

ECONOMIC IMPACTS OF 2010 FOUNDATION GRANTMAKING ON THE U.S. ECONOMY



This report, sponsored by The Philanthropic Collaborative, assesses the economic impacts of 2010 Foundation Grantmaking on the domestic economy. The study was conducted by Steven Peterson, Clinical Assistant Professor of Economics, University of Idaho and Benjamin Fujii, Research Assistant, University of Idaho and completed in November 2012.

Table of Contents

▶ Foreword	4 - 5
▶ Executive Summary	6 - 8
Key Findings.....	6
Case Studies.....	7
▶ Study Background	9
▶ Economic Modeling of Foundation Grantmaking.....	10 - 11
▶ Outputs of Economic Model.....	12 - 15
▶ Results	16 - 17
▶ Conclusions	18 - 19
▶ Case Studies	20 - 54
DePaul Industries.....	20
Educare.....	26
Georgia Aquarium.....	30
Mesilla Valley Community of Hope.....	34
Chattanooga RiverCity Company	39
Cherokee County Community Indicators Project	45
Casper College Early Childhood Learning Center	48
Mississippi HOPE Credit Union	52
▶ Appendix 1: Economic Analysis Results	55 - 58
▶ Appendix 2: Methodology, Caveats and Limitations of Study	59 - 60

Foreword

Foundation Grantmaking and America's Economic Strength

Philanthropy is tightly woven into the fabric of American society. It's hard to imagine our modern life without the many fruits of charitable giving, including the hospice program, insulin, the polio and other vaccines, Sesame Street, the 911 system, and even the white lines on our roadways. These and other advances in science, education, and public safety are among the products of philanthropy. From health care to job training and worker placement, foundations and charitable giving support thousands of organizations serving millions of people every day.

Although public and elected officials may be familiar with specific foundation-supported charitable organizations, the broader importance of the sector to our society and the size of its impact are less well known. As Lester Solomon and his colleagues recently noted, even the charitable sector itself does not fully “grasp and embrace” its own importance to our nation's economy. Fortunately, appreciation is growing for the far-reaching effect that foundations and charitable giving have in our communities, which is a good trend but there is much more to be done.

Today, America's struggling economic recovery is exacerbated by the threat of the “fiscal cliff,” which has the potential to significantly hamper economic recovery and even send the nation back into recession. The current debate in Washington proposes changes to incentives and regulations that would negatively impact foundations and charitable giving, which in turn will hurt those who benefit from that giving.

Thus, it is essential that policymakers better appreciate the active influence of foundation grantmaking and the philanthropic sector on America's economy. As they debate and strategize, policymakers and Americas benefit from fully understanding the harm – economic and otherwise – that can result from redirecting or diminishing philanthropic resources. This understanding begins with information about philanthropy and its contributions.

The Philanthropic Collaborative (TPC) is a non-partisan entity that brings together foundations, charities and elected officials to provide information to policymakers and others about the economic and social impact of foundation grantmaking. In recent years, TPC and others have provided research to help paint a clearer picture of that impact on the economy. This current TPC-commissioned study advances that research by undertaking a first-of-its-kind examination of the present and projected future impact of foundation grantmaking on the U.S. economy.

Using established economic models, this study examines how domestic foundation grants in 2010 (\$37.85 billion) are contributing to job creation, wages, GDP, and tax revenues. This study then takes the research further by using recognized economic modeling regularly applied to other industries and makes longer-term projections, producing an assessment of economic benefits over a lifetime, benefits such as better health care, educational opportunities, and a better quality of life.

The modeling in this study demonstrates that the economic effects of foundation grantmaking in America are substantial and should not be taken for granted.

Foundations create immediate jobs. Foundation grantmaking in 2010 created about 500,000 direct jobs. For example, a grant from a foundation to a preschool supports immediate jobs for those hired to implement the grant. Within one year, the number expands to nearly 1 million jobs when downstream and backward linkages are included.

Foreword

Foundation Grantmaking and America's Economic Strength

Foundations add significant long-term employment. Although naturally less certain, the economic modeling and analysis show that foundation grantmaking can be connected to nearly 4.5 million new jobs through their long-term benefits to society. When the backward linkages and multiplier effects of these benefits are included, they can have a total impact of 8.8 million jobs in the U.S. economy. This is because in the years after foundation grants are made there is a return on investment over time. For instance, the young people benefitting from the grant to a preschool are more likely to go to college, increase lifetime earnings, and improve quality of life for themselves and their family. This study measures these long-term benefits, which are triggered by the initial grants.

The economic benefits of grant programs can be felt for decades. Some of the case studies highlighted in this report document long-term economic benefits from reduced costs of juvenile crime, health care and social services, greater employment opportunities for the disabled and homeless, revitalized urban areas, and advanced longevity and quality of life from medical cures and treatments derived from scientific research. Other outcomes include improved worker education and productivity, as well as a thriving environment for business, which should not be neglected given the importance of schools, hospitals, cultural organizations, and other charitable enterprises to a community's ability to attract and retain businesses. Of course, philanthropic support for entrepreneurship and the ecosystem that supports it can be even more far-reaching.

Foundations spur widespread long-term economic activity. The study shows that \$37.85 billion in foundation grants in 2010 will be leveraged over decades, not just by multiplier effects but also by a return on investment leading to geometric expansion economically, measurable as transactions and additions to America's GDP over the long-term.

Foundations are changing communities. To illustrate the specific economic impact of foundation activity at the community level, this report includes a groundbreaking economic analysis of eight case studies of very different grant recipients from across the country. Each has contributed immensely to their communities economically, socially, and otherwise.

This report makes the virtuous charitable circle clear: a strong philanthropic sector contributes to a strong economy, which in turn strengthens philanthropy.

As complex private enterprises, foundations and the charitable organizations they support are – and continue to be – vital components of the U.S. economy rather than just an afterthought or a gap-filler. To view them simply through a social filter neglects their essential roles as participants in and contributors to our nation's economy. Similarly, to view them solely through an economic lens – or even more specifically as diverting tax resources – risks jeopardizing their immense social and other non-financial contributions. By presenting an economist's analysis supplemented by case studies, TPC's hope is that this study can shine light on both.

John Tyler
Chair, The Philanthropic Collaborative

Executive Summary

Key Findings

Nonprofit organizations and supporting grantmaking foundations exist ubiquitously in every economic sector, standing alongside for-profit businesses and services, complementing their economic activities and contributing to a wide array of benefits to the economy. Foundation grantmaking creates two types of economic contributions to the economy:

- 1) Immediate, tangible returns to the economy in the form of contributions to GDP, jobs, and taxes.
- 2) Longer-term, more substantial impacts which are more difficult to measure. Some of the benefits explored in this report include reduced costs of juvenile crime and social services, creating employment opportunities for the disabled and homeless, revitalizing urban areas, expanding the arts and education, increasing lifetime earnings by providing quality education, supporting STEM education and scientific research, and supporting research of medical cures and treatments.

This study measures both types of contributions. First, we measure the immediately tangible, short-term economic impacts of foundation grantmaking. To overcome government data limitations on nonprofits and foundation giving, we developed an approach to estimate the role of foundation grantmaking in the U.S. economy by utilizing a 2010 IMPLAN input/output model to estimate the economic impacts. We find the immediate short-term results of U.S. foundation grantmaking, including multiplier effects, to be 973,112 jobs and \$63.58 billion in GDP.

To get these figures, we start with U.S. foundations giving of approximately \$37.85 billion to U.S. domestic nonprofits in 2010. These grants directly created 491,551 jobs and contributed \$23.83 billion to the GDP. Factoring in the multiplier effects created from the backward linkages in the economy, the short-term impacts increase to a total of 973,112 jobs and \$63.58 billion in GDP. The impacts are further broken down and reported by foundation classification in Appendix 1. For example, foundation grants to the *arts, culture, and humanities* alone created 73,771 direct jobs and contributed \$2.58 billion in GDP. Again by way of example, when multipliers are applied to grants in *arts, culture, and humanities*, we find 127,382 jobs created and \$6.97 billion added to the GDP. In addition, total foundation grants in 2010 contributed \$13.00 billion in total federal, state, and local taxes (including the multiplier effects).

Second, we estimate the longer-term, more substantial impacts of foundation grantmaking. The direct short-term impacts were bridged to their broader, long-term social economic benefits by applying return-on-investment ratios (ROI's) uncovered in the groundbreaking study *The Social and Economic Value of Private and Community Foundations* by Robert Shapiro. We found that in the long-term U.S. foundations create 8,888,624 jobs and contribute \$570.56 billion to the GDP. They also contribute \$117.96 billion in total federal, state, and local taxes.

In all, the total long-term economic impacts represent between 5.1 percent to 7.0 percent of U.S. employment (depending on the measure) and approximately 3.9 percent of GDP.

Executive Summary

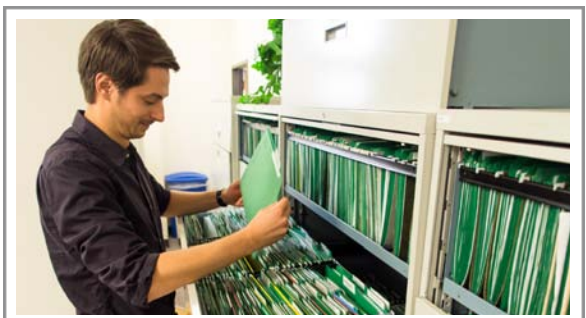
Case Studies

To expand upon the national analysis and evaluate the impact of grantmaking on local communities, the report examined eight case studies of foundation grantees from across the country. Each unique case study provides an overview of the program and an economic analysis based on data from personal interviews, operating and construction budgets, and annual reports. In some cases we track the impact of specific grants, while in others we look at entire programs.

DePaul Industries – Oregon and Southwest Washington: DePaul Industries mission is putting people to work; providing individuals with disabilities the opportunity to earn a lifetime stream of income that otherwise might not exist. The impact of providing an average lifetime income can have a net present value of over half a million dollars, so the multiplier effects of such workforce training and job placement can be tremendous. By its 40th anniversary in 2011, DePaul had trained or employed more than 15,000 people with disabilities and paid wages and benefits over \$150 million. Last year alone, DePaul generated earned revenue of about \$30 million and employed 2,000 people with disabilities. In the long-term, we find DePaul's work contributes \$194.80 million to the annual GDP and is responsible for almost 4,000 jobs in the community.

Educare – Lincoln, Nebraska: On October 8, 2011, local partners broke ground on a new type of school in Lincoln, Nebraska: a state of the art early education center aimed at nurturing the city's disadvantaged families. Educare is a research-based program that prepares at-risk children, under five years old, for school by investing in their first five years of life and learning. This center will prepare families and their infants, toddlers and preschoolers for a successful life that otherwise may have been out of grasp. Educare of Lincoln has the capacity to help 150 to 200 children living in poverty improve their chances in life. When we include the long-term multiplier effects of early childhood education throughout the life of the child, we find that Educare of Lincoln will eventually contribute to about 524 jobs and add \$30.79 million to the GDP. And all of these long-term benefits come from an initial capital investment of just \$10.4 million, and an annual operating cost of about \$2.6 million.

Georgia Aquarium – Atlanta, Georgia: Cofounder of Home Depot Bernie Marcus gave a \$250 million gift to seed development of the Georgia Aquarium and help revitalize downtown Atlanta. Today, the aquarium is one of the country's biggest attractions. The aquarium has drawn more than 13 million visitors since it opened in 2005, revitalized a once stagnant downtown, and generated about \$1.6 billion for the greater Atlanta



metropolitan area. When all the long-term social and economic benefits and the multiplier effects are included, the original seed grant from Mr. Marcus contributes about \$190.98 million to the GDP and is responsible for about 2,691 jobs.

Mesilla Valley Community of Hope – Las Cruces, New Mexico: The Mesilla Valley Community of Hope (MVCH) serves the area's homeless and unemployed population, providing them with the resources they need to better their lives and eventually transition out of homelessness. Looking at MVCH as a whole, we find the economic returns from human services programs indeed take time to realize. However, the returns are significant. Even though the MVCH has annual operating revenues of just \$718,900, this balloons to almost \$6.4 million in long-term transactions in the economy, and 66 jobs which receive over \$2.2 million in compensation.

Chattanooga RiverCity Company – Chattanooga, Tennessee: In 1986, the RiverCity Company was created as a private nonprofit to implement a plan revitalizing Chattanooga's riverfront and downtown area. Twenty-six years later, Tennessee residents not only view downtown as a destination, but some have even relocated there to be closer to the thriving riverfront. When all the long-term social and economic benefits of the program are evaluated, and the multiplier effects are included, we find a total yield of \$14.15 million in GDP and 192 jobs. At the highest level, we also know the program has attracted approximately \$3.0 billion in construction investment since 1992 to downtown Chattanooga. If we assume this works out to about \$100 million a year in construction, that adds about 2,000 jobs and \$285.67 million in transactions to the economy.

Cherokee County Community Indicators Project – Cherokee County, South Carolina: When leaders, neighbors and friends come together for a single purpose, they can have huge impacts on entire communities. In Cherokee County, South Carolina, the United Way of the Piedmont, the Cherokee County Community Foundation and the Upstate Workforce Investment Board formed a partnership in 2009 to conduct a community indicators project that would eventually be called "Cherokee 2020". The project was seeded with the help of two generous seed grants totaling \$15,000. Over the long-term, the total

economic impacts of this relatively modest investment grows significantly to almost \$900,000 in transactions and half a million dollars in additional GDP. Also of note, the indirect taxes of about \$28,000 recouped from the efforts of Cherokee 2020 easily surpass the original \$15,000 investment.

Casper College Early Childhood Learning Center – Casper, Wyoming: The Casper College Early Childhood Learning Center (ECLC) provides life-enhancing opportunities for parents and children alike. Established in 1990, the ECLC serves as a preschool and childcare facility for the children of Casper College students and employees. It allows nontraditional students, those who did not begin college directly after high school, the opportunity to receive a higher education, by providing them with childcare. This gives parents the opportunity to train for a better job and a better paycheck, ultimately creating a better life for both parents and children. When all the long-term social and economic benefits and the multiplier effects are included, we find a total yield of \$6.45 million in additional GDP and 99 jobs.

Mississippi HOPE Credit Union – Utica, Mississippi and Mid South Communities: More than 32 percent of Mississippians are unbanked or underbanked, meaning they either don't have a bank account or have limited access to financial services. Without access to financial services, how do you access credit for a car loan, business loan, a home mortgage or to put your child through college? HOPE is making a difference by offering affordable mortgages and financial services to disadvantaged communities in the Mid South. HOPE is able to fulfill their mission in part thanks to funds from private foundations. This includes a \$250,000 grant from the Kresge Foundation in 2009 to support general operations. Over time, the \$250,000 in operating expenses eventually causes almost \$4 million in economic transactions and \$1.6 million in total payroll. If this scale is applied to HOPE's total operating expenses of \$20.3 million in 2011, the total economic impact is easily in the hundreds of millions of dollars.

Study Background

This report assesses the impact of Foundation Grantmaking within the United States in 2010 on the domestic economy. It has been sponsored by *The Philanthropic Collaborative*, began in August 2012 and was completed in November 2012. The study was conducted by Steven Peterson, Clinical Assistant Professor of Economics, University of Idaho and Benjamin Fujii, Research Assistant, University of Idaho.

Impacts of Foundation Activity: Foundation grantmaking has broad-based social and economic impacts on the U.S. economy and society. Some are relatively easy to measure, such as the dollar amount of grants and their direct effects on nonprofit organizations. Other impacts are easily measureable, such as the number of jobs created by these grants and the resulting total compensation paid to workers. Other more complex measures can also be estimated, such as the contributions these grants make to the gross domestic product (GDP) and how much they contribute to tax revenue. These types of impacts can be estimated by either survey methods or by economic models. The broader, long-term effects of foundation grantmaking on the economy are more difficult to measure. These effects include improvements in worker education and productivity, healthier and better living conditions, and creating an environment where for-profit businesses can thrive. Ultimately, many foundation grants are made with the goal of improving overall well-being and happiness - which is very difficult to measure.

This study begins with measuring the short-term, tangible impacts of foundation grants. Then, we use this information to estimate the long-term, broad impacts on the U.S. economy.

Focus of Study: Specifically, we begin by focusing on the tangible, short-term and near-term economic impacts of foundation grantmaking. We then bridge those impacts to broader, long-term social economic benefits by applying return-on-investment ratios uncovered in the groundbreaking study *The Social and Economic Value of Private and Community*

Foundations by Robert Shapiro.¹ The results are four levels of analysis, from immediate impacts to total, long-term impacts, which may span decades.

Challenges Evaluating Foundation Grantmaking: Ascertaining the precise role of foundation grantmaking and its impacts on nonprofit organizations and businesses in the U.S. economy is challenging for several reasons: 1) Nonprofit organizations are not organized into a single industrial classification (i.e. North American Industrial Classification NASIC) category. Rather they are scattered throughout most of the other industrial classifications; 2) Historically, the government has not formally tracked or distinguished nonprofits separately from other types of businesses in most of their data collections or related reports; and 3) Most foundations create and direct resources to fund the activities of other nonprofit organizations. The amount of data on nonprofit organizations and their role in the economy is improving, but some data is still not readily available (Salamon, 2006).² To overcome these limitations, the approach of this study was to estimate the role of foundation grantmaking in the U.S. economy utilizing an established economic model.

Economic Model-Overview: This study employs a 2010 IMPLAN input/output model of the U.S. economy to estimate the direct short-term and medium-term economic impacts of all U.S. foundation grantmaking. Aggregate data on all foundation domestic grantmaking in 2010 was supplied by the Foundation Center (based on a representative sample of foundations), which estimated total domestic foundation giving to be \$37.85 billion in 2010

¹ Shapiro, Robert J. and Aparna Mathur (December 2008). *The Social and Economic Value of Private and Community Foundations*. Sponsored by the Philanthropic Collaborative. Web Accessed: <http://www.murdock-trust.org/murdock-documents/resources/studies/FoundationStudy.pdf>

² Salamon, Lester M. and S.Wojciech Sokolowski (2006). *Employment in America's Charities: A Profile*. The John Hopkins Center for Civil Society Studies. See also: Lester M. and S.Wojciech Sokolowski (September 2005). *Nonprofit Organizations: New Insights from QCEW data*. Monthly Labor Review. P. 24.

Economic Modeling of Foundation Grantmaking

(excluding foundation grants spent abroad).³ The same model was then used to evaluate individual grants and programs in eight different case studies.

IMPLAN Model: IMPLAN is the most widely used input/output modeling software in the U.S. Pioneered by the U.S. Forest Service in the 1970s in cooperation with the Federal Emergency Management Agency and the United States Bureau of Land Management, they began work at the University of Minnesota in 1987. The company was privatized in 1993 and its software and data became widely available and was fully developed by the late 1990s.⁴

IMPLAN is both an economic input/output (I/O) modeling software program and a comprehensive database. IMPLAN draws data from the benchmark I/O accounts of the U.S., output estimates, and Regional Economic Information System (REIS) data from the U.S. Bureau of Economic Analysis (BEA).⁵ It incorporates Employment and Wage data (ES-202) from reports filed by all employers subject to unemployment compensation laws and employment data from the U.S. Bureau of Labor Statistics.⁶ IMPLAN also uses census data and County Business Pattern data from the U.S. Census Bureau in making economic evaluations.⁷

IMPLAN creates detailed production functions of the economy, identifying the inputs needed to produce results in different economic sectors. Each sectorial parameter for the economy is linked by ratios. With accurate data for one major parameter, you can estimate the other important parameters. For example, if you have the total number of jobs in a particular industry, you can estimate the total direct transactions (sales), contribution to GDP, total compensation, and indirect taxes for that sector. This study has such a parameter: total private foundation expenditures in 2010, classified by National Taxonomy of Exempt Entities (NTEE) codes, which is mapped to IMPLAN codes.

3 Foundation Center Data Sources and Descriptions: Search set is based on the grants sample database (circa 2010), which includes all of the grants of \$10,000 or more awarded to organizations by a sample of 1,330 larger U.S. foundations. Grants to individuals are not included in the file. The estimate is based on giving figures from the Foundation Center's circa 2010 grant-maker database which includes all independent, corporate, community, and operating foundations making grants of at least one dollar. Sources of data for these 75,000+ foundations include IRS information returns (Form 990-PF), foundation reports, and information reported to the Foundation Center on annual surveys of the top foundations by total giving. The Foundation Center (September 2012). Web accessed <http://foundationcenter.org>

4 IMPLAN, Web Accessed: <http://implan.com/V4> Also see IMPLAN PRO Version 2.0 Users Manual p. i, 2004.

5 Bureau of Economic Analysis (BEA). Web Accessed: <http://www.bea.gov/national/index.htm#gdp>

6 Bureau of Labor Statistics. Web Accessed: <http://www.bls.gov/cew>

7 County Business Patterns. U.S. Bureau of the Census. <http://www.census.gov/econ/cbp>

Foundation Classification Codes: Foundation grant expenditures are classified by Foundation Center Grants Classification System (GCS). We mapped those codes to the North American Industrial Classification System (NAICS) codes and, finally, to their IMPLAN counterparts. These served as the inputs into our economic model. From these inputs and the return on investment parameters from the Shapiro study, we estimated the total impacts of foundation grantmaking on the U.S. economy at a variety of stages.

Modeling Example - Hospitals: Foundation grantmaking to hospitals, as classified as E22 (hospitals-general) in the Foundation Center GCS coding, totaled \$585.3 million dollars in 2010. We mapped this to the NAICS code of 622110 (General Medical and Surgical Hospitals) and to the IMPLAN code of 397 (Private Hospitals). The \$585.3 million was entered in the IMPLAN model⁸, which then estimated that those grants directly produced \$329.5 million in GDP, \$301.7 million in total compensation, 4,572 jobs and \$1.67 million in indirect business taxes (note: the taxes output has been adjusted for the fact that many hospitals are nonprofits).

This was repeated for each GCS coded classification for all foundation grants in 2010.

Accuracy of Modeling Approach: This method of estimating direct employment, GDP, total compensation, and indirect taxes has strengths and potential weaknesses. Its strengths include a method to estimate the impacts of foundation grants and nonprofits when other data is limited or not available. Also it captures employment created from subcontractors, which traditional data collection or survey approaches will miss. Finally, the modeling approach is well established and based on solid government data parameters.

A potential weakness of this approach is that it estimates direct employment instead of counting the number of employees. This is mitigated by the fairly wide variance in government employment estimates and by the general difficulty in determining employment numbers by survey methods or direct data collection. For example, total U.S. employment reported by the Bureau of Labor Statistics' Quarterly Census of Employment and Wages was 127.8 million in 2010, excluding self-employed. The U.S. Bureau of Economic Analysis, however, estimated total U.S. employment to be 36% higher at 173.6 million, including self-employed and other labor categories. To further complicate matters, the U.S. Census Bureau's County Business Patterns data estimated total U.S. employment at 112.0 million, or 12% less than the Bureau of Labor Statistics' numbers. Each of these represents a different measure of job totals.

⁸ Minor modeling adjustments were made to the IMPLAN numbers depending on the sector to account for direct subcontracting by nonprofits but those differences were within 5% of the reported IMPLAN direct impacts and exactly equal to the total IMPLAN outputs which included the multiplier effects (not counting the adjustment to indirect taxes for nonprofit status).

Outputs of the Economic Model

The economic impacts of foundation grantmaking were analyzed at four different levels depending on the type of impacts and their scope over time.

Those four levels are:

- 1) **Direct immediate short-run impacts, that occur almost immediately, over the first few months:** These measures include the impact of foundation grants on U.S. transactions, gross domestic product (value added), total compensation, and indirect taxes that are generated almost immediately from the grant expenditures.
- 2) **Intermediate-term total impacts, that occur from a few months after a grant is made to approximately one year down the road:** These include the downstream economic effects of foundation grantmaking (i.e. the multiplier effects) in the U.S. economy. The multiplier effects include the direct, indirect, and induced impacts.
- 3) **Long-term direct benefits, that can occur years or several decades after a grant is made:** For this level of analysis, rates of return on foundation grantmaking were taken from the Shapiro study and then applied to each major foundation sector in (1) above to estimate the long-run direct effects. These include the broad social economic impacts and intangible benefits of foundation grantmaking.⁹
- 4) **Long-term total impacts, which include the economic linkages from the long-term direct impacts:** The long-term direct benefits from (3) above were then entered into the economic model to estimate the backward linkages to the overall economy (i.e. multiplier effects).¹⁰

These four levels of analysis represent, in a snapshot, a continuum of impacts from the immediate direct effects of foundation grantmaking on the U.S. economy to the longer-term, broader social impacts that occur over long periods of time. In effect, they represent the present and future impacts of foundation grantmaking across time and across geographies.

Application of Shapiro Rates of Return (ROI)

The long-term direct impacts (3) were estimated by using the Shapiro study social-economic return on investment ratios (ROI) per major foundation classification. The Shapiro overall average ROI was 8.58. This study applied Shapiro's ROIs for each of the major foundation classification levels and, due to aggregation and a slightly different composition of the classifications, produced an overall average of 8.97 ROI.

⁹ Note: The calculation of an ROI for a future stream of benefits employs the framework of a net benefit/cost assessment to those future cash flows.

¹⁰ This last level of analysis attempts to estimate the multiplier effects (i.e. the direct, indirect, and induced impacts) from the direct broad-based economic contributions to the economy from the foundation contributions of nonprofit operations. The direct long-term direct benefits estimated from the Shapiro study and reported in (3) are entered into the economic model to capture the backward linkages throughout the U.S. economy.

Description of Four Levels of Analysis

The following describes the four levels of analysis (from above) that measure the economic contributions of foundation grantmaking. Each level of analysis includes five metrics: total transactions, contribution to GDP, total compensation (payroll), employment (jobs), and indirect business taxes.

- 1) The first level of analysis from (1) above (direct immediate short-run impacts) represents the immediate effects of foundation grants. At this most basic level, grantees use funds given to them by foundations to fund their programs and activities. The expenditures of these grant dollars are broadly classified as total transactions (Note input/output terminology identifies these as either “sales or as outputs”. We will identify them as transactions or total transactions in this report). These total transactions include grantees’ immediate transactions, from hiring employees to purchasing supplies and equipment, capital investment transactions, hiring consultants for technical expertise, and any taxes or fees they pay. From these transactions, we can derive the grant’s net contribution to the economy or gross domestic product (GDP). Grantees are also employers and use foundation dollars to hire direct employees. We calculate this number as direct employment. Their salaries and fringe benefits are also calculated by our model and are included in the direct total compensation (payroll) measure of outputs.

Finally, even though foundations and grantees have a tax-exempt status, these grants are still generating tax revenues in their communities, both indirect business taxes (which we calculate) and income taxes.

These direct economic benefits occur almost immediately from the delivery of a grant (within a few months).

- 2) The second level of analysis, direct intermediate-term impacts, includes the direct effects of foundation grants and all of the linkages to the rest of the economy (i.e. the multiplier effects).

Economic impacts are apportioned into two levels. The first level of analysis is the direct impact of foundation giving on the economy – the transactions, contribution to GDP, jobs, total compensation, and taxes that are directly created by nonprofit expenditures. The second level of analysis is comprised of two parts: 1) the impacts on other local, regional, and national businesses that provide goods or services to the grantees – the indirect impacts – and 2) the effect of grantees’ employees and related consumer spending on the economy – the induced impacts. The indirect and induced impacts are the so-called “ripple” or multiplier effects of a grantee spending foundation dollars in the economy. Foundation grants set off a web of transactions as each downstream nonprofit or business seeks to fulfill the demands of their customers. A grant’s impact upon the economy, from the grantee’s spending of that grant, is thus comprised of the magnitude of the multiplier(s) and the magnitude of the spending. The sum of the direct, indirect, and induced effects measures is our second level of analysis.

These are the intermediate-term effects of foundation grantmaking. They occur in the short-run, beginning after a few months and stretch to approximately a year from when the grant was first delivered.

- 3) The third level of analysis is long-term direct benefits of foundation grantmaking. This level of analysis was the focus of the Shapiro return on investment study, and represents the broad-based results of foundation giving, which is appropriate as most foundation grants are targeted at programs that have wide-ranging, substantial long-term benefits.

To calculate the long-term direct benefits of foundation grantmaking, the investment (i.e. grant awards) are multiplied by the long-term return on investment ratios discovered in the Shapiro study to capture the broad-based, long-term impacts of grantmaking.

What long-term benefits are we trying to capture, exactly? Let's take early childhood education programs as an example. These programs not only care for children during the day, but they impart valuable skills, which will help that child throughout their life. Over the course of several years, these programs reduce the costs of juvenile crime and social services costs needed to support their families. In the longer term, they help keep social welfare costs down by providing much-needed life and job skills, helping transform students into productive workers. Early childhood education enhanced lifetime earnings, which increases the tax base. For example, workers with a high school education have a medium income of \$34,197 versus \$23,277 for workers with less than a 9th grade education (a 47% increase). Workers with a bachelor's degree have a medium income \$57,206, a 67% increase over a high school degree and a 146% increase over workers with less than a 9th grade education.¹¹ The third level of analysis captures long-term economic benefits such as these.

Our analysis at this level incorporates the fact that many programs have a long-term return on investment (ROI) that takes years to realize. For example, a study of one such benchmark programs, the Perry Preschool Program in Ypsilanti, Michigan, took decades to complete but found economic returns of about 17 to 1 (p. 12). In other words, for every \$1 invested in the program there was \$17 of long-term social and economic benefits, but it took years to realize and measure.

These broader impacts, realized over many years and measured by the ROI ratios from the Shapiro study, are applied to the direct economic measures in the first level of analysis (1) above to calculate the long-term direct effects.

The results at the third level of analysis are very long-term. For example, if all foundation grantmaking were to cease tomorrow, it would take at least a generation for the economy and employment to contract by the amount cited in the third level of analysis because the long-term benefits take such a long time to be realized.

- 4) The fourth and final level of analysis calculates the multiplier effects from the economic linkages on the long-term direct benefits in the third level of analysis (3) above. Specifically, we apply the economic model multipliers to the long-term direct benefits to get the total economic impacts (short-term and long-term) from all sources including multiplier effects.

¹¹ U.S. Census (September 2011) Education and Synthetic Work-Life Earnings Estimates American Community Survey Reports. Web accessed: <http://www.census.gov/prod/2011pubs/acs-14.pdf>.

Base Year of Analysis

The base year of analysis was 2010, the year of the foundation grant data supplied by the Foundation Center. Again, it is important to note that most of the benefits and costs of programs supported by foundation grants (for the long-term analyses) stretch over many years, even decades. ROIs for individual studies are calculated through the use of benefit/cost analysis. The Shapiro study applied their estimated ROIs to foundation giving for 2007 data and we adapted them for the 2010 data used in this report. Thus, for the purposes of modeling, we treat 2010 as the point-in-time that the economic impacts and benefits are reported.

- 1) **Total Transactions:** Reflects the total transactions from all sources in dollars by direct, indirect, and induced economic activity (i.e. including the multiplier effects).
- 2) **Contribution to Gross Domestic Product (GDP or value added):** A subset of transactions. It is a measure of the net increase in the economy resulting from an increase in direct expenditures. It includes, wage and salary earnings (payroll), proprietors' income, other property income, and indirect business taxes.
- 3) **Total Compensation (payroll):** A subset of gross domestic product and includes wage, salary, and other proprietors' income payments and includes fringe benefits to workers.
- 4) **Employment:** Represents the total employment resulting from economic activity.
- 5) **Indirect business taxes:** Includes all taxes except payroll taxes, personal income taxes and corporate income taxes.

Results

Summarized Results

- 1) **Short-term direct:** \$37.85 billion in transactions (sales), \$23.83 billion in GDP, \$21.90 billion in total compensation, 491,551 jobs, and \$0.12 billion in indirect taxes (Figure 1).
- 2) **Medium-term total:** \$106.94 billion in transactions, \$63.58 billion in GDP, \$44.34 billion in total compensation, 973,112 jobs, and \$3.31 billion in indirect taxes (including the multiplier effects)(Figure 2)¹².
- 3) **Long-term direct:** \$339.56 billion in transactions, \$208.45 billion in GDP, \$192.36 billion in total compensation, 4,467,019 jobs, and \$4.66 billion in indirect taxes (Figure 3).
- 4) **Long-term total:** \$968.97 billion in transactions, \$570.56 billion in GDP, \$398.46 billion in total compensation, 8,888,624 jobs, and \$30.98 billion in indirect taxes (including the multiplier effects) (Figure 4).

Long-term Impacts Magnitude

The total long-term economic impacts from (4) represent between 5.1% to 7.0% of U.S. employment (depending on the measure) and approximately 3.9% of GDP. This is consistent with existing findings and literature on the size of the nonprofit community in America's economy. For example, Salamon (2006) found that nonprofits contributed to 7.2% of all paid workers, 10.5% of the total workforce when volunteers were included, and 6.6% of all U.S. wages.

Tax Impacts

We report several measures of tax impacts. First, we report indirect taxes, which include sales taxes, property taxes, and excise taxes. Secondly, we report payroll taxes and personal income taxes. Finally, we report corporate taxes. The tax impacts are reported by the economic model for both the medium term, second level of analysis (2 above) and long-term total, fourth level of analysis impacts (4 above).

In the first level of analysis, indirect taxes were reduced approximately 80% to account for nonprofit tax exemptions. Corporate income taxes were also

proportionally reduced. Nonprofit organizations are generally tax exempt, and do not pay some taxes. They are exempt from income taxes, and some sales and property taxes depending on the laws of the state where they operate. Some property, sales, and excise taxes are not exempt, however, depending on the state and the type of activity. Also, any services that are outsourced or contracted will be fully taxable. But the tax exemptions only occur in the first level of analysis. They do not apply to the last three analyses (except for the downstream effects of the exemptions adjustment in the first analysis) because both of the long-term direct impacts in (3) above and the backward linkages in (2) and (4) above are not affected by the nonprofit status and generate tax revenues. The downstream economic impacts (indirect and induced) from the multiplier effects are fully taxable in the second level of analysis because employees of nonprofits pay all taxes, as do downstream businesses and consumers. Finally, virtually all of the long-term impacts are fully taxable since they are derived from the stream of long-term tangible and intangible benefits of nonprofit activity (and not the direct nonprofit expenditures themselves).

¹² The effective average transactions or sales multiplier is approximately 2.83 which are consistent for a national U.S. level IMPLAN I/O model. For every \$1 of grant expenditures, there is \$2.83 of total dollar transactions created in the U.S. economy.

Medium-term total: \$4.59 billion in payroll taxes, \$4.20 billion in income taxes, \$3.30 billion in indirect taxes, and \$0.90 billion in corporate taxes for a total of \$13.00 billion. Of these taxes, \$4.60 billion are state and local taxes (35%) and \$8.42 billion are federal taxes (65%).

Long-term total: \$41.22 billion in payroll taxes, \$37.72 billion in income taxes, \$30.98 billion in indirect taxes, and \$8.04 billion in corporate taxes for a total of \$117.96 billion.

Annual Wages

The annual total compensation from jobs directly created by foundation giving is surprising robust. Nonprofit jobs supported by foundation giving paid an average of \$44,548 to their employees. This average includes all employer and employee fringe benefits, which is approximately 25% of total compensation (health care, employer retirement contributions, etc.). There is great variability among the different industries and activities supported by foundation giving. At the highest end, medical research pays an average of \$100,143 in total compensation, whereas the human services, such as youth development pays an average of \$22,657 per year including fringe benefits. Part of this variability is due to the fact that many nonprofit jobs either implicitly or explicitly have a “volunteer” component to the job, meaning workers are partially subsidizing their own work as their contribution to society.

Conclusions

Private grantmaking creates immediate, tangible returns to the economy in the form of job-creating expenditures, contributions to GDP, total compensation and payroll, and indirect taxes (identified as the short-term immediate direct in this study). In a U.S. economy that is slowly recovering from a deep recession, these are critically important. In the immediate short-run, foundation grants directly create just under 500,000 U.S. jobs.

As the direct expenditures arising from foundation grantmaking ripple through the economy from their multiplier effects, additional impacts are created, identified as the medium-term total - and they create just under 1 million jobs. These impacts are directly measurable, concrete contributions to the U.S. economy.

Foundation giving also creates longer-term, more substantial impacts (which are more difficult to measure). Nonprofit organizations exist ubiquitously in every economic sector, standing alongside for-profit businesses and services, complementing their economic activities. These nonprofit organizations and the foundations that support them are important to us, yet are often not thought of as economic drivers to the U.S. economy. But in reality, foundations in the U.S. support a wide array of nonprofit organizations, creating societal benefits that touch on every citizen at some point in their life. We have estimated these long-term, broad benefits in our third and fourth levels of analysis.

Private giving is able to achieve high return on investment because grantmaking is nimble, flexible, can be deployed quickly and efficiently, leading to innovative solutions to society's larger problems. It leverages private resources for the public good – that independence allows these dollars to impact change in diverse ways. One example is DePaul Industries. DePaul Industries provides employment opportunities to the disabled, increasing regional incomes and reducing government public assistance expenditures. They receive grants constituting only 3% of their total operating revenues, yet they are able to leverage \$1 of foundation giving for a total of

\$33 in economic activity. In the medium-term, DePaul generates \$84.56 million in transactions to the local economy annually, a payroll (total compensation) of \$47.03 million, 1,130 jobs, and indirect taxes of \$2.24 million (including the multiplier effects). Out of these total jobs, DePaul directly employs 710 workers. When the long-term total benefits are included, the jobs impacts increase to a total of 3,954 jobs.

Foundation grantmaking also creates innovative partnerships with economic development agencies to promote entrepreneurship and private enterprise. The Georgia Aquarium is a good example. First, Home Depot co-founder Bernard Marcus donated \$250 million in seed funding to build the Georgia Aquarium. Our model shows this one grant created 2,691 jobs in the long run when all of the short-term and long-term benefits and impacts are included. This is only part of the story, however. The grant is only a portion of the overall investment and operating contributions of the aquarium. There is also a complement of vendors and businesses that are tied to the aquarium. The aquarium created a vast cluster effect, bringing scores of new businesses to Atlanta, revitalizing the surrounding urban area and attracting visitors from all over the world. It has supported an expansion of the arts and education downtown, including the Civil Rights Museum of Atlanta. The aquarium has increased opportunities for children and provided strong support for STEM education as well as scientific research in general. The full magnitude of aquarium's long-term economic contributions in partnership with private sector entrepreneurs and firms and other nonprofit organizations is not known, but could reach as much as 500 million dollars per year.

Another example of the long-term intangible social and economic benefits from foundation grantmaking can be seen in the Mesilla Valley Community of Hope in Las Cruces, New Mexico. Their primary mission is to assist the homeless, provide them life skills and shelter, and help in finding employment. Providing shelter, for example, is just part of the story when you consider what this really means.

Shelter is the foundation for modern life. You need shelter to hold a job, get an education, raise a family, receive access to other public services, receive medical treatment, and to become an active and productive citizen. The true long-term social benefits from simply finding someone a home can be remarkable. That can lead to a job, which can help a worker secure a lifetime stream of income. Having shelter and a steady income can lower public assistance costs, reduce incarceration rates, and reduce health care costs. A home provides a foundation for raising children, keeping them in school and out of trouble and they become productive taxpaying citizens in the future. The Mesilla Valley Community of Hope changes people's lives, creating the long downstream economic and social benefits that this study attempts to measure.

Overall, nationwide the long-term benefits and impacts from all foundation grantmaking are significant. They increase the direct job impacts from total foundation grantmaking from 491,551 million in the short-term to 4,467,019 in the long-run. Finally as these direct effects ripple through the economy, the total jobs in the economy related to foundation grantmaking increases to 8,888,624 jobs when all of the short-term, long-term, and multiplier effects are included. In short, foundation grantmaking and the nonprofit organizations they support are a vital component of the modern U.S. economy.

Case Studies

Case Study Methodology

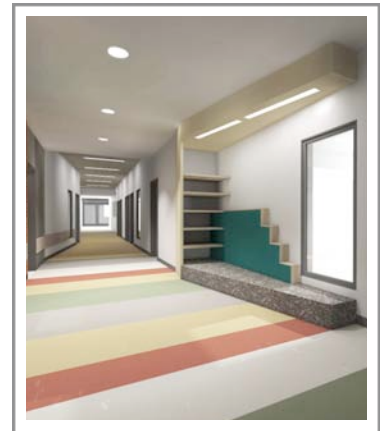
The methodology applied to each of the eight case studies was similar to that used to estimate the economic impacts of the overall foundation grant awards. The economic impacts were laid out similarly: 1) short-term (direct) immediate impacts, 2) intermediate-term impacts, 3) long-term direct benefits, and 4) long-term total impacts.

In the cases where the foundation grant was clearly used to purchase capital investments, it was annualized, using an implicit rental rate (interest rate + depreciation) to calculate annual expenditures. The short-term (direct) immediate impacts were used as the investment for the application of Shapiro's ROI to estimate the long-term direct benefits. A U.S. national model was used for each of the case studies instead of state or local IMPLAN models. While the majority of the long-term impacts occur locally or at the state level, a portion of impacts ultimately spread across the U.S.

For many case studies two separate analyses were conducted: 1) the economic impacts of the foundation grants, and 2) the economic impacts of the entire nonprofit program or a portion of that program. The Shapiro ROI's used to estimate the long-term direct benefits for entire programs were more conservative than for specific foundation grants for two reasons: 1) the foundation grants were easier to map directly to Shapiro ROI's, and 2) there was a strong leverage effect of the awards that supported the overall charitable operation and organization.

Thus, the results for analyses of individual grants at the short-term direct and intermediate levels of analysis are immediate, tangible and concretely measurable economic impacts. In the second two analyses (similarly as the overall study) at the long-term direct and long-term total, the estimated long-term impacts are more intangible and have wider variances. Those results should be interpreted carefully.

The case studies narratives have been developed through a combination of open source materials and consultation with representatives of grantmaking and grantee organizations, as well as local government officials. We received additional background information from several grantmaking and grantee organizations. The numerical data is based on personal interviews, operating and construction budgets, and annual reports from grantees.



DePaul Industries

Oregon and Southwest Washington

DePaul Industries is more than just a company. It is more than just a business that provides clients with solutions like Contract Packaging & Manufacturing, Staffing Services, and Security Services. DePaul is, in fact, an entire organization helping transform the lives of thousands of people with disabilities each year.

According to the Bureau of Labor Statistics, the rate of unemployment for people with disabilities is twice that of people without disabilities.¹³ Beyond that, of the total number of working-age people with disabilities in the U.S., only one-third of them even participate in the workforce—with ‘participation’ meaning the person either has a job or is actively looking for one. By way of contrast, three-quarters of working-age people without disabilities are participating in the workforce. With this disparity as a backdrop, DePaul Industries’ model leverages business demand to help close the gap between unemployment with people with disabilities and people without disabilities.

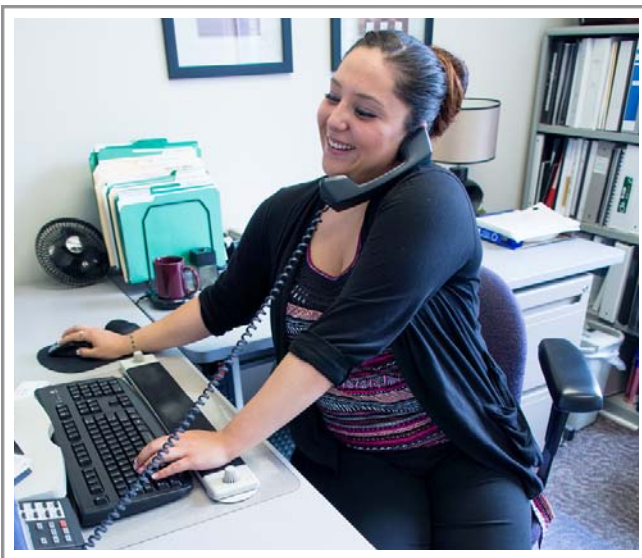
Over the past 40 years, DePaul Industries has grown from a localized nonprofit into an integrated, business-focused, entrepreneurial social venture. It has not only been recognized for its business success, but also for the value it adds to communities through its entire purpose for existence: creating employment

“DePaul Industries is an extraordinary entrepreneurial not-for-profit organization in our community.”

- Jeff Cogen, Multnomah County Chairman

opportunities for people with disabilities. In a perfect balance between business success and social good, DePaul has received multiple accolades, including the Oregon Ethics in Business Award, Oregon Business Magazine’s ‘100 Best Companies to Work For,’ and President & CEO Dave Shaffer’s honor of being named an Ernst & Young Entrepreneur of the Year.

“DePaul Industries is an extraordinary entrepreneurial not-for-profit organization in our community,” says Jeff Cogen, Multnomah County Chairman. “Their demand-driven employment model has made a huge impact for thousands of people with disabilities and, as they scale their efforts, is steadily closing the gap of employment between people with and without disabilities. Really, theirs is the model of true cross-sector collaboration that will successfully employ this enormously underutilized workforce.”



Integral to this success are foundation investments that have helped fuel DePaul’s growth, just as investments in any for-profit organization. For example, when DePaul recognized a dearth of food co-packaging operations on the West Coast early last decade, it designed and developed an entire Packaging business division to leverage that demand for people with disabilities. Through grants from the M.J. Murdock Charitable Trust and other foundations, DePaul was able to obtain the necessary capital investments to grow its packaging division into a \$10 million business that employs hundreds of people with disabilities each year.

¹³ The Bureau of Labor Statistics’ Persons with a Disability: Labor Force Characteristics 2011 Report.

DePaul Industries

Oregon and Southwest Washington

DePaul's Heart of the Workforce (HOW) Training program was developed out of a demand for knowledgeable seasonal and long-term skilled workers in the food processing industry. HOW prepares workers before they even arrive on the job, reducing turnover rates and delivering better trained and better prepared workers. For its design and implementation of the HOW Program, DePaul was named Food Processor of the Year by Northwest Food Processors Association (NWFPA) and received the Distinguished Premier Food Processor Award from NWFPA and the Hitachi Foundation.

Similarly, DePaul has spearheaded the national Project SEARCH program in Oregon, focusing on unique workforce development solutions that create jobs for individuals with significant barriers to employment. Like all other DePaul Industries' programs, Project SEARCH is demand-based, focusing on solving problems for business. "There's no want of supply of people with disabilities who want to work," says Shaffer. "By creating business demand, we find and go where the jobs are."

These programs continue to pay off. By its 40th anniversary in 2011, DePaul had trained or employed more than 15,000 people with disabilities and paid wages and benefits over \$150 million. Last year alone,

DePaul generated earned revenue of about \$30 million and employed 2,000 people with disabilities—with a 25% increase in the hours worked by people with disabilities over the previous year.

Most recently, DePaul Industries has partnered with Portland State University's 'Impact Entrepreneurs' program to help replicate and scale its social enterprise methodology. This will allow other organizations to build on DePaul's gains and expand DePaul's market-driven model of employing people with disabilities. Carolyn McKnight, the Executive Director of Impact Entrepreneurs, says their partnership to replicate DePaul Industries' model "has enormous impact potential across the nation, and perhaps worldwide."

DePaul also has its eyes set on the horizon as it continues to expand its model. Early in 2012, DePaul Industries unveiled a five-year strategic plan, which aims to nearly triple its earned revenue and its employment of people with disabilities by the end of fiscal year 2016. This ambitious expansion is borne of DePaul's greater vision of leveling the playing field for people with disabilities across the country.

"Our strategic plan is simply building upon the success of our proven business units," Shaffer said. "Scaling our Staffing, Security, and Contract Packaging &



DePaul Industries

Oregon and Southwest Washington

Manufacturing businesses means more jobs for people with disabilities—fulfilling our mission and social responsibility.”

DePaul Industries’ individual success stories are abundant as well. Antoinette M. had previously served in the Army and was injured overseas, and as a result was left with a non-visible injury and disability. Her disability didn’t limit her restlessness in searching for work, however. Through months of bouncing back and forth from Workforce Development, to agencies, to networking through her church and community, she struggled to find any employment—much less intellectually stimulating employment. Antoinette then found DePaul Industries through a referral. “DePaul asked me about my abilities—‘What can you do? What can’t you do?’ No one in my entire work experience had ever cared before,” she said. “My Employment Specialist told me that she wanted to find me a job to keep my mind busy, because she really wanted me to settle into a great job. I was stunned.” Shortly after, DePaul Industries secured Antoinette a full-time, challenging administrative position—a job she holds to this day.

“[DePaul’s] demand-driven employment model has made a huge impact for thousands of people with disabilities and, as they scale their efforts, is steadily closing the gap of employment between people with and without disabilities.”

- Jeff Cogen, Multnomah County Chairman

Economic Impact Summary

The economic impact of DePaul Industries is particularly challenging to analyze as its mission is putting people to work; providing individuals with disabilities the opportunity to earn a lifetime stream of income that otherwise might not exist. The impact of providing an average lifetime income can have a net present value of over half a million dollars¹⁴, so the multiplier effects of such workforce training and job placement can be tremendous.

As a foundation grantee, DePaul Industries received \$527,000 in generous grants for equipment purchases from the M.J. Murdock Charitable Trust—which we know directly supports 62 jobs, not including any downstream multiplier or social benefits. DePaul Industries as a whole is responsible for 710 immediate full-time jobs, also not including any downstream multiplier impacts. But when we begin running the economic analysis and looking at how this ripples through the economy, we begin to see how DePaul has an impact much larger than those immediately employed.

When we look at DePaul Industries expenditures as investments in the future, we begin to see the long-term economic impacts of workforce training and job placement. In our fourth level of analysis, once we calculate all the backward linkages and ripple effects that occur in the economy over decades, we find that DePaul’s work contributes to \$295.97 million in economic transactions, adds \$194.80 million to GDP, and is responsible for almost 4,000 jobs and \$165 million in annual payroll.

¹⁴ \$40,000 average annual salary, 7% discount rate, 40 years of employment

DePaul Industries

Oregon and Southwest Washington

Economic Analysis

This analysis estimates the economic impacts of DePaul Industries' total operations. In 2011, DePaul had \$27.24 million in operating revenues, which created \$25.45 million in labor expenditures. The organization supports a wide-array of employment training and employment opportunities for workers, and filed nearly 2,000 W-2 forms (i.e. total number of full and part-time workers over a year). DePaul directly employed 640 FTEs (full-time equivalents) and had a staff of 70 FTEs for a total of 710 FTE workers. It should be noted that the average annual salary (excluding staff) at DePaul is about \$33,000 including fringe benefits. DePaul's operations added \$27 million in GDP and \$20,424 in indirect taxes. These constitute the short-term direct economic impacts and can be seen in Figure 2.

Intermediate-term Impacts: The next level of analysis includes the direct effects of DePaul's total expenditures as well as all of the backward linkages in the economy (the direct from the first level of analysis, plus the indirect and induced effects—i.e. multiplier effects). The expenditures from DePaul Industries' operations create ripple effects throughout the economy, which manifest themselves over the course of the first year or two after being enacted. The standard economic impact analysis is represented by the medium term direct.

The economic impacts from the multiplier effects increase to approximately \$84.56 million in transactions to the local economy. This includes a net addition of \$55.66 million to gross domestic product (GDP) and out of that, total compensation of \$47.03 million, 1,130 jobs, and indirect taxes of \$2.24 million.

Long-term Direct Benefits: For the third level of analysis, the long-term direct benefits, the annual DePaul Industries expenditures are treated as an investment. We have selected a conservative return on investment ratio of 3.5 to 1 to reflect the long-term economic impacts of workforce training and job placement. These returns on investment come from the lifetime streams of income that disabled workers may not otherwise have if not for DePaul Industries' training programs and employment programs. If DePaul Industries secures a job for one worker, and that worker remains employed for a lifetime, the lifetime net present value of an average job can be over half a million dollars.

So, when we calculate the return on investment in terms of long-term direct social and economic benefits, (that occur over the long-term, potentially decades later) we find approximately \$95.36 million in transactions, adding \$94.48 million to the GDP, paying \$89.07 million in total compensation and adding about 2,500 jobs.



DePaul Industries

Oregon and Southwest Washington

Long-term Total Impacts: Finally, in our fourth level of analysis, we add in the backward linkages to the economy. These are the multiplier and ripple effects. We find that, all in all, DePaul Industries has a tremendous economic impact on the economy. DePaul's work contributes to \$295.97 million in economic transactions, adds \$194.80 million to the GDP, and is responsible for 3,954 jobs in the community which are paid \$164.59 million in annual total compensation.

This large impact is justified because, as previously mentioned, every time DePaul Industries finds one worker a job for life, the present value of that action can be over half a million dollars. For 500 workers having been placed in full-time employment who otherwise would not be working, it would add about \$267 million to the economy in the long-term, which is close to the \$296 million reported long-term total economic impacts. DePaul Industries has trained or employed more than 15,000 people over its history suggesting this is a conservative estimate.

	Transactions	GDP	Total Compensation	Jobs	Indirect Taxes
Short-term direct	\$ 27,244,768	\$ 26,992,865	\$ 25,449,295	710	\$ 20,424
Medium-term direct	\$ 84,561,945	\$ 55,656,435	\$ 47,026,030	1,130	\$ 2,235,236
Long-term direct	\$ 95,356,688	\$ 94,475,026	\$ 89,072,533	2,485	\$ 275,720
Long-term total	\$ 295,966,808	\$ 194,797,523	\$ 164,591,105	3,954	\$ 7,823,326
Economic Impacts of DePaul Industries					

Educare

Lincoln, Nebraska

On October 8, 2011, local partners broke ground on a new type of school in Lincoln, Nebraska: a state-of-the-art early education center aimed at nurturing the city's disadvantaged families. This center will prepare them and their infants, toddlers and preschoolers for a successful life that otherwise may have been out of grasp. Now, Educare of Lincoln has the capacity to help 150 to 200 children living in poverty improve their chances in life.

Educare is a research-based program that prepares at-risk children, under five years old, for school by investing in their first five years of life and learning. The schools, which have sprung up across the country, each serve 140-200 students throughout the year. The Educare Model is based on the philosophy that effective early learning programs can dramatically improve the trajectory of children growing up in poverty across America. Each school maintains a small class size, a highly educated staff, continuity of care (children have the same teachers), on-site family support, development of language and literacy skills, and an emphasis on social-emotional development, problem solving and parent engagement. The centers not only improve the lives of future generations, but also bring immediate economic benefits. In Lincoln, the Educare center will bring approximately 70 jobs for teachers and staff to the community.



“Many of us in law enforcement believe that it’s much easier to teach a boy, than turn around a broken man.”

- Brian Jackson, Assistant Police Chief,
City of Lincoln

The need for Educare has never been greater. In Nebraska, there are nearly 60,000 children under five years old; and about 39 percent of those are at risk of failing in school. The leaders of Nebraska’s Early Childhood Business Roundtable cite that more than 50 percent of high school students lack the written, verbal, critical thinking and problem-solving skills employers need, and 20 percent of the workforce is functionally illiterate.

Educare is making a difference. A study from the FPG Child Development Institute at the University of North Carolina – Chapel Hill has tracked Educare’s progress. Their study shows that low-income children, including those with limited proficiency in English, who started Educare as babies enter kindergarten with achievement levels closer to their middle-income peers. These results were much greater than expected, and show Educare’s potential to reverse a cycle of disadvantaged students growing up lacking basic skills. Preliminary research at the first and oldest Educare school, in Chicago, also indicates children retain their academic and social gains as they move through elementary school.

In Lincoln especially, nurturing healthy parent-child relationships early in life can mean the difference between a life of crime and recidivism, or an education and a good paying job. A study from the nonprofit Fight Crime: Invest in Kids, found that spending money on care for children before they are in kindergarten dramatically reduces crime and saves money. Lincoln’s Public Safety Director, Assistant

13 The Bureau of Labor Statistics’ Persons with a Disability: Labor Force Characteristics 2011 Report.

Educare

Lincoln, Nebraska

Police Chief, and Deputy Lancaster County Attorney all agree. Assistant Police Chief Brian Jackson says “many of us in law enforcement believe that it’s much easier to teach a boy, than turn around a broken man.”

Each Educare school in the nationwide network is a public-private partnership. The Educare of Lincoln partners include Lincoln Public Schools, Community Action Partnership of Lancaster and Saunders Counties, University of Nebraska and Buffett Early Childhood Fund.

Aaron Bowen, the Head Start director and COO of Community Action has “no doubt that Educare Lincoln will strengthen our capacity to serve these families effectively,” and calls the partnership “one of the most significant developments in Community Action’s 46 years.”

Marilyn Moore, the former associate superintendent of instruction for Lincoln Public Schools (LPS), says that she is “especially pleased to have this option for [their] earliest learners... our children will benefit from this program for their entire lives, and so will the community.”

Nationally, each Educare school’s operating budget is \$2.8 to \$3.4 million a year, with Head Start generally funding 50 to 60 percent of that cost. Educare Lincoln, like most Educare centers, is built adjacent to an elementary school to reinforce the message that early

learning is crucial. LPS invested \$2.4 million toward the construction of an addition to Belmont Elementary School that will link directly to Educare. LPS also will pay for the maintenance and utilities for the Educare facility. What’s more, Lincoln Community Foundation has invested \$500,000 to build Educare Lincoln.

In addition to local funding, Educare of Lincoln is being built with support of the University of Nebraska’s new Buffett Early Childhood Institute. The close partnership with a major public university is unique in the national Educare Network and will help Educare Lincoln fulfill its related mission to serve as a “showroom for quality” and a “catalyst of change” within the state capital and across Nebraska. About \$5.5 million of the initial funding for what will be a \$100 million Institute (once all funds are raised) has been allocated to building Educare Lincoln. What’s more, Educare Lincoln has received a \$1 million contribution from the Educare Replication Pool, which combines funds from Buffett Early Childhood Fund, W.K. Kellogg Foundation, Irving Harris Foundation, George Kaiser Family Foundation and the Bill & Melinda Gates Foundation. The replication pool is one way national funders encourage the development of new Educare schools across America.

This private-public partnership is a hopeful sign as Educare continues to expand across America, and begins to make a direct impact in Lincoln.



Educare

Lincoln, Nebraska

Economic Impact Summary

The medium-term direct impact of building Educare Lincoln, when we include the backward linkages through the local economy, is the creation of about 200 jobs in the first year or so. But the direct employment impact is only part of the story. The longer-term benefits of a quality preschool education are well documented, including greater worker productivity from enhanced lifetime job skills, and increased lifetime earnings. Benefits to the community include lower government costs of community services for troubled families, a broader tax base (from higher earnings), and lower incarceration costs. When we include the long-term multiplier effects of early childhood education throughout the life of the child, we find that Educare of Lincoln will eventually create about 524 jobs with annual compensation of about \$23 million, and add \$30.79 million to the GDP. And all of these long-term benefits come from an initial capital investment of just \$10.4 million, and an annual operating cost of about \$2.6 million.

Economic Analysis

Educare of Lincoln will cost approximately \$8.0 million in direct construction costs plus an additional \$2.4 million of other construction-related facility costs, for a total of \$10.4 million. A U.S. IMPLAN economic model was created to estimate the economic impacts of these economic activities. The immediate and short-term economic impacts are based on only the construction impacts, because the community feels these effects first. The long-term analyses however are based on total annual costs of the operation of the facility as a measure of the long-term annualized investment, and the appropriate ROI for early childhood education from the Shapiro study.

Immediate Impacts: The construction of the facility immediately added directly to the economy (first level of analysis) \$5.1 million in gross domestic product (GDP), total payroll of \$4.2 million, 82 jobs, and \$18,216 in indirect business taxes when construction begins.

“Our children will benefit from this program for their entire lives, and so will the community.”

- Marilyn Moore, former associate superintendent of instruction for Lincoln Public Schools

Intermediate-term Impacts: During the year of construction, this facility’s economic impacts increased to approximately \$29.82 million in transactions to the local economy. This includes a net addition of \$15.48 million to gross domestic product (GDP) and out of that, total compensation of \$10.3 million, 204 jobs, and indirect taxes of \$824,994. These include all of the backward linkages in the economy (the direct from the first level of analysis, plus the indirect and induced effects—i.e. multiplier effects).

Methodology of Long-term Direct Benefits: The long-term direct benefits estimate the positive total social and economic impacts from quality preschool education. They include greater worker productivity from enhanced lifetime job skills from education, and increased lifetime earnings from children whose academic achievements increase from quality early education. These impacts also include lower government costs of community services for troubled families and lower incarceration costs. Finally they include increased well-being and better informed citizens over a lifetime. Shapiro estimated the average return on investment (ROI) of education to be 5.08 to 1 and the Chicago Child-Parent Centers ROI was 17.07 to 1.

The annualized investment is estimated from the annual expenditures and expenses of the preschool and the 5.08 Shapiro ROI was selected for this study. The annual operating costs of the preschool are approximately \$2.6 million (an average of the estimated yearly \$2.5 to 2.7 million). In addition, the annualized capital costs are included by estimating an implicit rental rate (interest + depreciation) of

Educare

Lincoln, Nebraska

approximately \$732,000 per year. Total estimated annualized costs are \$3.3 million. These direct \$3.3 million of expenditures will create \$2.73 million in GDP, total compensation of \$2.69 million, 61 jobs, and \$68,027 in indirect taxes. Total long-term direct benefits are estimated by multiplying these impacts by the Shapiro ROI of 5.08.

Long-term Direct Benefits: The long-term direct benefits yield \$16.92 million in transactions, \$13.87 million in GDP, \$13.66 million in total compensation, 310 jobs and \$345,576 in indirect taxes when the social and economic benefits are included.

Long-term Total Impacts: Finally the backward linkages are estimated in included in the impacts (i.e. multiplier effects) which yields a total, long-term impact for the Educare center of \$47.41 million in transactions, \$30.79 million in GDP, \$23.23 million in total compensation, 524 jobs and \$1.89 million in indirect taxes when the short-term and long-term social and economic benefits are included and the multiplier effects are included.¹⁵



	Transactions	GDP	Total Compensation	Jobs	Indirect Taxes
Short-term direct	\$ 10,438,211	\$ 5,066,983	\$ 4,117,348	82	\$ 18,216
Medium-term direct	\$ 29,818,743	\$ 15,482,087	\$ 10,284,226	204	\$ 824,994
Long-term direct	\$ 16,924,388	\$ 13,872,347	\$ 13,657,985	310	\$ 345,576
Long-term total	\$ 47,405,261	\$ 30,785,056	\$ 23,230,478	524	\$ 1,887,376

Economic Impacts of the Educare System

¹⁵ Caveat: these impacts represent the long-term social and economic tangible and intangible impacts of preschool and should be interpreted carefully. The operational economic impacts based solely on the annual expenditures (U.S.) are \$9.3 million in sales, \$6.1 million in GDP, \$4.57 million in total compensation, 103 jobs, and \$371,309 in indirect business taxes.

Georgia Aquarium

Atlanta, Georgia

When a businessman becomes a philanthropist, the return on investment is no longer about a measured profit for shareholders. It is instead, according to the co-founder of Home Depot Bernie Marcus, measured by “how many lives you’ve saved, whether or not you’ve developed a drug that’s going to cure people, whether or not children are getting a better education.” It’s about the impact on your community.

Marcus followed this philosophy in creating the Georgia Aquarium. After opening the first Home Depot store in Atlanta, Marcus wanted to give back to the city to reinvigorate the economy and spark the stagnant tourism industry. With a \$250 million gift, he seeded the Georgia Aquarium with the necessary resources to grow into one of the country’s biggest attractions.

“I wanted to do something that had a major impact on downtown, something that would draw people to the area, not only folks from out of town, but those living in communities around Atlanta, people who may never have been to downtown or only to a football or basketball game,” Marcus says. “When you bring people in, they’re going to spend money, and spending money is going to create jobs in this state and create an environment where this state can prosper better than it ever did before.”

Marcus was right. The aquarium has drawn more than 13 million visitors since it opened in 2005, and has revitalized a once stagnant downtown Atlanta. The



“I wanted to do something that had a major impact on downtown, something that would draw people to the area, not only folks from out of town, but those living in communities around Atlanta.”

-Bernie Marcus, Co-Founder, Home Depot

aquarium has generated about \$1.6 billion cumulatively for the greater Atlanta metropolitan area, enough to draw other major attractions like the World of Coca-Cola, the College Football Hall of Fame, and the Civil Rights Museum.

Fulfilling Marcus’s vision, tourists come to Atlanta, stay in hotels, go to local restaurants, and spend money in the local community. The aquarium itself employs more than 500 people, has 2,000 volunteers, and employs an additional 1,000 people via third-party vendors. Since the aquarium opened, new hotels have sprung up in the surrounding blocks, new restaurants have come to the area, and Ernst & Young and the American Cancer Society have moved thousands of employees downtown.

“With everything that happened to me here, I felt I wanted to give something to the city – and I wanted to do something spectacular, something that would last,” Marcus said.

Former Governor Roy Barnes called the aquarium “the single biggest attraction in the state of Georgia” when it was first announced in 2002. It has not disappointed.

The aquarium is not only a tourist attraction, but an educational facility which dedicates twenty-five percent of its gallery space to educate students of all ages. The aquarium provides facilities for aquatic

Georgia Aquarium

Atlanta, Georgia

animal conservation and research, and hosts a 10,000 square foot animal health facility for world class veterinarians. Globally, the Georgia Aquarium leads research on environmentalism and conservation.

This is the kind of return on investment Marcus planned for. It gives people joy, educates children, contributes to research throughout the world, pulled a struggling economy from the brink and continues to add value to the community. This is philanthropy at its finest.

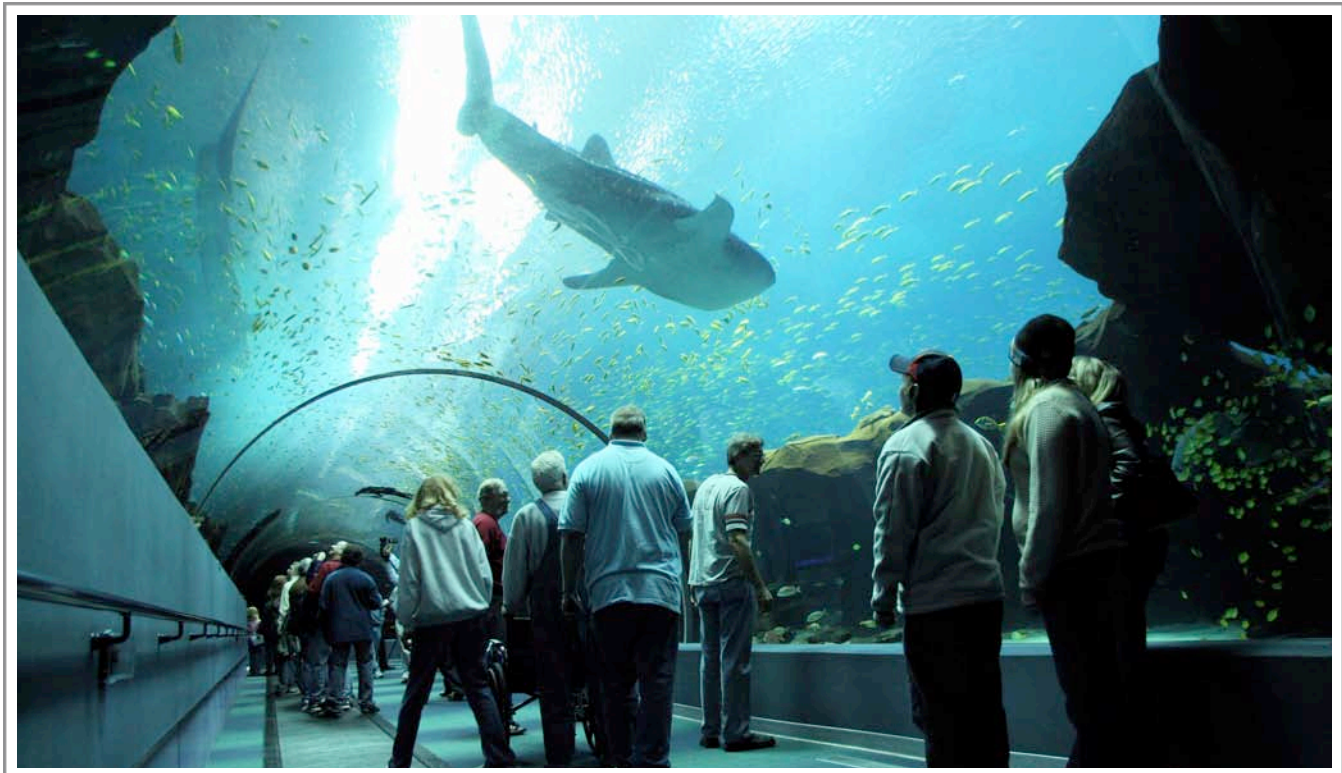
“The Georgia Aquarium has proven to be an unprecedented catalyst for economic growth, and has played an ongoing key role in remaking portions of Atlanta’s historic city center, said Georgia Aquarium president and COO David Kimmel. “Since the addition of the Georgia Aquarium and other appealing new destination venues, downtown Atlanta now presents visitors with a large and diverse collection of attractions, creating synergy which draws residents and visitors downtown and increases the city’s reputation as a leisure destination.”

Economic Impact Summary

With a \$250 million gift, Bernie Marcus provided the seed money required for the Georgia Aquarium to get off the ground, yet this was only a part of the total funds required to build the complex. We already know from existing reports the aquarium has generated about \$1.6 billion for the greater Atlanta metropolitan area, but what portion of this is attributable to the original seed grant of \$250 million?

We also know Mr. Marcus’s gift allowed the aquarium to open debt-free, so we calculated the annualized economic impacts of of a \$250 million capital debt, which works out to just over \$17 million. The immediate, direct impact is an additional 181 employees (or more) the aquarium can hire, and a total of about 350 additional local jobs including the multiplier effects. However, this does not take into account the high return on investment and multiplier impacts from reinvigorating Atlanta’s downtown.

The aquarium created a vast cluster effect, bringing scores of new businesses to Atlanta, revitalizing the



Georgia Aquarium

Atlanta, Georgia

surrounding urban areas and attracting visitors from all over the world. It has supported an expansion of arts and educational programs in downtown, increased opportunities for children, and provided strong support for STEM education and scientific research. When the full magnitude of the aquarium's long-term economic contributions are calculated, we find the impact of Mr. Marcus's seed grant is almost 2,700 jobs.

Economic Analysis

The Georgia Aquarium was constructed with the help of a generous \$250 million seed grant from the co-founder of Home Depot, Bernie Marcus. This economic analysis estimates the short-term and long-term impacts of this investment to the U.S. economy and society. To do this, we treated the initial \$250 million as annual payments on capital debt, which approximates to \$17.15 million annually.¹⁶ A U.S. IMPLAN economic model was created to estimate the economic impacts of this initial capital investment. The long-term analysis is based on the long-term annualized investment and the appropriate return in investment ratio (ROI) from the Shapiro study.

Immediate Impacts: The annualized \$250 million capital investment arising from the seed grant for the aquarium immediately, in the first level of analysis, added \$17.15 million in transactions directly to the economy, \$10.42 million in gross domestic product (GDP), total payroll of \$5.39 million, 181 jobs, and \$0.23 million in indirect business taxes.

Intermediate-term Impacts: In our second level of analysis, we apply backward linkages in the economy and multiplier effects to results from first level of analysis. Once applied, we find the seed grant's direct impacts expand to approximately \$41.11 million in transactions to the local economy. This includes a net addition of \$24.77 million to gross domestic product



“With everything that happened to me here, I felt I wanted to give something to the city – and I wanted to do something spectacular, something that would last.”

- Bernie Marcus, Co-Founder, Home Depot

(GDP) and out of that, total compensation of \$13.38 million, 349 jobs, and indirect taxes of \$1.37 million.

Methodology of Long-term Direct Benefits: The long-term direct benefits estimate the positive total social and economic impacts from the Georgia Aquarium; such as increased revitalization of the community, the cluster effects of attracting new businesses to the regional economy, and spurring new entrepreneurship. Other important community benefits include environmental awareness, increase in science education, and the promotion of STEM (science, technology, engineering, and mathematics) education. The aquarium will also increase community benefits

16 It is based on the portion of operating costs equivalent to the annualized opportunity costs of the capital investment (i.e. implicit rental rate) which approximates to \$17.15 million annually (based on a 6% long-term interest rate).

Georgia Aquarium

Atlanta, Georgia

from having a thriving tourist attraction, promoting scientific research, and keeping kids in school. Finally, they include increased well-being and better informed citizens over a lifetime. Shapiro estimated the average return in investment of such environmental protection and awareness programs to be 6.72 to 1. We employed a hybrid model of 7.71 to 1 because of Georgia Aquarium has educational benefits, environmental benefits, and economic development benefits.

Long-term Direct Benefits: The long-term direct benefits yield \$132.25 million in transactions, \$80.37 million GDP, \$41.57 million in total compensation, 1,395 jobs and \$8.04 million in indirect taxes when the social and economic benefits are included.

Long-term Total Impacts: Finally, the backward linkages are estimated and included in the impacts (i.e. multiplier effects) which yield \$316.99 million in transactions, \$190.98 million in GDP, \$103.13 million in total compensation, 2,691 jobs and \$10.55 million in indirect taxes when the short-term and long-term social and economic benefits are included and the multiplier effects are included.

	Transactions	GDP	Total Compensation	Jobs	Indirect Taxes
Short-term direct	\$ 17,153,182	\$ 10,424,136	\$ 5,391,699	181	\$ 232,788
Medium-term direct	\$ 41,113,908	\$ 24,770,549	\$ 13,376,505	349	\$ 1,368,383
Long-term direct	\$ 132,251,036	\$ 80,370,091	\$ 41,570,002	1,395	\$ 8,042,814
Long-term total	\$ 316,988,229	\$ 190,980,929	\$ 103,132,855	2,691	\$ 10,550,232

Economic Impacts of the Seed Grant for the Georgia Aquarium

Mesilla Valley Community of Hope

Las Cruces, New Mexico

Nestled in Las Cruces, New Mexico is a new community of support and progress that is changing lives every day. The Mesilla Valley Community of Hope (MVCH) serves the area's homeless and unemployed population, providing them with the resources they need to better their lives and eventually transition out of homelessness.

The program has a variety of components, the first of which is the homeless day service center. This center provides local homeless with basic services like showers, laundry, mail, and lockers, while also providing case managers who help people access services like disability benefits.

For Greg Franklin, the center and other programs are making a tangible difference. Greg once lived out of a van, selling phonebooks when he could to earn enough money to get by. With the help of MVCH, Greg moved into an apartment, found a full-time position at the Good Samaritan Society, and joined MVCH's board as their homeless representative. A year and half ago, Greg transitioned out of the program, remains employed at Good Samaritan, pays his rent and utilities, joined a local arts group, and continues to serve on the board. Nicole Martinez, the executive director of MVCH, says Greg contributes greatly to the organization, offering insightful perspectives and helping those who will soon follow in his footsteps.



“The City of Las Cruces has long been a partner with Mesilla Valley Community of Hope’s endeavors to end homelessness, past, present, and future... [and] appreciates MVCH’s commitment to helping homeless veterans transition out of homelessness permanently”

- David Dollahon, Chief Planning
Administrator, City of Las Cruces

“The City of Las Cruces has long been a partner with Mesilla Valley Community of Hope’s endeavors to end homelessness, past, present, and future. MVCH has established itself as the primary agency in addressing the need to end homelessness in the community and region,” David Dollahon, the Chief Planning Administrator for Las Cruces said. “The City has always appreciated MVCH’s willingness to undertake those efforts that not only benefit the homeless and near homeless, but the general public as well.”

MVCH also puts a special emphasis on helping homeless veterans. According to the Bureau of Labor Statistics, the unemployment rate for veterans returning from Afghanistan and Iraq is 9.7 percent, almost a full two points higher than the national average. The Department of Veterans Affairs estimated that in a single night, there were 67,495 homeless veterans who spent the night on the street, and in one year, 144,842 veterans spent at least one night in an emergency shelter or transitional housing program.

There is an unmet need to help veterans throughout the country, and programs like MVCH are making a difference. Partnering with the Mesilla Valley Public Housing Authority, MVCH started the Veterans

Mesilla Valley Community of Hope

Las Cruces, New Mexico

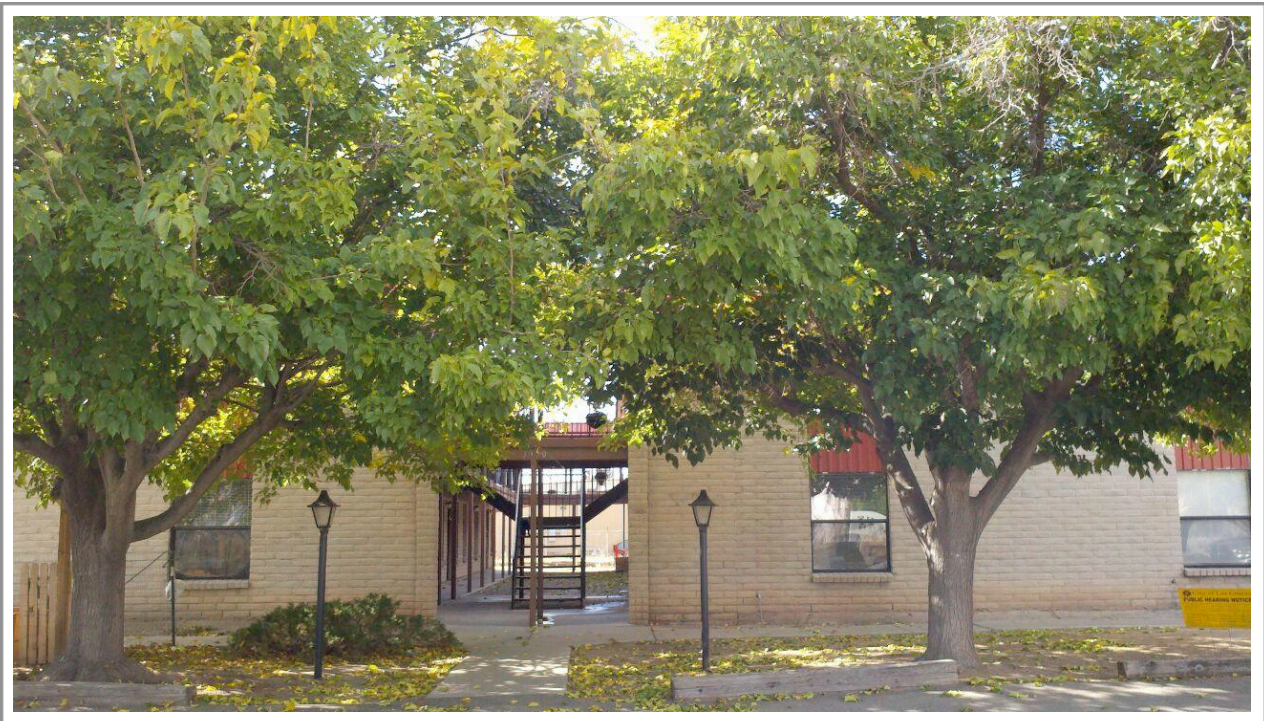
Transitional Housing Program. The program launched in November 2012, and offers five classes a week to enhance veterans' skills and prepare them to reenter the work force. The classes are offered in conjunction with community partners to help veterans learn how to cope with PTSD, how to budget, and how to write a resume. Some classes discuss the benefits of enrolling in school, and others teach cooking classes so veterans can become self-sufficient. Additionally, each veteran receives a case manager who works with them one-on-one to help them look for work.

"The City appreciates MVCH's commitment to helping homeless veterans transition out of homelessness permanently and know that the project will be a complete success," Dollahon said.

Martinez is excited about the new veterans program. "Getting our heroes off the streets and into housing while offering access to the skills needed to become independent, is an opportunity to actively change peoples' lives for the better. This program is a great example of how the City of Las Cruces is coming together in a collaborative effort to end homelessness and help those that have helped our nation."

These programs would not be possible without the generosity of foundations, and in this case, the Daniels Fund, which provided the seed money to get the Veterans Transitional Housing Program off the ground. A \$55,000 Daniels Fund grant has helped with everything from paying for a program coordinator to get classes started, to buying computers for job training and covering the phone bill.

Its programs like these, made possible by foundation giving, that are changing lives each and every day – bringing hope back to underserved communities and helping people get back on their feet.



Mesilla Valley Community of Hope

Las Cruces, New Mexico

Economic Impact Summary

We looked at the economic impact of Mesilla Valley Community of Hope from two perspectives. First, what will be the impact of the Daniel's Fund grant, which seeded the Veterans Transitional Housing Program, and second, what is the total economic impact of all of MVCH's programs?

When we analyzed the Daniel's Fund grant, we found unsurprisingly the initial grant has only been responsible for one to two direct jobs in the short-term. This is because the program did not lead to several new hires right away. However, once we apply a return on investment ratio to this grant and look at the long-term benefits of helping America's veterans reenter the workforce, we find this grant will contribute 22 jobs and about \$1.7 million in transactions to the economy. This is very reasonable considering the size of the program and the value of transitioning homeless veterans into living-wage jobs.

Looking at MVCH as a whole, we find that similarly, the economic returns from human services programs indeed take time to realize. However, the returns are significant. Even though the MVCH has annual operating revenues of just \$718,900, this balloons to almost \$6.4 million in long-term transactions in the economy, and 66 jobs which receive over \$2.2 million in compensation.

Economic Analysis

Overview: Mesilla Valley Community of Hope's primary mission is to assist the homeless, provide them life skills and shelter, and help them find employment. They also assist homeless veterans with an array of life skill training and other services.

We conduct two analyses: 1) We estimate the economic impacts of a \$55,000 grant from the Daniel's Fund to provide housing services to homeless veterans. Specifically, we estimate the short-run and long-run economic benefits of foundation giving to provide housing services to homeless veterans. 2) We also estimate the economic impacts of the Mesilla Valley

Community of Hope's entire operation in assisting the homeless in the Las Cruces regional economy of New Mexico. In particular, we estimate the short-term and long-term economic impact of Mesilla Valley Community of Hope's entire operation on the U.S. economy.

Economic Impact of Daniel's Fund Grant

The Mesilla Valley Community of Hope (MVCH) received \$55,000 as a seed grant from the Daniels Fund. This economic analysis calculates the short-term and long-term impacts of this contribution to the U.S. economy and society. The foundation grant was treated as annual operating expenditures because the program is intended to provide an annual flow of services to homeless veterans.

A U.S. IMPLAN economic model was created to estimate the economic impacts of this seed grant on the economy. A U.S. model is adopted since we are estimating these impacts at the national level and since the long-term impacts will partially diffuse throughout the U.S. The long-term analysis is based on the short-term impacts and the appropriate return on investment (ROI) from the Shapiro study.

Immediate Impacts: The \$55,000 seed grant immediately added \$55,000 in transactions directly to the economy (first level of analysis), \$36,521 in gross domestic product (GDP), total payroll of \$35,485, 1 job, and \$93 in indirect business taxes. These are immediate economic impacts that occur as the grant award is spent in the economy.

Intermediate-term Impacts: The next level of analysis includes the direct effects of the expenditures from the foundation grant as well as all of the backward linkages in the economy (the direct from the first level of analysis, plus the indirect and induced effects—i.e. multiplier effects). The expenditures from the grant awards create ripple effects throughout the economy which manifest themselves over the course of the first year or two.

Mesilla Valley Community of Hope

Las Cruces, New Mexico

The economic impacts from the multiplier effects increase to approximately \$159,767 in transactions to the local economy. This includes a net addition of \$95,105 to gross domestic product (GDP) and out of that, total compensation of \$69,024, 2 jobs, and indirect taxes of \$4,597.

Methodology of Long-term Direct Benefits: The short-run impacts measure the immediate tangible and directly measureable effects on the economy in the short-run. The long-term direct benefits include the short-run tangible impacts plus the more intangible (and difficult to measure) social and economic impacts arising from the grant award occurring over time.

In order to function effectively in society you need shelter. Shelter, food, and the other basic necessities of life provide the foundation for employment, education, and civic participation. MVCH provides housing services to the homeless. Their services ultimately lead to employment opportunities for the homeless, more efficient and less costly use of health care resources, and reduced overall government expenditures. They assist in providing stability to families and help keep children in school. MVCH provides a wide range of housing, employment, and life skills resources to the homeless, which provide broad based long-term social and economic returns.

We applied Shapiro's ROI for human services of 10.91 to 1 to this analysis. A key justification to this high ratio is the role and leveraging of foundation grants to increase the effectiveness of government sponsored programs and private sector partnerships. And we know the economic and social benefits from homeless services, life skills training, and employment resource programs can be considerable.

Long-term Direct Benefits: The long-term direct benefits yield \$600,050 in transactions, \$398,440 in GDP, \$387,144 in total compensation, 14 jobs and

\$4,705 in indirect taxes when the social and economic benefits are included.

Long-term Total Impacts: Finally the backward linkages are estimated and included in the long-term direct impacts (i.e. multiplier effects) which yield \$1,743,053 in transactions, \$1,037,549 in GDP, \$753,057 in total compensation, 22 jobs and \$50,156 in indirect taxes when the short-term and long-term social and economic benefits are included and the multiplier effects are included. (See Figure 1)

Economic Impacts of Mesilla Valley Community of Hope

The second analyses estimate the economic impacts of the total Mesilla Valley Community of Hope operations. In 2011 MVCH had \$718,900 in operating revenues, which created 393,062 in GDP, \$297,793 in total compensation, 12 jobs, and \$2,717 in indirect taxes. This constitutes the short-term direct economic impacts as seen in Figure 2.

MVCH assisted 755 homeless individuals over the year and provided housing services to 140. They operate group homes and sponsor a tent city for the homeless that has become a model that other communities are considering. These create substantial short-term social and economic benefits to the community.

Intermediate-term Impacts: The second level of analysis includes the direct effects of MVCH's total expenditures as well as all of the backward linkages in the economy, which gives us the multiplier effects. Expenditures from MVCH's operations create ripple effects throughout the economy, which manifest themselves over the course of the first year or two. The economic impacts at this second level increases to approximately \$1.91 million in transactions, adding \$1.05 million to gross domestic product (GDP), additional compensation of about \$663,591, 20 jobs, and indirect taxes of \$55,702.

Mesilla Valley Community of Hope

Las Cruces, New Mexico

Long-term Direct Benefits: The annual MVCH expenditures are an investment from taxpayers and private foundation grants. The return on investment (ROI) ratio discovered in the Shapiro study for housing services is relatively modest, under 2.0 to 1. For example, The Coalition for the Homeless/ABT Study had an ROI of 1.87 to 1. But MVCH provides much more than housing services. They offer an array of life skills training, employment opportunities, and community building. As a result, we averaged the 1.87 to 1 ROI with the Santa Anna Work Center ROI of 4.83 to 1 to calculate a 3.35 to 1 ROI for this analysis.

Once applied, the third level of analysis, long-term direct benefits, become \$2.41 million in transactions, \$1.32 million in additional GDP, \$1.00 million in total compensation, 42 jobs and \$34,648 in indirect taxes.

Long-term Total Impacts: Finally, in the fourth level of analysis, the backward linkages and multiplier effects are estimated and applied, which yields \$6.39 million in transactions, \$3.51 million in additional GDP, \$2.22 million in total compensation, 66 jobs and \$186,603 in indirect taxes.

	Transactions	GDP	Total Compensation	Jobs	Indirect Taxes
Short-term direct	\$ 55,000	\$ 36,521	\$ 35,485	1	\$ 93
Medium-term direct	\$ 159,767	\$ 95,105	\$ 69,024	2	\$ 4,597
Long-term direct	\$ 600,050	\$ 398,440	\$ 387,144	14	\$ 4,705
Long-term total	\$ 1,743,053	\$ 1,037,594	\$ 753,057	22	\$ 50,156

Figure 1: Economic Impacts of Foundation Grants to the Mesilla Valley Community of Hope

	Transactions	GDP	Total Compensation	Jobs	Indirect Taxes
Short-term direct	\$ 718,900	\$ 393,062	\$ 297,793	12	\$ 2,717
Medium-term direct	\$ 1,906,105	\$ 1,046,860	\$ 663,591	20	\$ 55,702
Long-term direct	\$ 2,408,315	\$ 1,316,756	\$ 997,608	42	\$ 34,648
Long-term total	\$ 6,385,452	\$ 3,506,983	\$ 2,223,029	66	\$ 186,603

Figure 2: Economic Impacts of the Mesilla Valley Community of Hope

Chattanooga RiverCity Company

Chattanooga, Tennessee

When most people think about nonprofits, they typically don't make the connection between nonprofits and for-profit businesses, let alone the ability of a single nonprofit to spark an economic revolution. In downtown Chattanooga, Tennessee, however, this is exactly what happened.

Throughout the country, cities are seeing a return to downtown life. A vigorous downtown boosts the economic health and quality of life in a community. Through the RiverCity Company, Chattanooga's downtown has created jobs, nourished small businesses, and boosted property values. It has created an economy that attracts more visitors, brings in greater revenues, and is becoming a cultural and social hotspot.

In 1986, the RiverCity Company was created as a private nonprofit to implement a plan revitalizing Chattanooga's riverfront and downtown area. Twenty-six years later, Tennessee residents not only view downtown as a destination, but some have even relocated there to be closer to the thriving riverfront. Chattanooga resident Chuck Crowder says, "My clients, favorite restaurants, music venues, outdoor spaces and more, are less than 10 minutes from my front door by car, bike or foot. The Chattanooga Market reminds me weekly just how close I am to the things that matter most to me: a vibrant community that provides outlets and opportunities for work and play."

Similarly, Chattanooga business owner Terri Holley believes, "the uniqueness of our downtown is what makes Chattanooga one of America's best mid-size cities."

None of this would have been possible without the RiverCity Company, a product of \$12 million in grants from local foundations and financial institutions. Because of the support from organizations like the Benwood Foundation, the RiverCity Company was able to create a plan to revitalize downtown Chattanooga, bringing businesses back and setting the stage for prosperous economic growth.

"Public-Private partnerships like the one Hamilton County enjoys with the River City Company are key to the revitalization our community has experienced over the last 25 years."

- Jim Coppinger, Mayor of Chattanooga

To do this, RiverCity supported and developed local real estate projects, including a 20-year, twenty-two mile blueprint for the riverfront. With the original seed money they were able to buy depressed property along the river and plan for its redevelopment. They thought about what businesses they wanted downtown, and went out recruiting retailers, restaurants, and hotels to set up shop.

Today, they continue to come up with new and innovative ways to attract retailers. Through their new 'pop ups' business concept, they lease out space to entrepreneurs rent-free for 6 months to test their success in downtown. RiverCity has also announced a new development called 'The Block,' which will add a new look to an old 6-screen movie theater located below a parking garage. This location will eventually host local retail businesses and boast 20,000 square feet of rock climbing walls.

RiverCity has been successful in part through its partnerships with local government, the private sector, philanthropic organizations and the public. Its official partners include the City of Chattanooga, Hamilton County, the Chattanooga Chamber of Commerce and the Riverfront Business and Resident Partnership. Its Board of Directors includes prominent community leaders from the Mayor of Chattanooga to the President/CEO of the Chattanooga Area Chamber of Commerce, and the President/CEO of Gordon Biersch Brewery Restaurant Group. RiverCity has also

Chattanooga RiverCity Company

Chattanooga, Tennessee

engaged citizens in the planning process so their input is included and they have a stake in the area's future. Mayor Jim Coppinger says, "Public-Private partnerships like the one Hamilton County enjoys with the River City Company are key to the revitalization our community has experienced over the last 25 years."

River City has been at the forefront of our reshaping the face of downtown from its earliest years with the conversion of the Trolley Car Barns into a restaurant zone, to the evolution of Kirkman School into an area that now hosts a museum, professional baseball field, IMAX Theater and hotel."

RiverCity continues to expand, and with the help of foundation grants, it has started the Urban Design Challenge, which showcases ideas from local talent on the best future uses of key downtown sites. Another grant has been used to hire a coordinator who will recruit new retail establishments into downtown.

Kristy Huntley from the Benwood Foundation says, "RiverCity has played a vital role in building understanding of the importance of downtown to the region's economy and fostering entrepreneurial development to better serve the small business community. By collaborating with private, nonprofit

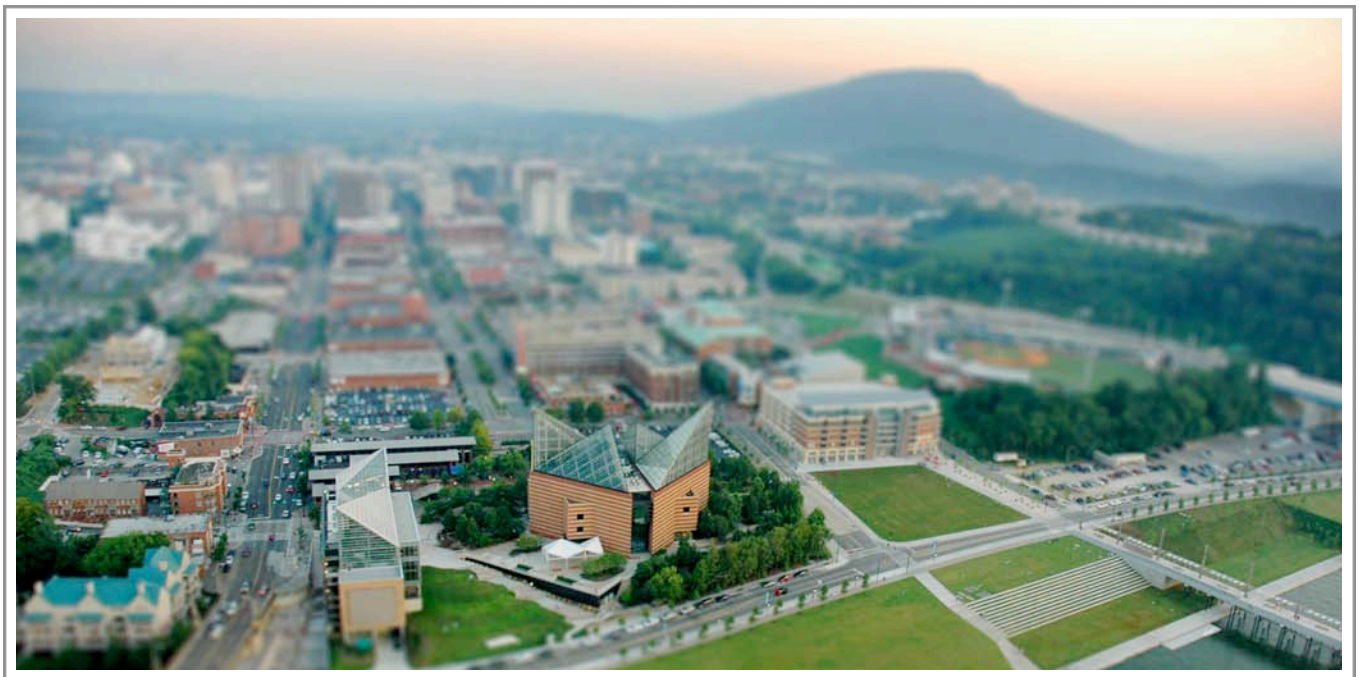
and public agencies, they continue to make Chattanooga an appealing place to live, work and play."

All in all, RiverCity is the story of a nonprofit creating the necessary environment for businesses to thrive, restoring downtown Chattanooga into a cultural staple for Tennessee.

Economic Impact Summary

Evaluating the total economic impacts of the RiverCity Company has proven challenging. At the highest level, we know the program has attracted approximately \$3.0 billion in construction investment since 1992 to downtown Chattanooga. If we assume this works out to about \$100 million a year in construction, that adds about 2,000 jobs and \$285.67 million in transactions to the economy.

If we dive further into some of the individual programs, we can estimate the impact of specific foundation dollars. RiverCity received \$250,000 in foundation grants for three projects: to hire a coordinator to recruit retail to downtown, to oversee the development of the Downtown Gift Card program, and employ the Urban Design Challenge. We find the



Chattanooga RiverCity Company

Chattanooga, Tennessee

\$250,000 spent on these three programs will eventually lead to \$3.6 million in transaction and \$1.6 million in total employee payroll.

We also looked at the impact of RiverCity's entire operation, which totals about \$3.7 million in annual expenditures. RiverCity has created a substantial cluster effect in the downtown region, attracting new businesses, keeping and retaining existing businesses, increasing tourism and visitors, enhancing the arts community, and attracting new employers seeking a high quality of life for their employees. Estimated conservatively, the long-term economic impacts attributable to RiverCity's operation are an additional \$22.2 million of spending every year, \$8.4 million in payroll and about 200 jobs. This is a conservative estimate because we already know there are an additional 2,000 jobs created just by the construction projects alone.

Economic Analysis

Chattanooga RiverCity Company (CRC) is an economic development agency that is helping to revitalize downtown Chattanooga, Tennessee.

We have conducted two economic analyses. First, we estimate the economic impacts from \$250,000 in foundation grants targeted at three projects: 1) hire a coordinator to recruit market-based retail

opportunities, 2) oversee the development of the Downtown Gift Card program, and 3) employ the Urban Design Challenge. Specifically we estimate the short-run and long-run economic benefits of these foundation grants targeted for urban renewal. 2) We also estimate the economic impacts of the Chattanooga RiverCity Company's (CRC) entire 2011 annual operation in assisting downtown urban revitalization. In particular, we estimate the short-term and long-term economic impact of CRC on the U.S. economy.

Economic Impact of Foundation Giving

The CRC received \$250,000 in grants to fund three targeted programs. This economic analysis calculates the short-term and long-term impacts of these contributions to the U.S. economy and society. The foundation grants were treated as operating expenditures, because the programs are intended to provide a flow of services.

A U.S. IMPLAN economic model was created to estimate the economic impacts of these grants on the economy. A U.S. model is adopted since we are estimating these impacts at the national level, and since the long-term impacts will partially diffuse throughout the U.S. The long-term analysis is based on the short-term impacts and an appropriate return on investment ratio taken from the Shapiro study. The results can be seen in the figure 'Economic Impacts of RiverCity Foundation Grants' below.



Immediate Impacts: In the first level of analysis, the \$250,000 seed grant immediately added \$250,000 in transactions directly to the economy, \$166,645 in additional gross domestic product (GDP), total payroll of \$160,374, 5 direct jobs, and \$676 in indirect business taxes. These are immediate economic impacts that occur as the grant award is spent immediately in the economy.

Intermediate-term Impacts: The second level of analysis includes the direct effects of spending the foundation dollars as well as the multiplier effects of indirect and induced spending and the backward

Chattanooga RiverCity Company

Chattanooga, Tennessee

linkages in the economy. This second level of analysis captures the ripple effects throughout the economy, which manifest themselves over the first year or two.

The economic impacts at this second level increase to approximately \$729,599 in transactions for the local economy. This includes a net addition of \$438,358 to gross domestic product (GDP) and out of that, total compensation of \$322,811, 8 jobs, and indirect taxes of \$22,894.

Methodology of Long-term Direct Benefits: The short-run impacts measure the immediate, tangible and directly measureable effects on the economy. The long-term, direct benefits include the short-run tangible impacts plus the more intangible (and difficult to measure) social and economic impacts arising from these programs that occur over several years.

There is not an exact measure of return on investment (ROI) that can be applied to various economic development agencies such as CRC. Thus, we applied a conservative hybrid ROI of 5.0 to 1. A key justification to this ratio is the role and leveraging of foundation grants to increase the effectiveness of government sponsored programs and private sector partnerships. The CRC has attracted over \$3 billion dollars in investment dollars to downtown since 1992. Scores of new businesses and enterprises have located downtown thanks to RiverCity. This has created new jobs in the regional economy, attracted clusters of new businesses, and created agglomeration economies. These in turn have downstream impacts including the promotion of the arts and education. By making the city more attractive, it becomes easier for other unrelated firms and businesses to recruit and keep employees.

Long-term Direct Benefits: In the third level of analysis, once all the social and economic benefits are included, the long-term direct benefits yield \$1.25 million in transactions, \$833,223 in additional GDP, \$801,868 in total compensation, 23 jobs and \$14,198 in indirect taxes.

Long-term Total Impacts: Finally, at the fourth level of analysis, when all the short-term and long-term social and economic benefits are included and the multiplier effects applied, we find a yield of \$3.65 million in transactions, \$2.19 million in additional GDP, \$1.61 million in total compensation, 41 jobs and \$114,470 in indirect taxes.

Chattanooga RiverCity Company

Chattanooga, Tennessee

Economic Impacts of Chattanooga RiverCity Company

The second analyses estimate the economic impacts of the total CRC operations. In 2011, CRC had \$3.70 million in operating revenues, which directly created \$2.67 million in GDP, \$1.64 million in total compensation, 40 jobs, and \$29,458 in indirect taxes.

This constitutes the short-term direct economic impacts and can be seen in the figure 'Economic Impacts of RiverCity Operations' below.

CRC has created a substantial cluster effect in the downtown region, attracting new businesses, keeping and retaining existing businesses, increasing tourism and visitors, enhancing the arts community, and attracting new employers seeking a high quality of life for their employees. These impacts create substantial short-term social and economic benefits for the community.

Intermediate-term Impacts: The second level of analysis includes the direct effects of CVC's total expenditures, as well as the backward linkages in the economy including indirect and induced effects. The expenditures from the CVC's operations create ripple effects throughout the economy, which manifest themselves over the course of the first year or two. The economic impact analysis at this level is represented by the medium term direct.

The economic impacts from the multiplier effects at the second level increase to approximately \$8.89 million in transactions in the local economy. This includes a net addition of \$5.66 million to gross domestic product (GDP) and out of that, total compensation of \$3.36 million, 77 jobs, and indirect taxes of \$264,875.

Long-term Direct Benefits: The annual CVC expenditures are an investment from taxpayers and private foundation grants. A composite return in investment ratio, taken from the Shapiro study, of 2.5 to 1 was employed. There was not a clear match to a previously measured program, so a conservative ratio was employed.

The long-term direct benefits at this third level of analysis, when the estimated social and economic benefits are included, yield \$9.25 million in transactions, \$6.67 million in additional GDP, \$4.09 million in total compensation, 100 jobs and \$250,395 in indirect taxes.

Long-term Total Impacts: Finally, at the fourth level of analysis, the backward linkages are estimated and included in the long-term direct impacts. When the short-term and long-term social and economic benefits are included and the multiplier effects applied, we find a total yield of \$22.23 million in transactions, \$14.15 million in GDP, \$8.40 million in total compensation, 192 jobs and \$662,188 in indirect taxes.

Chattanooga RiverCity Company

Chattanooga, Tennessee

Economic Impacts of Construction

As noted earlier, CVC has attracted approximately \$3.0 billion in construction investment since 1992 to downtown Chattanooga. That averages about \$100 million per year (although it should be noted this construction activity has occurred on an intermittent basis and these numbers are not formally annualized). For the purposes of illustration, we estimate the economic impacts of a hypothetical \$100 million in 2010 using our national model. If \$100 million of construction occurred in 2010, it would create \$285.67 million in transactions, \$148.32 million in GDP million, total compensation of \$98.52 million, 1,957 jobs, and \$8.60 million in indirect taxes. While these are nation-wide impacts, most of the activity would be felt in Chattanooga and greater Tennessee. This would represent the second level of analysis, the medium term direct economic impacts. This is in addition to the other impacts reported earlier.

	Transactions	GDP	Total Compensation	Jobs	Indirect Taxes
Short-term direct	\$ 250,000	\$ 166,645	\$ 160,374	5	\$ 676
Medium-term direct	\$ 729,599	\$ 438,358	\$ 322,811	8	\$ 22,894
Long-term direct	\$ 1,250,000	\$ 833,223	\$ 801,868	23	\$ 14,198
Long-term total	\$ 3,647,997	\$ 2,191,789	\$ 1,614,055	41	\$ 114,470

Figure 1: Economic Impacts of RiverCity Foundation Grants

	Transactions	GDP	Total Compensation	Jobs	Indirect Taxes
Short-term direct	\$ 3,700,000	\$ 2,669,257	\$ 1,637,176	40	\$ 29,458
Medium-term direct	\$ 8,890,096	\$ 5,659,528	\$ 3,361,383	77	\$ 264,875
Long-term direct	\$ 9,250,000	\$ 6,673,144	\$ 4,092,940	100	\$ 250,395
Long-term total	\$ 22,225,239	\$ 14,148,819	\$ 8,403,457	192	\$ 662,188

Figure 2: Economic Impacts of RiverCity Operations

Cherokee County Community Indicators Project

Cherokee County, South Carolina

When leaders, neighbors and friends come together for a single purpose, they can have huge impacts on entire communities. In Cherokee County, South Carolina, the United Way of the Piedmont, the Cherokee County Community Foundation and the Upstate Workforce Investment Board formed a partnership in 2009 called the Cherokee County Community Indicators Project. Their goal was to effect positive change on key issues within their community, incorporating dozens of local volunteers and concerned citizens to find the best way forward.

It started with gathering approximately 30 community leaders and concerned citizens, who spent days talking about the most pressing challenges facing Cherokee County. Five working committees were formed, each focused on a specific set of concerns. The committees included: Education, Public Health, Family and Youth at Risk, Crime and Safety, and Economic Development. Each of the five was charged with identifying areas where Cherokee County could be improved, and then finding ways to do it.

After renaming the project ‘Cherokee 2020,’ they proceeded to evaluate each of the five committees’ results. From here, the group developed a report that now serves as an educational tool, a foundation for future planning, and most importantly, will be a catalyst for enhancing the local quality of life.

One of the biggest takeaways from the Education Committee was that under-education proved to be a root problem in the community. To address this, the committee researched how to improve early childhood learning, finding ways to get parents involved in reading and math at an early age. They also helped implement career days for 4th graders so they could start thinking about long-term goals. In conjunction with community partners, Cherokee 2020 also established a scholarship fund at the local community college, which has provided scholarships for 35 students who otherwise would not have been able to go to school.



The Economic Development Committee also identified a way to boost industry in Cherokee County. Partnering with the County Development Board and County Chamber of Commerce, they commissioned a Business Retention and Expansion (BR&E) Study. With 60 to 80 percent of the community’s job creation coming from existing firms, the group is analyzing what it will take for these industries to grow and thrive in Cherokee. Another key part of their work is letting businesses and people know what resources are accessible to them, such as promoting training programs at the local college for would-be skilled workers.

Bailey Humphries, the chair of the Economic Development Committee said, “The goals of the BR&E study are two-fold: one, help us retain the industries we already have, and two, make sure we address the barriers they see to expanding right here in Cherokee County.”

To further identify local strengths and weaknesses, Cherokee 2020 is sending out surveys to 87 businesses in the county, from Nestle Corp to family owned shops. The Committee will compile the results to identify how to best help local business— be it lobbying government on business regulations or overcoming existing obstacles hindering growth.

Cherokee County Community Indicators Project

Cherokee County, South Carolina

Cherokee 2020 is helping make local businesses stronger and smarter, boosting economic growth throughout the region. As other committees continue work on projects to enhance education and prevent crime, the residents of Cherokee County are finding a safer and more attractive place to live and work. Chamber of Commerce Director Kayla Robbs perhaps says it best, that the result will be a “more self-reliant local economy that is attentive to the challenges and opportunities seen by our industries.”

Economic Impact Summary

The long-term return on investment ratio for economic development programs like Cherokee 2020 tend to be very high, and many of their impacts are hard to measure. For example, streamlining local government regulations may have little to no cost but could spur significant economic growth. For Cherokee 2020, key focuses of the collaboration are education, job training, and building life skills for young workers. These goals are in turn linked to the vitality of the business community, on attracting living wage jobs, and on retaining firms and workers. For our economic

analysis, we assume the \$15,000 in grant funding to Cherokee 2020 will have a return on investment of about 20 to 1.

Over the long-term, the total economic impacts of this relatively modest investment grows significantly to almost \$900,000 in transactions and half a million dollars in additional GDP. Also of note, the indirect taxes of about \$28,000 recouped from the efforts of Cherokee 2020 easily surpass the original \$15,000 grant.

Economic Analysis

The Cherokee County Community Indicators Project, or Cherokee 2020, was conducted with the help of two generous seed grants totaling \$15,000. This economic analysis estimates the short-term and long-term impacts of this investment to the U.S. economy and society. A U.S. IMPLAN economic model was created to estimate the economic impacts resulting from these grants. The long-term analysis is based on the total grants and the appropriate return on investment ratio based on the Shapiro study.



Cherokee County Community Indicators Project

Cherokee County, South Carolina

Immediate Impacts: At the first level of analysis, the \$15,000 in grants immediately added \$15,000 in transactions directly to the economy. Other impacts at this first level of analysis were minimal.

Intermediate-term Impacts: At the second level of analysis, we include all of the backward linkages in the economy including the indirect and induced effects, but still over a relatively short period of time. At this level, the \$15,000 in grants leads to approximately \$43,573 in transactions in the local economy. This includes a net addition of \$25,938 to gross domestic product (GDP) and out of that, total compensation of \$18,825, about one job, and indirect taxes of \$1,390.

Methodology of Long-term Direct Benefits:

The community leaders of Cherokee County have interwoven a network of volunteers, nonprofit organizations, business leaders, and government leaders to improve the quality of life in the county across a wide array of programs and indicators. Key focuses of the collaboration are education, job training, and building life skills for young workers. These goals are in turn linked to the vitality of the business community, on attracting living wage jobs, and on retaining firms and workers. Overall, this is more than just a survey - it is part of an ongoing effort by a wide array of local leaders and programs to strengthen a community both in the short-term and long-term. Therefore, we applied a high estimated return on investment ratio of 20 to 1, based on similar programs highlighted in the Shapiro study.



Long-term Direct Benefits: At the third level of analysis, when the long-term social and economic benefits are included, we find long-term direct benefits of \$300,000 in transactions, \$195,480 in additional GDP, \$193,556 in total compensation, seven jobs and \$2,437 in indirect taxes.

Long-term Total Impacts: Finally, at the fourth level of analysis, we include the backward linkages and multiplier effects to find a total long-term impact of \$871,454 in transactions, \$518,754 in GDP, \$376,497 in total compensation, 11 jobs and \$27,803 in indirect taxes.

	Transactions	GDP	Total Compensation	Jobs	Indirect Taxes
Short-term direct	\$ 15,000	\$ 9,774	\$ 9,678	0	\$ 25
Medium-term direct	\$ 43,573	\$ 25,938	\$ 18,825	1	\$ 1,390
Long-term direct	\$ 300,000	\$ 195,480	\$ 193,556	7	\$ 2,437
Long-term total	\$ 871,454	\$ 518,754	\$ 376,497	11	\$ 27,803

Economic Impacts of Cherokee County Community Indicators Project

Casper College Early Childhood Learning Center

Casper, Wyoming

The Casper College Early Childhood Learning Center (ECLC) provides life-enhancing opportunities for parents and children alike. Established in 1990, the ECLC serves as a preschool and childcare facility for the children of Casper College students and employees. It allows nontraditional students, those who did not begin college directly after high school, the opportunity to receive a higher education, by providing them with childcare. This gives the parents the opportunity to train for a better job and a better paycheck, ultimately creating a better life for both the parent and child.

Casper College's ECLC not only helps parents receive an education, but also helps their children. The center serves 52 children from birth to five years old, providing an impactful pre-school education. The children are separated by age and have qualified teachers to mentor infants, toddlers, and preschoolers. The center is accredited by the National Academy of Early Childhood Programs, and serves Casper's most needy families; with over 50% of the children qualifying for childcare assistance through the Department of Family Services.

The center is also helping Casper College's Education students with their studies. Approximately 330 higher education students and volunteers from Natrona County and surrounding partner colleges use the center for real world experience and observational training with children, putting what they have learned into practice in a real classroom. Beyond higher education students, the ECLC provides additional early childhood training to parents, staff, and other members of the community, and offers a library of materials related to early childhood and parenting issues.

For the past 20 years, the ECLC was essentially working out of an old dormitory. The building was small, crowded, lacking of sufficient workspace for teachers and not designed for childcare – all factors presenting serious challenges. In need of a new facility, the ECLC applied for and received foundation funding to help build a new structure, increasing space by 1,000 square feet, accommodating the specific



needs of children, students, and parents, and providing a space specifically designed for child care. This new space enhances both teaching and learning, and assures parents their children are in good hands.

Meredith Vincent, a parent who uses the ECLC, says, "Affordable childcare where your kids are learning and happy is a priceless commodity that should never be taken for granted. The staff that runs and participates in the college program should be considered invaluable to not only the college and parents, but also the community as a whole."

The new space opened in January 2012, and is serving a mix of low income and special needs children. Fifty-five percent of the children qualify for free or reduced lunch, and eleven percent of the children receive special needs services from the Child Development Center of Natrona County.

This new space would not have been possible without foundation giving, which totaled \$1.17 million and funded the total construction costs of the facilities. Grants came from a variety of foundations including the Daniel's Fund, Zimmerman Family Foundation, Myra Fox Skelton Foundation, Goodstein Foundation, Harry T. Thorson Foundation and McMurry Foundation. Many generous contributions were also received from individual philanthropists. Without this support, these children may not have access to a preschool education, nor would their parents have the opportunity to pursue higher education.

Casper College Early Childhood Learning Center

Casper, Wyoming

The Litke Family says, “I wanted a chance to tell you all [ECLC] how much I appreciate everything you have done for Emma during her life here. She has been here since she was 6 weeks old. She has crawled here, walked here, potty trained here, learned friendship here, laughed here, cried here, learned her alphabet here and learned to read and write here.”

The center has indeed fulfilled its mission and is operating at 100 percent capacity, in addition to maintaining a long waiting list. The center has maximized their impact and stands as an exemplary model for both early childhood education and creating opportunities for single or disadvantaged parents to pursue higher education.

Economic Impact Summary

We have divided our analysis of the economic impacts of the new Casper College Early Childhood Learning Center into two parts. First, what are the immediate impacts of building the new center? Second, what are the long-term benefits of giving single and disadvantaged parents access to childcare, so they can pursue a higher education, while their children receive an early childhood education?

In the first two levels of analysis, we find the construction of the new center created a total of 26 new jobs, most likely in and around Casper, with over \$3.9 million in transactions. When we look at the program as a whole and the long-term impacts and ripple effects are applied, we find the ECLC will eventually contribute almost 100 jobs to the economy, with a payroll of almost \$4.8 million and total transactions in the economy of \$9.1 million. What’s more, after the initial foundation capital investments, all of these benefits are realized from an annual operating budget of just \$425,000.



Casper College Early Childhood Learning Center

Casper, Wyoming

Economic Analysis

The Casper College Early Childhood Learning Center (ECLC) preschool addition will cost approximately \$1.35 million in direct construction costs. A U.S. IMPLAN economic model was created to estimate the economic impacts of these economic activities. The immediate and short-term economic impacts are based on the construction impacts. The long-term analyses include a return on investment ratio to incorporate the long-term value of early childhood education and allowing parents to pursue higher education.

Immediate Impacts: Our first level of analysis, on the construction of the facility, found that it immediately added \$1.35 million in transactions, \$0.646 million in gross domestic product (GDP), \$0.525 million in payroll, ten jobs, and \$2,330 in indirect business taxes to the economy. Note this is just the result of constructing the facility.

Intermediate-term Impacts: In the second level of analysis, we look at all the multiplier and downstream impacts during the year of construction. At this next level, the facility's economic impacts will increase to approximately \$3.86 million in transactions to the local economy. This includes a net addition of \$2.0 million to gross domestic product (GDP) and out of that, total compensation of \$1.33 million, 26 jobs, and indirect taxes of \$106,800. These include all of the backward linkages in the economy – both the direct spending from the first level of analysis plus the indirect and induced effects that result from this spending.

Methodology of Long-term Direct Benefits: The long-term benefits in both the third and fourth levels of analysis estimate the positive total social and economic impacts from quality preschool education. This program provides childcare and preschool for nontraditional Casper College students, including some high risk students. The program helps keep parents in school, which increases their potential lifetime earnings. The program has substantial long-term benefits by reducing future social welfare payments, helping to keep families together, providing greater family stability, and enhancing the education of future generations of children. The program also complements the mission of Casper College and provides hands-on training for its students. The Shapiro report estimated an average return on investment for such education to be 5.08 to 1, but it could go as high as 17.07 to 1 (as recorded by the Chicago Child-Parent Centers). We assume a hybrid return on investment ratio of 7.0 to 1.

To calculate the total value of the program, we calculate the initial capital grants, which built facility as “annualized investments.” In other words, if the preschool had to take out a loan to construct the facility, or if they were to rent a space, how much would they pay every year? We estimate an implicit rental rate (interest + depreciation) of approximately \$80,461 per year. Then, we add this amount to the actual annual operating costs of the preschool, which are approximately 425,000. The total estimated annualized costs become \$505,461. Lastly, we apply the 7 to 1 ratio, and get the third level of analysis.



Casper College Early Childhood Learning Center

Casper, Wyoming

Long-term Direct Benefits: In the third level of analysis, the long-term direct benefits yield \$3.54 million in transactions, \$3.21 million in additional GDP, \$3.0 million in total compensation, 59 jobs and about \$127,979 in indirect taxes when all the social and economic benefits are included.

Long-term Total Impacts: Finally, the backward linkages and multiplier effects are estimated and included in the fourth level of analysis, which yields a total economic impact of \$9.13 million in transactions, \$6.45 million in additional GDP, \$4.79 million in total compensation, 99 jobs and \$196,730 in indirect taxes when all short-term and long-term social and economic benefits are included and multiplier effects applied.¹⁷

	Transactions	GDP	Total Compensation	Jobs	Indirect Taxes
Short-term direct	\$ 1,350,000	\$ 645,475	\$ 524,487	10	\$ 2,330
Medium-term direct	\$ 3,856,533	\$ 2,002,337	\$ 1,330,085	26	\$ 106,800
Long-term direct	\$ 3,538,224	\$ 3,207,107	\$ 3,009,883	59	\$ 127,979
Long-term total	\$ 9,129,053	\$ 6,448,768	\$ 4,789,644	99	\$ 196,730
Economic Impacts of the Casper College Early Childhood Learning Center					

¹⁷ Caveat: these impacts represent the long-term social and economic tangible and intangible impacts of preschool and should be interpreted carefully. The operational economic impacts based solely on the annual expenditures (U.S.) are \$1.30 million in sales, \$0.92 million in GDP, \$0.68 million in total compensation, 14 jobs, and \$28,104 in indirect business taxes.

Mississippi HOPE Credit Union

Utica, Mississippi and Mid South Communities

More than 32 percent of Mississippians are unbanked or underbanked, meaning they either don't have a bank account or have limited access to financial services. Without a bank account, how can you pay bills? Without access to financial services, how do you access credit for a car loan, business loan, a home mortgage or to put your child through college?

In many areas of the rural south, banks have pulled out all together, leaving gaps for predatory and payday lenders who charge exorbitant rates or target vulnerable populations such as the elderly. Many towns are in need of a legitimate bank. When the last bank in Utica, Mississippi closed, many residents were unsure where to turn. The HOPE Credit Union Enterprise Corporation responded, setting up a temporary branch so residents would not have to travel long distances for basic banking services.

In a similar fashion, HOPE is helping communities across the rural south. Since 2008, HOPE has established branches in ten communities, preserving

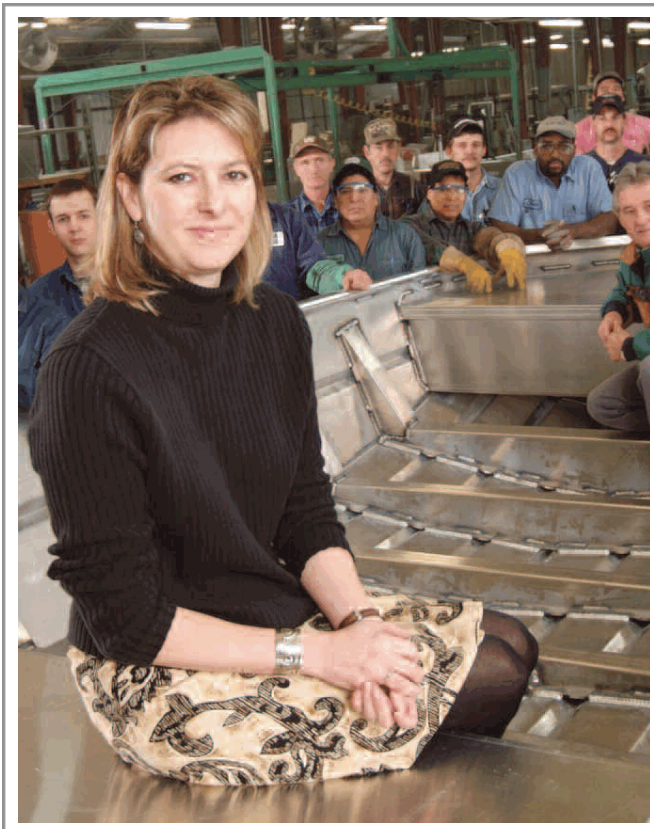
more than \$50 million in local assets and extending financial access to more than 20,000 individuals. HOPE offers an array of services including checking and savings accounts, credit and ATM cards, online banking, payday loan alternatives, business loans, home mortgages, and more. And they are already making a huge difference.

HOPE offers affordable mortgages, allowing people to own homes for the first time. With a home, people work more efficiently, are more comfortable raising a family and live a more balanced life. Eighty-three percent of HOPE's mortgages were made to first-time homebuyers. HOPE also provides financing for rental properties so families can access affordable rental housing if homeownership is not yet in reach.

Their success stories are prevalent. When Phyllis Byrd lost her mobile home in a storm, she worked with HOPE and the Tunica County Community Development Coalition to upgrade her credit and take homebuyer education classes. Soon after, she qualified for a mortgage through HOPE, and is now a homeowner.

HOPE also helps people with financial services. In 2011, HOPE started Kasasa, a free checking account that has provided underserved customers, particularly the elderly, with access to free checking. With Kasasa, people have access to a savings account and a debit card, in addition to favorable interest rates on money they put into savings. This basic service that many take for granted encourages residents to save while still giving them access to their funds, allowing them to buy basic items and pay their bills.

In desperate need of a new car, Willard Winn developed a strategy with HOPE to clear his past financial issues and strengthen his credit. Winn paid off his debt, and HOPE helped him send letters to credit agencies to update his credit report. A year later, Winn qualified for a loan and was able to get a new truck, allowing him to be more independent and self-reliant.



Mississippi HOPE Credit Union

Utica, Mississippi and Mid South Communities

“When I have a financial problem, I bring it to HOPE,” Winn said. “I have a great new truck, and my credit score is going up - I’m so happy.”

Many community banks suffered after the 2008 financial crisis, forced to limit access to funds and cut down on loans to consumers. HOPE, however, tells a different story. In 2011 alone, they offered \$34 million in commercial loans to financially distressed areas. This money flows through the economy with strong downstream impacts. One customer was New Biomass Energy, LCC, which was able to open a new plant that now employs 23 full-time workers and uses 30 local truckers and 100 loggers.

HOPE is able to fulfill their mission in part thanks to funds from private foundations. This includes a \$250,000 grant from the Kresge Foundation in 2009 to support their general operations. Without the generous contributions from foundations like Kresge, HOPE could not exist.

HOPE provides opportunities, not just by ensuring people have access to checking and savings, but by opening doors through access to credit. HOPE has allowed underserved populations to own homes and build businesses. They educate people on fiscal responsibility, helping build their credit and get out of debt. With eleven of the nation’s 25 poorest counties in the mid-south, HOPE is working to break the cycle of poverty by helping give people financial independence and economic self-sufficiency.



Economic Impact Summary

It is difficult to analyze the economic impact of providing financial services where there otherwise would be none. However, we know well what happens when credit dries up and banks close. For this economic analysis, we looked at one individual grant of \$250,000 from the Kresge Foundation in support of HOPE’s general operations to get an idea of the scale of impact.

We find that, while this grant does not have a large immediate economic effect, the long-term return on investment of providing credit and financial counseling is considerable. Over time, the \$250,000 in operating expenses eventually causes almost \$4 million in economic transactions and \$1.6 million in total payroll. If this scale is applied to HOPE’s total operating expenses of \$20.3 million in 2011, the total economic impact is easily in the hundreds of millions of dollars.

Economic Analysis

The Mississippi Hope Credit Union Project operates with the help of a generous \$250,000 grant from the Kresge Foundation. This economic analysis estimates the short-term and long-term impacts of this single investment in HOPE. A U.S. IMPLAN economic model was created to estimate the economic impacts resulting from this grant.

Immediate Impacts: At the first level of analysis, the \$250,000 grant immediately added \$250,000 in transactions directly to the economy, adding \$160,719 to the gross domestic product (GDP), total payroll of \$143,260, two direct jobs and \$1,005 in indirect business taxes.

Intermediate-term Impacts: At the second level of analysis, we include all of the backward linkages in the economy including the indirect and induced multiplier effects. At this level, the Kresge grant produced approximately \$726,736 in transactions, a net addition of \$421,409 to GDP, total compensation of \$292,076, five jobs, and indirect taxes of \$20,815.

Mississippi HOPE Credit Union

Utica, Mississippi and Mid South Communities

Methodology of Long-term Direct Benefits:

Mississippi HOPE Credit Union provides banking and credit services to low income and disadvantaged individuals and families, and credit is the foundation for a modern prosperous society. The credit union facilitates entrepreneurship and business ventures, helps provide family stability by assisting in long-term budgeting, and helps finance transportation and housing, among other important services. Banking services also help provide valuable investments in communities by building infrastructure and providing business investment. There is no establish return on investment ratio (ROI) for just such a program, so we developed a hybrid human services ROI of 5.5 to 1, and applied it to estimate the long-term economic impacts of the Kresge \$250,000 grant to HOPE.

Long-term Direct Benefits: At the third level of analysis, when the long-term social and economic benefits of HOPE are included in the analysis, we find the long-term direct impacts are \$1.375 million in transactions, \$0.88 million in GDP, \$0.79 million in total compensation, 10 jobs and \$23,614 in indirect taxes.

Long-term Total Impacts: Finally, at the fourth level of analysis, when the backward linkages and multiplier impacts are included, we estimate the single Kresge grant over time yields \$4.00 million in transactions, \$2.32 million in additional GDP, \$1.61 million in total compensation, 28 jobs and \$114,481 in indirect taxes.

	Transactions	GDP	Total Compensation	Jobs	Indirect Taxes
Short-term direct	\$ 250,000	\$ 160,719	\$ 143,260	2	\$ 1,005
Medium-term direct	\$ 726,736	\$ 421,409	\$ 292,076	5	\$ 20,815
Long-term direct	\$ 1,375,000	\$ 883,956	\$ 787,931	10	\$ 23,614
Long-term total	\$ 3,997,049	\$ 2,317,749	\$ 1,606,419	28	\$ 114,481

Economic Impacts of Mississippi Hope Credit Union

Appendix 1

Economic Analysis Results - 2010 Total (Short-Term) Economic Impacts of U.S. Foundations

Foundation Classification	Direct	GDP	Total Compensation	Employment	Indirect Taxes
I. Arts, Culture, And Humanities (A)	\$ 4,420,565,379	\$ 2,583,046,317	\$ 1,933,934,484	73,771	\$ 32,328,829
II. Education (B)	\$ 9,433,066,687	\$ 6,862,063,903	\$ 6,379,102,230	123,661	\$ 30,299,707
III. Environment, Animals					
C. Environmental Quality, /Beautification	\$ 2,084,983,053	\$ 1,195,598,343	\$ 1,170,491,795	20,199	\$ 4,354,609
D. Animal Related	\$ 385,534,616	\$ 245,452,105	\$ 169,301,078	4,905	\$ 2,066,507
IV. Health					\$0
E. Health - General & Rehabilitative Services	\$ 4,784,956,057	\$ 2,944,315,783	\$ 2,591,370,716	40,328	\$ 12,777,095
F. Mental Health, Crisis Intervention	\$ 537,955,021	\$ 365,577,704	\$ 365,843,833	9,520	\$ 1,218,393
G. Health - Specific Diseases/Medical Disciplines	\$ 811,158,010	\$ 547,181,016	\$ 526,225,850	6,933	\$ 2,091,907
H. Medical Research	\$ 1,317,613,480	\$ 776,720,163	\$ 776,292,811	7,752	\$ 1,555,688
V. Human Services					
I. Public Protection: Crime /Legal Services	\$ 445,173,201	\$ 351,743,721	\$ 295,593,405	5,598	\$ 1,387,220
J. Employment/Jobs	\$ 346,737,638	\$ 276,502,140	\$ 252,111,941	8,717	\$ 1,043,576
K. Food, Nutrition, Agriculture	\$ 497,220,824	\$ 346,091,300	\$ 343,038,862	11,877	\$ 1,373,390
L. Housing/Shelter	\$ 651,537,933	\$ 354,191,644	\$ 349,946,121	8,720	\$ 937,086
M. Public Safety, Disaster Preparedness & Relief	\$ 120,701,473	\$ 100,008,509	\$ 92,550,132	2,086	\$ 133,109
N. Recreation, Leisure, Sports, Athletics	\$ 605,789,199	\$ 356,755,383	\$ 266,955,602	9,064	\$ 4,012,443
O. Youth Development	\$ 747,976,989	\$ 433,338,134	\$ 395,548,739	17,458	\$ 3,693,455
P. Human Services: Multipurpose & Other	\$ 2,405,151,392	\$ 1,665,440,984	\$ 1,654,059,424	62,543	\$ 4,519,394
VI. International/Foreign Affairs (Q)	\$ 1,274,950,277	\$ 735,262,520	\$ 727,551,478	15,457	\$ 1,815,858
VII. Public/Society Benefit					
R. Civil Rights, Social Action, Advocacy	\$ 616,998,712	\$ 306,147,388	\$ 305,039,936	6,284	\$ 900,121
S. Community Improvement/Capacity Building	\$ 1,375,392,714	\$ 834,470,767	\$ 809,685,491	13,005	\$ 2,447,260
T. Philanthropy, Voluntarism, And Grantmaking	\$ 1,703,525,960	\$ 872,685,583	\$ 862,303,104	17,138	\$ 2,625,858
U. Science And Technology Research Institutes	\$ 1,197,751,904	\$ 704,563,862	\$ 704,372,001	7,209	\$ 1,455,030
V. Social Science Research Institutes/Services	\$ 341,056,997	\$ 195,074,725	\$ 191,614,017	3,162	\$ 1,487,634
W. Public/Society Benefit: Multipurpose & Other	\$ 996,290,162	\$ 546,978,900	\$ 529,680,872	9,991	\$ 2,229,515
VIII. Religion (X)	\$ 729,334,220	\$ 216,475,196	\$ 199,082,691	6,087	\$ 368,521
IX. Mutual/Membership Benefit Organizations (Y)	\$ 13,926,243	\$ 8,407,604	\$ 5,249,878	73	\$ 93,919
X. Nonclassifiable Organizations (Z)	\$ 1,308,725	\$ 655,124	\$ 646,603	13	\$ 1,905
Total	\$ 37,846,656,866	\$ 23,824,748,816	\$ 21,897,593,091	491,551	\$ 117,218,030

Appendix 1

Economic Analysis Results - 2010 (Intermediate-Term) Direct Economic Impacts of U.S. Foundations

Foundation Classification	Direct	Transactions	GDP	Total Compensation	Employment	Indirect Taxes
I. Arts, Culture, And Humanities (A)	\$ 4,420,565,379	\$ 11,796,938,063	\$ 6,969,585,629	\$ 4,397,228,426	127,382	\$ 376,725,640
II. Education (B)	\$ 9,433,066,687	\$ 25,730,446,401	\$ 16,206,687,423	\$ 11,479,499,643	233,500	\$ 814,346,648
III. Environment, Animals						
C. Environmental Quality, /Beautification	\$ 2,084,983,053	\$ 6,168,969,944	\$ 3,566,999,738	\$ 2,552,353,168	49,856	\$ 187,397,064
D. Animal Related	\$ 385,534,616	\$ 1,000,639,383	\$ 594,952,770	\$ 367,402,175	9,175	\$ 31,674,616
IV. Health						
E. Health - General & Rehabilitative Services	\$ 4,784,956,057	\$ 13,329,647,532	\$ 7,811,975,440	\$ 5,312,556,166	98,498	\$ 406,762,011
F. Mental Health, Crisis Intervention	\$ 537,955,021	\$ 1,533,054,894	\$ 935,211,910	\$ 682,287,886	16,341	\$ 47,852,240
G. Health - Specific Diseases/Medical Disciplines	\$ 811,158,010	\$ 2,281,965,397	\$ 1,380,916,780	\$ 986,130,828	16,904	\$ 71,043,397
H. Medical Research	\$ 1,317,613,480	\$ 3,851,492,478	\$ 2,238,481,306	\$ 1,618,389,138	25,732	\$ 114,198,682
V. Human Services						
I. Public Protection: Crime /Legal Services	\$ 445,173,201	\$ 1,151,207,877	\$ 758,470,531	\$ 524,786,396	10,582	\$ 34,912,862
J. Employment/Jobs	\$ 346,737,638	\$ 932,444,610	\$ 611,699,748	\$ 441,270,309	12,786	\$ 29,071,075
K. Food, Nutrition, Agriculture	\$ 497,220,824	\$ 1,433,385,660	\$ 863,408,508	\$ 637,781,024	18,264	\$ 45,401,279
L. Housing/Shelter	\$ 651,537,933	\$ 1,962,502,096	\$ 1,103,488,687	\$ 786,523,935	18,074	\$ 60,251,684
M. Public Safety, Disaster Preparedness & Relief	\$ 120,701,473	\$ 319,788,676	\$ 215,296,947	\$ 157,284,092	3,488	\$ 9,761,028
N. Recreation, Leisure, Sports, Athletics	\$ 605,789,199	\$ 1,602,764,945	\$ 947,263,489	\$ 593,915,387	16,024	\$ 51,035,357
O. Youth Development	\$ 747,976,989	\$ 2,127,373,977	\$ 1,234,233,389	\$ 841,224,152	26,906	\$ 67,290,334
P. Human Services: Multipurpose & Other	\$ 2,405,151,392	\$ 6,939,874,167	\$ 4,225,177,375	\$ 3,113,790,574	93,944	\$ 217,943,902
VI. International/Foreign Affairs (Q)	\$ 1,274,950,277	\$ 3,783,143,206	\$ 2,188,860,405	\$ 1,569,705,516	33,443	\$ 114,752,159
VII. Public/Society Benefit						
R. Civil Rights, Social Action, Advocacy	\$ 616,998,712	\$ 1,906,180,351	\$ 1,044,653,408	\$ 742,554,959	15,590	\$ 57,806,703
S. Community Improvement/Capacity Building	\$ 1,375,392,714	\$ 4,021,685,217	\$ 2,363,991,498	\$ 1,688,389,965	31,946	\$ 121,607,303
T. Philanthropy, Voluntarism, And Grantmaking	\$ 1,703,525,960	\$ 5,230,635,294	\$ 2,889,398,771	\$ 2,055,151,995	42,553	\$ 158,619,324
U. Science And Technology Research Institutes	\$ 1,197,751,904	\$ 3,505,505,905	\$ 2,035,822,659	\$ 1,471,354,472	23,581	\$ 104,008,287
V. Social Science Research Institutes/Services	\$ 341,056,997	\$ 987,281,185	\$ 565,359,879	\$ 393,194,860	7,467	\$ 31,681,217
W. Public/Society Benefit: Multipurpose & Other	\$ 996,290,162	\$ 2,953,258,639	\$ 1,665,357,459	\$ 1,174,987,553	23,629	\$ 88,220,769
VIII. Religion (X)	\$ 729,334,220	\$ 2,346,267,685	\$ 1,136,416,468	\$ 734,980,380	17,171	\$ 65,930,262
IX. Mutual/Membership Benefit Organizations (Y)	\$ 13,926,243	\$ 38,780,486	\$ 21,674,014	\$ 13,372,410	240	\$ 1,048,716
X. Nonclassifiable Organizations (Z)	\$ 1,308,725	\$ 4,043,795	\$ 2,215,695	\$ 1,574,872	33	\$ 122,628
Total	\$ 37,846,656,866	\$ 106,939,277,863	\$ 63,577,599,925	\$ 44,337,690,280	973,112	\$ 3,309,465,188

Appendix 1

Economic Analysis Results - Direct Long-term Economic Impacts of U.S. Foundations

(*Source of ROIs: Shapiro and Mathur)

Foundation Classification	Direct	Transactions	GDP	Total	Employment	ROI*
I. Arts, Culture, And Humanities (A)	\$ 43,188,923,751	\$ 25,236,362,522	\$ 18,894,539,908	\$ 720,747	1,449,947,977	9.77
II. Education (B)	\$ 47,919,978,769	\$ 34,859,284,625	\$ 32,405,839,327	\$ 628,196	648,413,738	5.08
III. Environment, Animals						
C. Environmental Quality, /Beautification	\$ 14,011,086,116	\$ 8,034,420,862	\$ 7,865,704,860	\$ 135,737	128,896,424	6.72
D. Animal Related	\$ 2,590,792,619	\$ 1,649,438,143	\$ 1,137,703,245	\$ 32,961	61,168,604	6.72
IV. Health						
E. Health - General & Rehabilitative Services	\$ 36,365,666,035	\$ 22,376,799,950	\$ 19,694,417,439	\$ 306,496	434,421,216	7.60
F. Mental Health, Crisis Intervention	\$ 4,088,458,157	\$ 2,778,390,548	\$ 2,780,413,132	\$ 72,354	41,425,350	7.60
G. Health - Specific Diseases/Medical Disciplines	\$ 6,164,800,878	\$ 4,158,575,725	\$ 3,999,316,460	\$ 52,687	71,124,849	7.60
H. Medical Research	\$ 10,013,862,449	\$ 5,903,073,237	\$ 5,899,825,362	\$ 58,914	52,893,401	7.60
V. Human Services						
I. Public Protection: Crime /Legal Services	\$ 4,856,839,622	\$ 3,837,523,997	\$ 3,224,924,043	\$ 61,076	70,123,984	10.91
J. Employment/Jobs	\$ 3,782,907,630	\$ 3,016,638,347	\$ 2,750,541,279	\$ 95,099	52,752,785	10.91
K. Food, Nutrition, Agriculture	\$ 5,424,679,188	\$ 3,775,856,084	\$ 3,742,553,982	\$ 129,580	69,424,845	10.91
L. Housing/Shelter	\$ 7,108,278,848	\$ 3,864,230,832	\$ 3,817,912,177	\$ 95,136	47,369,699	10.91
M. Public Safety, Disaster Preparedness & Relief	\$ 1,316,853,068	\$ 1,091,092,829	\$ 1,009,721,939	\$ 22,760	6,728,685	10.91
N. Recreation, Leisure, Sports, Athletics	\$ 6,609,160,162	\$ 3,892,201,230	\$ 2,912,485,614	\$ 98,883	202,828,985	10.91
O. Youth Development	\$ 8,160,428,945	\$ 4,727,719,039	\$ 4,315,436,741	\$ 190,466	186,704,166	10.91
P. Human Services: Multipurpose & Other	\$ 26,240,201,690	\$ 18,169,961,139	\$ 18,045,788,312	\$ 682,349	228,455,363	10.91
VI. International/Foreign Affairs (Q)	\$ 1,274,950,277	\$ 735,262,520	\$ 727,551,478	\$ 15,457	1,815,858	1.00
VII. Public/Society Benefit						
R. Civil Rights, Social Action, Advocacy	\$ 13,598,651,611	\$ 6,747,488,430	\$ 6,723,080,187	\$ 138,489	95,592,821	22.04
S. Community Improvement/Capacity Building	\$ 30,313,655,419	\$ 18,391,735,707	\$ 17,845,468,215	\$ 286,623	259,898,976	22.04
T. Philanthropy, Voluntarism, And Grantmaking	\$ 37,545,712,152	\$ 19,233,990,245	\$ 19,005,160,414	\$ 377,727	278,866,161	22.04
U. Science And Technology Research Institutes	\$ 5,940,849,445	\$ 3,494,636,757	\$ 3,493,685,126	\$ 35,756	30,264,629	4.96
V. Social Science Research Institutes/Services	\$ 341,056,997	\$ 195,074,725	\$ 191,614,017	\$ 3,162	1,487,634	1.00
W. Public/Society Benefit: Multipurpose & Other	\$ 21,958,235,181	\$ 12,055,414,950	\$ 11,674,166,424	\$ 220,191	236,774,491	22.04
VIII. Religion (X)	\$ 729,334,220	\$ 216,475,196	\$ 199,082,691	\$ 6,087	368,521	1.00
IX. Mutual/Membership Benefit Organizations (Y)	\$ 13,926,243	\$ 8,407,604	\$ 5,249,878	\$ 73	93,919	1.00
X. Nonclassifiable Organizations (Z)	\$ 1,308,725	\$ 655,124	\$ 646,603	\$ 13	1,905	1.00
Total	\$ 339,560,598,198	\$ 208,450,710,365	\$ 192,362,828,852	\$ 4,467,019	4,657,844,988	8.97

Appendix 1

Economic Analysis Results - Includes the Direct, Indirect, and Induced Impacts (i.e. Multiplier Effects)

Total Long-term Economic Impacts of U.S. Foundations

Foundation Classification	Direct	Transactions	GDP	Total Compensation	Employment	Indirect Taxes
I. Arts, Culture, And Humanities (A)	\$ 43,188,923,751	\$ 115,256,084,877	\$ 68,092,851,591	\$ 42,960,921,719	1,244,526	\$ 4,539,187,375
II. Education (B)	\$ 47,919,978,769	\$ 130,710,667,715	\$ 82,329,972,111	\$ 58,315,858,185	1,186,182	\$ 4,004,134,645
III. Environment, Animals						
C. Environmental Quality, /Beautification	\$ 14,011,086,116	\$ 41,455,478,021	\$ 23,970,238,236	\$ 17,151,813,288	335,033	\$ 1,212,507,760
D. Animal Related	\$ 2,590,792,619	\$ 6,724,296,651	\$ 3,998,082,613	\$ 2,468,942,619	61,659	\$ 236,448,611
IV. Health						
E. Health - General & Rehabilitative Services	\$ 36,365,666,035	\$ 101,305,321,246	\$ 59,371,013,344	\$ 40,375,426,864	748,582	\$ 3,113,518,649
F. Mental Health, Crisis Intervention	\$ 4,088,458,157	\$ 11,651,217,197	\$ 7,107,610,518	\$ 5,185,387,934	124,192	\$ 358,535,511
G. Health - Specific Diseases/Medical Disciplines	\$ 6,164,800,878	\$ 17,342,937,015	\$ 10,494,967,527	\$ 7,494,594,296	128,473	\$ 539,994,980
H. Medical Research	\$ 10,013,862,449	\$ 29,271,342,832	\$ 17,012,457,923	\$ 12,299,757,446	195,562	\$ 818,865,760
V. Human Services						
I. Public Protection: Crime /Legal Services	\$ 4,856,839,622	\$ 12,559,677,941	\$ 8,274,913,490	\$ 5,725,419,581	115,450	\$ 409,068,225
J. Employment/Jobs	\$ 3,782,907,630	\$ 10,172,970,699	\$ 6,673,644,254	\$ 4,814,259,074	139,497	\$ 336,110,795
K. Food, Nutrition, Agriculture	\$ 5,424,679,188	\$ 15,638,237,550	\$ 9,419,786,828	\$ 6,958,190,972	199,257	\$ 514,546,812
L. Housing/Shelter	\$ 7,108,278,848	\$ 21,410,897,864	\$ 12,039,061,573	\$ 8,580,976,136	197,187	\$ 647,040,280
M. Public Safety, Disaster Preparedness & Relief	\$ 1,316,853,068	\$ 3,488,894,460	\$ 2,348,889,696	\$ 1,715,969,439	38,058	\$ 104,066,941
N. Recreation, Leisure, Sports, Athletics	\$ 6,609,160,162	\$ 17,486,165,545	\$ 10,334,644,662	\$ 6,479,616,872	174,818	\$ 678,230,652
O. Youth Development	\$ 8,160,428,945	\$ 23,209,650,092	\$ 13,465,486,271	\$ 9,177,755,497	293,548	\$ 829,668,614
P. Human Services: Multipurpose & Other	\$ 26,240,201,690	\$ 75,714,027,159	\$ 46,096,685,159	\$ 33,971,455,161	1,024,931	\$ 2,386,177,135
VI. International/Foreign Affairs (Q)	\$ 1,274,950,277	\$ 3,783,143,206	\$ 2,188,860,405	\$ 1,569,705,516	33,443	\$ 24,403,118
VII. Public/Society Benefit						
R. Civil Rights, Social Action, Advocacy	\$ 13,598,651,611	\$ 42,012,214,943	\$ 23,024,161,121	\$ 16,365,911,303	343,611	\$ 1,304,288,627
S. Community Improvement/Capacity Building	\$ 30,313,655,419	\$ 88,637,942,186	\$ 52,102,372,613	\$ 37,212,114,818	704,094	\$ 2,790,858,294
T. Philanthropy, Voluntarism, And Grantmaking	\$ 37,545,712,152	\$ 115,283,201,873	\$ 63,682,348,914	\$ 45,295,549,970	937,861	\$ 3,592,167,373
U. Science And Technology Research Institutes	\$ 5,940,849,445	\$ 17,387,309,288	\$ 10,097,680,390	\$ 7,297,918,179	116,964	\$ 456,886,176
V. Social Science Research Institutes/Services	\$ 341,056,997	\$ 987,281,185	\$ 565,359,879	\$ 393,194,860	7,467	\$ 7,526,350
W. Public/Society Benefit: Multipurpose & Other	\$ 21,958,235,181	\$ 65,089,820,412	\$ 36,704,478,397	\$ 25,896,725,663	520,785	\$ 2,063,228,724
VIII. Religion (X)	\$ 729,334,220	\$ 2,346,267,685	\$ 1,136,416,468	\$ 734,980,380	17,171	\$ 13,480,869
IX. Mutual/Membership Benefit Organizations (Y)	\$ 13,926,243	\$ 38,780,486	\$ 21,674,014	\$ 13,372,410	240	\$ 284,878
X. Nonclassifiable Organizations (Z)	\$ 1,308,725	\$ 4,043,795	\$ 2,215,695	\$ 1,574,872	33	\$ 26,050
Total	\$ 339,560,598,198	\$ 968,967,871,923	\$ 570,555,873,692	\$ 398,457,393,054	8,888,624	\$ 30,981,253,206

Appendix 2

Methodology, Caveats and Limitations of Study

Short-Term (Immediate) Direct Impacts

There are a number of caveats and limitations to this study. First, as noted earlier, the direct immediate short-run impacts are estimated from an IMPLAN 2010 input/output model. The number of direct jobs is based on the expenditure patterns of nonprofit organizations arising from foundation grants. We estimate the number of jobs rather than count them directly. The accuracy of these estimates depends on several factors including the initial Foundation Center Grants Classification System (GCS) category as an accurate description of a foundation award's activity. Given the complexity of many nonprofit organizations and their wide array of activities, the reliability of this description can vary. A second potential factor is the objectivity of mapping the CGS codes to the NAICS codes and subsequently to our economic model IMPLAN codes. Any disagreements in the mapping process could produce discrepancies in the employment estimates. Third, the data was taken from a sample by the Foundation Center and subject to sampling error. Also, foundation grants under \$10,000 were not included, leading to a possible understatement of economic activities. Finally, the national U.S. IMPLAN model database is derived from official government databases and considered relatively accurate, but any variances in the IMPLAN model database could cause discrepancies in the employment estimates.

Given these limitations, our numbers should be viewed as estimates. However, we believe these short-run impacts are reasonably accurate especially in terms of scale. The numbers are consistent in magnitude with other nonprofit and employment related studies. Also, as we noted earlier in this report, there is a variance in official U.S. government employment measurement, depending on the specific measure/report and the authoring agency. Further, government employment numbers do not necessarily capture all direct activity in a particular economic sector or organization. It will miss subcontracting and outsourcing jobs. Our estimates include these jobs.

Intermediate-Term Total Impacts

The total intermediate economic impacts of foundation giving were calculated using the IMPLAN model and include the direct, indirect and induced impacts. The average output sales multiplier (across all industries) was 2.83. The average employment multiplier was 1.98. Both multipliers are within standard range for a national model. It is assumed that in the short-run, expenditures from these foundation grants are net impacts to the economy and not substituting for other private sector or governmental spending. Given the slow economic recovery from the 2008-2009 recession and relatively high levels of unemployment and low GDP growth rates, this not an unreasonable assumption.

In summary, the short-term and intermediate-term economic impacts represent the immediate and short-term effects on the economy. These impacts represent the tangible, measurable, and relatively conservative impacts from nonprofit expenditures on the U.S. economy.

Appendix 2

Methodology, Caveats and Limitations of Study

Long-term Direct Impacts

This part of the analysis links the short-term and intermediate-term impacts to the longer-term impacts reported in the Shapiro report. Nonprofit organizations supported by foundation grants provide an array of intangible social benefits that stretch across years or even decades. They include life-time earnings from increases in education and job training, healthier citizens and reduced health care costs, reduced incarceration, increase in environmental quality, increase in global awareness, increases in worker productivity, increases in volunteerism and more involved citizenry, to name a few. The long-term benefits are considerable but difficult to measure and with greater uncertainty, and they occur in a cascade fashion. Nonprofit program expenditures supported by foundation grants set off an array of benefits that stretch over time. Through the application of benefit/cost analysis utilizing net present value analysis (NPV), they are presented at a single point in time, which is year 2010. We apply the appropriate Shapiro ROI's to each respective foundation grant category to estimate the direct long-term benefits. Specifically, foundation grant awards are treated as the direct investment and multiplied by the appropriate Shapiro ROIs. These are long-term estimates with wider variances and the results should be interpreted carefully. They represent benefits stretching over decades and are presented at a point in time (implicitly employing NPV analysis) to compare magnitudes.

Long-term Total Impact

The long-term total economic impacts are measured by taking the long-term direct impacts and calculating the backward linkages (i.e. the multiplier effects). The assumption: if the short-term and long-term benefits occurred in a single year (the assumption of the long-term direct analysis) what would be its total impact to the U.S. economy in 2010 including all backward linkages and ripple effects. Again, as in the long-term direct analysis there is a wider variance to these estimates and they should be interpreted carefully.