	Total Charity Spending	Total Aggregate Compensation	Total Direct Employment	Compensation % Jobs	Per Worker
Arts, Culture, and Humanities	\$51,923,760	\$21,057,042	699	1.2%	\$30,112
Education	\$427,071,226	\$320,462,211	8,345	14.9%	\$38,401
Environment	\$60,186,372	\$32,591,948	658	1.2%	\$49,547
Hospitals	\$3,486,744,546	\$1,904,717,379	28,429	50.8%	\$66,999
Health	\$24,254,862	\$12,183,431	228	0.4%	\$53,460
Human Services	\$505,696,974	\$269,309,937	11,759	21.0%	\$22,902
Public and Societal Benefit	\$79,409,630	\$35,430,226	1,443	2.6%	\$24,548
Religious Organization	\$33,791,506	\$9,660,758	201	0.4%	\$48,040
Other Public Charities	\$10,297,409	\$2,696,243	140	0.3%	\$19,245
Battelle Energy Alliance	\$463,199,491	\$348,020,996	4,046	7.2%	\$86,009
Total (with Battelle)	\$5,142,575,776	\$2,956,130,171	55,949	100.0%	\$52,836

Federal and Out-of-State Sources of Revenues

A significant portion of total charitable nonprofit revenues originate from either federal or out-of-state sources. The majority of these revenues are generated by health care facilities and hospitals. Nonprofits account for about 80% of the acute care hospitals in the U.S. (Huffington). Hospitals receive from 35% to 55% of revenues from Medicare, depending on their facility and its mission. Idaho hospitals also receive approximately 16.5% of their revenues from Medicaid (Idaho Hospital Association) of which approximately 12% comes from federal sources. Medicare is a federal program that provides health care for seniors and Medicaid is a federal/state partnership that provides health care to the poor.

From a careful evaluation of various indicators, we estimate that approximately 55% of Idaho hospital revenues come from federal Medicare or Medicaid sources. This alone constitutes about 31% of total Idaho charitable nonprofit revenues. The remaining sectors (excluding BEA which is 100 federal/ out- of-state funded) average a little over 20% in federal or out-of-state funds. Overall, we estimate that approximately 52% of charitable nonprofit revenues are from federal or out-of-state sources, totaling approximately \$2.47 billion annually. The vast majority of these revenues and expenditures are spent on Idaho programs and activities.

The funding and revenues sources for nonprofits arise from diverse and complex organizational systems and a small percentage is spent on out-of-state programs. Alternatively there are other sources of out-of- state funds for specific Idaho programs not included in reported nonprofit revenue totals. We assume these flows are offsetting.

Federal or out-of-state sources, to 51.7% of nonprofits, equal

\$2.7 BILLION

The expenditures derived from federal and out-of-state revenues generate the following economic impacts, including the multiplier effects:

- **\$5.19 BILLION** in sales transactions
- **\$2.81 BILLION** in gross state product (4.3% of GSP)
- **\$2.27 BILLION** in total compensation (payroll)
- **45,480 JOBS**

FIGURE 3

2015 Economic Contributions of Idaho Charitable Nonprofits

Includes the Direct, Indirect, and Induced Impacts Includes

Public Charity Classification/Category	Direct Total	Sales	Gross State Product		
			Value Added	Compensation	Jobs
Arts, Culture, and Humanities	\$51,923,760	\$99,379,576	\$46,498,781	\$34,598,743	1,199
Education	\$427,071,226	\$729,227,769	\$528,422,165	\$410,366,152	10,858
Environment	\$60,186,372	\$111,725,626	\$59,114,713	\$48,731,225	1,090
Hospitals	\$3,486,744,546	\$6,326,031,834	\$3,437,876,128	\$2,774,256,262	52,027
Health	\$24,254,862	\$44,133,904	\$23,488,236	\$18,129,992	392
Human Services	\$505,696,974	\$915,868,429	\$511,086,821	\$387,847,383	15,072
Public and Societal Benefit	\$79,409,630	\$141,979,917	\$76,559,168	\$53,967,518	1,974
Religious Organization	\$33,791,506	\$69,224,221	\$27,581,797	\$18,999,967	485
Other Public Charities	\$10,297,409	\$16,881,714	\$8,979,804	\$4,683,543	197
Battelle Energy Alliance	\$463,199,491	\$1,210,231,127	\$606,909,999	\$505,758,333	9,366
Total (with Battelle)	\$5,142,575,776	\$9,664,684,117	\$5,326,517,612	\$4,257,339,118	92,660
Total (Without Battelle)	\$4,679,376,285	\$8,454,452,990	\$4,719,607,613	\$3,751,580,785	83,294

FIGURE 4

2015 Economic Impacts of Idaho Charitable Nonprofits (From Federal and Out-of-State Funding)

Includes the Direct, Indirect, and Induced Impacts Includes

Public Charity Classification/Category	Direct FED/Out-of-State \$	Sales	Gross State Product		
			Value Added	Compensation	Jobs
Arts, Culture, and Humanities	\$10,384,752	\$19,875,915	\$9,299,756	\$6,919,749	240
Education	\$106,767,807	\$182,306,942	\$132,105,541	\$102,591,538	2,714
Environment	\$12,037,274	\$22,345,125	\$11,822,943	\$9,746,245	218
Hospitals	\$1,917,709,500	\$3,479,317,509	\$1,890,831,870	\$1,525,840,944	28,615
Health	\$10,640,687	\$19,254,281	\$10,231,285	\$7,901,381	180
Human Services	\$115,945,920	\$210,255,899	\$118,644,998	\$90,871,672	3,544
Public and Societal Benefit	\$18,152,261	\$32,654,565	\$17,725,816	\$12,752,361	467
Religious Organization	\$6,758,301	\$13,844,844	\$5,516,359	\$3,799,993	97
Other Public Charities	\$2,059,482	\$3,376,343	\$1,795,961	\$936,709	39
Battelle Energy Alliance	\$463,199,491	\$1,210,231,127	\$606,909,999	\$505,758,333	9,366
Total (with Battelle)	\$2,663,655,476	\$5,193,462,550	\$2,804,884,529	\$2,267,118,925	45,480
Total (Without Battelle)	\$2,200,455,984	\$3,983,231,423	\$2,197,974,530	\$1,761,360,592	36,114

Economic Impacts Based on Federal/Out-of-State Revenues

The IMPLAN input/output economic model was used to estimate the economic impacts of charitable nonprofits in Idaho.³ When supplied with economic sectors spending, the IMPLAN model estimates the economic magnitude of the causal factors that generate economic activity and is export-focused. It is founded on economic base theory. Impacts are estimated from the portion of the nonprofit budgets arising from federal sources and out-of-state revenues. The expenditures derived from these revenues generates approximately \$5.91 billion in sales transactions, \$2.81 billion in gross state product (value-added), and \$2.27 billion in total compensation to those employed in Idaho's nonprofits.

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 result 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 that 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 (value-output): 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.

Based on the economic impacts of the 45,480 jobs arising from federal dollars and out-of-state revenues alone, the charitable nonprofits would rank in 6th place in the QCEW covered industry rankings and 11th by the REIS employment rankings. Idaho charitable nonprofits contribute 4.3% of Idaho's GSP as measured economic impacts. They illustrate the effect of nonprofit expenditures and backward linkages on all of Idaho's economic sectors.

Value of Idaho's Volunteers

382,220

Idaho citizens volunteered in 2015

According to Volunteering in America, 382,220 Idaho citizens volunteered in 2015, totaling 53.4 million hours of service. 34.1% Idaho residents are volunteers ranking the state 5th in the nation.

Volunteer hours are not included in GSP calculations but their implicit value can be estimated. The total market value of volunteer labor hours equals \$1.1 billion annually in wage and salary earnings. This is the equivalent of \$1.1 billion to gross state product (1.5% of the total). Annualized, the total labor hours are the equivalent of 25,683 jobs.

Tax Revenues Generated by Idaho's Charitable Nonprofits

Idaho's charitable nonprofits generate considerable tax revenues even though most nonprofit activities are exempt from income tax and nonprofits generally do not pay property taxes. The economic activities of these organizations create tax revenues in several important ways: 1) Some activities of charitable nonprofits are not tax exempt, 2) Employees of charitable nonprofits pay income taxes, property taxes, sales taxes, and excise taxes, 3) Contracting and outsourcing firms from charitable nonprofits pay taxes.

The magnitude of these tax revenues is substantial. The economic activities arising from federal/out-of-state revenues created \$77.1 million in indirect business taxes in 2015. These are comprised of sales taxes (\$40.9 million), property taxes (\$29.6 million), excise taxes (\$6.6 million). They include the direct, indirect, and induced tax impacts. In addition, the charitable nonprofits created \$67.5 million in Idaho personal income payments and \$4.46 million in corporate income taxes. In total, \$149.0 million in tax revenues were created.

\$149 MILLION in TAXES

FIGURE 5

Total Tax Contributions from Idaho's Charitable Nonprofits

Includes the Direct, Indirect, and Induced Impacts Includes

	Federal/Out-of-State
Indirect Business Taxes	
Idaho Taxes	
Sales Tax	\$40,938,269
Property Tax	\$29,570,404
Excise Taxes	\$6,613,525
Sub-Total Indirect Taxes	\$77,122,198
Other Taxes	
Idaho Personal Income Tax	\$67,460,175
Idaho Corporate Taxes	\$4,456,725
Total Taxes	\$149,039,097

FIGURE 6

BEA 2015 Annual Employment Rankings

Two Digit Industry Rankings	Jobs	Rank
Government	127,427	1
Retail Trade	107,797	2
Health Care and Social Assistance	99,785	3
Manufacturing	68,334	4
Accommodation and Food Services	63,940	5
Construction	58,660	6
Nonprofit Charities	55,949	7
Professional, Scientific, and Technical Services	55,607	8
Crop and Animal Production	54,395	9
Administrative and Support and Waste Management and Remediation Services	53,330	10
Real Estate and Rental and Leasing	48,521	11
Other Services (except Public Administration)	44,734	12
Finance and Insurance	37,360	13
Wholesale Trade	33,342	14
Transportation and Warehousing	27,273	15
Educational Services	19,628	16
Arts, Entertainment, and Recreation	19,602	17
Information	12,363	18
Management of Companies and Enterprises	6,367	19
Mining, Quarrying, and Oil and Gas Extraction	4,995	20
Utilities	3,195	21

Total employment (Wage and Self-Employed)*	947,162
Total Private Employment	819,735

Source: BEA and EMSI
* excludes unclassified employment

QCEW 2015 Annual Employment Rankings

Two Digit Industry Rankings	Jobs	Rank
Government	113,554	1
Health Care and Social Assistance	85,512	2
Retail Trade	82,844	3
Manufacturing	61,589	4
Accommodation and Food Services	58,242	5
Nonprofit Charities	55,949	6
Administrative and Support and Waste Management and Remediation Services	40,264	7
Construction	36,151	8
Professional, Scientific, and Technical Services	33,391	9
Wholesale Trade	28,609	10
Crop and Animal Production	24,350	11
Finance and Insurance	21,726	12
Transportation and Warehousing	18,678	13
Other Services (except Public Administration)	16,557	14
Arts, Entertainment, and Recreation	9,576	15
Information	9,161	16
Real Estate and Rental and Leasing	7,149	17
Educational Services	6,569	18
Management of Companies and Enterprises	5,533	19
Utilities	3,012	20
Mining, Quarrying, and Oil and Gas Extraction	2,327	21

Total Covered Employment Wages**	664,791
Total Private Covered Employment and Wages	551,237

Source: BLS, Idaho Department of Labor, and EMSI
**excludes unclassified employment