

The Economic Impact of Local Nonprofits on the Pueblo Economy

Prepared for the Pueblo County Board of Commissioners

by

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Executive Summary

Local nonprofits are a cornerstone of Pueblo's economy. Data from our sample of 93 nonprofits indicate that in 2001, these organizations spent \$81 million and provided 2385 jobs in Pueblo. Furthermore, many of these nonprofits perform the function of a primary employer by bringing dollars into the local economy. For example, of the \$81 million that was spent in Pueblo, \$49 million originated from sources outside of the area (for example, 70 percent of this \$49 million came from state and federal grants). These outside funds induced an additional \$44 million in local spending, and created and supported 644 more local jobs. Therefore, the total impact of the 93 nonprofits included in our study is \$125 million and 3029 jobs. The impact of these 93 nonprofits on Pueblo's economy is larger than either the Rocky Mountain Steel Mills (\$101 million) or USC (\$64 million), two of the region's largest employers.

Twenty of the 93 nonprofits account for 95 percent of the funds brought into Pueblo. The top ten of this group accounts for 85 percent of external funds that are spent locally. These nonprofits, in particular, provide a double benefit to the citizens of Pueblo. The dollars brought into town are used to provide a locally produced and consumed service. In addition, we all benefit from the economic stimulus associated with the local expenditure of the external funds. Our findings suggest that nonprofit organizations, particularly those that bring outside funds to Pueblo, contribute significantly to the local economy well beyond the jobs and services they provide directly. In fact, about \$93 million of the total impact of nonprofits is income that would not exist in their absence.

Introduction

Nonprofits operating in Pueblo perform a variety of vital services. For example, the 93 nonprofits included in our study provide educational, art & cultural, health, religious, recreational and human services. While many nonprofits focus on the city and county, some nonprofits offer services that extend throughout the greater southern Colorado region and the state. In spite of the fact that many of the services provided by local nonprofits are free of charge, or involve substantial volunteer efforts, this sector plays a vital role in the local economy.

Survey and Sample of Nonprofits

In December of 2002, The Pueblo Capacity Builders Group surveyed 275 of Pueblo's largest nonprofits. The survey inquired about income, revenue, employment and other information for the most recent and complete tax year (2001). We received 100 responses. Of these, 93 surveys contained suitable and sufficient information to be included in our study. These 93 nonprofits, which are the basis of our findings, are listed in Appendix A. A copy of our survey instrument is included in Appendix B.

Of the 93 local nonprofits, 20 bring in 95 percent of the outside funds that are spent locally. The top ten of this group brings in 86 percent of external funds. These are the nonprofits that, in particular, perform the functions of primary employers. That is, the dollars that they bring into the local economy induce significant additional local spending and support more local jobs. The top twenty nonprofits in terms of the level of outside funds brought into Pueblo are listed in ranked order (number one brings in the most external funds, etc.) in Table 1, with their primary area of service in parentheses.

Table 1
Top-Twenty Local Nonprofits in Terms of Bringing Outside Dollars to and Spending External Funds in Pueblo

1. Colorado Bluesky Enterprises, Inc. (human services)
2. Pueblo Community Health Center (health services)
3. Spanish Peaks Mental Health Center (health services)
4. Rocky Mountain SER Head Start Pueblo (educational & early childhood)
5. Crossroads Managed Care Systems (human services)
6. El Pueblo Boys & Girls Ranch (human services)
7. Pueblo Diversified Industries (human services & diverse manufacturing)
8. Senior Resource Development Agency, Pueblo, Inc. (human services)
9. Washington Children's Center Inc (childcare)
10. Belle Bonfils Memorial Blood Center (health services)
11. Boys & Girls Clubs of Pueblo County & Lower Arkansas Valley (youth development)
12. Sangre de Cristo Hospice & Palliative Care (health services)
13. Pathways for Youth, Inc. (human services)
14. Neighborhood Housing Services of Pueblo (housing & revitalization)
15. Posada (human services)
16. HARP Foundation (arts, culture & recreation)
17. The ARC of Pueblo (advocacy)
18. YWCA of Pueblo (human services)
19. Catholic Charities, Diocese of Pueblo (human services)
20. Southern Colorado AIDS Project (human services)

Economic Impact of Nonprofits

The economic impacts are obtained using the most recent IMPLAN input-output data for Pueblo County (2000). IMPLAN combines data from a variety of local, state and federal government sources to produce a comprehensive picture of the sources and uses of income in a region. The IMPLAN input-output model was used to calculate the induced impact (including indirect effects) on the local economy of the portion of nonprofit spending that originated from outside sources.

The 93 nonprofits included in our sample spent approximately \$81 million locally, provided 2,385 full and part-time local jobs and paid \$41.8 million in employee compensation in 2001. Of the \$81 million that is spent locally by the 93 nonprofits included in our study, \$49.7 million of this amount originated from income sources **outside** of Pueblo County (such as state and federal grants, outside fund raising, donations, etc.) This injection of outside funds is the primary employer function that these organizations provide. These outside funds induce an additional \$44 million in local spending and 644 more local jobs. Therefore, the total economic impact of the 93 local nonprofits, including the direct and induced impacts, is \$125 million. That is, \$81 million in direct local spending, plus \$44 million induced spending. Similarly, the total employment impact of these nonprofits is 3,029 (2,385 direct jobs and 644 induced jobs). We report the detailed direct and induced spending and employment impacts by nonprofit sector, as well as the total impact, in Tables 2 and 3 below.

Data reported in Tables 2 and 3 verify the discussion above, indicating that the total spending and employment impacts are the sum of the total for the direct and induced categories. This is also the case when deriving the total impacts for each sector. These

data also indicate that local nonprofits providing health and human services combine for 75.7 percent of the total spending impact and 71 percent of the total employment impact.

Table 2
Pueblo Nonprofit Spending Impact: Total and Sector Impact

Nonprofit Sector	Direct Spending	Induced Spending	Total Spending	Sector's Percent of Total Impact
Arts and Civics Organizations	\$14,423,183	\$2,492,207	\$16,915,390	13.6%
Child Care & Education	\$8,026,954	\$5,313,710	\$13,340,664	10.7%
Health Services	\$22,793,289	\$15,892,829	\$38,686,118	31.0%
Human Services	\$35,448,572	\$20,330,446	\$55,779,017	44.7%
Total for all Sectors	\$80,691,998	\$44,029,191	\$124,721,189	100%

Table 3
Pueblo Nonprofit Employment Impact: Total and Sector Impact

Nonprofit Sector	Direct Employment	Induced Employment	Total Employment	Sector's Percent of Total Impact
Arts and Civics Organizations	384	34	418	13.8%
Child Care & Education	371	86	457	15.1%
Health Services	463	234	697	23.0%
Human Services	1,167	290	1,457	48.1%
Total for all Sectors	2,385	644	3,029	100%

The Nonprofit Economic Impact in Perspective

It is useful to compare the economic impact of local nonprofits to the impacts of other local employers. We have listed the economic impacts of Rocky Mountain Steel

Mills, USC and local nonprofits in Table 4. These impacts are reported in the dollar amounts of the year of the study and have not been adjusted for inflation. The Adams Group, Inc. estimated that Rocky Mountain Steel Mills contributed \$101 million to the Pueblo economy in 2000. In addition, Kevin Duncan, Ph. D. estimated that USC contributed \$64 million to the local economy in 1999. The impact of the 93 nonprofits included in our sample exceeds the impact of both of these major, local employers.

Table 4
Results of Local Economic Impact Studies

Organization	Year of Measured Impact	Impact
Pueblo Nonprofits	2001	\$124,721,000
Rocky Mountain Steel Mills	2000	\$100,974,000
USC	1999	\$64,147,000

RMSM study conducted by The Adams Group, Inc.
USC study conducted by Professor Kevin Duncan, USC

A comparison of the impact of local nonprofits to a recent measure of local economic activity provides additional insight into the magnitude of the contribution. For example, the impact of the 93 nonprofits included in this study is 4 percent of Pueblo's personal income for 2000. This suggests that \$0.04 of each dollar of local income originates from the direct and induced impact of local nonprofits. About \$0.03 of every dollar is income generated as a result of the outside funding brought in by these organizations. This is income that **would not exist** locally if these agencies did not provide this function.

Other Survey Results

All of the nonprofits in our study indicated that part or all of their revenue was exempt under Section 501 of the IRS code. Seventy percent of revenue originating

outside from sources outside of Pueblo county came from state and federal grants, 1 percent came from fund raising, 20 percent from fees collected outside of the county, 6 percent from donations, 1 percent for endowments and 2 percent from other, external sources of income. The 93 nonprofits included in our sample reported total employee compensation of \$41,821,383 (includes wages and fringe benefits). In addition, these nonprofits reported 579,844 volunteer hours in 2001. Initially, we were interested in obtaining information on the number of people served by local nonprofits; however, we are unable to report these data due to inconsistent responses to our survey questions. For example, many respondents reported the number of unduplicated people visits while others reported the dollar value of these visits.

Conclusions

We were pleasantly surprised at the scale of the net economic impact due to the presence of nonprofits in Pueblo County. The data presented above reveal that nonprofits are a cornerstone of the local economy, providing more than 5% of the jobs in Pueblo County. These nonprofits also bring nearly \$50 million from outside the region. The spending that results from these funds supports over 600 jobs, in addition to the nearly 2,400 people directly employed with nonprofits.

It is important to keep in mind, however, that the economic role played by local nonprofits depends significantly on the continued availability of outside funds, especially from government sources. Seventy percent of those outside funds originate from federal and state grants. These sources are sensitive to overall economic conditions and to state and federal budgets. Consequently, the current fiscal constraints at the federal and state

levels have the potential to have a significant adverse effect on the local economy if funds are cut significantly to local nonprofits.

Pueblo has a history of supporting for-profit, primary employers because their activity supports and creates additional local spending and jobs. Based on the analysis presented here, nonprofits involved in attracting external funds should be encouraged and supported. For instance, support could be given to facilitate the grant writing or other activities of local nonprofits that bring dollars into Pueblo. In addition to an enhanced ability to provide services, the community would benefit from the additional economic stimulus that would result.

Acknowledgements

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**Appendix A:
Names and Addresses of Local Nonprofits Contacted for Survey**

ORGANIZATION	ADDRESS	CITY	ZIP
AARP Information Center	3455 Dillon Drive, Unit 25 b	Pueblo	81008
Alzheimer's Association-Rocky Mtn Chapter	1157 W. Abriendo	Pueblo	81004
American Red Cross	3821 West Pueblo Blvd	Pueblo	81005
Animal Welfare & Protection	P.O. Box 11208	Pueblo	81001
Arkansas Valley Audubon	P. O. Box 11187	Pueblo	81001
Ascension Preschool	420 West 18 th Street	Pueblo	81003
Belmont Optimist Club	28458 Manning Road	Pueblo	81006
Big Brothers and Sisters	544 East Abriendo, Ste 208 G	Pueblo	81004
Bonfils Blood Center	717 Yosemite	Denver	80230
Boy Scouts, Rocky Mountain Council	411 S. Pueblo Blvd	Pueblo	81005
Boys and Girls Clubs of Pueblo	2601 Sprague	Pueblo	81004
Broadway Theater League	67 Louis Nelson Road	Pueblo	81001
Catholic Charities	429 W. 10th St., Ste.101	Pueblo	81003
Children First	900 West Orman CC165	Pueblo	81004
Colorado Bluesky Enterprises	115 W. 2nd St.	Pueblo	81003
Communities in Schools	216 E. Orman	Pueblo	81004
Concerned Parents of Pueblo	901 N Santa Fe	Pueblo	81003
Cooperative Care Center	325 West 10th St.	Pueblo	81003
Crossroads Managed Care	509 E. 13th St.	Pueblo	81001
Damon Runyon Repertory Theater	215 East Orman	Pueblo	81004
East Side Child Care	2717 East 8th St.	Pueblo	81001
El Pueblo Boys & Girls Ranch	1 El Pueblo Ranch Way	Pueblo	81006
Five Rings Ninjitsu	1321 30th Lane	Pueblo	81006
Friendly Harbor	1201 N. Greenwood St. #1	Pueblo	81003
Friends of Pueblo Symphony	1948 W. Galileo	Pueblo West	81007
GAIA Institute	111 West Evans	Pueblo	81004
Girl Scouts, Columbine Council	21 Montebello Road	Pueblo	81001
Greenway and Nature Center	5200 Nature Center Road	Pueblo	81003
Grupo Folklorico	120 Lake Avenue	Pueblo West	81007
Habitat for Humanity	P. O. Box 1871	Pueblo	81002
HARP Foundation	415 N. Grand	Pueblo	81003
John Neumann Catholic School	330 Lake Avenue	Pueblo	81004
Junior Achievement	601 N. Main #221	Pueblo	81003
La Gente Sports	2709 E. 15th	Pueblo	81001
Lighthouse Training Center	117 W. 11th Street	Pueblo	81003
Los Pobres Migrant Center	2011Oakland	Pueblo	81004
Mahatma Gandhi Center for Peace	201 Fordham Circle	Pueblo	81005
Martin Luther King, Jr. Museum	2713 N. Grand Ave.	Pueblo	81003
McClelland Children's Foundation	415 East Abriendo	Pueblo	81004
Mental Health Association of Pueblo	P.O. Box 4623/231 Dittmer	Pueblo	81003
Mountain Park Environmental Center	9161 Mountain Park Rd.	Beulah	81023
National Multiple Sclerosis Society	803 W. 4th St., Suite G	Pueblo	81003
Neighborhood Housing Services	825 N. Greenwood	Pueblo	81003
New Baxter Child Care	301 Lane 28	Pueblo	81006

ORGANIZATION	ADDRESS	CITY	ZIP
Old Timers Baseball Association	1790 Los Maderos drive	Pueblo	81006
David & Lucile Packard Foundation	4512 Solar Drive	Pueblo	81006
Parkview Hospital Foundation	400 West 16th St	Pueblo	81003
Parents & Friends of Lesbians and Gays	24173 Preston Road	Pueblo	81006
Pathways for Youth	401 North Main	Pueblo	81003
PEDCO Foundation	301 North Main Street	Pueblo	81003
Posada	1008 N. Grand Av.	Pueblo	81003
Pueblo African-American Concern Organization	3 Temple Drive	Pueblo	81001
Pueblo After 2	35 Terrace	Pueblo	81002
Pueblo Animal Services	1595 Stockyard Road	Pueblo	81001
Pueblo Arts Council	3135 Union	Pueblo	81003
Pueblo Child Advocacy Center	301 W. 13th St.	Pueblo	81003
Pueblo Community College Foundation	900 West Orman	Pueblo	81004
Pueblo Community Health Center	310 Colorado Ave.	Pueblo	81004
Pueblo County Medical Society	1925 East Orman	Pueblo	81004
Pueblo Diversified Industries	2828 Granada Blvd.	Pueblo	81005
Pueblo Goodwill Industries	1020 Constitution Road	Pueblo	81001
Pueblo Headstart	330 Lake Avenue	Pueblo	81001
Pueblo Hispanic Education Foundation	2200 Bonforte Blvd	Pueblo	81001
Pueblo Arts Council	1807 Lark Bunting	Pueblo	81001
Pueblo Medal of Honor Foundation	501 North Main, Ste 222	Pueblo	81003
Pueblo S.E.T. for Well-Being	1902 E. Orman	Pueblo	81004
Pueblo Suicide Prevention Center	1925 East Orman, Ste G-25	Pueblo	81004
Pueblo Symphony Association	2200 Bonforte Blvd	Pueblo	81001
Pueblo Youth Project	715 W. 20th Street, #204	Pueblo	81003
Pueblo Zoo	3455 Nuckolls	Pueblo	81005
Runyon Sports Complex	400 Stanton	Pueblo	81003
Sangre de Cristo Arts and Conference Center	210 N. Santa Fe Ave	Pueblo	81003
Sangre de Cristo Hospice	704 Elmhurst Place	Pueblo	81004
Sangre de Cristo Independent Living Center	803 W. 4th St.	Pueblo	81003
Sangre de Cristo Resource Conservation	1630 Hwy 50 W	Pueblo	81008
School District 60 Foundation	315 West Eleventh	Pueblo	81003
SCORE-Service Corp. of Retired Executives	302 N. Santa Fe	Pueblo	81003
Serra International	23 Newpark Lane	Pueblo	81001
Southern Colorado AIDS Project	1301 S. 8th Street, Ste. 200	Colo. Springs	80901
Southern Colorado Community Foundation	415 N. Grand Ave	Pueblo	81003
Southside Children's Center	2601 Sprague Ave	Pueblo	81004
Spanish Peaks Mental Health	1304 Chinook	Pueblo	81001
SRDA	230 North Union	Pueblo	81003
St. Therese Catholic School	320 Goodnight	Pueblo	81004
Stepping Stones Day School	2116 West 30th St.	Pueblo	81008
The ARC of Pueblo	2705 Vinewood	Pueblo	81005
United Way of Pueblo County	P. O. Box 11566	Pueblo	81001
University of Southern Colorado Foundation	2200 Bonforte Blvd	Pueblo	81001
Up with Education	705 Hunter Drive #706	Pueblo	81001
Washington Children's Center	401 South Prairie	Pueblo	81005

ORGANIZATION	ADDRESS	CITY	ZIP
Weisbrod Aircraft Museum	31001 Magnuson Avenue	Pueblo	81001
YMCA	700 N. Albany	Pueblo	81003
YWCA	801 N. Santa Fe	Pueblo	81003

Appendix B: Pueblo County Nonprofit Survey

1. Name of your organization: _____
2. Name, phone, and address of the person to contact for further information:
Name _____ Phone Number _____
Address _____
Email Address _____
3. Was all or part of your revenue exempt under Section 501 of the IRS code in 2001?
 YES NO Unsure
4. If YES to #3, which subsection of the IRS code applies to your organization: (check one)
 - A. 501 (C) (3)
 - B. 501 (C) (4)
 - C. 501 (C) (5)
 - D. 501 (C) (6)
 - E. 501 (C) (7)
 - F. 501 (C) (8)
 - G. 501 (C) (9)
 - H. 501 (C) (10)
 - I. Other _____
5. What category best describes your organization? (check only one)
 - A. Education
 - B. Human Services
 - C. Arts & Culture
 - D. Health
 - E. Religious
 - F. Recreational
 - G. Other _____
6. What geographic areas are served by your organization? (check all that are appropriate)
 - A. City of Pueblo
 - B. County of Pueblo
 - C. Greater Southern Colorado Region
 - D. State Wide
 - E. Other _____

7. What was your organization's TOTAL revenue in 2001?

8. We are interested in the amount of your organization's 2001 total revenue that originated from sources outside of Pueblo County. Please complete the following table and provide a total for your 2001 revenue originating from outside of Pueblo County. You may need to provide your best estimate in some cases.

A. State and Federal Grants	=	\$ _____
B. Fund Raising conducted outside of Pueblo County	=	\$ _____
C. Fees collected from outside of Pueblo County	=	\$ _____
D. Donations from other nonprofits and foundations located outside of Pueblo County	=	\$ _____
E. Endowment income from revenue collected outside of Pueblo County (your best estimate)	=	\$ _____
F. Other revenue collected from outside of Pueblo County	=	\$ _____
G. TOTAL 2001 Revenue from Outside of Pueblo County	=	\$ _____

9. How much did your organization give to other Pueblo nonprofits in 2001?

10. What were your organization's total expenditures in 2001?

11. What is your best estimate of the percentage, or amount, of your expenditures for 2001 that was spent outside of Pueblo County?

12. How much did your organization spend on payroll for employees who worked in Pueblo County in 2001? Do not include fringe benefits or payroll taxes.

13. How much did your organization spend on fringe benefits for employees working in Pueblo County in 2001?

14. Number of full-time employees working for your organization in Pueblo County in 2001?

15. Number of part-time employees working for your organization in Pueblo County in 2001?

16. What was the total number of volunteer hours for your organization in Pueblo County in 2001?

17. How many unduplicated people were served by your organization in Pueblo County in 2001?

18. What is your estimate of the percentage of the individuals in #17 that reside in (should total 100%):
City of Pueblo _____
Pueblo County (outside City limits) _____
Outside of Pueblo County _____

Please return this survey by December 18, 2002, using the attached postage-paid envelope, or return to:

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