

Economic Impact of Douglas County Nonprofit Organizations

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Executive Summary

The findings of this study demonstrate that nonprofit organizations in Douglas County significantly contribute to the health of the local economy. The 87 organizations represented in this analysis accounted for:

- 1,771 total jobs in 1999
- \$41 million in wages and salaries
- 463,000 hours of volunteer time
- An estimated \$5.6 million of additional income and 103 additional jobs, as a result of new dollars brought into the local economy from outside sources.

Nonprofit organizations also improve the quality of life in the community through activities such as:

- Providing social, cultural, and recreational outlets for residents and visitors
- Providing social services to individuals and families in need, decreasing future costs to society.

Background

The Douglas County Nonprofit Coalition, an informal group of local nonprofit directors, hired Community Planning Workshop (CPW) to assess the economic impact of local nonprofit organizations. CPW is a program in the University of Oregon's Community Service Center that provides research and planning assistance to Oregon communities and governments.

This study examined the direct and indirect economic impacts of Douglas County's nonprofit sector. Direct impacts include revenues, expenditures, and employment generated by nonprofits themselves. The indirect impacts capture the extra income and jobs created by the stream of new dollars into the local economy from outside sources, as well as the spending of those dollars on wages and salaries and on goods and services produced by local businesses.

In addition to creating jobs and paying salaries, the nonprofit sector enhances the quality of life of the Douglas County community by providing cultural amenities like art, music, and theater and providing social, educational, and recreational outlets for children and adults. Moreover, many non-profit organizations deliver social services to those in need, which works to lower the costs of negative externalities on businesses like crime, drug use, inadequate housing and unstable family environments. Enhancing the quality of life makes the community more attractive to visitors, new residents, and new businesses, and complements other economic development efforts.

In return for acting on behalf of the public good, rather than for the economic benefit of owners or shareholders, the Internal Revenue Service exempts nonprofits from paying a variety of taxes. This is the key difference between nonprofits and their for-profit counterparts. It also influences how these organizations behave as well as how the public and consumers perceive them in the marketplace. Nevertheless, nonprofits do operate like

other businesses and make prudent financial decisions to ensure the stability of their organization and sustainability of their mission-oriented activities.

The findings reported in this study are intended to help the nonprofit community better understand their role in the economy and provide them with a resource to communicate their impact to citizens, business, government, and potential funding sources.

Methods

This study is based on a survey of non-profit organizations registered in Douglas County. CPW administered a mail survey to 279 organizations identified as non-profits by the Secretary of State—Corporations Division. We received 87 valid responses yielding a 31% response rate. Survey results suggest these 87 responding organizations represent a significant majority of the sector's economic impact—many of the non-respondents were very small, volunteer-oriented groups, whose economic impact is likely to be small relative to the entire sector.

CPW asked respondents to report revenue and expenditure data come from IRS Form 990 disclosures. Because organizations use varying fiscal year accounting periods, CPW performed calculations with expenditure and revenue data from 1998 and 1999. This means that some results cannot be solely attributed to 1998 or 1999, but are an estimate of recent activity over a typical year. Responses not taken from the 990 can be dated to 1999.

Most of the respondents were also small organizations, with few or no employees and modest revenue. For example, only 36 of the 87 nonprofits employed at least one person full or part time. By contrast the largest nonprofit employed 864 people (full and part time) in 1999. As a result, a small minority of large organizations contributed the great majority of the economic impact.

Two organizations stood out from the sample—Mercy Medical Center and The Ford Family Foundation. Mercy Medical Center (hospital only and not its affiliates) is clearly the largest in the nonprofit sector and a major contributor to the county economy. Additionally, over the time period from which data was collected, The Ford Family Foundation earned an extraordinary one-time gift from the late Kenneth Ford's estate. In terms of revenue, this gift alone overshadowed the revenue of all nonprofits. In normal years Ford Family remains a leader in terms of revenue and local expenditures (grantmaking).

Findings

This section describes CPW's key research findings, organized as follows: revenue, expenditures, employment, and indirect impacts.

Revenue

Excluding Ford Family and Mercy Medical, nonprofits generated total revenues of \$38 million, with an estimated \$13.9 million (37 percent) coming from sources outside of the local economy. The average revenue was \$450,000 and median only \$14,300. When there are a few numbers that are much larger than the rest of the sample (as in this case), median values provide the best estimate of the average organization's revenue. The low

median indicates that most nonprofits in the county earn small streams of revenue. Adding Ford Family and Mercy Medical to the calculations raises total revenue dramatically to over \$299 million.

Contributions, gifts, and grants were the most significant source of revenue, comprising 45 percent of total revenue. The second and third largest portions of total revenue came from *fees for program services* (29 percent) and *investment and interest income* (26 percent). Program fees are attributable to Mercy Medical, while investment and interest income can be attributable to Ford Family.

Expenditures

Excluding the county's two largest spenders, Mercy Medical and Ford Family, nonprofits reported total expenditures of \$24.5 million, with the average nonprofit spending \$290,000 and the median nonprofit spending only \$10,000. When we add back Mercy and Ford, total expenditures increase to over \$98 million, with Mercy and Ford accounting for nearly 75 percent.

The largest expenditure item was *payroll*, equaling \$41 million for *all nonprofits*. This made up nearly 42 percent of total expenditures. The second largest expenditure item was *grants or contributions*, equaling over \$20 million or 20 percent of the total. However, when we subtract the largest grantor, the percentage then drops to about eight percent. Operating costs were the third largest expenditure item (when considering all nonprofits). But it is the second largest item if we subtract Mercy's considerable operating costs. For a definition of these costs, see the full report.

Employment

Excluding Mercy Medical, the largest nonprofit employer, nonprofits employed a total of 907 persons in 1999. Including Mercy, total employment equals 1,771 persons, or 4.3 percent of the non-farm employment in all of Douglas County. Sixty-three percent of the nonprofit employees worked full-time, 37 percent worked part time. The health care and social service were the largest employers in the nonprofit sector respectively.

CPW found that jobs in the nonprofit sector, on average, were comparable to those in other sectors. While 38 percent of the nonprofit jobs accounted for in the study paid under \$9 per hour, 42 percent of the jobs paid over \$12 per hour. Based on a 40-hour work week, \$12 per hour is just below of the county's average annual wage of \$25,000 in 1998. In addition, 75 percent of the jobs offered health benefits and 67 percent offered retirement benefits, compared to 68 percent and 46 percent for full time non- managerial workers statewide (2000 Oregon Employer Survey, Employment Department)

The volunteer effort mobilized by nonprofit organizations was impressive. Nonprofits reported a total of 6,304 volunteers and over 463,000 hours contributed in 1999. This equals approximately 73 hours per person per year, or the equivalent of 235 full-time employees. If we value volunteer hours at \$6.50 per hour (minimum wage), nonprofits contributed an additional \$3 million in service to the community.

Indirect impacts

Nonprofits' revenue, spending, and job creation creates additional economic activity in other sectors of the economy. Economists use income and employment *multipliers* to measure these effects. Multipliers tend to overestimate indirect effects and any conclusions should be made with caution. See Chapter Four for a more thorough discussion.

Based on the data collected and the multipliers supplied by the Oregon Employment Department, CPW estimates that for every one dollar of income brought into the local economy by nonprofits from outside sources, approximately 40 cents of additional income is created elsewhere in the local economy. Additionally, for every one job created as a result of revenue from outside sources, an estimated 0.3 additional jobs are created elsewhere in the local economy.

Since nonprofits brought in an estimated \$14 million from outside revenue sources, an additional \$5.6 million dollars were circulated in the local economy. Likewise, CPW estimates that 336 jobs were a result of outside revenue sources, which resulted in the creation of an additional 103 jobs locally.

Table E-1. Summary of economic impact for reporting nonprofits

Category	Impact
Revenue	\$299,873,315
Expenses	\$98,210,656
Payroll	\$41,162,441
Employment:	1,771
Full-time positions	1,111
Part-time positions	660
Volunteers:	6,304
Volunteer hours	463,518
Imputed value of volunteer time	\$5,562,216
Indirect effects:	
Income	\$5,657,067
Employment (# of jobs)	103

Source: Douglas County Non-Profit Survey, CPW 2000

Conclusion

The nonprofit sector plays an important role in the Douglas County economy. Nonprofit organizations bring in new dollars into the economy, create job opportunities for local residents, and spend money on local goods and services. They provide essential goods like health care, education and job training, and social services. Nonprofits also play important roles in the community life of county residents. They provide outlets for social activities, to pursue interests, have fun, and give back to the community.

This Executive Summary contains only a small amount of the information found in the full report. In addition to a detailed survey analysis, the full report includes information on nonprofits' tax-exempt status, the economics of the nonprofit sector and its role along side for-profits and government, and community development aspects of the sector.

For more information or a copy of the full report, contact the Douglas County Nonprofit Coalition through Michael Fieldman at the Umpqua Community Action Network, (541) 672-3421. Or you may contact Suzie Johnston-Forte at the United Way of Douglas County at (541) 672-1734.

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Chapter One: Introduction

Background

The nonprofit sector is characterized by a diversity of organizations engaged in a wide spectrum of activities, including social service, education, health care, arts and culture, recreation, and advocacy. Some groups are small, staffed by volunteers, and maintain only a local presence. Others, like the United Way or the American Red Cross are quite large; employing both paid staff and volunteers, and are active nationally or internationally.

Nonprofit organizations operate in the economy alongside private (for-profit) firms and government, incorporating elements of both sectors in their activities. Described as the “third sector,” these organizations are privately formed and operate independently—that is, outside of government control—but they often provide goods or services that can be collectively consumed, much like goods provided by the public sector. This dynamic of public goods supplied by private resources places nonprofits in a unique position to provide a range of goods and services that for-profit firms or the government are not well suited to produce.

The economics of the nonprofit sector is often misunderstood. First of all, the range of activities nonprofits are engaged in is not fully appreciated. Second, nonprofit status does not preclude an organization generating revenue above costs. Third, nonprofits do not operate primarily on contributions—only 10 percent of revenue came from private giving sources in 1996. The largest source of revenue was fees for services, comprising 54 percent of revenue.¹

The sector plays an important role in the economy, whether viewed at the local, regional, or national scale. In *The Emerging Sector Revisited*, researchers found that nonprofits accounted for nearly eight percent of the total nonagricultural employment in the United States in 1995. Both the revenue and employment generated by the sector also create ripple effects in the local economy. Nonprofits and their employees spend money locally. Nonprofits also enhance the quality of life of communities by providing social service, cultural, educational, and recreational amenities. These amenities draw visitors, new residents, and businesses to an area, complementing other local economic development efforts.

Purpose of study

The purpose of this study is to provide the Douglas County Nonprofit Coalition with an economic impact analysis of nonprofit organizations in Douglas County. This study will assist the coalition in communicating the nonprofit sector’s role in the local economy to the community. Specifically, this study:

- Provides an overview of the economic behavior of nonprofit organizations with respect to its role alongside public and private, for-profit sectors.

¹ Salamon, America’s Nonprofit Sector, page 37.

- Describes the Douglas County economy to provide a context for an analysis of the economic impact created by the nonprofit sector.
- Estimates the direct and indirect economic contributions of the nonprofit sector with respect to revenue, employment, payroll, expenditures, and volunteer participation.

Methodology

This study focuses on organizations that are exempt from state and federal income taxes under Internal Revenue Service code 501c in Douglas County. Our methodology included (1) a review of relevant literature, and (2) a survey of nonprofit organizations registered in Douglas County with the Corporations Division of the Oregon Secretary of State.

Literature Review

CPW conducted a review of books and scholarly articles to gather information on the structure and economics of the nonprofit sector. In addition, CPW reviewed economics literature about impact analyses and the use of multipliers in measuring indirect economic impacts. Multipliers are tools for measuring the number of jobs and income stimulated by activities of a particular industry or sector of the economy. The premise behind them is that new dollars brought into an economy from the sale of exports (in this case, grant dollars or fees from services) will be respent on goods or services in the local economy, creating additional income and jobs in other sectors. That additional income and jobs will induce more local spending, and so on.

Survey

The Coalition and CPW surveyed all of the county's 279 nonprofit organizations registered with the Secretary of State's office. Many of the survey questions asked respondents to transpose numerical data from the IRS form 990 (return for tax-exempt organizations) to the survey instrument. Other questions asked respondents to provide information relevant to their organization's operations, employees, volunteers, and missions.

Organization

This document is composed of five chapters and three appendices. The following chapters present the findings of the study:

Chapter Two: Economics of Nonprofit Organizations first provides an overview of the nonprofit sector and discusses the legal criteria that entitle nonprofits to their tax-exempt status—their defining characteristic. Then, the chapter discusses economic and political theories of nonprofits and how the tax-exempt status affects their role in the economy and society. Finally, the chapter explores the value nonprofits provide to local economic development efforts.

Chapter Three: Economic Profile of Douglas County establishes the context from which the analysis of nonprofit economic impact can be better understood. The profile provides a broad view of the Douglas County economy, presenting data on labor force, employment, industrial composition, and annual wages.

Chapter Four: Economic Impact Analysis presents both the direct and indirect impacts generated by nonprofit organizations in Douglas County. The direct impacts include data such as number of jobs created, payroll, and revenue. Indirect impacts, which refer to economic activity created as a result of money circulating through an economy, will be measured through the use of income and employment multipliers provided by the Oregon Employment Department.

The appendices contain additional supporting materials including a copy of the survey, transcription of responses to (open-ended question) Q-30, and a bibliography.

Chapter Two: Economics of the Nonprofit Sector

Much of the research on the nonprofit sector has occurred only in the last 30 years. This is in part due to economists' preoccupation with the private (for profit) sector, and to a lesser degree, the public sector. However, in the 1970s, economists and social scientists responded to the rise of nonprofits in the health, education, and social service industries and began to examine the unique nature of the nonprofit sector in more detail.

Nonprofits do not fit the conventional model of private and public sector roles in the economy. In this model, the private sector consists of independent firms, organized to maximize profits; their behavior is typically consistent with this aim. The public sector regulates private sector activities and the markets in which they operate. It also provides goods and services not likely to be provided by the private sector.

That said, nonprofits could be thought of as the “third sector”—a term used to articulate the differences between nonprofits and the private and public sectors. While nonprofits are privately controlled, similar to corporations, they generally provide goods and services oriented towards the public benefit. They face a slightly different set of incentives than for-profit firms, because by law and definition, they are unable to pass net gains to owners or stockholders. The inability to pass on profits affects both the nonprofit organization's behavior and the way the public and consumers perceive the sector.

Chapter Two examines the role of nonprofits in the larger economy by reviewing existing literature and research. The chapter is divided into five sections and begins with a short discussion of nonprofits' tax-exempt status. Next we present a sketch of the nonprofit sector in the United States. The third and fourth sections discuss a sampling of economic and political theories of nonprofit organizations developed by scholars in economics and other social sciences. The final section looks at the community and economic development role the local nonprofit sector plays.

Tax exemption

Depending on the type of nonprofit organization (501(c) 3, 501(c) 4, etc.), preferential tax treatment takes on various forms, including exemption from state and federal income taxes, exemption from property and sales taxes, and the ability to receive deductible charitable donations. The tax code is complex on this matter: twenty-seven separate sections of the tax code apply to tax exempt organizations—each section corresponding to a certain type of nonprofit. Examples of the types of tax-exempt organizations are religious, charitable, and educational, labor and agriculture, fraternal organizations, social and recreational clubs, credit unions, and cemetery companies. Nearly all of the categories are within Section 501 of the Internal Revenue Code, the most common being 501(c) 3 (religious, charitable, educational). Sections 521 and 527 apply to farmer's cooperatives and political organizations respectively.

The primary and most important distinction with respect to tax treatment is between “charitable” 501(c) 3 organizations and the organizations subject to the remaining sections of the tax-exempt code. The word *charitable* is a general term used to describe 501(c) 3 organizations which, according to the IRS, are groups engaged in activities such as “relief of

the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; erection or maintenance of public buildings, monuments, or works; lessening the burdens of government; lessening of neighborhood tensions; elimination of prejudice and discrimination; defense of human and civil rights secured by law; and combating community deterioration and juvenile delinquency.”² The remaining nonprofits have also been called *mutual benefit* or *member-serving* organizations, and consist of groups such as social clubs, veterans’ organizations, labor unions, and chambers of commerce.

The tax code allows charitable organizations to receive tax-deductible contributions or gifts—mutual benefit organizations cannot. This is the essential difference between the two types. The primary reason charitable nonprofits receive such preferential treatment is that these groups create benefits that can be widely shared, while mutual benefit organizations create benefits that are generally limited to the members of the group. Additionally, tax deductibility of contributions is a strong incentive for the public to donate to nonprofits, especially for corporations and high-income households whose tax liability is high. Without this incentive, fundraising efforts would be much more difficult.

Tax exemption, in effect, acts as a subsidy to support nonprofits. This support from the government is not without its critics, in terms of propriety (i.e., is it fair to for-profit firms?) and the manner in which it is executed (i.e., through the tax system). Nevertheless, it is generally accepted that nonprofits receive support because they provide goods that are of public benefit, which otherwise would be provided by government or not at all. An alternative explanation for support is that tax exemption helps to offset the sector’s inability to generate capital through issuance of stock.

The U.S. nonprofit sector

This section gives a brief statistical overview of the U.S. nonprofit sector to provide a sense of the scope of activity in the national economy. Data was drawn from two sources: the *Nonprofit Almanac, 1996-1997* and chapter three of *America’s Nonprofit Sector: A Primer*. The Almanac’s most recent data dates to 1994, and the Primer’s data dates to 1996. Due to differences in subject matter in the respective publications, both sources are used to create a more complete description.

Number and types of organizations

The nonprofit sector is quite diverse. As mentioned above, the tax code recognizes 27 different categories of nonprofits. These organizations vary in size and in activity, ranging from hospitals, to schools, day care centers, civic organizations, hobby clubs, advocacy groups, charities, and foundations. In 1995, the number of nonprofit organizations totaled 1.6 million—over 6 percent of all organizations.³

As mentioned in the tax-exemption section, the sector can be divided into two main categories: member-serving organizations and public-serving (*charitable*) organizations.⁴ The member-serving category is subdivided into social and fraternal organizations,

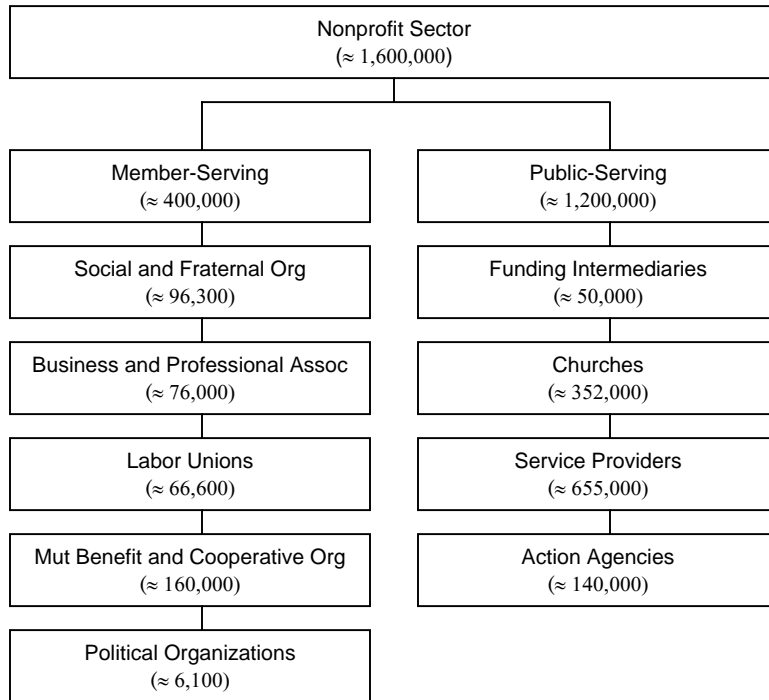
² http://www.irs.gov/bus_info/eo/exempt-req.html (visited 8/25/00)

³ Salamon, p. 22

⁴ Different authors use different terminology to describe the same entities. Member-serving and mutual benefit are essentially the same, as public-serving and charitable.

business and professional associations, labor unions, and others. The public-serving category is subdivided into funding intermediaries (foundations), churches, service providers, and action agencies⁵. Figure 2-1 illustrates how organizations within the nonprofit sector are categorized.

Figure 2-1. Diagram of nonprofit sector



Source: *America's Nonprofit Sector*

According to the Nonprofit Almanac, the number of 501(c)(3) organizations doubled from 1977 to 1992. The Almanac notes, however, that most of charitable organizations are quite small. In 1993, only 33 percent filed a 990 return.⁶

⁵ Action agencies are considered those engage in political lobbying--essentially, 501(c)(4) "social welfare organizations."

⁶ Organizations with operating revenues less than \$25,000 are not required to file a 990 return to the IRS.

Of the filers:⁷

- 41 percent had expenses less than \$100,000
- 31 percent between \$100,000 and \$500,000
- 9 percent between \$500,000 and \$1 million
- 12 percent between \$1 million and \$5 million
- 3 percent between \$5 million and \$10 million
- 4 percent over \$10 million.

Employment

The procedures for collection and aggregation of employment data by Standard Industrial Code (SIC) complicate analysis on the nonprofit sector. The SIC includes nonprofit organizations, but they are not explicitly classified as such. Nevertheless, in 1994 an estimated 9.7 million people were employed in the nonprofit sector. This represents 8.5 percent of all paid workers. In addition, volunteer hours contributed the equivalent of over six million full time equivalent employees in 1994.⁸ With respect to rate of growth, employment in nonprofits grew faster than in for-profits (providing services) from 1977 to 1994. Nonprofits experienced 3.3 percent annual growth, while for-profits experienced 3.0 percent annual growth.⁹

Employment in the nonprofit sector is concentrated in the health services industry. In 1994, health services held 45.5 percent of total nonprofit employment. Second to health services was education, employing 23.2 percent of the total in 1994. Following education were social and legal services with 13.0 percent.¹⁰

In 1994, wages and salaries of nonprofit employees totaled \$205 billion, or 6.4 percent of total wages and salaries in the national economy. Volunteers contributed an additional \$103 billion worth of earnings in 1994, increasing the nonprofit sector's share to 7.8 percent.¹¹ This suggests that the impact of voluntarism in the nonprofit sector is significant and essential to operations and provision of services.

Revenue

Funding for nonprofits come from three primary sources: (1) private contributions, including private foundations; (2) private payments (income from dues, fees, or charges); and (3) government payments (grants and contracts). The entire sector had revenues of \$670 billion, or almost nine percent of the U.S. gross domestic product (GDP).¹² Among the sector's public benefit organizations, total revenue equaled approximately \$515 billion.¹³ The largest source of revenue is private payments. In 1996, income from private payments accounted for 54 percent of total revenue. Included in this category are college tuition payments, hospital fees, and payments for goods or services. Government was the second

⁷ Nonprofit Almanac, p. 15

⁸ Ibid, p. 44

⁹ Ibid, p. 128

¹⁰ Ibid, p. 132

¹¹ Ibid, p. 31

¹² Ibid, p. 22

¹³ Salamon, p. 36

largest source of nonprofit income, accounting for 36 percent. Contrary to the popular belief that nonprofits rely heavily on donations from private sources, private contributions accounted for only 10 percent of total income.¹⁴

Economic theories of the nonprofit sector

Simply quantifying the number of dollars or jobs created by a certain industry or set of activities is not sufficient to understanding the impact of the nonprofit sector. A deeper analysis should include a discussion of the economic theories that explain the nonprofit sector's role in the economy. Understanding why nonprofits are prominent in certain activities is equally important as knowing how much activity they generate. This section describes three economic rationales on the nonprofit sector: (1) public goods theory; (2) contract failure theory; and (3) transaction cost theory. Together, these theories provide a sound background to the economics of nonprofits.

Public Goods Theory

Although government is the primary producer of public goods, government's involvement is not what makes these goods "public." Public goods are those that can be *equally* consumed by *multiple* people. In their pure form, public goods are characterized by *nonexcludability* and *nonrivalry*. Nonexcludability is the inability to discriminate between persons able and unable to consume a particular good. Nonrivalry refers to the inability of one person's consumption of a good to limit or infringe upon another's consumption of the same good. The classic example of a public good is the lighthouse. Since, there is no means to regulate who uses the services of the lighthouse, any ship's captain can see the light and use it to guide the ship. Therefore, it is nonexcludable. Moreover, if one captain uses the lighthouse, that captain's use does not interfere with another ship's use of the lighthouse's services—therefore the good is nonrival.

Because of these characteristics, public goods can be enjoyed by anyone, whether or not they have contributed to its provision. As a result, the fundamental issue with public goods is the *free-rider problem* and the resulting underprovision of public goods. Since there is no way to exclude people from enjoying the public good, individuals have no incentive to pay their share. Moreover, one's recognition that no one else is required to pay his or her share presents an additional psychological incentive to avoid paying.

This situation is problematic. Welfare economic theory says that the socially optimal provision of goods is at a point where society's demand for a good equals its supply. However, according to microeconomic theory, private firms maximize profits by producing goods up to a point such that the costs of production of one extra unit equals the benefit (to the firm) of producing one extra unit. Since consumers are unwilling to contribute to provision of the good, there is little or no benefit to producers and as a result, production of public goods is certain to be well below the amount truly desired by society, if at all. Thus, we have the *free-rider problem*. Many economists assert that the role of the government is to respond to this unmet demand through governmental provision of goods or services.

¹⁴ Ibid, p. 36-37

Burton Weisbrod argues that the nonprofit sector's place in the economy is to supplement government's provision of public goods. To explain this, Weisbrod first says that we must assume that, more or less, government determines the level of public good output and corresponding tax rates (to fund provision) through political voting processes.¹⁵ Assuming a majority-wins decision rule, the outcome of the process is determined by the median voter.¹⁶ The problem with this scenario, Weisbrod explains, is that given a particular tax rate, 50 percent of the voters actually want less output than the outcome provides. At the same time, the other 50 percent want higher output. In other words, this system leads to results in which nearly all people do not get the outcome they most desire. According to economists, this is not socially optimal.

To achieve a more desirable level of public good consumption, Weisbrod states that dissatisfied individuals can: (1) move to another place with an output-tax combination that better suits their preferences; (2) form lower-level governments to establish more optimal conditions; (3) turn to private-market alternatives; or (4) turn to nonprofit organizations. Moving to another place is expensive. Forming new governments is also difficult and costly. Private markets have a difficult time producing public goods because of the free-rider problem. These difficulties create opportunities for nonprofit organizations.

Weisbrod classifies nonprofits as "extra-governmental providers of collective-consumption (public) goods."¹⁷ Because government is unable to meet the demand of the 50 percent who desire more output, nonprofits serve as a means to supplement the state's provision and offer alternatives to private-good substitutes. Weisbrod also states that level of under-satisfied demand for public goods is associated to the size of the nongovernmental (nonprofit and for-profit) sector in that industry. For example, nonprofit institutions (prep schools, private universities) comprise a significant portion the education sector, suggesting that a large portion of the demand for education services cannot be met by the state. This further implies that sectors in which nonprofits are most active have the most unmet demand.

More simply, public goods theory states that the nonprofit sector provides public goods that the government or private sector cannot or will not provide. The private sector undersupplies public goods because of the free rider problem. Government undersupplies public goods because it is constrained by voting processes that respond to the choices of the median voter, leaving a number of individuals under-satisfied. The nonprofit sector attempts to fill the missing gaps.

According to Harry Hansmann, the public goods theory as forwarded by Weisbrod raises two concerns. First, many of the goods that nonprofits provide are *private* not public. For example, services provided in a nonprofit hospital, childcare, education in a nonprofit preparatory school, and the entertainment provided by a nonprofit symphony orchestra appear to be private goods, not public.¹⁸ Second, Hansmann argues that Weisbrod does not

¹⁵ Lower levels of public good provision imply lower tax rates and vice versa.

¹⁶ Because half of the electorate votes one way, and half votes the other way, the median or middle voter's decision will give that side the majority, and thus determine the outcome.

¹⁷ Weisbrod in Ackerman, p. 30

¹⁸ Hansmann in Powell, 29

satisfactorily explain why nonprofit organizations, rather than for-profits, arise to meet under-satisfied demand of these “private” goods.¹⁹

Contract Failure Theory

The contract failure theory takes up the question of why nonprofit organizations and not for-profit firms. Rather than focus on sub-optimal levels of provision that the nonprofit sector fills, this second theory looks at how the failure of a contract between producer and consumer is rectified by a nonprofit organization.

Hansmann argues that for-profit firms will supply goods and services at prices and quantities that maximize social efficiency, *under certain conditions*. He says that the following three conditions are among the most important:²⁰

- 1) Consumers can, without undue cost or effort make a reasonably accurate comparison of the products and prices of different firms before any purchase is made.
- 2) Consumers can reach a clear agreement with the chosen firm concerning the goods or services that the firm is to provide and the price to be paid.
- 3) Consumers will determine subsequently whether the firm complied with the resulting agreement and obtain redress if it did not.

Because quality is easy to monitor, Hansmann says that the above conditions are generally met with standardized industrial goods and farm produce. However, in other cases, consumers will not be able to achieve all these conditions. Firms maximize profits, and if consumers cannot assure quality of goods or services, consumers can fall victim to paying excessive prices for inferior goods. In these circumstances, consumers experience contract failure, and are better off transacting with a nonprofit organization. The nondistribution constraint placed upon nonprofits—the inability to pass surplus on to owners or stockholders—eliminates the incentive to profiteer.

One condition that contributes to contract failure is the **separation between the purchaser and the recipient of the service**. This occurs when the purchaser of a good or service is not the actual recipient, and is characteristic of charities that provide relief to the poor. For example, a family in Roseburg, Oregon donates \$100 to a hunger relief organization helping distribute food in El Salvador. The family in Roseburg (the purchaser) knows little about whether food actually ends up in the hands of hungry families in El Salvador, nor in what condition the food is delivered. For-profit managers have the incentive to be “efficient” and minimize costs where able, potentially compromising the quality of service. Donors may suspect this and be reluctant to use a for-profit organization. Nonprofits do not have this same incentive and this suggests why they are engaged in these types of activities.

Contract failure also occurs when you have public goods. One example Hansmann uses is the community radio station. The broadcast is a public good—you cannot exclude users and one’s listening to the broadcast in no way prohibits another from listening as well. In this

¹⁹ Hansmann in Powell, p.29

²⁰ Hansmann in Ackerman, p. 67

situation it is easy for free riders to consume the good and not contribute to the station. Because the station cannot charge listeners because of public good characteristics, it relies on donations. However, donors cannot discern what part of the broadcast is being funded by their contribution—another form of contract failure. A for-profit radio station has the incentive to minimize costs and maximize revenues. This may take the form of raising contributions in excess of operating expenses, since consumers would be hard pressed to recognize the contract failure. However, potential contributors recognize the profit motive, and will not contribute to for-profit firms when they are able to access the broadcast for free. Again, community radio avoids much of this suspicion and can generate revenue through donations.

A third condition where nonprofits can address contract failure is in **consumption of complex personal services** such as day care, education, and health care. Hansmann states that nonprofits often emerge in these sectors, rather than traditional industrial goods sectors, because quality is much more difficult to monitor. He cites the complexity of services, their nonstandardized character, and “circumstances under which they are provided make it difficult for the consumer to determine whether the services are performed adequately.”²¹ By their nature, these types of services generally place significant trust in the provider. Having additional assurance that the consumer will not be taken advantage of (nondistribution constraint) gives nonprofits organizations some advantages in these industries.

Transaction Costs Theory

Michael Krashinsky argues that economists have focused too heavily on market failure as a reason for nonprofits to emerge. Rather than focusing on nonprofits as a way to overcome certain types of market failure (contract failure, under provision of public goods), he views the choice between for-profit and nonprofit organization as a matter of **transaction costs**. Transaction costs can be defined as the cost of executing and enforcing transactions between two agents. Krashinsky discusses two types of transaction costs: (1) transaction costs between producers and consumers of final goods, and (2) transaction costs among consumers.”²²

Transaction costs between producers and consumers

This is closely related to contract failure. The most common example of this type of transaction cost is the *cost of monitoring output*. When the cost of monitoring quality is high, producers have more leeway to reduce quality, cut costs, and increase profits. For nonprofits, the nondistribution constraint removes the profit motive, reducing the concern that consumers may be taken advantage of.

Individually monitoring output can be expensive and time consuming. Government can reduce the costs of monitoring output by centralizing this activity via regulation. But regulation itself costs money. Krashinsky also says it is difficult to monitor the quality of (complex) services. Regulation may neither be adequate nor satisfactory to some consumers in these situations; therefore nonprofits emerge as a viable option. The difference between

²¹ Hansmann in Ackerman, p. 71

²² Krashinsky in Ackerman, p. 115

the transaction cost approach and the contract failure idea above is the focus on the costs of monitoring the contract, not just the failure (or potential failure) of the contract.

Transaction costs among consumers

This type of transaction costs relates to the idea of public goods. We already know that public goods are sub-optimally provided because of free rider issues—individuals can consume whether or not they pay so they have no incentive to contribute, resulting in little or no private provision of the public good. The socially optimal level of provision requires that *all individuals* reveal their true preferences for the public good. In order to determine the level of public good provision that everyone could agree to, all individuals would have to bargain among each other to decide the level of output. Krashinsky argues that this is extremely costly.

Government can solve the costly bargaining and provide the public good itself. But determination of the amount and type of public good is itself a costly process—whether by public vote or policy decision made by elected officials. Recalling Weisbrod’s median voter concept, government has the tendency to respond to the median voter, leaving a considerable number of people under-satisfied. In response, interest groups may form nonprofits to provide the public good themselves when, according to Krashinsky, the costs of doing so are less than trying to influence the public sector.²³ Krashinsky states, “It is thus the cost of using government and not the unwillingness of governments to serve “non-median” voters that leads to the establishment of nonprofits to provide public goods.”²⁴

Another costly area for government involvement is in activities that involve moral values. Governments are less certain about the public’s acceptance of funding or support of potentially controversial issues. One example used by Krashinsky is the abortion clinic, an issue riddled with disagreement. As a result, governments tend not to operate these clinics; rather they form under the auspices of a nonprofit organization. Krashinsky adds that support of nonprofits via tax exemption and/or grants is less costly than the government determining whether it is politically acceptable to provide these goods publicly.²⁵

Political theories of the nonprofit sector

Because it is difficult to separate politics and economics, political reasons for the emergence of nonprofit organizations in certain activities are related to the economic rationales reviewed above. The following section discusses four political limitations to governments providing certain types of goods. These themes also describe how these limitations create opportunities for nonprofit organizations.

Categorical Constraint

The categorical constraint applies to the understanding that democratic governments must, by law, treat all its citizens equitably and justly. In addition, the benefits the state generates ought to be distributed fairly. James Douglas calls this *universality*. Because the state must distribute benefits equitably, it is difficult for it to support the interests of

²³ Krashinsky in Ackerman, p. 125

²⁴ Ibid, p. 125

²⁵ Ibid, p.126

relatively small portions of society. To illustrate this point, Douglas quotes Lord Nathan, chairman of a committee on nonprofit organizations in Britain. Nathan said, “Historically, state action is voluntary action crystallized and made universal.”²⁶

The question then arises, “Should taxpayers be required to contribute to services they feel are neither necessary nor desirable?” Universality also acts as a constraint when the state may lack the resources to distribute benefits to all those in need. Nonprofit organizations are not subject to this constraint. They are able to pursue specific interests and can focus or limit resources to particular groups or issues.

Diversity

The diversity argument builds on the idea of categorical constraint, but centers on the paradoxical nature of pluralist democracies: universality (above) prohibits the state from reflecting the full diversity of views and values that it is intended to tolerate and respect.²⁷ Douglas says that a healthy voluntary (nonprofit) sector is characteristic of a democracy. In countries that are more homogenous—where values are far more similar—the nonprofit sector is weaker and the state supports activities that would be provided voluntarily in democracies. Douglas also notes that diversity occurs with respect to the *scale of provision*, in addition to the *type of goods provided*. Preferences are certain to differ on the amount of provision as well as the kind of provision. Again, Weisbrod’s public goods theory states that the government will likely respond to the median voter, which enables nonprofit organizations to fill the under-satisfied demand for goods or services.

Experimentation

Governments are also subject to limitations on innovation and experimentation in programs or services. The political acceptability of experimentation is often tenuous. Governments do not enjoy freedom in trying new methods that are uncertain or untested. Conversely, the private sector (nonprofit or for-profit) has far more flexibility with experimentation. The private sector is in better position to innovate and test new methods, leading the way for change at the government level. According to Douglas, this is particularly true in the area of social service.²⁸

Bureaucratization

It is no secret that government is characterized by bureaucratization. Much of this is a result of the expectation of public accountability. Again, universality requires that states treat everyone fairly, and this must be enforced and documented. This creates the “red tape” that can make government appear slow moving and unresponsive. Nonprofits are not subject to the same levels of accountability that the public sector is, and can escape much of the costs associated with bureaucratization. In other words, nonprofit provision of (public) goods can be more cost effective than public provision. On the flip side, according to Douglas, the major disadvantage to public officials in using nonprofits to deliver services was accountability.²⁹

²⁶ Douglas in Ackerman, p. 46

²⁷ Ibid, p. 47

²⁸ Ibid, p. 48

²⁹ Ibid, p. 50

Community Development Aspects

The economic and political theories above attempt to explain, in different ways, why nonprofits emerge in various economic activities. However, an understanding of the nonprofit sector's economic impact should not be limited to merely "why and under what conditions" or "how many jobs and how much income", but *how* the emergence of nonprofits *affects* other activity in a given economy. Perhaps this is the more important question for community leaders.

Keith Snavelly and Roger Beck argue that not only do nonprofits create jobs and income in a local economy, but enrich the livability of a community such that it is an attractive place for new businesses and residents to locate. Economic development, as Snavelly and Beck conceive of it, is not merely the act of creating jobs, but a more "holistic approach to enhancing the quality of life of all community residents, including the economic environment within which businesses must operate."³⁰ If we accept this definition of economic development, we can then expand our understanding of the nonprofit sector's impact on the community.

Nonprofits provide both nonmarket and market functions to community economic development. Nonmarket functions are those associated with providing amenities like culture, recreation, and social services. Market functions relate to direct job and income creation and the offering of producer and consumer services.

Nonmarket functions

As mentioned above, nonprofits supply many cultural and recreational amenities, such as museums, performing arts centers, and zoos. Nonprofits are also vehicles for individuals to support fairs and festivals, preserve natural and historical resources, and to meet and interact with people with similar interests. An abundance of these amenities attract employers and residents alike.

Another nonmarket function is what Snavelly and Beck call "redevelopment activities" which include housing rehabilitation, community organizing, and job training.³¹ Because of weak economic incentives for for-profit firms to engage in such activities, nonprofits are in a better position to fill the need, because of their mission-based orientation. Conventional firms are reluctant to bear the financial risk associated with redeveloping housing, providing affordable housing, or generally investing in economically distressed communities. Community development corporations (CDCs) are a prime example of nonprofits engaged in these activities.

A third nonmarket function of nonprofits is implementation of social welfare or redistributive programs. These programs include food banks or homeless shelters. Snavelly and Beck argue that charitable nonprofits help the community meet the social welfare goals of economic development that the for-profit sector cannot. They also suggest that these

³⁰ Snavelly and Beck, p. 226

³¹ Ibid, p. 218

organizations can lower the costs of negative externalities on businesses like crime, drug use, inadequate housing, and unstable family environments.³²

Market functions

The market functions of nonprofit organizations refer to its potential to stimulate job and income growth. Economic base theory explains that export industries like agriculture and manufacturing bring in income from outside of the community. These industries, in turn, spend that money locally and further contribute to the local economy. The multiplier coefficients used in Chapter 4 are based on this theory.

As service industries have become more and more predominant, economic base theory has likewise included the contributions of the service sector. Nonprofit service providers play a significant part in this process as well. For example, households outside the immediate economy consume health care services provided by nonprofit hospitals. Universities and colleges bring in tuition and research dollars. Museums, festivals, and other performing arts bring in visitors who spend money locally as well.

Conclusion

Despite an orientation away from profit maximizing, nonprofit organizations are clearly an important part of the larger economy. In fact, theory explains that the inability to pass profits to owners—the nondistribution constraint—creates the opportunities that nonprofits enjoy. Because for-profit firms will not provide public goods due to the free rider problem and government cannot provide all the public goods demanded by society because of political constraints, nonprofits will fill the unmet demand. In addition, because some goods are consumed under conditions that are difficult for consumers to monitor, they feel more comfortable using nonprofit suppliers because they do not have the incentive to take profits.

Finally, nonprofits have a significant role in the economic development efforts of a community. They directly employ people as well as engage in activities that stimulate economic growth. These activities include providing cultural and environmental amenities that enhance the community's quality of life and make it more attractive to new residents and employers. Nonprofits also sell services to consumers from outside of the community. This export revenue circulates through the local economy, creating new economic activity.

³² Ibid, p. 220-221

Chapter 3: Profile of Douglas County Economy

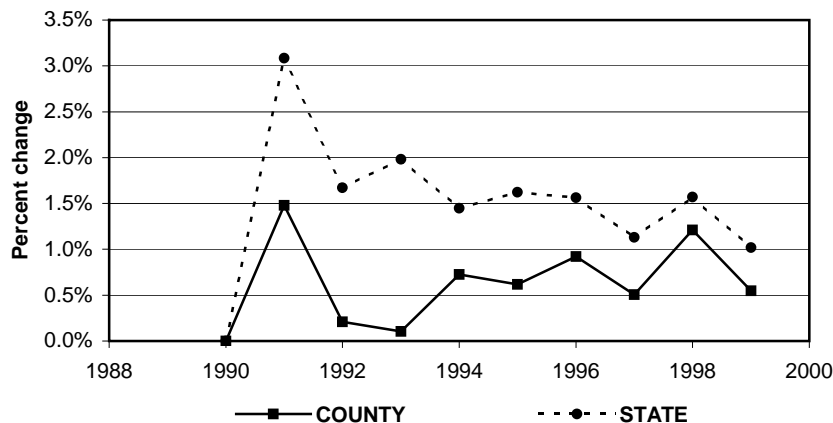
Without an understanding of the performance of the region's broader economy, information about the contribution of the nonprofit sector would be incomplete. A profile of the Douglas County economy provides us a context from which to understand the impact of the County's nonprofit sector. This chapter describes the following economic trends: population growth, labor force participation and unemployment, and income by sector.

Population

According to the Center for Population Research and Census at Portland State University, Douglas County's population was 100,850 in 1999, the ninth most populous county in Oregon. More interesting, though, is how rapidly the population is growing. Population growth serves as a good proxy for the health of an economy. Job creation and opportunity attracts new employees and residents, while economic downturns can compel residents to leave. Figure 3-1 shows that from 1990 to 1999, population growth in Douglas County was slower than in the state, suggesting lower economic health relative to the average in Oregon.

Comparing the movements in population size between Douglas County and Oregon, we see they moved similarly from 1990 to 1992. Population grew by 2 percent from 1990 to 1991, but then barely grew from 1991 to 1992. From 1993 to 1996, however, growth moved in opposite directions. During this time period, Oregon's population growth slowed as Douglas County's growth increased. Much of this can be explained by a 7.8 percent increase in employment during this time period. From 1996-1999, population trends once again moved in tandem.

Figure 3-1. Annual percentage change in population, 1990-1999



Source: Oregon Employment Department

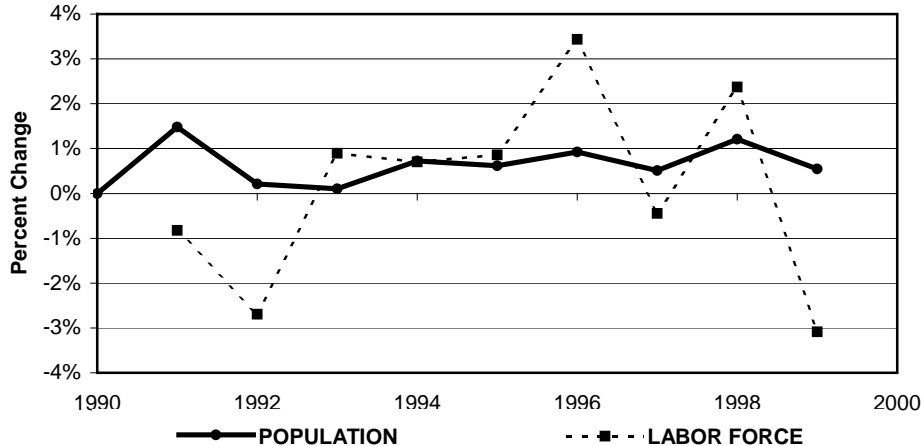
Labor force and unemployment

Labor force

Economists define the *labor force* as the number of people employed or seeking employment. Changes in the size of the labor force are a function of multiple factors including population change and demographic shifts. For example, the nation's labor force will decline as baby boomers retire. The subsequent generation's labor force is simply not as large to compensate for the retirees.

According to the Oregon Employment Department, Douglas County's labor force numbered 45,070 in November 2000, a less than one percent decrease from November 1999.³³ Figure 3-2 plots changes in labor force size versus changes in population. The trend line shows erratic growth. From 1991 to 1992, population growth was nearly flat, while the labor force contracted by 2.7 percent, signaling a particularly bad point in the Douglas County economy. The size of the labor force then began to rise, peaking at 3.4 percent growth from 1995-1996. This was followed by another contraction in 1997, a rebound in 1998, and then the 3.1 percent contraction over 1999. In this year, the economy suffered job losses resulting from the closings of International Paper in Reedsport, Evergreen Forest Products in Oakland, and layoffs at Ingram Publishing in Roseburg.

Figure 3-2. Annual labor force growth versus annual population growth, 1990-1999



Source: Oregon Employment Department

The shift from a manufacturing to service based economy is a well-recognized trend. For many working class households, this shift has been accompanied by a major loss of income. Douglas County, with an economy traditionally based in the lumber and wood products industry, has been especially affected by changes in the economy.

³³ Oregon Employment Department, Labor Trends Report, 1/01.

Between 1990 and 1999, the share of employment in the “goods producing” industries fell from 33 percent to 26 percent. In particular, employment in firms manufacturing durable goods fell nearly 17 percent. Meanwhile, employment in wholesale and retail trade grew by 23 percent; employment in financial, insurance, and real estate services grew by 36 percent; and employment in other services such as business and management and health services grew by almost 33 percent over this same time period. Table 3-1 displays the percent change of various industries in Douglas County.

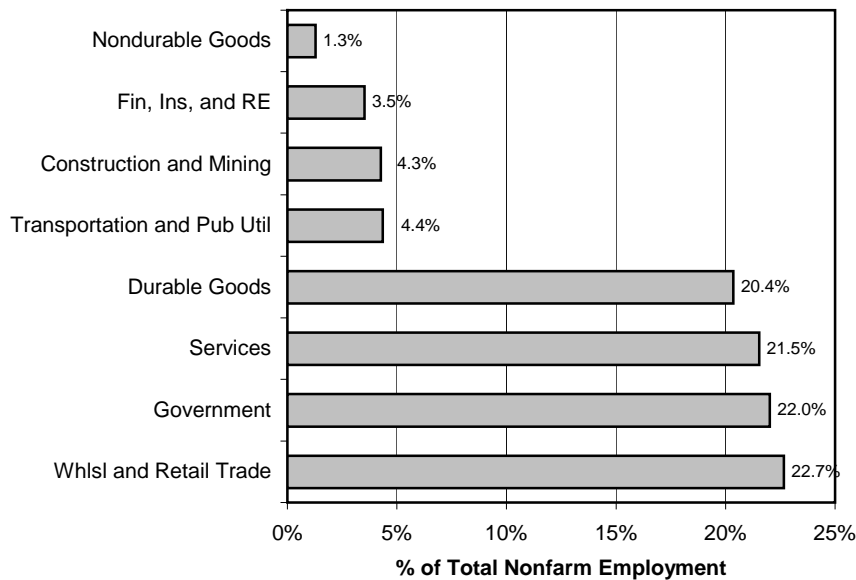
Table 3-1. Percent change of employment by sector, 1990-1999

Sector	Percent change, 1990-1999
Durable Goods	-16.7%
Nondurable Goods	-46.1%
Construction and Mining	59.0%
Transportation and Public Utilities	-5.8%
Wholesale and Retail Trade	22.9%
Finance, Insurance, and Real Estate	36.5%
Services	32.6%
Government	17.1%

Source: Oregon Employment Department

Figure 3-3 below shows the distribution of employment in Douglas County by industrial sector in 1999. Despite the large decrease in employment in the durable goods sector, it still comprised over 20 percent of (nonfarm) employment in the county in 1999. County employment tends to be dominated by the wholesale and retail trade, government, services, and durable goods sectors. Together they constitute over 86 percent of employment.

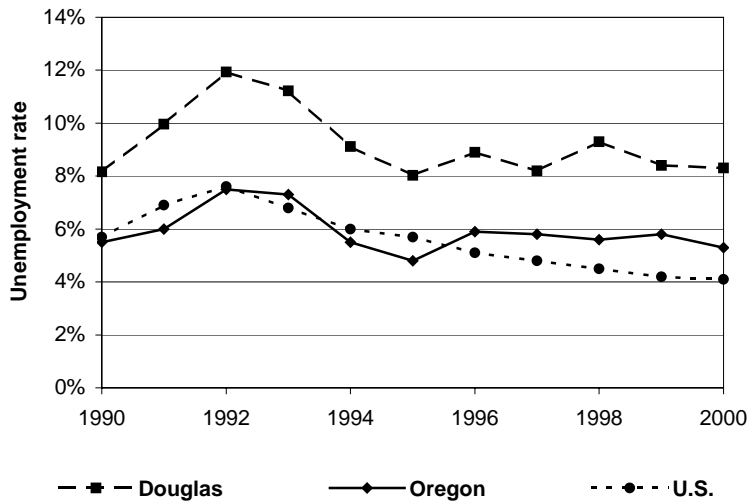
Figure 3-3. Percent of total nonfarm employment by sector in 1999



Source: Oregon Employment Department

The unemployment rate, defined as the percentage of the labor force not working *but actively seeking employment* is a common indicator of economic health. Economists refer to people who have stopped looking for work as “discouraged workers” and do not include them in unemployment rate calculations. Unemployment in Douglas County has been, on average, 3.3 percentage points higher than the state and 3.4 percentage points higher than the nation since 1990. Figure 3-4 graphs unemployment for Douglas County, Oregon, and the U.S. from 1990-2000. County unemployment generally moved with the state, albeit at exaggerated levels.

Figure 3-4. Unemployment Rates, 1990-2000



Sources: Oregon Employment Department, Bureau of Labor Statistics

Income and Wages

It goes without saying that income and wages are important indicators of economic well-being. Between 1990 and 1998, average annual wages in Douglas County have lagged behind the state by an average of 12.3 percent. Moreover, the county-state differential increased every year except for 1992. In 1998, the average annual wage in Douglas County was 85 percent of or \$4,500 less than the state average. Wages in small cities and rural areas tend to be lower than in larger urban areas, explaining part of the difference in wage levels. Table 3-2 shows the county and state annual wages, the difference between them, and the percentage of state annual wage the differential comprised.

Table 3-2. Differential in average annual wage, 1990–1998

Year	Douglas (\$)	Oregon (\$)	Differential (\$)	Percent difference
1990	19,840	21,310	(1,470)	6.9%
1991	20,447	22,346	(1,899)	8.5%
1992	21,573	23,526	(1,953)	8.3%
1993	21,591	24,097	(2,506)	10.4%
1994	22,201	24,779	(2,578)	10.4%
1995	22,800	25,837	(3,037)	11.8%
1996	23,604	27,031	(3,427)	12.7%
1997	24,325	28,407	(4,082)	14.4%
1998	25,054	29,548	(4,494)	15.2%

Source: Oregon Employment Department

Avg % difference: 12.3%

Examining the industries in which nonprofit organizations are most prevalent, the data reveals that employees in the Health Services³⁴ field earn higher annual wages than the county average. Additionally, workers in Educational Services³⁵, Social Services³⁶, and Membership Organizations³⁷ earned significantly below the county average.³⁸ From 1990 to 1998, annual wages in health services were, on average, 18 percent greater than the county. Wages in educational services averaged only 63 percent of the county; 64 percent for social services; and 37 percent of membership organizations. This differential may be explained by less than full time employment by workers in these industries. Table 3-3 displays the average annual wage data.

³⁴ Health Services occupations include doctors, nurses, technicians, and administrative staff employed in a hospital or clinic. <http://www.census.gov/epcd/naics/NDEF621.HTM#N621> (visited 10/18/2000)

³⁵ Educational Services occupations include people employed by elementary and secondary schools, junior colleges, universities, technical schools, and etcetera.

³⁶ Social Services occupations include a broad range activities generally associated with social welfare activities.

³⁷ Membership Organizations occupations include those with professional associations, business associations, or other organizations that promote the interests of its members.

³⁸ This data is aggregated by two-digit Standard Industrial Code (SIC).

Table 3-3. Average Annual Wages, 1990-1998

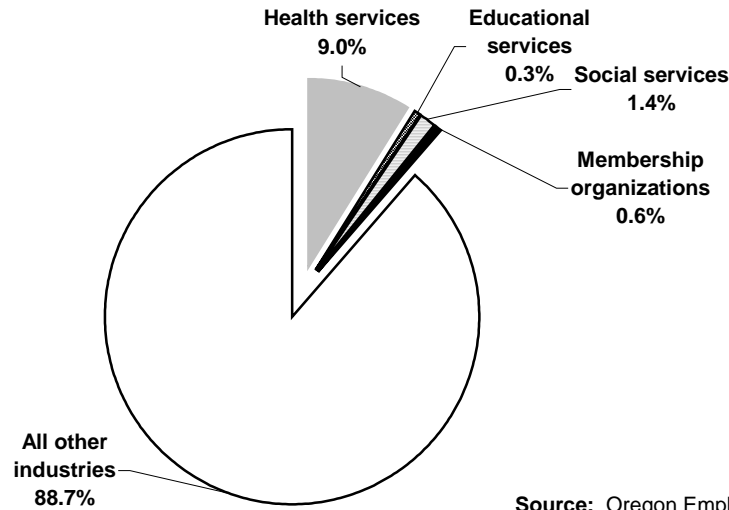
Year	All Douglas	Health Services	Educational Services	Social Services	Membership Organizations
1990	\$19,840	\$22,638	\$12,931	\$11,336	\$6,627
1991	20,447	24,608	13,098	12,721	6,620
1992	21,573	24,428	14,005	13,569	6,054
1993	21,591	24,126	12,642	14,403	6,005
1994	22,201	25,443	13,951	14,081	7,632
1995	22,800	27,042	13,851	14,566	9,904
1996	23,604	29,135	14,716	14,990	11,705
1997	24,325	30,408	15,099	15,769	9,858
1998	25,054	30,197	15,805	16,833	10,294

Source: Oregon Employment Department

Payroll

In 1998, total payroll for covered employees equaled over \$924 million dollars. Payroll in health services, social services, educational services, and membership organizations represented 11.3 percent of total payroll. Interestingly, 11.5 percent of the number of covered employees in the county's economy work in these industries. Focusing on the health services industry, we find that while the number of employees comprises 5.5 percent of the county number, the total payroll in health services equals nearly 9 percent of the county's total payroll. This data underlines the prominence of this industry in the local economy.

Figure 3-5. Percentage of total Douglas County covered payroll



Source: Oregon Employment Department

Conclusion

This chapter presented a series of economic indicators to describe the performance of the Douglas County economy. Generally, the county appears to be recovering from the downturns experienced by the timber and forest products industry—the base of the economy. The data and trends described here indicate that conditions are stable and showing small improvement over time. Nevertheless, the county still experiences unemployment above and incomes below the state average.

The industries in which nonprofits are most active contribute significantly to the overall economy. Together, health services, educational services, social services, and membership organizations comprise 12.3 percent of the county's total covered payroll. Health services alone make up nine percent of payroll. Health services also pay substantially above the county's average. By contrast, the other industries that we highlighted in this chapter pay well below the county average.

Chapter Four: Economic Impact Analysis

The preceding chapters described the theoretical underpinnings of economic impact analysis as well as the characteristics and economic impacts of nonprofit organizations on a national basis. They provide the foundation we use to describe the economic impact generated by the county's nonprofit sector. This chapter presents the quantified results of the economic impact analysis and is organized into three sections. The first section describes the methodology: data collection and analysis. The second section describes the characteristics of the organizations that responded to the survey. The final section presents the results of the economic impact analysis.

Methodology

The primary data collection tool for the economic impact analysis was a survey instrument designed to gather information from both tax returns and from general accounting and administrative records the organization maintains. CPW chose the survey as data collection tool because it allowed us to gather information not available on financial statements available to the public.

Recognizing that response rates may be compromised by survey complexity and time required for completion, the survey instrument balanced both the desire for quantity of information and for simplicity (a copy of the survey instrument is provided in Appendix A). CPW worked closely with the project steering committee to design the survey instrument. The project steering committee reviewed the content, format and layout, and CPW field-tested the survey to identify problems or ambiguities before mailing to respondents.

The survey consisted of twenty-nine questions, with the primary focus on revenues, expenses, and employment. Twelve questions asked respondents to transfer information from their 1999 Internal Revenue Service 990 or 990-EZ tax returns to the corresponding survey question.³⁹ To further ease survey time burden, CPW also offered respondents the option to submit a copy of their most recent 990 or 990-EZ. The remaining questions asked about other financial and non-financial aspects of the organization, such as percentages of total revenue generated from sources outside of the county, percentage of total expenses spent within the county, the number of employees or members, wage ranges, benefits, and volunteer participation.

The survey asked respondents to transfer information from their 1999 tax return. However, at the time of survey administration, many organizations had not completed their 1999 return because they operate on fiscal years that do not coincide with calendar years. In lieu of 1999 data, respondents completed the portions of the survey that asked for transfer of 990 or 990-EZ data from their 1998 returns. Because not all nonprofits use the same fiscal reporting year, the data collected could span from early 1998 through 1999. While this does not allow us to report data for a specific calendar year, it does allow us to report data for the most recent fiscal year.

³⁹ The survey asked respondents for information from the year 1999. However, due to discrepancies in fiscal years and reporting deadlines, respondents completed surveys with their most recent information (either 1998 or 1999).

CPW obtained a list of 277 nonprofit organizations registered with the Corporation Division of the Secretary of State's office. We sent surveys to all 277 organizations – a 100 percent sample of organizations registered in Douglas County. This list, however, did not include organizations that may be active in the county but based in another Oregon county or registered as a corporation in another state. One example is Habitat for Humanity, which is not included on the nonprofits list. The list did not include churches or other religious organizations.

Survey administration commenced in mid-August 2000 and proceeded through October 2000. Prior to the first mailing, CPW sent a postcard to each organization, telling respondents to expect a survey in the next two weeks.⁴⁰ The second mailing included the survey, with cover letter attached, and a self-addressed business reply envelope. Approximately three weeks later, CPW conducted a third mailing to those organizations that had yet to respond. CPW received a total of 87 completed surveys—approximately one-third of possible respondents.

Characteristics of respondents

This section describes the composition of the survey respondents. Knowing *who* responded to the survey is as relevant as knowing *how* they responded. Understanding the characteristics of the respondents provides a context for the economic impact analysis results to follow, as well as establishes the limitations of the economic impact estimates.

The analysis does not estimate the economic impact of the entire Douglas County nonprofit sector. It presents results for those organizations that responded to the survey.

The economic activity of nonprofits in Douglas County shows substantial variation. For example, annual revenues range from a few hundred dollars to over \$100 million. Because the characteristics of the responding population (nonprofit organizations in Douglas County) are not homogeneous, survey results cannot be used to infer results for the whole sector.

This analysis does compute the economic impact of the 87 that organizations responded. Moreover, our conversations with various experts in the County suggest that our survey includes most of the County's larger nonprofit organizations. CPW is confident that the 87 responding organizations represent a significant majority of the sector's economic impact in terms of employment, revenue, and payroll. Moreover, many of the non-respondents were very small, volunteer-oriented groups, whose economic impact is likely to be small relative to the entire sector.

The following subsections describe the following sample characteristics: tax exempt status, years active in Douglas County, activity area, and organization size.

⁴⁰ Several addresses were undeliverable. The list contained many street addresses when post office box numbers were unknowingly required. Obtaining the correct addresses required additional effort, and succeeded correcting most of the invalid addresses.

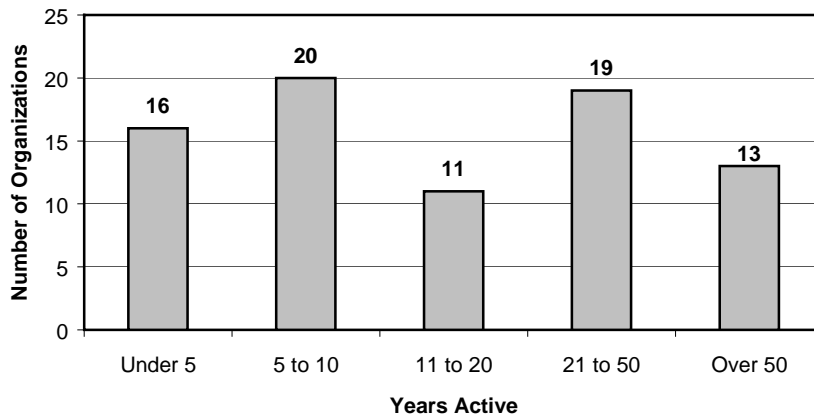
Tax Exempt Status

The majority of survey respondents were 501(c)3 organizations (refer to definition in Chapter Two). Of the 87 responses, 68 were completed by 501(c)3 organizations, seven completed by 501(c)4 organizations, and the remaining were completed by organizations of various tax-exempt statuses. The high proportion of 501(c)3 groups is not surprising, as it reflects the composition of the nonprofit sector nationally. Recall that organizations registered under Internal Revenue Code section 501(c)3 are eligible to receive private contributions that are tax-deductible for the donor.

Years Active

Survey respondents' average years active in the county equaled nearly 28 years, demonstrating significant longevity. The median years active equaled 12 years, still a fairly long period of activity. The oldest organization had 150 years of activity and one organization had just formed within the last year. Figure 4-1 displays the distribution of organizations by years active.

Figure 4-1. Distribution of respondents by years active



Activity Area

Q-20 asked respondents to indicate the nature of their organization by choosing from seven categories or to write in an area of activity. The most responses came from organizations involved in the “recreational, social, cultural” category—perhaps because it was fairly broad. The types of organizations that could be found in this category are arts or music groups, museums, or hobby and sports groups. The next most frequent area of activity was charity and social services, followed by education and health or medical services. Overall, the distribution suggests that the sector is relatively diverse in Douglas County, but concentrated in charitable work, social service, and recreational activities. Table 4-1 displays the categories and the corresponding number of survey respondents.

Table 4-1. Respondent activity areas

Activity	Number of respondents	% of total
Recreational, social, cultural	24	27.6%
Charity or foundation	20	23.0%
Social Services	14	16.1%
Education	7	8.0%
Health/medical	7	8.0%
Historic Resources	4	4.6%
Environmental	3	3.4%
Fraternal organization	4	4.6%
Cemetery maintenance	3	3.4%
Professional	1	1.1%
Total	87	100.0%

Source: Douglas County Nonprofit Survey, CPW, 2000

Organization Size

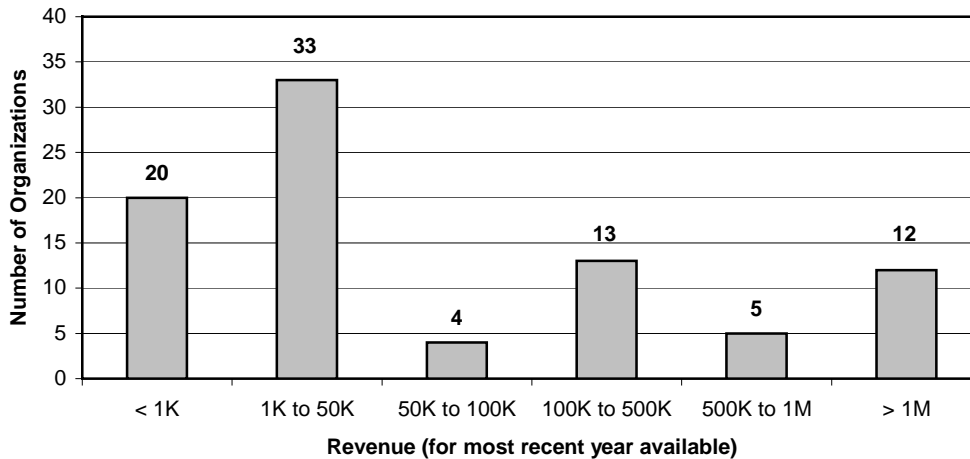
The sample is not only varied with respect to activity area, but also with respect to organization size. Some respondents were very large organizations like Mercy Medical Center, which employs 864 people. Other responses came from quite small organizations consisting of only a few members acting on a volunteer basis. This section presents three ways to look at organization size: revenue, number of employees, and membership size.

Revenue

The first section of the survey asked about organizational revenue, including support in the form of gifts or grants, fees for services or contracts, membership dues, interest or investment income, and revenue from special events.⁴¹ The average revenue earned by respondents equaled over \$1,400,000. However, median revenue was *only* \$14,600. The difference can be explained by the upward pull by a few organizations with very high revenues. The low median value, coupled with the fact that 60 percent of the sample generated total revenues below \$50,000 suggests that most responding organizations are relatively small in revenue terms. Figure 4-2 shows the distribution of organizations by total revenue.

⁴¹ As completed surveys were received, CPW sought additional information to supplement the revenue data. CPW used phone and email contacts to selected organizations to gather information on revenue generated from “special events” and “total revenue”. Of the 87 original responses, new data was added to 26. This supplemental data increase total revenues by about \$1.5 million.

Figure 4-2. Total revenue



Number of Employees

Q-22 asked for the number of full-time and part-time employees on the payroll. Obviously, not all nonprofits have employees—51 of the responding organizations did not. The 36 organizations with employees had an average of nearly 50 total (full and part time) workers. Among these 36 organizations, the median was only 5.5 (3.5 full-time, 2 part-time) employees, indicating once again that most nonprofits in the county are relatively small.

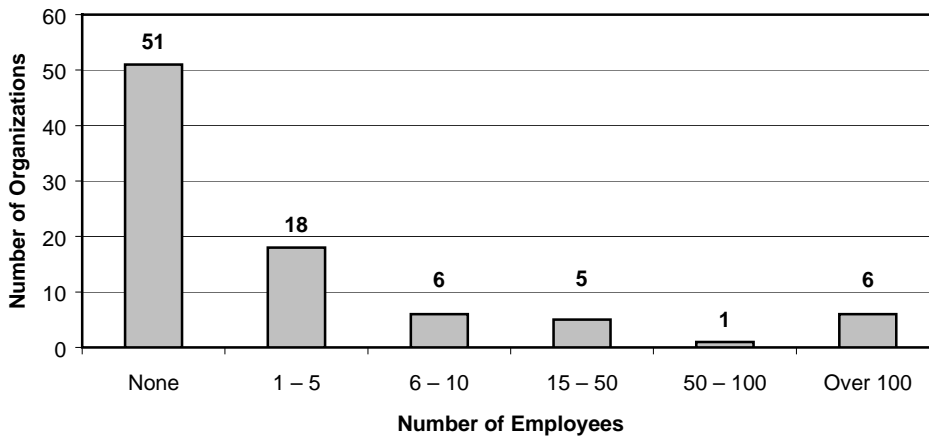
Looking only at those organizations that employ at least *one full-time person*, the average number of employees increases to just over 60 (38 full-time, 22 part-time) people. The median number of employees was nine, with a median of eight full-time and two part-time workers. The largest nonprofit employed 864 people in 1999 (495 full-time, 369 part-time), for a full-time equivalent (FTE) of 651 persons. Table 4-2 summarizes some of the preceding statistics and Figure 4-3 displays the distribution of organizations by number of employees.

Table 4-2. Mean and median number of employees (full and part-time)

Classification	N	Mean	Median
All organizations	87	20.3	0
Organizations with at least 1 employee (full or part-time)	36	49.2	5.5
Organizations with at least 1 full-time employee	29	60.6	9.0

Source: Douglas County Nonprofit Survey, CPW, 2000

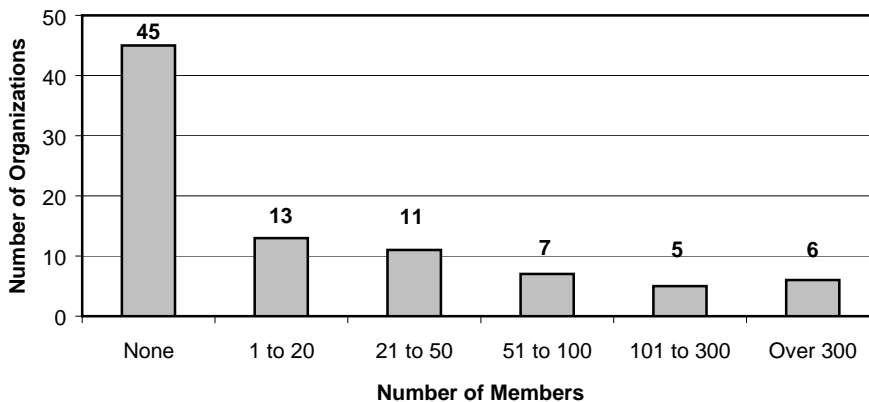
Figure 4-3. Distribution of organizations by number of employees



Membership Size⁴²

Many nonprofits, such as social, recreational, and hobby groups, are composed of members, dues paying or not. Q-28 asked for the number of members in 1999. About half of the sample did not reply to this question suggesting they are not membership organizations. In addition, most organizations in the sample had relatively small memberships. Of the groups with membership, the average number of members was 135 and the median number equaled 45. Over 53 percent had 50 members or less, while just over 24 percent had 100 members or more. Figure 4-4 shows the distribution of organizations by membership size.

Figure 4-4. Distribution of organizations by membership size



⁴² Note: Membership does not preclude an organization from having employees.

Economic Impact

Economists have long conducted economic impact analyses for a variety of different economic sectors, industries, and activities. Such analyses are useful tools for understanding the contributions of the subject of study on the larger economy. These studies can also be powerful and affect decisions made by governmental officials. However, economic impact analysis studies only provide *estimates* of economic impacts and are subject to a margin of error. Therefore, one should be cautious when drawing conclusions from the results of these studies.

CPW organized the economic impact analysis into two components—*direct impacts* and *indirect impacts*. The direct impacts include revenue, expenditures, payroll, and employment, all of which we obtained through the survey. In addition, CPW included expenditures, and estimates of volunteer contributions of time—an aspect unique to the nonprofit sector.

The indirect impacts include the additional income and employment stimulated by the economic activity of the subject sector or industry. For example, say a nonprofit generates \$500,000 in revenue. It then spends 75 percent of that income in the local economy, paying employees and purchasing goods and services from local businesses. With this additional revenue flow, these businesses earn more income, are more likely to increase employment. Through their consumption, these same businesses circulate some of their revenue in the local economy through consumption, stimulating even more income and jobs. This *multiplier effect* attempts to capture the “spin-off” economic activity generated as a result of a particular sector or industry.

Quantifying indirect impacts is less than straightforward. Economists use complex statistical and econometric methods to derive “multipliers” from various economic data. To calculate indirect impacts, CPW used *employment* and *income* multipliers, which are both industry and geography specific. Therefore, multipliers for the health care industry in Douglas County will not be the same as multipliers for the health care industry in, say, Jackson County. Furthermore, multipliers are commonly expressed as a coefficient of the original benefits. For example, an employment multiplier of 1.5 means that for every single job a particular sector generates, one half of another job is created elsewhere in the economy.

As a final note, CPW recognized that the magnitude of the Ford Family Foundation (with respect to revenue) and Mercy Medical Center (with respect to revenue and employment) causes a dramatic upward pull on *total* and *mean* calculations. This pull can mislead the reader, inflating the values to levels that exceed reality. Because Ford Family and Mercy Medical Center are so much larger than the remaining nonprofits in the county, CPW has taken care to isolate their impacts in circumstances in which it is relevant.

Direct Impacts

As mentioned above, the direct economic impacts include revenue, employment, and payroll. This section also calculates expenditures and volunteer time.

Revenue

In this subsection, CPW presents the findings from the revenue side of the balance sheet. The analysis is organized by total revenue, revenue by source, and revenue by area of activity.

Total Revenue

Adding the revenues for each organization (as they reported it for either 1998 or 1999), the 87 respondents generated a total revenue exceeding \$299 million dollars. As mentioned earlier, the average revenue per organization equaled \$3.4 million, while the median revenue was just \$14,600. These results underscore the variability in nonprofit organizations and indicate that most nonprofits are quite small and just a few organizations are very large. Mercy Medical Center and the Ford Family Foundation accounted for over 87 percent of the sample's total revenue, with Ford Family alone accounting for 65 percent.⁴³

If we look solely at the remaining 85 nonprofits, total revenues equaled nearly \$38 million. The new average is \$440,000 and the median remains \$14,300, indicating once more that most nonprofits in the county are small. Table 4-3 summarizes the results.

Table 4-3. Summary statistics for total revenue in dollars

Classification	# of Org.'s	Total	Mean	Median
All nonprofits	87	299,873,315	3,446,820	14,663
Excluding Mercy and Ford	85	38,298,516	450,570	14,351

Source: Douglas County Nonprofit Survey, CPW, 2000

Revenue by source

Nonprofits, like other organizational entities, derive income from various sources. The survey asked respondents to break down revenue into the following categories:

- Contributions, gifts, and grants
- Services, including fees and contracts
- Membership dues
- Interest or investment income
- Special events and miscellaneous income⁴⁴

Contributions, gifts, and grants

The IRS considers *contributions, gifts, and grants* to be amounts of money received from sources voluntary in nature, meaning at the individual or grantor's discretion. This category includes private donations from individuals as well as grants from government

⁴³ Norman Smith, President of The Ford Family Foundation, noted that revenue levels from contributions, gifts, or grants for 1999 are an extreme aberration due to the transfer of the deceased Kenneth Ford's estate to the Foundation. According to the Ford Family Foundation, they typically receive no revenue from contributions, gifts or grants.

⁴⁴ See footnote 4. CPW added revenue from special events to capture money earned from fundraising and other activities.

agencies and private foundations. The revenue attributable to this category was over \$134 million—almost 45 percent of total revenue.

Ford Family accounts for 86 percent of the revenue from contributions. If we remove the Ford data and look solely at the 86 smaller organizations (in terms of revenue from contributions), the remaining revenue is approximately \$18.5 million, which comprises about 18 percent of total revenues for that sample subset. In addition, the average revenue for the subset that comes from contributions, gifts, and grants was \$215,000 and the median was \$2,700.

Clearly, nonprofits in the county are deriving a substantial portion of their income from contributions, gifts, or grants. Exploring how this percentage of total revenue differs among the areas of activity, CPW found that social service nonprofits garner the highest proportion of their total revenue from contributions, gifts, and grants. This is understandable given that many of the services delivered by these kinds of organizations are free of charge to low-income individuals or households. Charities and foundations also derived a good portion of their income from gifts or grants. CPW hesitates to draw strong conclusions from the groupings less well represented in the survey. Table 4-4 shows the percentage of the responding organizations total revenue drawn from contributions, gifts, and grants.

Table 4-4. Contributions, gifts, and grants as percentage of organization’s total revenue

Activity	N	Mean	Median
Recreational, Social, Cultural	21*	28.4%	6.5%
Charity or foundation	19*	53.9%	59.2%
Social Service	11*	83.0%	96.2%
Health or medical	7	44.8%	52.8%
Education	7	27.9%	23.2%
Historic resources	4	76.3%	75.7%
Environmental	3	62.7%	93.5%
Fraternal	3	14.0%	0.0%
Cemetery	3	55.9%	67.8%
Professional, business, trade	1	-	-

Source: Douglas County Nonprofit Survey, CPW, 2000

*Some organizations did not receive gifts or grants and are not included.

Removing Mercy’s and Ford’s figures only has a slight effect on the mean and median for the charity and medical activity groups respectively. When we remove Ford Family and Mercy Medical, we should make clear that we are only removing the *percentage* of total revenue that the amounts of gifts or grants they receive comprise, not the dollar value. Even though the dollar amount is higher than the other nonprofits in their category, this does not imply that the percentage will also be higher. For instance, Mercy’s revenue from gifts or grants could be ten times that of another nonprofit and still only be 25 percent of

their total revenue, while the smaller nonprofit earns 75 percent of their total revenue from this source.

In the case of charities and foundations, removing Ford Family has almost no effect on mean and raises the median from 54 percent to 68 percent of total organization revenue. Thus, Ford was actually less reliant upon gifts or grants (despite its extraordinary gift) than the other charities. For health or medical nonprofits, removing Mercy Medical raises the mean from nearly 45 percent to over 52 percent—a more substantial effect. The median also increases five percentage points from 52.7 percent to 57.7 percent. This also suggests that Mercy is less reliant upon contributions, gifts, and grants than the other health or medical nonprofits. This is consistent with the fact that Mercy generates most of its revenue from service fees.

Program services, including government fees and contracts

The second component of total revenue is *program service revenue including government fees and contracts*. This category includes fees for services rendered and is most relevant to nonprofits engaged in social services, health care, and education. Revenue drawn from program service revenue totaled \$76.7 million dollars, about 25 percent of the entire sample's total revenue.

Mercy Medical Center attributed for over 83 percent of service revenue. Apart from Mercy's contribution, the remaining 28 nonprofits that generate service revenue earned approximately \$12.3 million. The average was \$441,000 and the median approximately \$18,000. Once again, most nonprofits in the county earn small revenues compared to a few large organizations.

After investigating the impact of program service revenue on an organization's total revenue, CPW found the health and medical service nonprofits to be most reliant upon this source of income. This is consistent with intuition because of the fee for service nature of medical care. Of the seven nonprofits in this activity area, an average of 54 percent of their total revenue came from fees. If we exclude Mercy Medical, this percentage drops slightly to 46 percent. The median is also 46 percent of total organization revenue—suggesting that, in this case, the responding organizations are relatively comparable.

The other activity areas that generate substantial income from program services are *recreational, social, cultural, education, and historic resources*. Recall the social services' high percentage of revenue from gifts or grants. Notice now the low percentage for revenue for services for the social service nonprofits. Table 4-5 displays the percentage of total organization revenue that service fees comprise by activity area.

Table 4-5. Program service fees as percentage of total organization revenue

Activity	N	Mean	Median
Recreational, Social, Cultural	21	18.3%	0.0%
Charity or foundation	19	11.5%	0.0%
Social Service	11	3.1%	0.0%
Health or medical	7	54.0%	46.1%
Education	7	23.3%	0.0%
Historic resources	4	25.7%	13.1%
Environmental	3	0.9%	0.0%
Fraternal	4	0.0%	0.0%
Cemetery	3	0.0%	0.0%
Professional, business, trade	1	-	-

Source: Douglas County Nonprofit Survey, CPW, 2000

Membership dues or fees

The third component of total revenue is drawn from *membership dues or fees*. This category only applies to the 42 nonprofits with membership. Of this subset, 29 organizations reported revenue from membership dues. The total amount of revenue generated from this source was over \$259,000 accounting for only 0.1 percent of the total revenue for the entire sample and only 0.7 percent of the sample minus Ford and Mercy. Not surprisingly, revenue from dues or fees is relatively insignificant from the economic impact perspective.

Within the subset of 29 nonprofits that reported income from dues, one organization accounted for \$200,000 of this revenue, or 77 percent of dollars generated from this area. This \$200,000 was also 98 percent of that nonprofit's total revenue. That said, the average for the 29 organizations equaled just over \$8,940 per organization, but the median was only \$467. If we remove the outlier, the average revenue from dues drops to \$2,000 with a median of \$439. Additionally, the percentage of total organization revenue that is comprised by membership dues averages nearly 38 percent, with the median being 17 percent. This suggests that the nonprofits that collect membership dues rely, at least in part, on them to carry out their activities.

Investment and interest income

The next portion of total revenue is derived from *investment and interest income*. Fifty-four nonprofits reported income of this type, totaling over \$86.6 million. Once more, Ford Family Foundation accounts for about 93 percent of that total. Removing Ford Family's influence leaves over \$5.6 million in revenues. However, one other private foundation accounts for \$5 million of this remainder. Excluding Ford Family, average investment income equaled \$77,600 with a median of \$436. This too suggests that this source of revenue is not significant for most nonprofits in the county.

Special events or activities

The final part of the total revenue category is income generated from *special events or activities*, such as dinners, raffles, dances, carnivals, bingo, etc. The IRS regards these activities as only incidental to an “exempt purpose,” and that their “sole or primary purpose is to raise funds that are other than contributions to finance the organization’s exempt activities.”⁴⁵

CPW noted earlier that this question was not included in the original survey form distributed to respondents. CPW asked this question of selected nonprofits midway through the survey administration time frame. In total, 24 nonprofits responded to this question, with 16 organizations actually reporting income from events or activities. The amount of funds generated from special events and activities reported in this document is clearly underreported.

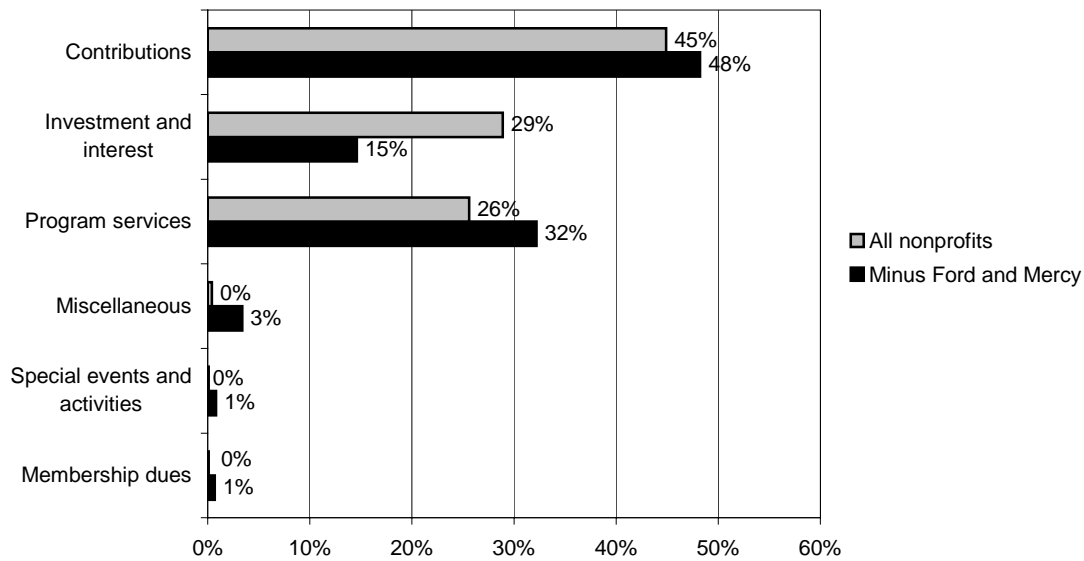
The nonprofits that responded generated over \$315,000 in revenue from these activities. The average revenue equaled approximately \$19,700 and the median equaled just over \$4,100. Similar to *revenue from dues*, this category had negligible impact on the total revenue for the entire sample. However, for the relevant organizations, revenue from activities accounted for an average of 31 percent of total revenue. The nonprofits that benefited most from events and activities revenue were fraternal organizations and those involved in recreational, cultural, and social activities.

Figure 4-5 shows *total revenue* and *percent of total revenue* by source. CPW calculated the percent of total revenue for the sample subset (minus Ford Family and Mercy Medical) by dividing the source by the total revenue generated by the subset. Therefore the denominators for the two categories are different.

Contributions, gifts, and grants were the most significant source of revenue, and this holds true even when Ford and Mercy are removed from the analysis. Table 4-4 concluded that among the various activity categories, social service nonprofits, on average, drew the highest proportion of their total revenues from *contributions, gifts, and grants*. Environmental groups ranked a very close second. Nonprofits involved in historic resource and cemetery maintenance also relied heavily on this type of revenue. Drawing conclusions from the data on these latter groups should be done with caution, as there is little data for rigorous evidence.

⁴⁵ Internal Revenue Service, Form 990 Instructions, p. 18.

Figure 4-5. Percent of total revenue by source



Revenue from service fees was the second most important source of revenue for nonprofits, when we remove the investment income of Ford Family and the large service fees earned by Mercy Medical Center. Even without Mercy’s numbers, medical nonprofits were most impacted by this type of revenue, followed by nonprofits involved with historic resources, education, and recreational, social, and cultural activities.

Table A-1 in Appendix A displays more summary data, including the mean and median revenue values by revenue source.

Revenue by activity

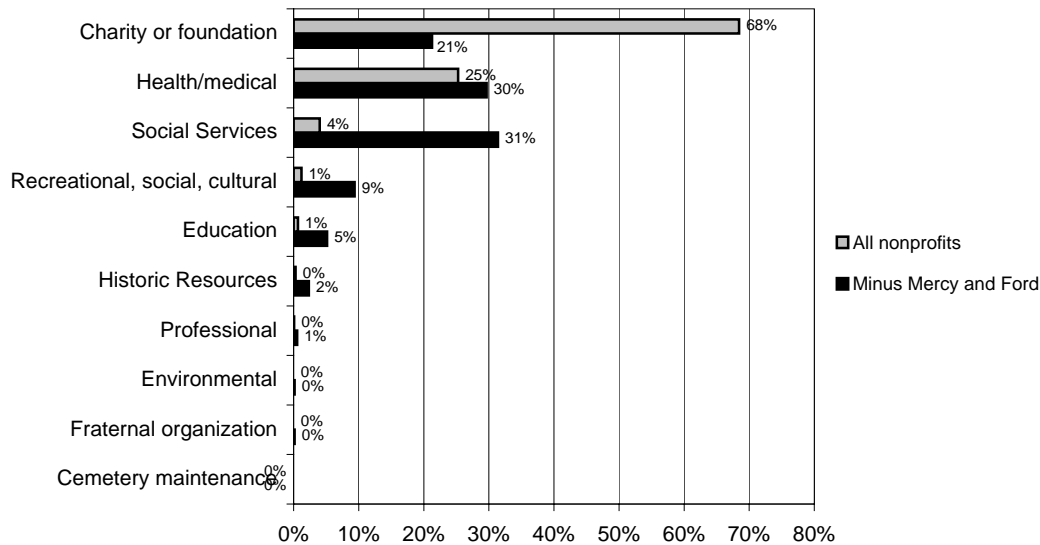
Table 4-4 showed the mean and median percentages of total revenue comprised of revenue earned from *contributions, gifts, and grants*. Table 4-5 showed the mean and median percentages of total revenue composed of *program service* revenue. For both tables, the mean and median percentages were calculated for organizations grouped by activity. These tables served as an indicator of how significant a particular source of revenue is to the operations of that category of nonprofits.

By contrast, this section organizes the total revenue dollar amounts by activity area to compare the relative impacts of each activity group on the entire sample. It should be obvious by now that Ford Family and Mercy Medical generated the most revenue for this particular time period. Therefore, it is not surprising that *charities and foundations* is the largest activity area, and *health or medical* is the second largest. However, presuming that Mercy Medical’s revenue is relatively stable (unlike that of Ford’s revenue for this time period), the health or medical nonprofits are then the largest nonprofit activity in Douglas County.

However, when we remove Ford and Mercy, social service emerges as the largest subgroup (in terms of total revenue) by about one percentage point or the equivalent of approximately

\$900,000. The charity or foundation subgroup falls to third largest. Figure 4-6 compares the distribution of total revenue for the entire sample with the distribution for the sample without Ford and Mercy. Tables A-3 and A-4 in Appendix A provide additional data for revenue by activity.

Figure 4-6. Percentage of total revenue by activity



Expenditures

Revenues are important measures of economic impact. Intuitively, the larger the revenue, the larger the economic impact in terms of employment, payroll, and new dollars circulating in the local economy. Expenditures are just as important. They represent the actual dollar amounts spent locally, regionally, or otherwise. These dollar amounts are paying wages, purchasing goods and services, providing goods and services, and potentially leveraging other funds from sources such as the state and federal government, and other nonprofits.

As with revenue, the survey asked respondents to transfer expenses data from the 990 or 990-EZ, such as grants or contributions made, benefits paid to or for members, salaries, professional fees, office supplies, etc. CPW organizes this section into three parts: (1) total expenditures, (2) expenditures by type (3) and expenditures by activity.

Total expenditures

For purposes of this study, CPW defines *total expenditures*⁴⁶ as the sum of the following items:

- Grants or contributions to other parties (Q-6)
- Benefits to or for members (Q-7)
- Salaries, employee benefits (Q-8)

⁴⁶ This does not represent “total expenditures” as listed on line 44 of the 990 or line 17 of the 990-EZ, thus does not account for ALL expenses. However, this study’s total expenditures captures the most significant expenditure items.

- Professional fees, i.e. accounting, legal (Q-9)
- Occupancy, rent, utilities (Q-10)
- Printing, publications, postage (Q-11)
- Office equipment and supplies (Q-12)
- Acquisition of real property, capital improvement, motor vehicles (Q-18b)

The total expenditures for the entire sample equaled over \$98 million—about one-third of total revenue. The largest and second largest individual expenditure totals were from Mercy Medical and Ford Family Foundation respectively. Together, they accounted for nearly 75 percent of the sample’s total. The nature of these two organizations’ expenditures differs from each other. The bulk of Mercy Medical’s expenses was payroll, whereas the great majority of Ford’s expenditures was devoted to grantmaking. The information in Table 4-7 shows that when we remove Ford and Mercy, the average organization spends about \$290,000—still a significant amount of money. The median value again demonstrates that most nonprofits are relatively small, median expenditures being only about \$10,000.

Table 4-7. Total, mean, and median expenditure data

Classification	N	Total	Mean	Median
All nonprofits	87	98,210,656	1,128,858	10,300
Excluding Mercy and Ford	85	24,730,094	290,942	10,258

Source: Douglas County Nonprofit Survey, CPW, 2000

Total expenditures by type

Rather than break down expenditures by each category (as listed above), CPW organized expenditures by the following categories:

- Grants or contributions
- Benefits to or for its members
- Payroll and employee benefits
- Operating costs
- Capital

Grants or contributions

This type of expense is typical of some nonprofit organizations, particularly among charities or foundations whose mission it is to support various individuals, organizations, causes, or activities. Thirty-five organizations made grants or contributions to other parties during the period for which they responded. Total dollars granted equaled over \$20 million dollars, approximately 20 percent of the sample’s total expenditures. It was the second largest category (behind payroll) when considering the whole sample. However, nearly 69 percent of this amount is attributable to the Ford Family Foundation. When we remove these dollars, the proportion of total expenditures for this category falls to just below 8 percent.

The survey did not ask for the percentage of dollars granted to parties in Douglas County. However, because of the size of Ford Family's contributions and their activity statewide, CPW singled them out for this information. According to Norm Smith, Ford grants approximately 17 percent of their annual contributions to parties in Douglas County. For 1999, this equaled over \$2.3 million granted in the county. Table 4-8 shows the average and median values for grant or contribution expenses.

Benefits to or for (an organization's) members

According to the IRS, this type of expenditure includes benefits paid due to death, sickness, hospitalization, disability, and unemployment compensation, among other more obscure items. This type of expenditure was very insignificant—representing less than 0.2 percent of the sample's total expenditures. Nine organizations had this type of expense and the total amount paid in this category was only \$219,000.

Payroll and employee benefits

While the preceding expenditure item was the most insignificant, payroll, unsurprisingly, is the largest expenditure category. It includes wages and salaries, pension plan contributions, and payroll taxes. Payroll accounted for 41 percent of the sample's total expenditures.

Thirty-six nonprofits reported payroll expenses totaling over \$41 million—approximately 4.4 percent of Douglas County's \$924 million total non-farm covered payroll reported for 1998.⁴⁷ Nationwide in 1994, the nonprofit sector comprised 6.4 percent of total wages and salaries.⁴⁸ Mercy Medical Center again demonstrates its impact on the local economy, accounting for 67 percent of payroll expenses. One contributing factor is that, as we saw in Chapter Three, wages in the health industry are higher than in other industries in which nonprofits are most prevalent. Another is simply the large number of employees they have.

Looking at the rest of the sample, the remaining 35 nonprofits paid approximately \$13.5 million in wages and benefits, for an average of \$386,000 per organization, and a median of over \$95,000. The social service nonprofits also contributed a significant share, paying out nearly \$6 million in salaries, wages, and benefits or about 14.5 percent of total payroll. Table A-5 in Appendix A displays total dollar amounts and percentages of total payroll by each activity.

Operating costs

This category captures various expenditures related to the organization's activities (other than payroll). The category includes such items as professional fees, payments to independent contractors; occupancy, rent, and utilities costs; printing, postage, and shipping; as well as office equipment and supplies. These expenses are good examples of how money circulates through an economy and generate the multiplier effects discussed in Chapter Two as well as earlier in this chapter. Operating costs represented 14 percent of the sample's total expenditures.

⁴⁷ Because our payroll data is from a mixture of two years—1998 and 1999, the 4.4 percent should only be used as an estimate of the nonprofit sector's recent impact on the county's total payroll

⁴⁸ Nonprofit Almanac, p. 132

Nearly all nonprofits, big or small, incur these kinds of expenses. Seventy-four organizations reported operating costs expenditures totaling over \$16.6 million. As expected, Mercy Medical accounts for much of these expenditures. Nevertheless, the other nonprofits spent over \$5.3 million dollars in this category—the average organization incurring \$73,000 of costs and the median, just over \$8,800.

Capital

This component of total expenditures includes acquisition of real property, capital improvement, purchase of motor vehicles, or other assets. While only 13 organizations reported expenses of this type, they collectively spent over \$20 million dollars in this area. Mercy Medical alone attributed for almost 79 percent of these capital outlays. Mercy and Ford Family together accounted for 97 percent of the total. This should not obscure the fact that the other 11 nonprofits did spend over \$560,000 acquiring or improving capital, which is an average of \$51,000 per organization.

Table 4-8. Total, mean, and median expenditure data

Classification	N	Total	Mean	Median
Grants or contributions				
All that made grants	35	20,140,910	575,454	5,000
Excluding Ford	34	6,264,192	184,240	4,748
Benefits to or for members				
All nonprofits	9	219,746	24,416	642
Excluding Ford	8	66,057	8,257	571
Payroll				
All nonprofits	36	41,162,441	1,143,401	97,839
Excluding Mercy	35	13,524,609	386,417	95,678
Operating costs				
All nonprofits	74	16,678,526	225,385	8,867
Excluding Mercy	73	5,375,048	73,630	8,840
Capital				
All nonprofits	13	20,009,033	1,539,156	18,000
Excluding Mercy and Ford	11	562,438	51,130	14,953

Source: Douglas County Nonprofit Survey, CPW, 2000[rgp1]



Table 4-9 presents the percentage of total expenditures by type. This shows the relative significance of each expenditure type. Some explanation is needed. The “% of total expenditures” column displays the percentage of total expenditures for that particular subset of the sample. For example, the 20.5 percent for *grants or contributions* for all organizations is the percentage of the *entire sample's* total expenditures. The 7.8 percent for nonprofits excluding Ford corresponds to the total expenditures for the sample *excluding* Ford. Similarly, 31.4 percent represents the share of total expenditures for the sample minus Mercy that was devoted to payroll.

CPW excluded Mercy Medical and Ford Family in instances in which the data they provided represented a significant outlier from the rest of the sample. For example, Mercy did not earn much revenue from contributions, gifts, or grants, therefore, CPW elected to

leave them in the subset. CPW removed both Ford and Mercy in the capital expense subset. Because Ford and Mercy were excluded in different cases, we cannot compare the subset values.

Table 4-9. Percentage of total expenditures by type

Classification	Sum	% of Total Expenditures
Grants or contributions		
All nonprofits	20,140,910	20.5%
Excluding Ford	6,264,192	7.8%
Benefits to or for members		
All nonprofits	219,746	0.2%
Excluding Ford	66,057	0.1%
Payroll		
All nonprofits	41,162,441	41.9%
Excluding Mercy	13,524,609	31.4%
Operating costs		
All nonprofits	16,678,526	17.0%
Excluding Mercy	5,375,048	12.5%
Capital		
All nonprofits	20,009,033	20.4%
Excluding Mercy and Ford	562,438	2.3%

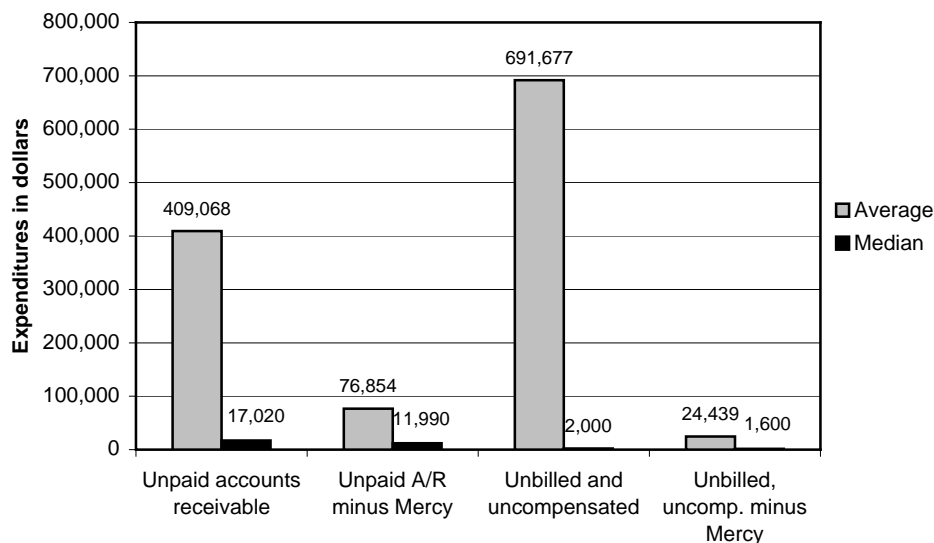
Source: Douglas County Nonprofit Survey, CPW, 2000

Unpaid accounts receivable and uncompensated services

Because unpaid accounts receivable and uncompensated services are essentially expenses on behalf of the nonprofit, CPW chose to include them in this section. CPW asked respondents to report any unpaid accounts receivable, with only 10 responding. Four of these were medical nonprofits, 2 were charities or foundations, 2 educational, 1 social service, and 1 community development. Total unpaid accounts receivable equaled over \$4 million. Nearly \$3.4 million was due to Mercy Medical.

CPW also asked respondents to report the value of services that went unbilled and uncompensated. Many nonprofits provide services to low-income individuals or to other organizations gratis, or free of charge. These activities contribute to the economy, as they otherwise would have to be paid for by some party. Fifteen nonprofits reported unbilled and uncompensated services, the dollar value of which totaled \$10.3 million. Ten million of this amount is attributable to Mercy.

Figure 4-7. Average and median *unpaid accounts receivable and unbilled and uncompensated services*

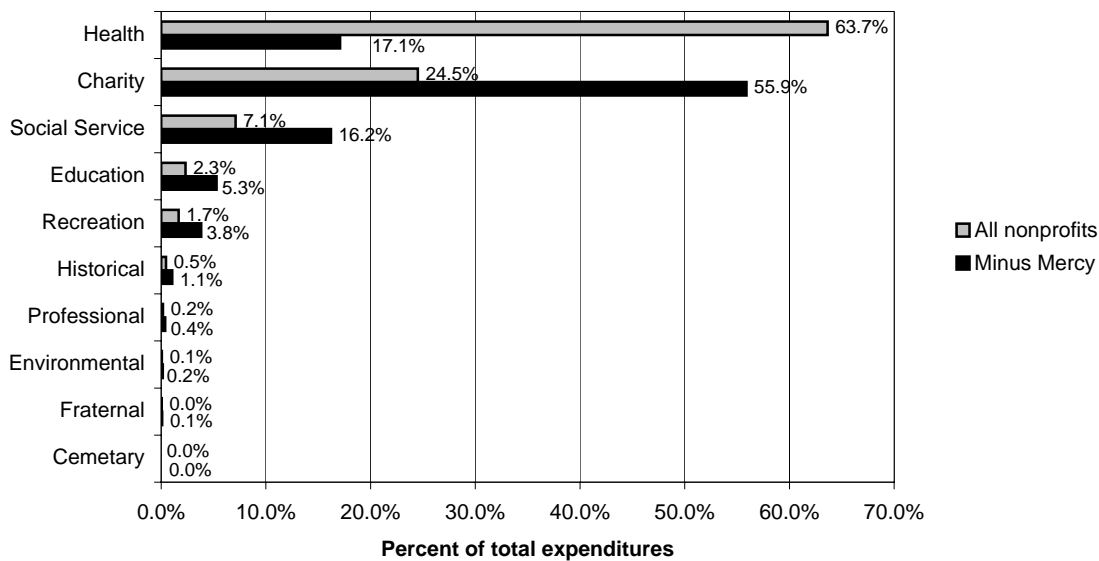


Total expenditures by activity

We now turn attention to a breakdown of expenditures by activity (charity, social service, medical, etcetera). Spending should be proportionate with revenue, and as expected, expenditures are again dominated by the health and charity subgroups. The health or medical nonprofits accounted for almost two-thirds of total nonprofit spending in the county. Charities and foundations contributed 25 percent. Collectively, these two subgroups spent over \$86.5 million.

Removing Mercy Medical, the distribution of expenditures looks dramatically different. Ford Family's expenditures (mostly grants and gifts) now dominate total expenditures, attributing for one half of all spending (minus Mercy). Health and social service nonprofits share relatively similar proportions of the expenditure pie. With or without Mercy, the three largest spending groups in the nonprofit sector are health, charities, and social services. Figure 4-8 depicts the relative distribution of total expenditures.

Figure 4-8. Total expenditures by activity



Local spending

All of these expenditures are not necessarily made within the local economy. CPW only asked respondents to estimate the percentages of total *professional fees* and the percentage of *office supplies and equipment* spent within Douglas County. Of the \$12.1 million spent on these two categories, an estimated \$3.4 million was spent within the county. With respect to gifts or grants made locally, Ford Foundation accounted for \$2.3 million. The percentage of other gifts and grants made by nonprofits is unknown, but it is likely that the percentage is very high. The same applies for payroll, the largest component of total expenditures. In other words, it is likely that the majority of individuals employed by nonprofit organizations in Douglas County also reside in the County.

Employment

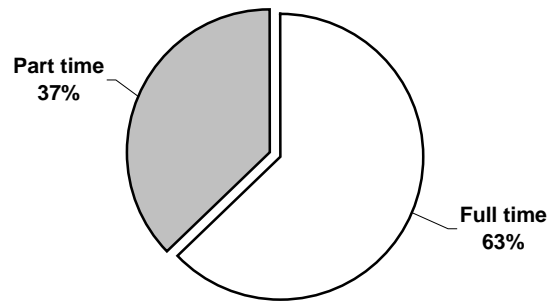
Up to now, we have described the millions of dollars earned and spent by nonprofit organizations in Douglas County. Now, we look at how those millions of dollars translate into employment opportunities for residents of Douglas County. Job creation is, perhaps, the most important component of economic impact. These jobs provide meaningful work and generate household income. This section discusses the number and nature of the jobs created within the nonprofit sector.

Total employment

For this analysis, CPW defines *total employment* as the sum of full-time and part-time employees (in 1999). Earlier in the chapter, CPW noted that 36 of the 87 respondents had at least one part-time employee. In addition, 29 respondents had at least one full-time employee. These nonprofits employed a total of 1,771 individuals, approximately 4.3 percent of total employment in the county in 1999, which is consistent with the respondent's 4.4 percent share of the county's total non-farm covered payroll, as noted in the preceding section. As a matter of comparison, nonprofits employed 8.5 of the nation's

workers in 1994. Of these 1,771 Douglas County nonprofit workers, 1,111 were employed on a full-time basis, 660 as part-time employees. As a share of the total employment, almost two-thirds of the employment created by respondents were full-time positions, the other one-third were part-time.

Figure 4-9. Full-time and part-time share of sample's total employment



Employment by activity

Breaking down employment by activity allows us to see which sectors have the greatest impact in terms of job creation. Figure 4-10 shows how employment is distributed by activity. After health and medical, the social service nonprofits employ the second largest number of employees. They account for almost 18 percent of total employment for the sample. Figure 4-10 also furthers the understanding the dramatic impact of Mercy Medical [redacted]. While not shown here, Mercy alone accounts for 48 percent of the entire sample's employment. Removing Mercy does not affect the relative rankings between activities, but does balance employment levels between the health and social service nonprofits. In addition, the distribution of full-time and part-time workers by activity looks the same as the distribution for total employment shown below in Figure 4-10.

Figure 4-10. Total employment by activity

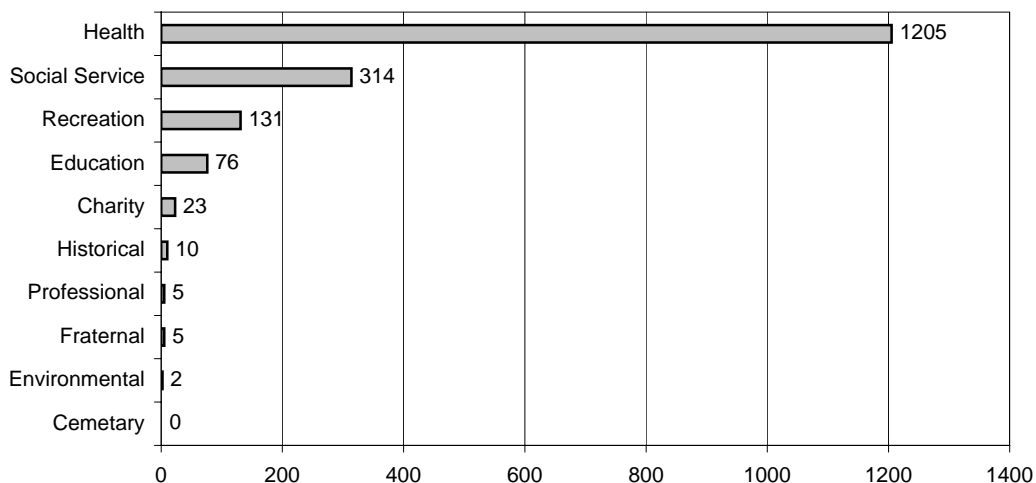


Table 4-10 provides some information on the composition of total employment by activity. It shows the percentage full-time employees and part-time employees comprise of the activity subgroup's total employment. For the three subgroups that have the largest employment, full-time employees comprised a range of 61 to 68 percent of the total employment for that particular subgroup. Education and charities posted slightly higher percentages for full-time staff. The other subgroups have too little data to draw solid conclusions.

Table 4-10. Full-time and part-time share of total employment by activity

Activity	# Employees	% Full-time	% Part-time
Health	1205	61%	39%
Social service	314	63%	37%
Recreational, cultural, social	131	68%	32%
Education	76	83%	17%
Charity	23	70%	30%
Historic resources	10	90%	10%
Fraternal	5	60%	40%
Business, trade	5	40%	60%
Environmental	2	50%	50%
Cemetery	0	0%	0%

Source: Douglas County Nonprofit Survey, CPW, 2000

Wages and benefits

The expenditures section discussed dollars spent on payroll, which was the total of wages, salaries, benefits, payroll taxes, etcetera. This section looks more closely at how wages and benefits are distributed among those employed by respondents to explore what kinds of jobs the nonprofits are creating.

Wages

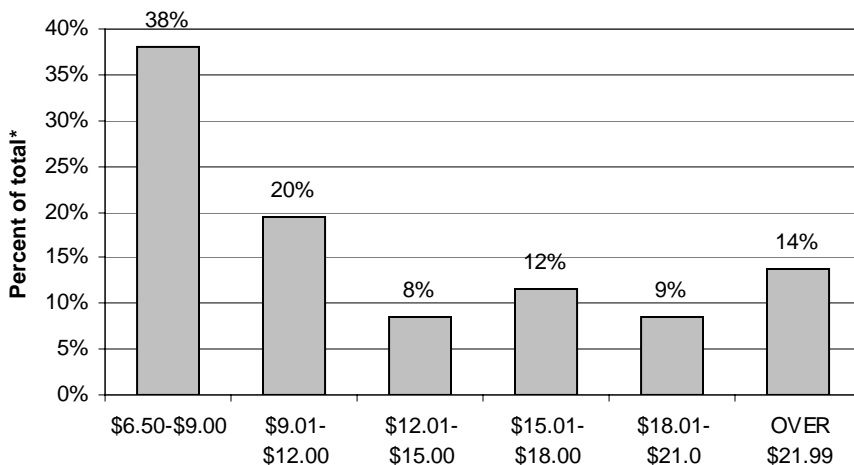
Q-24 asked respondents to estimate the percentage of their employees that fell within the following hourly wage ranges in 1999:

- \$6.50 to \$9
- \$9.01 to \$12
- \$12.01 to \$15
- \$15.01 to \$18
- \$18.01 to \$21.0
- Over \$21

Figure 4-11 displays the distribution of hourly wage ranges for jobs created by the survey respondents. CPW calculated these percentages by multiplying the percentage reported for each wage range by the total number of employees (full and part time) reported. Because respondents' estimates sometimes did not add up to 100 percent, the product of multiplying the percentage for each wage range by the number of employees sometimes did not equal

their total employment. As a result, 19 jobs are not accounted for in Figure 4-11. This is not significant enough to distort any statements CPW makes about the distribution of jobs by wage.

Figure 4-11. Distribution of total jobs by wage range



The largest proportion of jobs (38 percent) paid \$6.50 to \$9.00 per hour. These jobs are more likely to be part-time positions, however there is no way to confirm this with the data available. Coincidentally, the percentage of part-time jobs was 39 percent.

The second largest group of jobs paid \$9.00 to \$12.00 per hour. If we make the assumption that these jobs are more likely full-time positions, then we can calculate an annual wage range for employees in this wage range. Based upon a 40-hour work week and a 52 week year, the gross annual wage range would equal \$18,720 - \$24,960. The high end of this range is just shy of the county's average annual wage of \$25,054 in 1998 (Table 3-3). The remaining wage ranges are fairly well distributed.

Looking at how wages are distributed by activity reveals that the activities that tend to be less associated with full-time work (environmental, fraternal, recreational), tend to have a higher proportion of jobs in the lower paying ranges. The high share of lower wage employment with educational nonprofits is a bit surprising, but even though these nonprofits are likely to be engaged in educational activities, these nonprofits may not necessarily have certified educators nor be private, nonprofit schools. This low wage also is consistent with the data in Table 3-3, which shows that employment in the education industry in Douglas County paid an annual average wage of only \$15,000. Another interesting revelation in the data is how well distributed the wages in the health, social service, charity, and historic resources subgroups are. Table 4-12 shows the distribution of jobs by wage range per activity.

Table 4-12. Distribution of jobs per activity by wage range

	# of jobs	\$6.50-\$9	\$9.01-\$12	\$12.01-\$15	\$15.01-\$18	\$18.01-\$21	OVER \$21
Health	1,205	32%	20%	7%	14%	11%	17%
Social Service	314	37%	31%	18%	8%	3%	4%
Recreation	131	84%	1%	1%	0%	0%	15%
Education	76	66%	8%	5%	17%	3%	1%
Charity	23	36%	12%	12%	4%	4%	32%
Historic	10	10%	11%	23%	23%	11%	23%
Fraternal	5	100%	0%	0%	0%	0%	0%
Business, Trade	5	No data	-	-	-	-	-
Environmental	2	100%	0%	0%	0%	0%	0%

Source: Douglas County Nonprofit Survey, CPW, 2000

Benefits

Further completing the picture of the type and quality of employment generated by the nonprofit sector is the issue of benefits. Q-25 asked respondents to estimate the percentage of employees receiving health, dental, or retirement benefits as part of their compensation. Of the 36 nonprofits with employees, 32 organizations offered health insurance, 27 offered dental, and 26 offered a retirement plan or pension. The nonprofits offering dental offered health benefits at nearly the same levels as they did dental—although in some cases the percentage receiving dental benefits was slightly below the percentage for health. Recall from Table 4-2 that 29 organizations had at least one full-time employee.

Table 4-13 displays mean and median data for the three benefit types included in the study. On average, 63 percent of a nonprofit's employees received health benefits, 52 percent received dental, and 53 percent retirement. The median values are higher in all three cases, suggesting that there are a few organizations that provide relatively few benefits. This lowers the overall average. In addition, these averages do not reflect the respective size of each organization. A nonprofit with two staff persons with zero benefits weighs evenly in Table 4-13's analysis, as does an organization with 1,000 employees.

Table 4-13. Mean and median percentage of employees receiving benefits per organization

	Health	Dental	Retirement
Mean	63%	51%	53%
Median	75%	67%	72%

Source: Douglas County Nonprofit Survey, CPW, 2000

To overcome this bias, we can expand the analysis to derive an estimate of the percentage of all employees accounted for in this study in much the same way we determined the wage distribution above. If we multiply the percentages receiving benefits by the total number of employees for each nonprofit, we can get the absolute number of persons receiving benefits.

Performing these calculations, CPW finds that the median values in Table 4-13 are quite accurate. Table 4-14 confirms that most employees of nonprofit organizations are receiving a variety of benefits from their employers.

Table 4-14. Number and percent of all employees receiving benefits

Type	# of employees	% of all employees
Health	1,321	75%
Dental	1,194	67%
Retirement	1,165	66%
Total employees	1,771	

Source: Douglas County Nonprofit Survey, CPW, 2000

Table 4-15 presents the percentage of employees receiving health, dental, or retirement benefits by activity. The data does not reveal anything startling. The sole business or trade association had full benefits for all five of its employees. The historic resource nonprofits also provided health and dental at high levels, but less so on retirement, for their ten total employees. What is interesting is the parity between the social service, recreation, and charity nonprofits. The percentage of employees receiving benefits in these organizations is fairly consistent with the full-time, part-time distribution of their employees.

Table 4-15. Percentage of employees receiving benefits by activity

Activity	Total employees	% Health	% Dental	% Retirement
Health	1,205	81%	74%	80%
Social Service	314	63%	61%	51%
Recreation	131	64%	63%	-
Education	76	48%	-	25%
Charity	23	65%	48%	48%
Historical	10	90%	90%	50%
Fraternal	5	-	-	-
Business, Trade	5	100%	100%	100%
Environmental	2	-	-	-
Cemetery	0	-	-	-

Source: Douglas County Nonprofit Survey, CPW, 2000

Volunteers

As we described in Chapter Two, nonprofits are distinct from the private for profit and public sectors in many ways. One unique way is their successful deployment of volunteers to assist in meeting the particular mission of the various organizations. Without volunteers, many goods, services, and activities simply would not be provided, resulting in a

net loss for the community. Despite this, the contributions of volunteers often go unnoticed, especially in economic terms. A holistic view of the economic impact of nonprofit organizations must include the contributions of volunteers.

Q-26 and Q-27 asked respondents about the number of volunteers that participated on behalf of the organization and how many hours volunteers contributed respectively. The results presented in Table 4-16 are quite remarkable. A total of 6,304 volunteers worked with 77 nonprofits and contributed over 463,000 hours to nonprofit activities in 1999. This equals approximately 73 hours per person for the year, or an equivalent of 235 full-time employees. The disparity between mean and median once again suggest that a few large nonprofits have a great number of volunteers. Nevertheless, a median value of 25 volunteers and 484 hours is not insignificant, especially for small organizations with few resources.

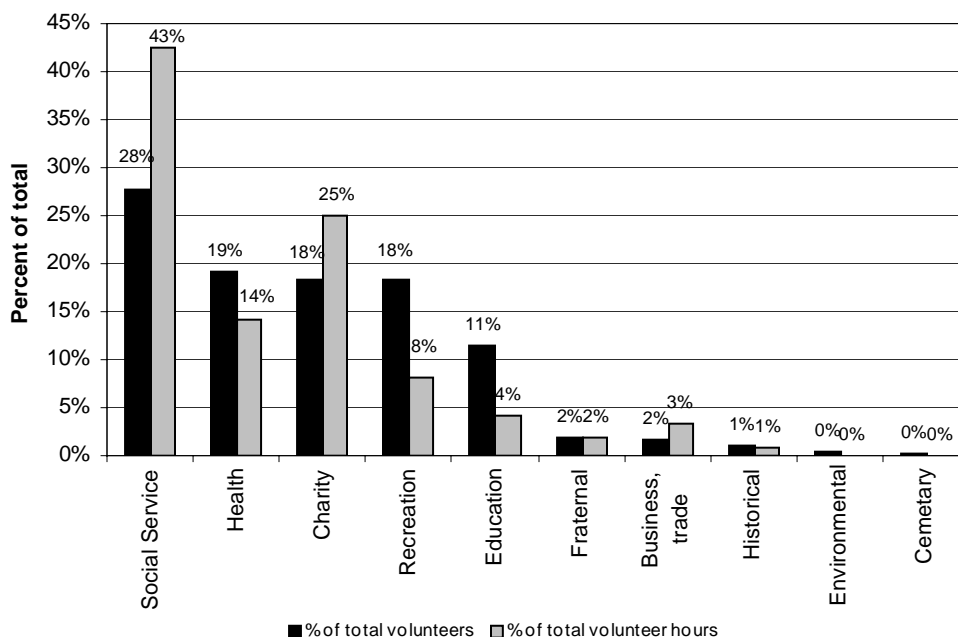
Table 4-16. Summary data for volunteers and volunteer hours

	Total	Mean	Median	Maximum
# of Volunteers	6,304	82	25	911
# of hours	463,518	6,263	484	130,513

Source: Douglas County Nonprofit Survey, CPW, 2000

Next, we examine how voluntarism is distributed among the different activity areas in the nonprofit sector. Figure 4-12 shows that the social service nonprofits incorporated the most volunteers and volunteer hours into their activities. While the social service nonprofits comprise only 16 percent of the sample, they have 28 percent of all volunteers and 43 percent of all volunteer hours. The nature of these organizations likely predisposes them to deploy volunteers in the numbers that they do. The second tier of nonprofits (in terms of voluntarism) includes the charity, health, and recreational, cultural and social nonprofits. The numbers of volunteers are well distributed, but charities have contributed more hours with similar numbers of volunteers.

Figure 4-12. Distribution of volunteers and volunteer hours by activity



Economists have attempted to place a dollar value on the contributions of volunteers. This is an imprecise task, given the variety of volunteer work imaginable. For example, an attorney may volunteer on the board of directors of a local nonprofit and provide legal advice when needed. Contrast this with a teenager volunteering time at a fundraiser to recycle soda cans and bottles. To arrive at, what is often called, an “imputed value,” economists generally attribute the average of non-farm hourly wages to an hour of volunteer work. Using this as a guide, the average non-farm hourly wage in Douglas County is \$12 per hour.⁴⁹ Multiplying the total number of volunteer hours by this average hourly wage yields an additional \$5.5 million dollars of economic activity in the county. If we assume a value of minimum wage (\$6.50 per hour), the contribution is slightly more than \$3 million in 1999.

Indirect impacts

We have just seen the direct impacts of the largest organizations in Douglas County’s nonprofit sector—revenue, expenditures, employment, and volunteers. They are *direct* because the nonprofits generated the revenue, consumed goods, hired people, and involved volunteers themselves. Let us now turn our efforts towards examining the *indirect* economic impacts of the sample. We call them indirect because they are employment and income stimulated outside of the nonprofits’ own activities.

⁴⁹ Derived from the 1998 average weekly wage for all industries in Douglas County and based on a 40 hour work week. Average weekly wage was listed in the 1998 Oregon Covered Employment and Payrolls, Oregon Employment Department.

Recall our discussion of multipliers at the beginning of the Economic Impact section of this chapter. Economists derive “multipliers” that demonstrate how much change would occur in the local economy by an increase or decrease of the industry in question. For example, an income multiplier for the social service industry would measure the additional income generated elsewhere in the economy as a result of a \$1 increase in income for social service firms. They are called multipliers because by multiplying the income by the multiplier coefficient, we can estimate how much extra economic impact is contributed by the study industry. The example we used earlier was an *employment* multiplier of 1.5, which means that for every job a particular sector generates, 0.5 jobs are created elsewhere in the economy.

Multipliers apply to export industries because they are bringing *new* dollars into an economy. When an export industry sells goods or services to customers outside the local economy, it exchanges that good or service for money. This money is new to the economy and increases local wealth. It is this export income that circulates through the economy, by means of linkages and interactions between the export firms and other businesses and households, which we have already referred to.

One common analogy is *the bathtub as an economy*, with the water level acting as a measure of local wealth. Export income is the faucet filling the tub—money enters the economy from the outside. However, every tub (and every economy) has leaks that deplete the overall wealth of a community. These leaks take the form of imported goods and services because local money leaves the local economy to be exchanged for goods produced by businesses outside of the economy. The bathtub analogy illustrates the connection between community wealth and purchasing locally produced goods and services.

The multipliers were derived by the Minnesota IMPLAN Group, Inc. (MIG) and prepared for the Oregon Departments of Forestry, Employment, Economic and Community Development, and Administrative Services. MIG used 1996 data to derive various multipliers for the state of Oregon and its sub-regions. These are the most recent multipliers available to CPW for this region. The Employment Department’s Region 6 (Douglas County) economist provided CPW with the income and employment multipliers used in this study.

There is not full agreement as to the accuracy of multiplier analysis, so we will use them judiciously in this study. Many economists argue that multipliers tend to inflate indirect impacts of a sector, industry, or event or activity for various reasons.⁵⁰ In addition, the following lists other factors that affect CPW’s use of multipliers:

- Multipliers are industry and place specific. Thus, CPW will use different multiplier values for different industries.
- Multipliers are not calculated for all the activities encompassed within this study.
- The categorization of multipliers does not coincide with the classification CPW incorporated in this study. For example, “hospitals” and “other medical or health services” have separate multiplier values, while CPW grouped them together.

⁵⁰ Hustedde, Shaffer, Pulver, p. 20.

- Multipliers are developed using data from both for-profit and nonprofit sources—they are not nonprofit specific (unless otherwise stated)—which may introduce other distortions.
- There is also a time delay factor. The data used to derive the multipliers CPW is using were collected in 1996.

Given these constraints, CPW organizes the indirect impacts into two categories—income and employment.

Income

CPW's premise behind using multipliers in this study is that nonprofits can be thought of as export industries, in that they bring in dollars from outside the local economy—which we have defined as Douglas County. Income multipliers will provide us with an estimate of additional income created within the economy for every \$1 of revenue brought into the economy. Q-13 asked respondents to estimate the percentage of *gifts or grants* that came from sources outside of county. This will capture the amount of revenue from contributions, gifts, or grants that can be considered “export” income.

The first step is to calculate export income. A total of 27 nonprofits (33 percent) reported some percentage of their revenue from gifts or grants originated from a source outside of the county. The total dollars that CPW can classify as export income is over \$13.9 million, or approximately 4.5 percent of the sample's total revenue. However, it is likely that CPW is under representing revenue from outside sources.

The next step is to break down the export income into the same categories developed for the multipliers. These categories were more specific than the ones created by CPW for this report, and include *membership sports and recreation clubs, elementary and secondary schools, other medical and health services, social services*, and others. The final step was to multiply the appropriate dollar amount by the corresponding multiplier for that industry. CPW is using a *labor income multiplier*, which captures all payroll costs of wage and salary workers as well as self-proprietors.

Table 4-17 shows the results of our calculations. Note that Mercy Medical reported no income from gifts or grants originating from outside the county. The labor income multiplier coefficient (**column A**) represents the amount of additional income (for wage earners) created by one dollar of export revenue generated by that particular industry. For example, job training's income multiplier was 1.3524 meaning that for every one dollar brought in by firms in this industry, an additional 35 cents (.3524) of income is created from circulating that original one dollar through the economy. The multiplier effect column simply equals column A times column B. The *net effect* column, then, represents the amount of additional income created by that industry.

Table 4-17. Income multiplier calculations

Category	(A) Income multiplier	(B) Export revenue	(C) Multiplier effect	(D) Net effect (C minus B)
Elementary or secondary schools	1.845541	234,001	431,858	197,857
Job training and related services	1.352419	2,436,493	3,295,159	858,666
Social services (not elsewhere classified)	1.34725	9,908,637	13,349,411	3,440,774
Other nonprofits (including charities and foundations)	1.890707	829,692	1,568,704	739,012
Other educational services	1.38418	392,000	542,599	150,599
Theatrical producers, bands, etc.	7.140559	35,901	256,350	220,450
Amusement and recreation services	1.445303	44,251	63,956	19,705
Other medical services	1.369347	81,617	111,762	30,145
Total		\$13,962,732	\$19,619,799	\$5,657,067

Source: Douglas County Nonprofit Survey, Analysis by CPW, 2000

The total net multiplier effect was over \$5.6 million dollars of additional income for wage earners in the county (in addition to the original \$13.9 million generated directly). Social service nonprofits contributed just over 68 percent of the multiplier effect. Notice also that the multiplier for theatrical *producers, bands, etc.* was very high. One possible explanation that CPW speculates could be affecting the high multiplier is heavy local spending patterns among the organizations that data was on.

Here, we have used multipliers retroactively, attempting to estimate the amount of income that could be attributed to the nonprofit sector. **However, economists generally use multipliers to predict changes in the economy as the result of changes to the industry or sector in question.**⁵¹ For example, a more common use of multipliers is to say that if income for industry A increases by one million dollars, we can expect X dollars of additional income created. Using this logic, we can determine the income multiplier for the nonprofits included in the indirect effects analysis. By dividing column C by column B, we arrive at a result of 1.405, which means for every new dollar generated by this subset of nonprofits, 40 cents of income will be created elsewhere in the economy.

Employment

Employment multipliers measure how many new jobs may be created as a result of one job generated by a particular export industry. Because our sample does not consist of any pure “export industries”—those that received 100 percent of their income from outside of the local economy, the primary difficulty with calculating an employment multiplier effect was determining how many jobs could be attributed to “export” activities. In order to derive this number of jobs, CPW determined the percentage of total organization revenue that was attributable to contributions, gifts, or grants from *outside* of the county. We then multiplied this percentage by the number of total jobs to estimate the number of jobs that could be considered export-related.

⁵¹ Telephone conversation with Art Ayre, State Labor Economist, Oregon Employment Department, 12/14/00.

CPW's calculations yielded a net effect of 103 additional jobs created as a result the 336 "export-related" jobs in the nonprofits in this subset. As in the previous section, social services created the most jobs indirectly, primarily because they had the most jobs attributable to funds outside of the county. Once again, theatrical producers had the highest multiplier of the group. Table 4-18 displays the results.

Finally, when we aggregated the individual employment multiplier effects, CPW found that one job created in this subset of nonprofits stimulated 0.3 jobs elsewhere in the local economy. Table 4-18 shows the results by category.

Table 4-18. Employment multiplier calculations

Category	(A) Employment multiplier	(B) Export related jobs	(C) Multiplier effect	(D) Net effect (C minus B)
Elementary or secondary schools	1.359418	4.9	6.6	1.7
Job training and related services	1.296088	23.3	30.2	6.9
Social services (not elsewhere classified)	1.304864	296.7	387.2	90.5
Other nonprofits (including charities and foundations)	1.455688	1.5	2.2	0.7
Other educational services	1.402491	5.8	8.1	2.3
Theatrical producers, bands, etc.	1.559716	0.3	0.5	0.2
Amusement and recreation services	1.262209	1.8	2.3	0.5
Other medical services	1.389345	2.5	3.4	1.0
Total		336.7	440.4	103.7

Source: Douglas County Nonprofit Survey, analysis by CPW, 2000

Industry comparison

A comparison of nonprofit-related multipliers to other leading industries in Douglas County reveals that nonprofits generate comparable indirect impacts—per dollar or per job—as other industries. The timber industry (Forestry Products, Sawmills and planing mills) creates the most indirect impact, at the margin. This is no surprise since the industry is very export-oriented, drawing in new dollars that are circulated in the form of wages, salaries, goods, and services. Construction of new residential and commercial buildings also had higher multipliers than the nonprofit sector, which can be explained by the amount of supplies needed in construction and the probability that many clients are outside of the local economy. However nonprofits are on par with other industries, such as accounting services, educational services, eating and drinking establishments, and hotels and lodges. Table 4-19 displays the income and employment multipliers.

Table 4-19. Income and employment multipliers for leading county industries

Industry category	Income Multiplier	Employment Multiplier
Forestry products ⁵²	5.846339	6.350090
New residential structures	1.671176	1.702361
New industrial and commercial buildings	1.493950	1.779658
Logging camps and logging contractors ⁵³	1.379643	1.617791
Sawmills and planing mills	1.741842	2.201820
Wholesale Trade	1.343856	1.485891
Eating and Drinking	1.409781	1.206464
Hotels and lodging places	1.572937	1.350881
Accounting auditing and book keeping	1.220232	1.188737
Elementary or secondary schools	1.845541	1.359418
Job training and related services	1.352419	1.296088
Social services (not elsewhere classified)	1.347250	1.304864
Other nonprofits (including charities and foundations)	1.890707	1.455688
Other educational services	1.384180	1.402491
Theatrical producers, bands, etc.	7.140559	1.559716
Amusement and recreation services	1.445303	1.262209
Other medical services	1.369347	1.389345

Source: Minnesota IMPLAN Group

Summary

This chapter presented an in-depth analysis of the economic contributions of the nonprofit organizations that responded to the survey. CPW strove to present the big picture as well as trends or tendencies among sources of revenue, expenditure items, and across activity areas. Based upon an understanding of the linkages and interactions between firms and households, CPW also attempted to capture some of these indirect economic impacts.

General observations

- Mercy Medical Center is a key player in the entire economy (all sectors) of Douglas County. It generates a great deal of income and employs hundreds of people.
- The one-time gift from the Kenneth Ford estate to the Ford Family Foundation during the study period significantly inflates the revenue numbers for the entire

⁵² This major group includes establishments primarily engaged in the operation of timber tracts, tree farms, forest nurseries, and related activities such as reforestation services and the gathering of gums, barks, balsam needles, maple sap, Spanish moss, and other forest products. (<http://www.osha.gov/oshstats/sicser.html>)

⁵³ This major group includes establishments engaged in cutting timber and pulpwood; merchant sawmills, lath mills, shingle mills, cooperage stock mills, planing mills, and plywood mills and veneer mills engaged in producing lumber and wood basic materials; and establishments engaged in manufacturing finished articles made entirely or mainly of wood or related materials. Certain types of establishments producing wood products are classified elsewhere. (<http://www.osha.gov/oshstats/sicser.html>)

sector over by \$116 million. Nevertheless, Ford Family has a significant impact on the county through the millions of dollars it grants to local parties annually.

- Removing the impacts of Mercy Medical and Ford Family, CPW finds that the social service nonprofits become the leading economic presence in the county's nonprofit sector.

Revenue

- Nonprofits earned a total of over \$299 million in revenue. Without Ford and Mercy, nonprofits earned over \$38.2 million.
- *Contributions, gifts, and grants* were the largest sources of revenue for the study time period, comprising 45 percent of total revenue. It remains the largest source of revenue after removing Ford Family and Mercy Medical from the analysis. Interest and investments as the second largest source of revenue, but when we remove Ford's and Mercy's influence, it drops to third largest. As a result, program service fees move from third to second after removing Ford and Mercy.
- Of total contributions, gifts, or grants, \$13.9 million came from sources outside of the Douglas County economy.

Expenditures

- Nonprofits spent over \$98 million over the study period.
- Payroll was the largest expenditure category. Nonprofits spent over \$41 million dollars on wages, salaries, and benefits. The next largest expenditure item was gifts or grants to other parties of over \$20 million.
- The health and medical nonprofit subgroup was the largest in terms of expenditures. The social service subgroup was second largest. However, removing Mercy Medical makes the charities or foundations the largest spenders, attributing for over 50 percent of expenditures (minus Mercy). Social services is the third largest spender.

Employment

- Nonprofits accounted for **1,771 jobs** in the county (1,111 full-time, 660 part time)
- 42 percent of all nonprofit jobs paid over \$12 per hour. 75 percent of jobs came with health insurance.
- Nonprofits mobilized **over 6,300 volunteers** and **460,000 volunteer hours** at an estimated value of **\$5.5 million**.

Indirect effects

- Economic activity stimulates additional economic activity via the circulation of dollars through a local economy. Using income and employment multipliers, CPW estimates that nonprofit activities generated an additional **\$5.6 million** of labor income (wage earners and self-proprietors) and **103 additional jobs** elsewhere in the local economy

- For every new dollar brought in from outside the local economy an additional 40 cents in income is created locally. For every job generated from revenues from outside the economy, one-third of a new job is created

It is easy to become overwhelmed by the amount of data presented in this chapter (the author certainly did at times). Table 4-19 highlights some of the chapter's information.

Table 4-19. Economic impact summary table

Category	Impact
Direct Impacts	
Revenue:	\$299,873,315
Expenses:	\$102,301,345
Employment:	
Full-time jobs	1,111
Part-time	660
Total employment	1,771
Payroll	\$ 41,162,441
Volunteers	
Number of volunteers	6,304
Volunteer hours	463,518
Imputed value of volunteer time	5,562,216
Indirect Impacts	
Gifts, grants from outside county	13,962,732
Income multiplier effect (\$)	5,657,067
"Export-related jobs"	336
Employment multiplier effect (jobs)	103

Source: CPW, 2000

Appendix A: Miscellaneous data tables

Table A-1. Mean and median revenue by source

Source	Subset size	Total	Mean	Median
Contributions				
All reporting contributions	56	134,593,987	2,403,464	45,000
Minus Ford Family	55	18,493,053	336,237	40,000
Program services				
All with program revenue	29	76,731,363	2,645,909	22,016
Minus Mercy Medical	28	12,351,240	441,116	18,258
Membership dues				
All with dues revenue	29	259,460	8,947	467
Investment and interest				
All reporting investment revenue	54	86,677,743	1,605,143	1,735
Minus Ford Family	53	5,665,117	106,889	1,716
Special events and activities*				
All with event revenue	16	315,217	19,701	4,147

Source: CPW, Economic impact survey

Notes: Ford and Mercy are addressed specifically because they are statistical outliers.

Table A-2. Revenue and percent of total revenue by source

Source	Entire Sample		Minus Ford and Mercy	
	Revenue by Source	Percent of Total	Revenue by Source	Percent of Total
Membership dues	259,460	0.10%	259,460	0.70%
Special events and activities	315,217	0.10%	315,217	0.80%
Miscellaneous	1,295,545	0.40%	1,295,545	3.40%
Program services	76,731,363	25.60%	12,351,240	32.20%
Investment and interest	86,677,743	28.90%	5,604,061	14.60%
Contributions	134,593,987	44.90%	18,472,993	48.20%
Total	299,873,315	100.00%	38,298,516	100.00%

Table A-3. Revenue by activity for entire sample

Activity	N	Mean	Median	Sum	% of total revenue
Cemetery maintenance	3	1,194	1,600	3,584	0.0%
Fraternal organization	4	13,718	923	54,872	0.0%
Environmental	3	20,088	17,843	60,264	0.0%
Business, Trade	1	205,000	205,000	205,000	0.1%
Historic Resources	4	223,557	33,287	894,231	0.3%
Education	7	281,300	39,353	1,969,106	0.7%
Recreational, social, cultural	24	149,315	1,642	3,583,568	1.2%
Social Services	14	858,758	102,353	12,022,614	4.0%
Health/medical	7	10,831,074	2,097,056	75,817,519	25.3%
Charity or foundation	20	10,263,128	48,659	205,262,557	68.4%
Total	87	22,847,132	2,547,716	299,873,315	100.0%

Table A-4. Revenue by activity for sample excluding Mercy and Ford

Activity	N	Mean	Median	Sum	% of total revenue
Cemetery maintenance	3	1,194	1,600	3,584	0.0%
Fraternal organization	4	13,718	923	54,872	0.1%
Environmental	3	20,088	17,843	60,264	0.2%
Business, Trade	1	205,000	205,000	205,000	0.5%
Historic Resources	4	223,557	33,287	894,231	2.3%
Education	7	281,300	39,353	1,969,106	5.1%
Recreational, social, cultural	24	149,315	1,642	3,583,568	9.4%
Charity or foundation	19	428,894	42,237	8,148,997	21.3%
Health/medical	6	1,892,713	1,253,028	11,356,280	29.7%
Social Services	14	858,758	102,353	12,022,614	31.4%
Total	85	4,074,537	1,697,266	38,298,516	100.0%

Table A-5. Payroll by Activity

Activity	Payroll	% of total
Cemetary	950	0.0%
Environmental	4,500	0.0%
Fraternal	8,069	0.0%
Business, Trade	100,000	0.2%
Historical	322,433	0.8%
Recreation	574,433	1.4%
Charity	731,253	1.8%
Education	922,542	2.2%
Social Service	5,988,129	14.5%
Health	32,510,132	79.0%
Total	41,162,441	100.0%

Table A-6. Distribution of jobs by wage range for each activity

	\$6.50-\$9.00	\$9.01-\$12.00	\$12.01-\$15.00	\$15.01-\$18.00	\$18.01-\$21.0	OVER \$21
Charity	36%	12%	12%	4%	4%	32%
Education	66%	8%	5%	17%	3%	1%
Enviro.	100%	0%	0%	0%	0%	0%
Fraternal	100%	0%	0%	0%	0%	0%
Health	32%	20%	7%	14%	11%	17%
Historic	10%	11%	23%	23%	11%	23%
Recreation	84%	1%	1%	0%	0%	15%
Social Service	36.5%	31%	18%	8%	3%	4%
Business, Trade	No data					

Appendix B: Q-30 transcription and survey form

- Late due to first vote not to participate. Next meeting voted to reconsider and voted to participate.
- We are a new organization, receiving our 501 (c) status Oct. 4, 1999.
- This is not a Douglas County organization. We have members in Oregon, Washington, and Idaho. I am the President and I live in Douglas County. I don't believe we should take part in the survey.
- In addition to books donated to Douglas Co. Libraries (in Q-6) we put on a 2 day gem and mineral show with free admission and give away door prizes and rocks to kids.
- We found that this form was hard to fill out since so much of it did not seem to fit our situation.
- Provides Nursing Home Christmas Parties, Red Cross cookies, bell ringing, flower planting, SMART readers and fund raising—fundraising is run thru Zonta Foundation to qualify under 501 (c) 3.
- This organization should be paired with Zonta Club as fundraising in the club is run through Foundation so donations will qualify under 501 (c) 3.
- Foster Grandparent and Senior Companion pay their volunteers a tax free stipend--\$2.55 an hour. Also meal and mileage reimbursement to low income seniors.
- Our big expense last year was Amer. Legion Baseball. Insurance on building and property about \$8000 to Oregon Mutual by local Sutherlin agent. We deal locally for everything we can.
- This organization administers programs funded by grants. Employees are staffed by the housing authority of Douglas County. Compensation for payroll is by approved grant funded program budgets.
- Pomona Grange is the county level of Grange. They meet in the subordinate Grange halls throughout the county once a quarter so own no property.
- Our organization is 100 percent volunteers. Our major expenditures are for drama camp, directors, sound and light production and performers. The performers and booking agent are the only expenditures that are not local. We are a youth theater and 4 concerts—all free to the public.
- We have not found Douglas County professional services (attorney and CPA) to completely meet our needs. Telecommunications (lack of) has caused us to consider moving to Eugene or Medford.
- Friends of Gardiner Cemetery accept donation to help care for the cemetery—all volunteer basis—no pay. Any money is used to repair vandalism, upkeep, etc. Thanks—sorry can't supply more information!
- New organization started 12/99 (Winston Area Community Partnership).
- Operating budget only. Capital campaign not included. School enrollment and parents and infants = 813. (Phoenix School)
- We are a small group of volunteers that have adopted the Beaver Creek Trail on the Tiller Ranger District of the Umpqua National Forest. We do maintenance such as clearing brush, fallen trees, etc, putting gravel on wet areas and water bars to provide drainage. This year due to hot weather we haven't done much at all!
- Our foundation is very specialized in that we assist quadriplegic individuals only for their specific needs. Identified individuals are typically assisted through fundraising efforts for medical type equipment, i.e. wheelchairs, ramps, etc. We have been fortunate

to help some fine people and also fortunate that our services have not been needed on a frequent basis...meaning no spinal cord injuries coming to our attention.

- This is a cemetery association. We sell membership not plots. Members do pick their plots. On clean up day we do have around 20 people come to help otherwise we contract the mowing.
- Numbers used are for UCDC's operational. Also have subsidiaries with operating accts that are not kept on UCDC's book. Total assets for UCDC per 1999 audit are \$4,399,657.
- This did not fit us very well—We donated 2000 items of food (collected at our event) to the Sutherlin/Oakland food pantry and provided a free rodeo for our spectators.
- Our organization is a cooperative preschool. We are exempt from filing form 990 and therefore our survey is incomplete.
- Do not feel this is appropriate for fraternal organizations, especially this small.
- The IRS 990 responses come from our 1998 filing. Our 1999 filing is not due until November 2000. (UTEP)
- Community would really like to see organization such as mine in area. Everyone think it's good idea and support but area is very low economic....
- Our organization is a charitable corporation—all volunteer, which includes the members of the Cow Creek Historical Society and the Cow Creek Valley Fine Arts Association, and C.A.R.T. Many members belong to all 3 groups.
- Please check the submitted survey from Glendale –Azalea CART.
- We buy glasses, shoes, and other items for children in the community, donate to community projects, such as equipment for Glendale youth baseball, school projects and to the ambulance and fire districts (equipment, education for the volunteers) and also some scholarships.
- We were organized in January of 2000. We are in the processes of remodeling a Community building for meetings, socials, fund raising projects and whatever will benefit the community.
- In October 1999 we changed our name and added new services that of Camp millennium. But prior to this our organization did minimal—only 1 event a year.
- This is done to the best of my ability. On Friday each person brings a dish for pot luck and puts in 50 cents for meat (it never covers the cost). We give door prizes which consists of canned fruit or vegetables—1 collection each month goes to UCAN or they can bring canned food for UCAN.
- We run a 1988 van to transport seniors to and from the dining site. All funds are donated from local sources. All expenditures are made in Douglas County. The organization is all volunteer.
- We are a former school facility (former Umpqua School) and we now serve as a nonprofit community center (incorporated) for a rural area with approximately 500 families.
- Myrtle Creek Performing arts Center was formed in November 1999. We are in the process of doing the paperwork, i.e., plans, budget, 501 (c) 3, etc. A 2000 survey will be more responsive.
- We are a service organization for a volunteer Fire Department. We raise money to help support the department.

Douglas County Nonprofit Coalition
c/o Community Planning Workshop
1209 University of Oregon
(541) 346-3653

Dear nonprofit professional,

The Douglas County Nonprofit Coalition is an informal group of nonprofit agencies that meets regularly to share ideas, provide mutual support, and discuss topics of common interest. Many of us see ourselves as businesses as well as nonprofit agencies trying to better our community. As businesses we realize we are an important part of the economic health of our county. That is, many of us spend money locally, provide employment, and bring dollars into our communities from outside sources. Even though we know we benefit the Douglas County economy, we are unable to quantify what the actual economic impact is. Therefore we have decided to partner with the University of Oregon to conduct an Economic Impact Survey to better understand how we benefit the local economy.

Beyond wanting to know what our economic impact is, there are several reasons why we have decided to undertake this endeavor. One is to educate the community that nonprofits give back to the community in economic terms and not just take from it. It is our impression that the public sees nonprofits as always having their hand out for donations. Another reason is to help build the understanding that nonprofits are businesses. Quantifying the economic impact, especially the number of dollars we bring into the community, helps to underscore this fact. Finally we hope to use this data to show that time and energy supporting nonprofits is a good investment in dollar-and-cents terms because of the value nonprofits and their services provide to the community.

We encourage you to take the time to complete and return the survey because the results will be beneficial to all nonprofits in the county, and can aid you in carrying out your missions. As a token of our appreciation, we will share a copy of the survey results with everyone who returns a survey and enter them in a drawing for a very special prize. We appreciate your assistance and look forward to your responses.

Thank you for your time.

Sincerely yours,

The Douglas County Nonprofit Coalition

Douglas County Nonprofit Economic Impact Survey

The Douglas County Nonprofit Coalition is gathering information from the county's nonprofit organizations to estimate their impact on the local economy. This survey asks a series of questions about your organization's activities, sources of support, and staffing. The questions are designed to reflect the wide range of nonprofits in Douglas County, including social service organizations, social and recreational groups, and political advocacy groups. Several questions will ask you to refer to your 1999 IRS Form 990, return of organizations exempt from income tax. **All responses will be kept strictly confidential.** As a token of our appreciation, we will include all survey respondents in a drawing for a special prize. **Please return your completed response by Friday, September 4.**

Questions 1-12 ask about your organization's revenue, expenses, and assets. These questions ask you to enter information from the 990 or 990-EZ to the spaces provided below.

As an alternative, you may submit a copy of your 990 or 990-EZ and skip to Q-13.

Revenue

- Q-1. What is your organization's tax-exempt status? 501(c) _____
Other _____
- Q-2. How much support did your organization receive in the form of gifts or grants in 1999? (990 line 1d; 990-EZ line 1) \$ _____
- Q-3. If your organization earns revenue from services (including government fees and contracts) that it provides, what were your total earnings in 1999? (990 line 2; 990-EZ line 2) \$ _____
- Q-4. If your organization assesses membership fees or dues, what were your total dues received in 1999? (990 line 3; 990-EZ line 2) \$ _____
- Q-5. If your organization earned interest or investment income in 1999, what was the total amount? (990 lines 4, 5; 990-EZ line 4) \$ _____
-

Expenses

- Q-6. If your organization made any grants or contributions to other parties in 1999, what was the total amount granted or contributed? (990 line 22; 990-EZ line 10) \$ _____
- Q-7. If your organization paid any benefits to or for its members in 1999, what was the total amount of benefits? (990 line 24, 990-EZ line 11) \$ _____
-

- Q-8. How much did your organization pay in salaries, other compensation, employee benefits, and compensation for officers or directors in 1999? (990 lines, 25, 26, 27, 28, 29; 990-EZ line 12) \$ _____
- Q-9. How much did your organization pay in professional fees (accounting, legal, fundraising, etc.) or payments to independent contractors in 1999? (990 Lines 30, 31, 32; 990-EZ line 13) \$ _____
- Q-10. How much did your organization pay in occupancy, rent, utilities and maintenance in 1999? (990 lines 34, 36, 37; 990-EZ line 14) \$ _____
- Q-11. How much did your organization pay in printing, publications, postage, and shipping in 1999? (990 lines 35, 38; 990-EZ line 15) \$ _____
- Q-12. How much did your organization pay in office equipment and supplies in 1999? (990 line 33, 990-EZ Line 16 or from your records) \$ _____

The next section asks about financial information, not included within the 990 or 990-EZ.

- Q-13. What percent of the gifts or grants your organization received in 1999 came from sources outside of Douglas County? _____ %
- Q-14. What percent of the total professional fees (legal, accounting, etcetera) or payments to independent contractors in 1999 was paid to Douglas County firms? _____ %
- Q-15. What percent of the amount paid on office supplies and equipment in 1999 was spent in Douglas County? _____ %
- Q-16. Did your organization have any accounts receivable that went unpaid in 1999? YES NO
If yes, what were the total unpaid accounts receivable in 1999? \$ _____
- Q-17. In contrast to Q-16, did your organization provided any services in 1999 that were unbilled and uncompensated? YES NO
If yes, what was the value of these services? \$ _____
- Q-18. Did your organization incur any other substantial expenses such as acquisition of real property, capital improvement, motor vehicles, or other assets in 1999? YES NO
If yes, how much did you spend on these items in 1999? \$ _____
- Q-19. If your organization owns real estate, what is the assessed value of your property or properties in 1999? \$ _____

Now we would like to ask you about your organization's operations and activities?

Q-20. What is the nature of your organization?

- | | |
|---|--|
| <input type="checkbox"/> Charity or foundation | <input type="checkbox"/> Environmental |
| <input type="checkbox"/> Social Service | <input type="checkbox"/> Professional/Business/Trade association |
| <input type="checkbox"/> Recreational, social, cultural | <input type="checkbox"/> Political |
| <input type="checkbox"/> Health/Medical | <input type="checkbox"/> Other _____ |

Q-21. How many years has your organization been active in Douglas County? _____

Q-22. How many persons did your organization employ in 1999? Full time _____

Part time _____

Q-23. What is the total Full Time Equivalency (FTE) for your employees in 1999? **FTE** _____

Q-24. What percentage of your employees fall into the following hourly wage ranges in 1999?

\$6.50 - \$9.00: _____%	\$12.01 - \$15.00: _____%	\$18.01 - \$21.0: _____%
\$9.01 - \$12.00: _____%	\$15.01 - \$18.00: _____%	Over \$21.00: _____%

Q-25. What percentage of your employees received the following benefits in 1999?

Health _____% Dental _____% Retirement _____%

Q-26. How many volunteers do you estimate participated on behalf of your organization in 1999? _____

Q-27. How many hours do you estimate your volunteers contributed in 1999? _____

Q-28. If your organization is comprised of membership, how many members did you have in 1999? _____

Q-29. If you have any comments that you would like to share with us, please use the space provided below.

Q-30. Organization: _____ Telephone: _____

Contact person: _____ Email: _____

Thanks for your participation!

Appendix C: Bibliography and References

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