

# Economic Impacts of the Nonprofit Sector in San Bernardino County



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## Acknowledgements

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## Executive Summary

Almost every resident has some contact, either directly or indirectly with a nonprofit organization located in the county, from museums and symphonies to food banks and youth development organizations. Not only are nonprofits vital to the quality of life in San Bernardino County, but – perhaps surprising to some – they also play a large role in region’s economy. Not only do nonprofit organizations provide services that improve the well-being of community members, they also support the local economy by offering job opportunities and purchasing goods and services from local businesses. San Bernardino County nonprofit organizations perform the function of primary employer by bringing dollars into the local economy. They spend money on payroll, goods and services, and construction. Now through the San Bernardino County Capacity Building Consortium Nonprofit Economic Impact Report, nonprofits’ economic contributions have been quantified, demonstrating that the nonprofit sector is an engine of economic activity.

In fact, in 2010 there were 5,642 nonprofit organizations in the County, providing jobs for 48,792 people. That is approximately 6% of all workers in the County<sup>1</sup>, which is more employees than in the Transportation, Warehousing, & Utilities sector. Like for-profit businesses, nonprofits have multiple investors and revenue streams including foundation grants, fees for services, federal and state grants, and individual donors. These organizations secured \$2.5 billion in out-of-county revenue from these diverse sources, which resulted in a total economic impact of \$4.2 billion throughout San Bernardino County. This economic activity also contributed more than \$607 million in federal, state, and local taxes.

The flow of these new dollars stimulates additional local economic activity. For example, through spending of these out-of-county revenues on payroll, goods and services, non-profit organizations indirectly supported an additional \$1.9 billion in local business labor spending and 48,090 more local jobs. The spending of these organizations also supports services provided by local government through the generation of state and local taxes.

While local non-profit organizations are similar to other local primary employers, there is an important distinction; local non-profits provide a “triple benefit” by bringing new money into the economy, improving local residents’ quality of life through the direct services provided to the community, and reducing negative social costs (e.g. sending children to preschool rather than prison). This, in turn, makes the county more attractive to businesses and drives further economic development.

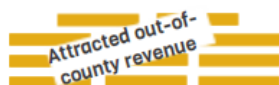
Despite the size of the workforce and economic impact, San Bernardino County NPOs are straining to serve a diverse and rapidly growing region. Sixty-seven percent of nonprofits in the region have revenues under \$25,000. If funding to the non-profit sector is increased through strengthening the capacity of those organizations, the economic impact will be seen in additional jobs and additional induced local spending that will ripple through the regional economy. Investing in the nonprofit sector not only changes lives but also can expand a key workforce which contributes to economic vitality and improved quality of life in the region.

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<sup>1</sup> 2006-2010 American Community Survey. Census Bureau, U.S. Department of Commerce.

**Untapped Potential****San Bernardino County  
NPO Economic Impact****6%**of all workers in  
the County work  
for NPOs**Nonprofits (NPOs) are a vital third sector to the public and private sectors.**

San Bernardino County nonprofit organizations perform the function of primary employer by bringing dollars into the local economy. They spend money on payroll, goods and services, and construction.

**\$2.5 Billion**

Nonprofits secured and spent \$2.5 billion in out-of-county revenue and employed 48,792 people in 2010.

**\$4.2 Billion**

The spending of this \$2.5 billion resulted in a total economic impact of \$4.2 billion throughout the county and supported 48,090 more local jobs.

**Scale of the sector****Job creation**

NPOs perform a primary job creation function by drawing "new dollars" to the community.

47,200 people employed by the Transportation, Warehousing, and Utilities sector (2010 data)

48,792 people employed by the NPO sector (2010 data)

**NPOs also support local government**

Through NPOs, \$219 million was contributed in state and local taxes which helps support local infrastructure and services to businesses and residents

**Bottom line:**

While NPOs are similar to other primary employers, there is an important distinction: local NPOs provide a "triple benefit" by bringing new money into the local economy, by improving residents' quality of life through the direct services that NPOs provide to the community, and by reducing negative social costs (e.g. sending children to preschool rather than prison).





## Chapter 1: Introduction

The nonprofit sector in San Bernardino County plays an important role in the County's economy and community. Not only do nonprofit organizations provide services that improve the well-being of community members, they also support the local economy by offering job opportunities and purchasing goods and services from a variety of local businesses. This study seeks to identify the economic impacts of the nonprofit sector in San Bernardino County from a local perspective.

### Organization of the Report

This report is divided into five chapters. Chapter 1 describes the purpose of this study and the organization of this report.

Chapter 2 provides an overview of the nonprofit sector. The chapter discusses the distinctive features of the nonprofit sector and describes the classification system of nonprofit organizations in the U.S based on the Internal Revenue Code of the Internal Revenue Service.

Chapter 3 presents a profile of the nonprofit sector in San Bernardino County. The chapter focuses on charitable organizations, which include public charities and private foundations, in the County. The chapter provides detailed information about the services, assets, and revenues of public charities and private foundations in the County. The chapter also provides an analysis of employment trends in the County's nonprofit sector.

Chapter 4 describes the methodology used in this economic impact study. The chapter includes three sections. The first section describes the project team's data collection efforts and major data sources. The second section provides an introduction to IMPLAN, the economic impact modeling tool used to perform the analysis. The third section describes the inputs for the IMPLAN model. These inputs are estimates of the nonprofit sector's expenditures related to out-of-county revenue sources.

Chapter 5 provides the estimated economic impacts of San Bernardino County's nonprofit sector. These impacts include direct, indirect, and induced impacts as a result of the spending of nonprofit organizations. For the purpose of this study, nonprofit organizations in the County are divided into three groups: universities and hospitals, First 5 San Bernardino partners, and other organizations. The economic impacts of these groups are examined and presented separately.

## Chapter 2: The Nonprofit Sector in the U.S.

The nonprofit sector in the U.S. is large and diverse. Today, there are 1.6 million registered nonprofit organizations with \$5.7 trillion total assets and \$2.0 trillion total revenues in the U.S.<sup>2</sup> These nonprofit organizations provide a wide range of goods and services to a large number of people and play an important role in the nation's economy.

This chapter provides a brief introduction to the nonprofit sector in the U.S. The chapter is divided into two sections. The first section provides a discussion on the distinctive features of the nonprofit sector. The second section describes the classification system of nonprofit organizations in the U.S based on the Internal Revenue Code of Internal Revenue Service (IRS).

### 2.1 Defining the Nonprofit Sector

The nonprofit sector is the collective name used to describe institutions and organizations in the U.S. that are neither government agencies nor businesses.<sup>3</sup> Other names for the nonprofit sector in the U.S. include the not-for-profit sector, the third sector, the independent sector, the philanthropic sector, the voluntary sector, and the social sector. Although there is not a universal definition of the nonprofit sector, a distinctive characteristic of nonprofit organizations is that these organizations are prohibited from distributing their surplus revenues to individuals who exercise control over the organization, such as officers, directors, and members.<sup>4</sup> While private sector businesses can distribute excess revenues to their owners, nonprofit organizations are required to retain surplus revenues for organizational activities. These excess revenues become part of the organization's total assets and are used to finance the organization's operations.<sup>5</sup>

Although many nonprofit organizations are mainly supported by government grants and contributions from individuals and other organizations, not all nonprofit organizations are dependent on these sources of funding. For example, nonprofit hospitals derive most of their revenues from fees charged for the goods and services they provide.

### 2.2 Classification of Nonprofit Organizations

Nonprofit organizations in the U.S. are often referred to as 501(c) organizations, since section 501(c) of the U.S. Internal Revenue Code recognizes a total of 28 categories of nonprofit organizations that are exempt from federal income taxes. These 28 categories of nonprofit organizations are labeled as 501(c)(1) through 501(c)(28) and cover a vast range of organization types. Exhibit 1 provides a list of categories under 501(c) and the descriptions of these categories.

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<sup>2</sup> National Center for Charitable Statistics, Urban Institute. August 2012 statistics.

<sup>3</sup> "What is the nonprofit sector?" BoardSource website. <http://www.boardsource.org/Knowledge.asp?ID=3.377>.

<sup>4</sup> Fuchs, Victor. "Individual and Social Responsibility: Child Care, Education, Medical Care, and Long-Term Care in America." University of Chicago Press. 1996.

<sup>5</sup> "The Economic Impact of Nonprofit Organizations in Berkshire County." Berkshire Chamber of Commerce. 2009.

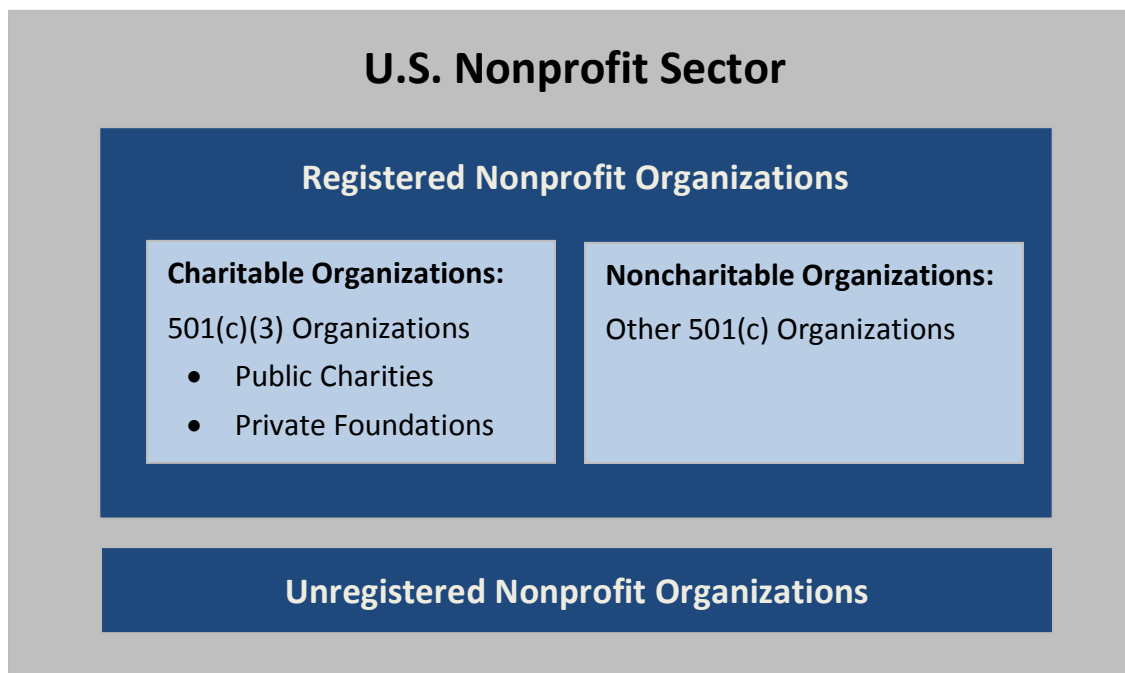
**Exhibit 1 – Categories of 501(c) Tax-Exempt Organizations**

<b>Category Code</b>	<b>Category Description</b>
501(c)(1)	Corporations Organized under Act of Congress (including Federal Credit Unions)
501(c)(2)	Title Holding Corporation for Exempt Organization
501(c)(3)	Religious, Educational, Charitable, Scientific, Literary, Testing for Public Safety, to Foster National or International Amateur Sports Competition, or Prevention of Cruelty to Children or Animals Organizations
501(c)(4)	Civic Leagues, Social Welfare Organizations, and Local Associations of Employees
501(c)(5)	Labor, Agricultural, and Horticultural Organizations
501(c)(6)	Business Leagues, Chambers of Commerce, Real Estate Boards, Etc.
501(c)(7)	Social and Recreational Clubs
501(c)(8)	Fraternal Beneficiary Societies and Associations
501(c)(9)	Voluntary Employees Beneficiary Associations
501(c)(10)	Domestic Fraternal Societies and Associations
501(c)(11)	Teacher's Retirement Fund Associations
501(c)(12)	Benevolent Life Insurance Associations, Mutual Ditch or Irrigation Companies, Mutual or Cooperative Telephone Companies, Etc.
501(c)(13)	Cemetery Companies
501(c)(14)	State Chartered Credit Unions, Mutual Reserve Funds
501(c)(15)	Mutual Insurance Companies or Associations
501(c)(16)	Cooperative Organizations to Finance Crop Operations
501(c)(17)	Supplemental Unemployment Benefit Trusts
501(c)(18)	Employee Funded Pension Trust (created before June 25, 1959)
501(c)(19)	Post or Organization of Past or Present Members of the Armed Forces
501(c)(21)	Black Lung Benefit Trusts
501(c)(22)	Withdrawal Liability Payment Fund
501(c)(23)	Veterans Organizations (created before 1880)
501(c)(25)	Title Holding Corporations or Trusts with Multiple Parents
501(c)(26)	State-Sponsored Organization Providing Health Coverage for High-Risk Individuals
501(c)(27)	State-Sponsored Workers' Compensation Reinsurance Organization
501(c)(28)	National Railroad Retirement Investment Trust

Source: Internal Revenue Service Subsection Codes for Tax-Exempt Organizations. Guidestar website.  
<http://www.guidestar.org/rxg/help/irs-subsection-codes.aspx>

Among all the 501(c) categories listed above, 501(c)(3) is the largest nonprofit organization category in terms of size and scale. Accordingly, 501(c)(3) organizations are often the focus of studies on the nonprofit sector. The 501(c)(3) sector includes two subcategories of nonprofit organizations – public charities and private foundations – both of which are also called charitable organizations. Nonprofit organizations in other 501(c) categories are classified as noncharitable organizations. Exhibit 2 shows the relationship between charitable and noncharitable organizations and the overall structure of the nonprofit sector in the U.S.

**Exhibit 2 – Structure of the Nonprofit Sector in the U.S.**



One important feature of charitable organizations is that contributions made by individuals and corporations to these organizations are tax-deductible. This gives these organizations a financial advantage, especially for those charitable organizations that are largely dependent on contributions to finance their activities.

The subcategory of public charities in the 501(c)(3) sector is the largest nonprofit organization group in the U.S. Today, public charities account for 62 percent of all registered nonprofit organizations in the U.S. The total assets reported by public charities are \$2.8 trillion, or 50 percent of total assets reported by all registered nonprofit organizations in the country.<sup>6</sup>

There are two major differences between public charities and private foundations. First, public charities usually derive most of their funding from the general public, including individuals, businesses, and government agencies, while private foundations usually receive their funding from a single source, such as a family, a corporation, or an individual philanthropist. Second, private foundations often engage in

<sup>6</sup> National Center for Charitable Statistics, Urban Institute. August 2012 statistics.

grant making activities in addition to sometimes delivering goods and services to the communities they serve, while most public charities do not make direct financial contributions to other organizations or individuals.

As described above, the Internal Revenue Code provides a consistent classification scheme for the nonprofit sector in the U.S., which includes a great diversity of nonprofit organization types. Based on this classification scheme, the following chapter provides a detailed profile of the nonprofit sector in San Bernardino County, with a focus on 501(c)(3) organizations – public charities and private foundations.

## Chapter 3: The Nonprofit Sector in San Bernardino County

Nonprofit organizations play an important economic and social role in San Bernardino County. Not only do they provide services that improve the well-being of community members, they also support the local economy by offering job opportunities and purchasing goods and services from a variety of local businesses.

This chapter provides a profile of the nonprofit sector in San Bernardino County. The chapter is divided into three sections. The first section provides an overview of charitable and noncharitable nonprofit organizations in San Bernardino County. The second section and the third section focus on public charities and private foundations respectively and provide detailed financial information about these organizations.

### 3.1 The Nonprofit Sector in San Bernardino County

#### *How many nonprofit organizations are there in San Bernardino County?*

San Bernardino County has a large nonprofit sector. There are 5,642 nonprofit organizations registered with the Internal Revenue Service (IRS) that are located in the County.<sup>7</sup> The number of nonprofit organizations in the County grew between 2000 and 2012 by 30 percent from 4,335 to 5,642. However, in the aftermath of the 2008 financial crisis, the number of nonprofit organizations in the County declined slightly by 7 percent from 6,046 to 5,642 between 2010 and 2012.<sup>8</sup>

#### *What types of nonprofit organizations are in the County?*

San Bernardino County's nonprofit sector is diverse. The diversity of nonprofit organizations includes their IRS classification code, the types of services they provide, the number of workers they employ, and the size of their assets and revenues.

Organizations that meet the requirements of IRS's Internal Revenue Code section 501(a) are exempt from federal income taxation. IRS recognized nonprofit organizations are called 501(c) corporations. The IRS categories nonprofit organizations into several code categories.<sup>9</sup> IRS nonprofit code categories include:

- Charitable organizations (Code section 501(c)(3))
  - Public charities
  - Private foundations
- Social welfare organizations (section 501(c)(4))
- Agricultural/horticultural organizations (section 501(c)(5))
- Labor organizations (section 501(c)(5))
- Business leagues and trade associations (section 501(c)(6))

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<sup>7</sup> National Center for Charitable Statistics, Urban Institute. June 2012 statistics.

<sup>8</sup> Ibid.

<sup>9</sup> IRS website, Life Cycle of an Exempt Organization, <http://www.irs.gov/charities/article/0,,id=169727,00.html>

The 501(c)(3) designation is the most common and applies to charitable organizations. Organizations in the other code categories are referred to as noncharitable organizations. Each charitable organization is further classified either as a public charity or private foundation.

Public charities generally derive their funding or support primarily from the general public, receiving grants from individuals, government agencies, and private foundations. Although some public charities engage in grantmaking activities, most conduct direct service or other tax-exempt activities. Private foundations, on the other hand, usually derive their principal funds from a single source, such as an individual, family, or corporation, and more often than not are a grantmaker. Private foundations do not solicit funds from the general public.

San Bernardino County has a diversity of nonprofit organizations across the various IRS category codes. Exhibit 3 provides the latest publically available statistics on nonprofit organizations in each of these categories in the County. As mentioned earlier, the County has 5,642 nonprofit organizations that are registered with the IRS. Of these registered nonprofit organizations, 4,380 (or 78 percent) are charitable organizations and 1,262 (or 22 percent) are noncharitable organizations. The charitable organizations category is made up of 4,251 public charities and 129 private foundations. The County's 1,262 noncharitable organizations include social welfare organizations, labor/agricultural organizations, business leagues, social and recreational clubs, and fraternal beneficiary associations.

**Exhibit 3 – Numbers and Categories of Nonprofit Organizations in San Bernardino County**

<b>Tax-Exempt Organizations</b>	<b>Registered with the IRS</b>	<b>Filing Annual IRS Report</b>
501(c)(3) Public Charities	4,251	2,305
501(c)(3) Private Foundations	<u>129</u>	<u>112</u>
<b>Total 501(c)(3) Organizations</b>	<b>4,380</b>	<b>2,417</b>
Other 501(c) Organizations	<u>1,262</u>	<u>1,034</u>
<b>Total 501(c) Organizations</b>	<b>5,642</b>	<b>3,451</b>

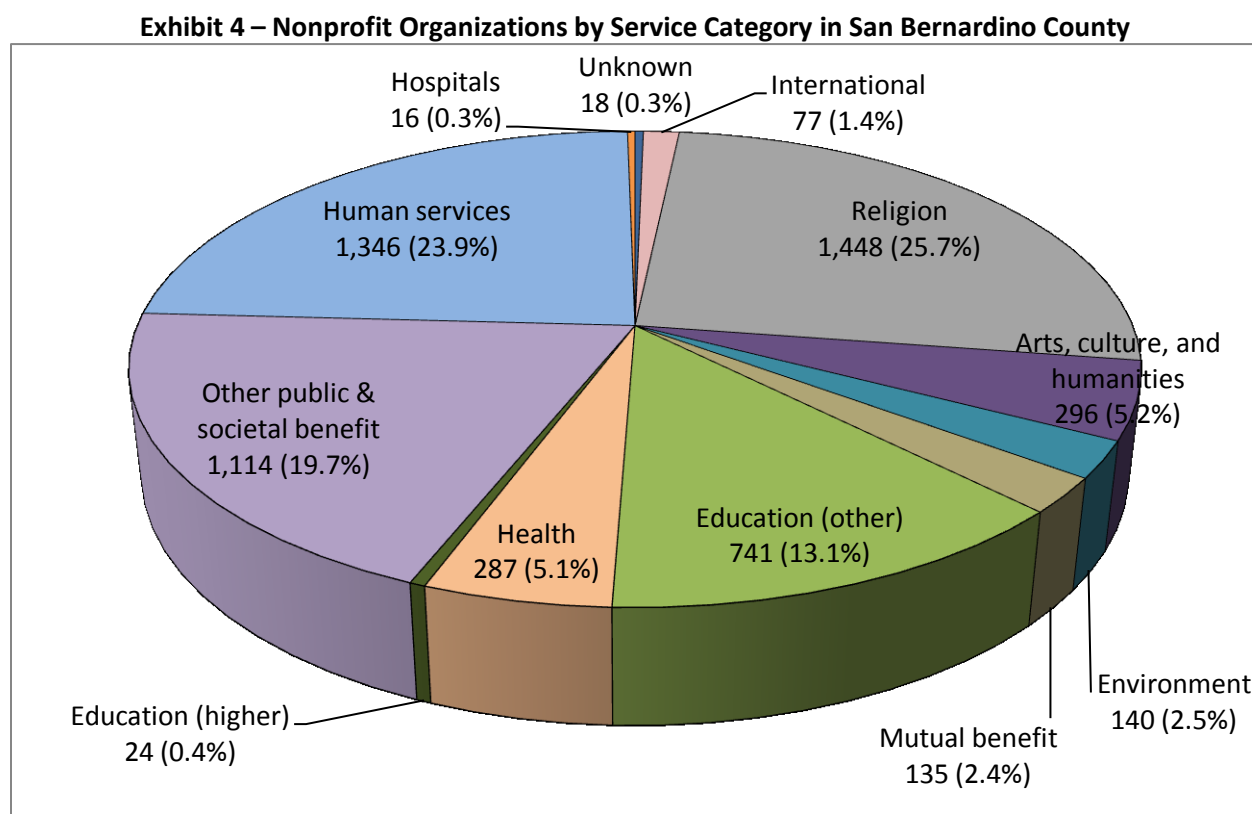
Source: National Center for Charitable Statistics, Urban Institute. June 2012 statistics.

In addition to IRS classification code diversity, San Bernardino County nonprofit organizations provide a diverse range of services in the community. The National Taxonomy of Exempt Entities (NTEE) developed by the National Center for Charitable Statistics (NCCS) is a useful way to assess nonprofit sector diversity. The NTEE categorizes nonprofit organizations by service type into a number of categorized schemes. This study uses the NTEE 12 category categorization scheme in order to identify higher educational institutions and hospitals. Other NTEE categorization schemes include 5, 10, and 26 categories. The NTEE 12 category categorization scheme includes the following nonprofit service types:

1. Arts, culture, and humanities
2. Higher education
3. Other Education
4. Hospitals
5. Health
6. Environment
7. Human services
8. International
9. Mutual Benefit

- 10. Public and societal benefit
- 11. Religion
- 12. Unknown

San Bernardino County has nonprofit organization in each of the 12 NTEE service categories. Exhibit 4 provides the number of registered nonprofit organizations in the County by service type. The categories with the most nonprofit organizations are religion related organizations and human services organizations.



Source: National Center for Charitable Statistics, Urban Institute. June 2012 statistics.

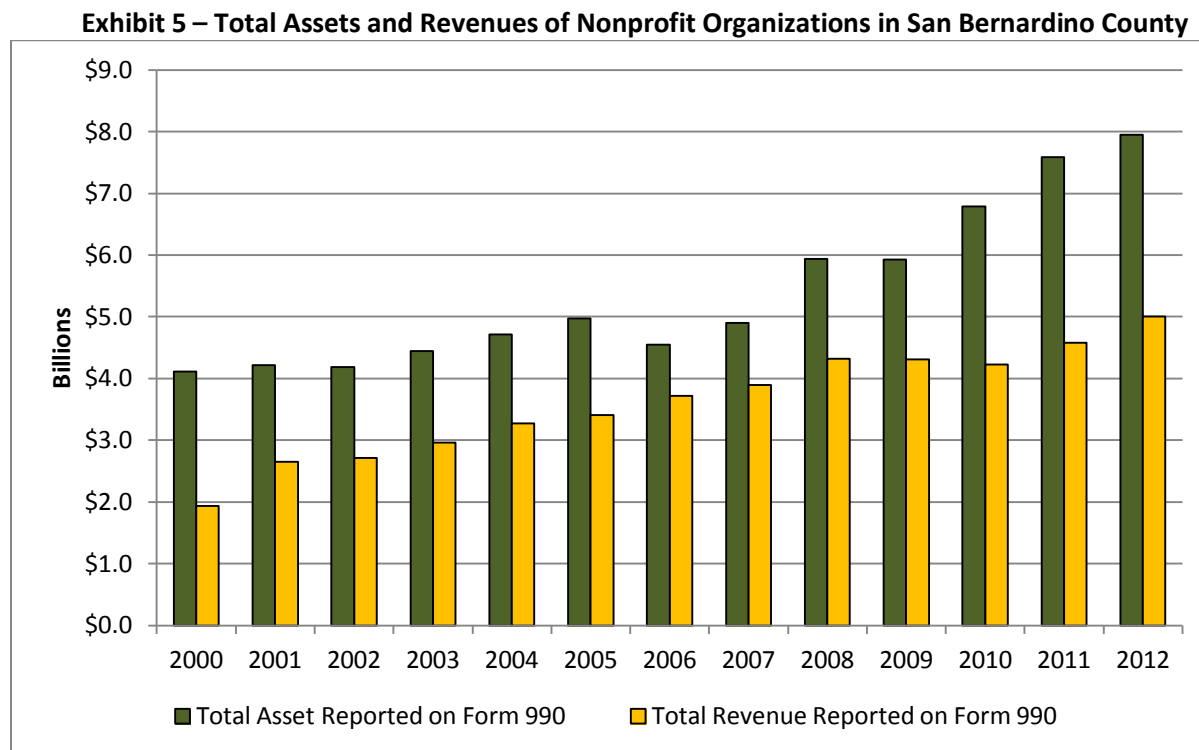
#### ***What are the assets and revenues of nonprofit organizations in the County?***

Nonprofit sector economic activities are largely influenced by the resources available to nonprofit organizations. While carrying out their missions, San Bernardino County's nonprofit organizations use their assets and revenues to hire staff and purchase goods and services. Nonprofit organizations in San Bernardino County have substantial assets and revenues. The total assets local nonprofit organizations reported to the IRS in 2012 were \$8.0 billion. These assets include cash, receivables, inventories, prepaid expenses, and investments. The total assets reported by local nonprofit organizations have increased substantially over the past decade from \$4.1 billion in 2000 to 8.0 billion in 2012.<sup>10</sup> The total revenues reported by local nonprofit organizations more than doubled from \$1.9 billion to \$5.0 billion over the

<sup>10</sup> National Center for Charitable Statistics, Urban Institute. June 2012 statistics.



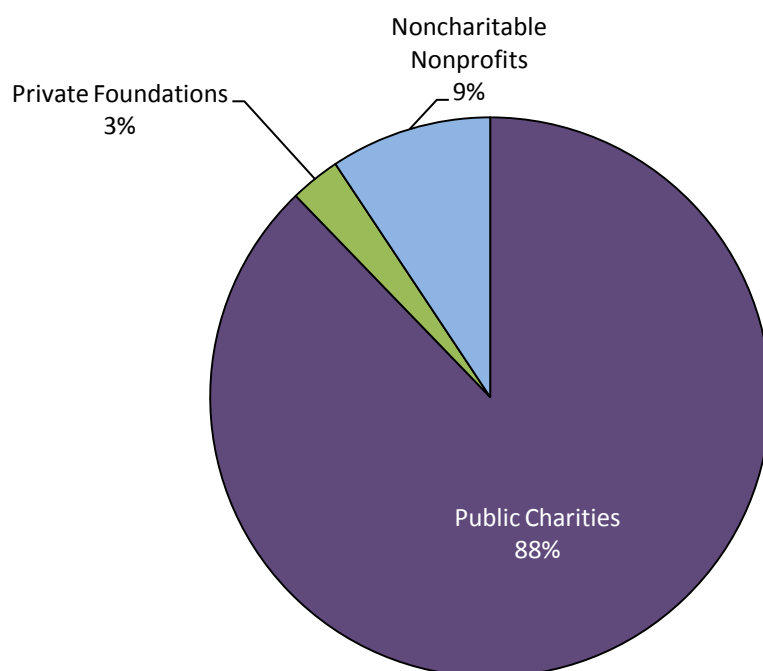
same time period.<sup>11</sup> Exhibit 5 provides the total assets and revenues reported by registered nonprofit organizations in San Bernardino County between 2000 and 2012.



Source: National Center for Charitable Statistics, Urban Institute.

The total assets and revenues of public charities are much greater than those of private foundations and non-charitable nonprofit organizations in San Bernardino County. Exhibit 6 provides a comparison between the total revenues of these nonprofit organization categories in 2012. The total revenues of public charities make up 88 percent of the total revenues of San Bernardino County's nonprofit sector.

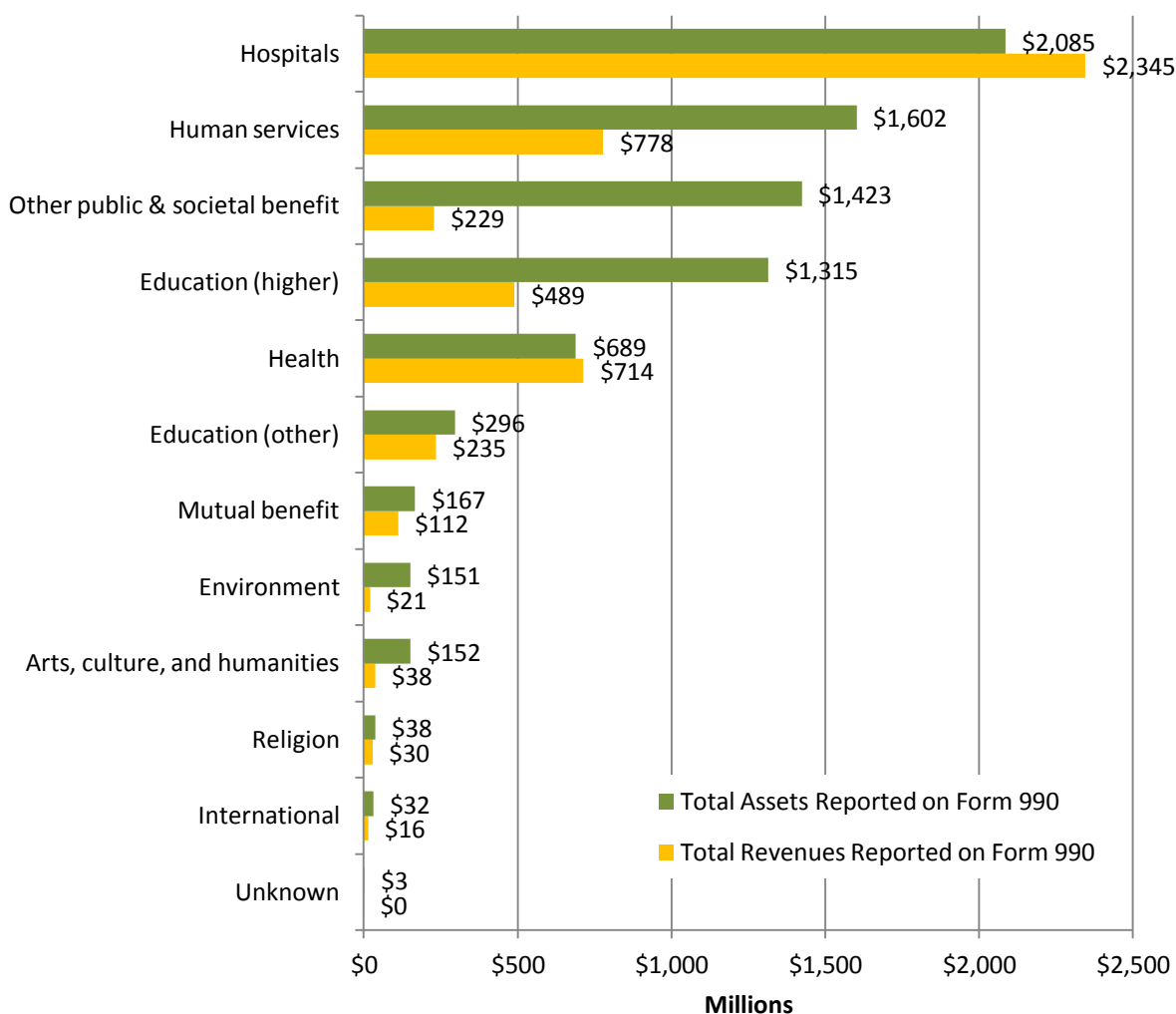
<sup>11</sup> Ibid.

**Exhibit 6 – Share of Total Revenues by Nonprofit Organization Categories in San Bernardino County**

Source: National Center for Charitable Statistics, Urban Institute.

Exhibit 7 provides the total assets and revenues reported by nonprofit organizations in 2012 by organization service type. Hospitals have both the largest total assets and revenues among all organization groups. The total assets of hospitals in San Bernardino County are over \$2 billion, although there are only 14 reporting hospitals in the County. In addition to hospitals, human services organizations, institutions of higher education, and other public and societal benefit organizations also have relatively large total assets and revenues. Aside from the unknown category, organizations in international and foreign affairs and religion related organizations have the smallest total assets and revenues.

### Exhibit 7 – Total Assets and Revenues of Nonprofit Organizations by Service Type in San Bernardino County

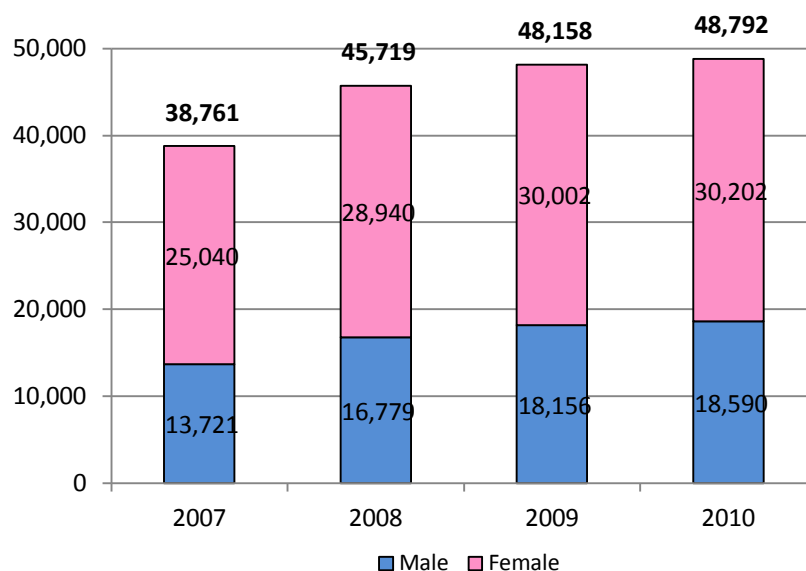


Source: National Center for Charitable Statistics, Urban Institute. June 2012 statistics.

#### *How many nonprofit sector workers are there in the County?*

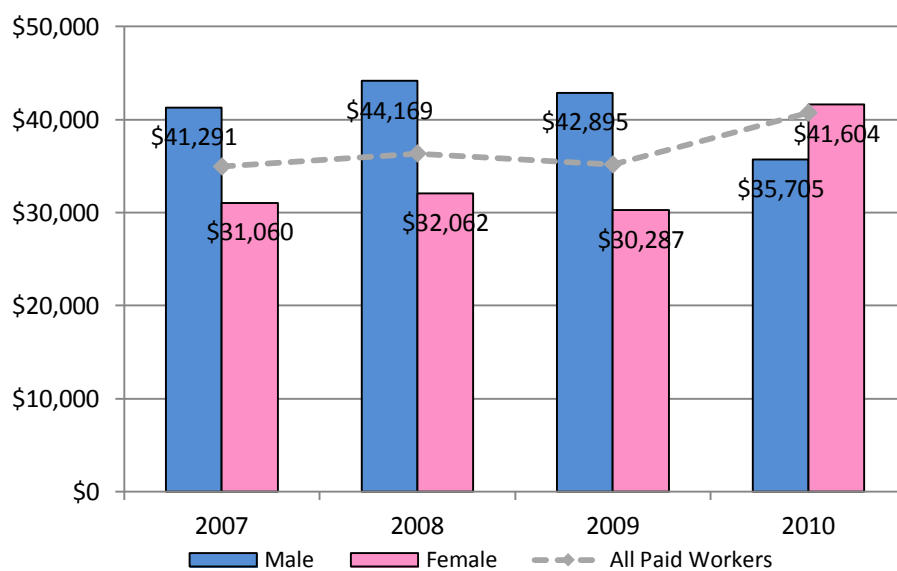
In addition to providing a wide range of services to the residents of San Bernardino County, local nonprofit organizations employ a large number of workers in the County. In 2010 there were 48,792 people working in the nonprofit sector in San Bernardino County, approximately 6 percent of all workers in the County.<sup>12</sup> Exhibit 8 provides the number of paid nonprofit workers from 2007 to 2010 by gender. During this period, the total number of paid nonprofit workers increased by 26 percent. The majority of employees in the local nonprofit sector are women. However, the female to male ratio has been decreasing in recent years. The ratio of female workers to male workers decreased from 1.8:1 to 1.6:1 between 2007 and 2010.

<sup>12</sup> 2006-2010 American Community Survey. Census Bureau, U.S. Department of Commerce.

**Exhibit 8 – Number of Paid Nonprofit Workers in San Bernardino County**

Source: 2007 – 2010 American Community Survey. Census Bureau, U.S. Department of Commerce.

Employment in the nonprofit sector is the primary source of income for a large number of people in San Bernardino County. Exhibit 9 provides the median wage of paid nonprofit workers from 2007 to 2010 by gender. The median wages of both male and female workers remained relatively stable from 2007 to 2009. However, the median wage of female workers showed a significant increase of 37 percent between 2009 and 2010 from \$30,287 to \$41,604, while the median wage of male workers declined by 17 percent from \$42,895 to \$35,705. As a result, the median wage of female workers surpassed that of male workers by 17 percent in 2010. The median wage of all paid nonprofit workers in the County increased from \$35,154 to \$40,726 from 2009 to 2010.

**Exhibit 9 – Median Wages of Paid Nonprofit Workers in San Bernardino County**

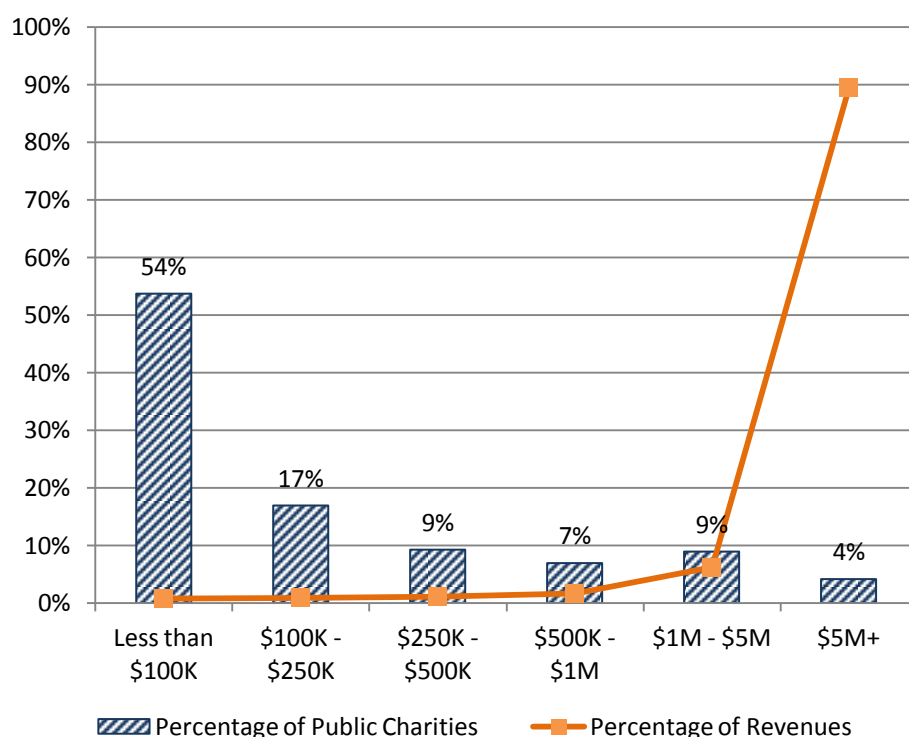
Source: 2007 – 2010 American Community Survey. Census Bureau, U.S. Department of Commerce.

### 3.2 Public Charities in San Bernardino County

As the largest group of nonprofit organizations in San Bernardino County, public charities make up 75 percent of all nonprofit organizations in the County. Not only are public charities the largest group of nonprofit organizations, their revenues account for 88 percent of all nonprofit revenues. Since public charities account for such a large portion of all nonprofit organizations, this section takes a closer look at these organizations.

A few public charity organizations account for the vast majority of revenue and other economic activities among all public charities. These few, but large, public charities tend to be hospitals and institutions of higher education. More than half of all public charities have less than \$100,000 in annual revenue. Exhibit 10 shows the distribution of public charities in San Bernardino County by total revenue. As shown in the graph, the resources of public charities in San Bernardino County are distributed very unevenly. About 4 percent of public charities account for 90 percent of the total revenues of all public charities. Each public charity among the top 4 percent has revenues of more than \$5 million. In contrast, all public charities whose total revenues are below \$100,000 operate with only 1 percent of the total revenues of all public charities, although they represent 54 percent of all public charities in the County.

**Exhibit 10 – Distribution of Public Charities by Revenue Size in San Bernardino County**



Source: 2010 Core File – Public Charities. National Center for Charitable Statistics, Urban Institute.

The uneven distribution of resources among the public charities in San Bernardino County can also be observed in Exhibit 11, which presents the median total assets and median total revenues of different types of public charities. Based on total assets and total revenues, the median size of hospitals is the largest among the public charity categories, followed by institutions of higher education. In contrast, the

median size of other education related nonprofit organizations is the smallest among all public charities categories. Other education related nonprofit organizations include all nonprofit education related organizations except universities and colleges. These organizations include elementary and secondary educational institutions, vocational and technical training schools, advocacy organizations, and professional societies and associations.

**Exhibit 11 – Median Assets and Median Total Revenues of Public Charities in San Bernardino County**

Public Charity Category	Median Assets	Median Revenues
Hospitals	\$5,247,554	\$25,975,460
Education (higher)	\$1,984,474	\$2,427,069
Unknown	\$1,416,520	\$38,160
Health	\$141,928	\$219,132
Other public & societal benefit	\$78,804	\$63,580
Environment	\$75,434	\$97,427
Arts, culture, and humanities	\$65,950	\$45,340
Human services	\$42,661	\$112,222
International	\$41,285	\$88,995
Religion	\$32,414	\$101,446
Mutual benefit	\$26,736	\$33,629
Education (other)	\$19,114	\$41,973

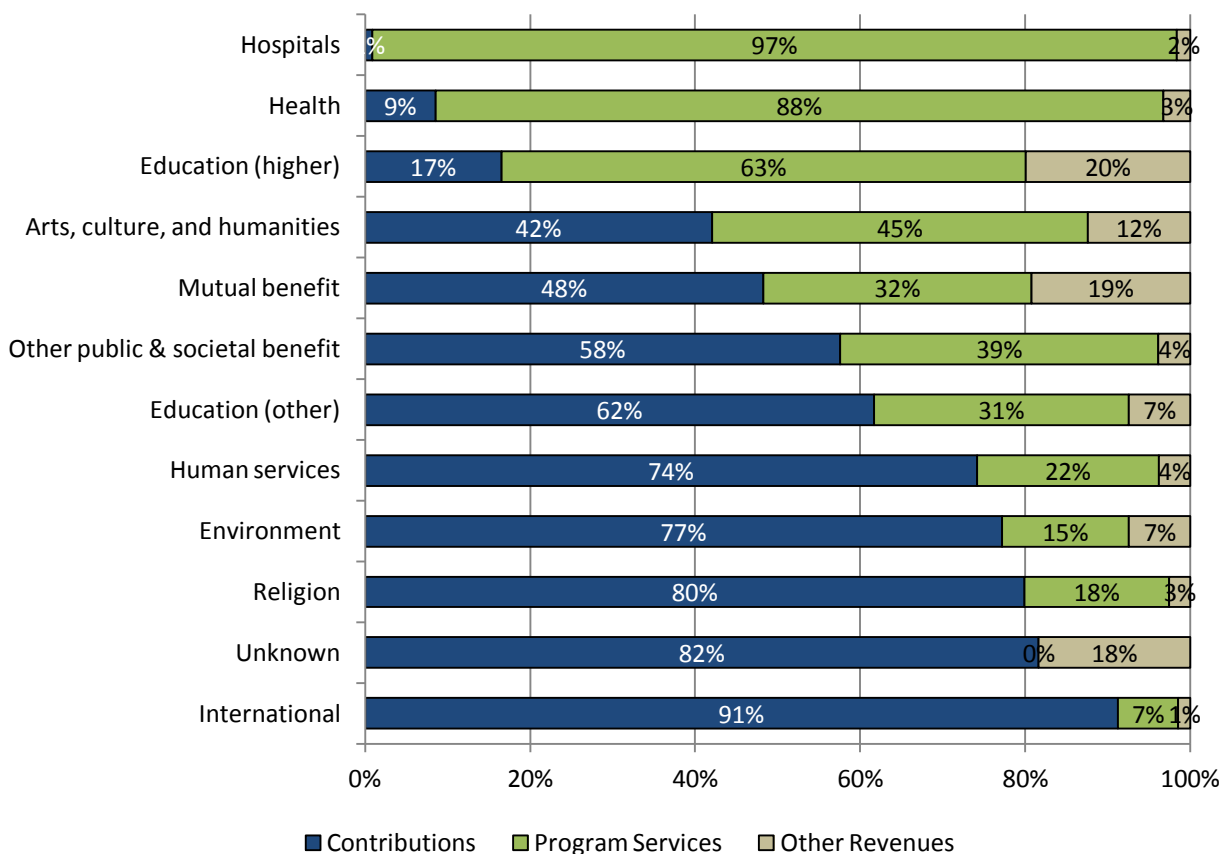
Source: 2010 Core File – Public Charities. National Center for Charitable Statistics, Urban Institute.

The revenues of nonprofit organizations have a significant influence on the amount of economic activities nonprofit organizations can engage in. Sources of nonprofit revenues include contributions, program service fees, membership dues, investment income, rental income, sales of assets, and revenues from special events. Nonprofit organizations tend to have different revenue source profiles based on their service type. For example, hospitals tend to get the majority of their revenues from service fees, whereas environmental nonprofit organizations collect a small portion of their revenues from service fees. Exhibit 12 provides revenue data for public charities in the County by revenue source and service type.<sup>13</sup> The total revenue of each group of public charities is divided into the following categories:

- Contributions – which includes contributions, gifts, and grants.
- Program service fees – which includes government fees and contracts.
- Other revenues – which includes all reported revenue other than contributions, gifts, and grants. This includes membership dues, investment income, rental income, sales of assets, and revenues from special events.

As shown in the graph, hospitals, other health service organizations, and institutions of higher education are least dependent on contributions compared to the other nonprofit organizations. These organizations receive most of their revenues through service fees. In contrast, international and foreign affairs related organizations and religion related organizations rely heavily on contributions. Over 90 percent of the total revenues of these organizations come from contributions.

<sup>13</sup> Based on 1,340 public charities that filed form 990 in 2010.

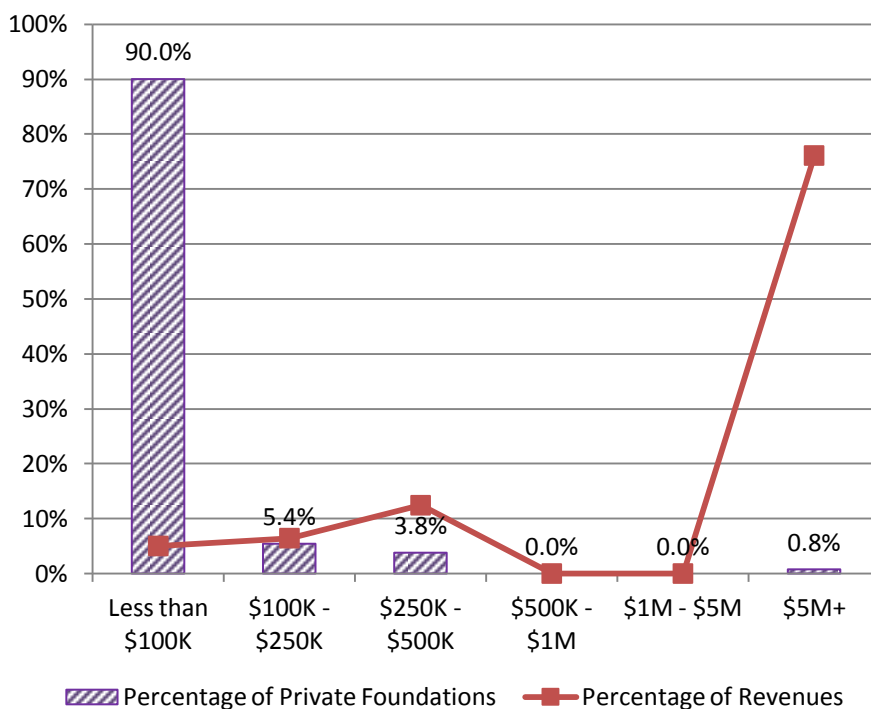
**Exhibit 12 – Total Revenues of Public Charities by Service Type in San Bernardino County**

Source: 2010 Core File – Public Charities. National Center for Charitable Statistics, Urban Institute.

### 3.3 Private Foundations in San Bernardino County

Private foundations are an important component of charitable organizations. Private foundations include operating and non-operating foundations. Private operating foundations run the charitable activities or organizations they fund with their investment income, while private non-operating foundations simply disburse funds to other charitable organizations. Although private foundations are dwarfed by the number and scale of public charities, many public charities benefit from private foundation grants and many members of the San Bernardino County community benefit from the services and activities of operating private foundations.

There are 131 private foundations in San Bernardino County, representing 2 percent of all nonprofit organizations in the County. Exhibit 13 shows the distribution of 130 private foundations that reported financial information in 2009. Among these private foundations, 117 foundations operate with total revenues below \$100,000, and 12 foundations operate with total revenues between \$100,000 and \$500,000. No foundations in the County have total revenues between \$0.5 million and \$5 million. The largest private foundation in San Bernardino County is Prime Healthcare Service Foundation with \$12 million in total revenues. Prime Healthcare Service Foundation accounts for 76 percent of the total revenues of all private foundations in the County.

**Exhibit 13 – Distribution of Private Foundations by Revenue Size in San Bernardino County**

Source: 2009 Core File – Private Foundations. National Center for Charitable Statistics, Urban Institute.

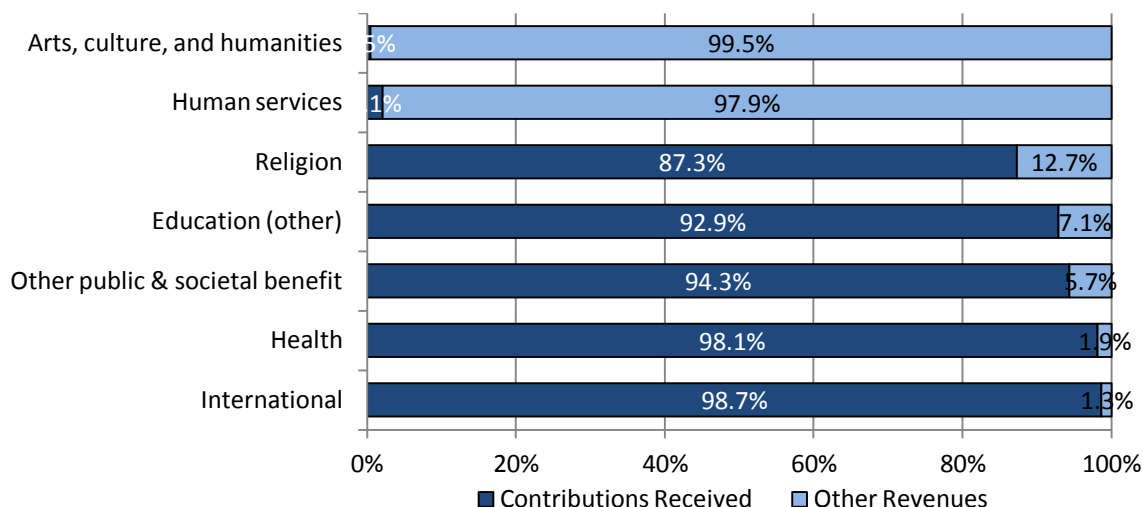
Most private foundations are created from a single primary donation from an individual or a business. Accordingly, many private foundations generate revenue by investing their initial donation rather than by soliciting periodic donations. Private foundations disburse their investment income to various charitable activities and organizations.

Despite most private foundations being created from a primary donation, the revenue sources of private foundations differ significantly by service type. Exhibit 14 shows the total revenues of private foundations in San Bernardino County in 2009 by organization service type.<sup>14</sup> The total revenue of each type of private foundations is divided into two categories: contributions received and other revenues. Most of the private foundations in San Bernardino County are highly dependent on contributions. For these private foundations, contributions make up more than 90 percent of their total revenues. The exceptions are arts, culture, and humanities foundations and human services foundations. For these private foundations, more than 97 percent of their revenues come from other revenue sources, which may include program service fees, membership dues, investments, and sales of assets.

**Exhibit 14 – Total Revenues of Private Foundations by Service Type in San Bernardino County**

<sup>14</sup> Revenues per books based on 130 private foundations that filed form 990 in 2009. As of August 2012, the latest verified private foundation financial data available from the National for Charitable Statistics was for 2009.

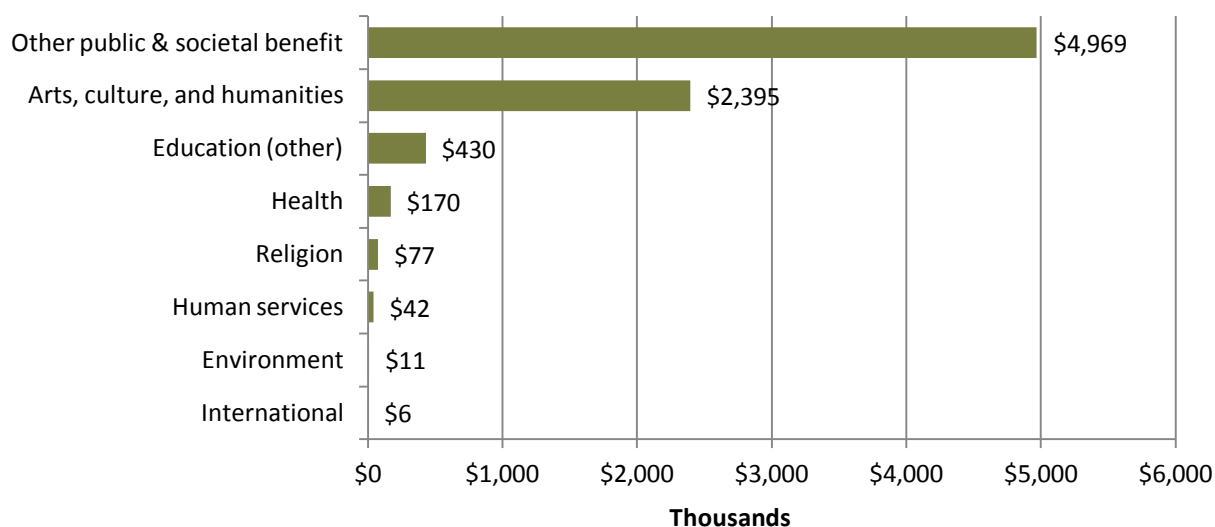




Source: 2009 Core File – Private Foundations. National Center for Charitable Statistics, Urban Institute.

Many private foundations provide grants to other nonprofit organizations. Exhibit 15 shows the contributions made by private foundations in San Bernardino County in 2009, the latest year private foundation data was available from NCCS at the time this study was performed. Public and societal benefit foundations and arts, culture, and humanities related foundations are the leading contributors to other nonprofit organizations. The total contribution of these two types of private foundations was approximately \$7.4 million. The total reported contribution of all private foundations in the County was \$8.1 million in 2009.

**Exhibit 15 – Contributions by Private Foundations by Service Type in San Bernardino County**



Source: 2009 Core File – Private Foundations. National Center for Charitable Statistics, Urban Institute.

## Chapter 4: Study Methodology

This chapter provides a detailed discussion on the methodology used in this study. The chapter includes four sections. The first section describes the two approaches used to measure the economic impacts of San Bernardino County's nonprofit sector. The second section describes the project team's data collection efforts, including major data sources used in this study. The third section provides an introduction to IMPLAN, the economic impact modeling tool used to quantify the economic impacts of the nonprofit sector. The fourth section describes the inputs for the IMPLAN model. These inputs are estimates of the nonprofit sector's spending supported by out-of-county revenue sources.

### 4.1 Estimates of the Nonprofit Sector's Minimum and Total Economic Impacts

This study focuses on the unique economic impacts of the San Bernardino County nonprofit sector's expenditures related to out-of-county revenues. The revenue of San Bernardino County nonprofit organizations come from both in-county and out-of-county sources. The out-of-county revenues can be exclusively attributed to the existence of local nonprofit organizations. The out-of-county revenues represent new resources that enter the local economy and facilitate unique economic impacts.

Assessing nonprofit out-of-county revenues is challenging. Information about the geographic source of nonprofit revenues is not readily available. The Internal Revenue Service (IRS), San Bernardino County Government, and nonprofit information services such as the National Center for Charitable Statistics (NCCS) and Guidestar do not collect information about the geographic origin of nonprofit revenues. Consequently, the project team collaborated with the San Bernardino County Capacity Building Consortium (SBCCBC) to develop and distribute a survey to collect information from local nonprofit organizations about their in-county and out-of-county revenues.

The responses to the survey allowed the research team to directly develop a minimum economic impact estimate for San Bernardino County's nonprofit sector. The economic impacts associated with the expenditures related to out-of-county revenues of the 209 nonprofit organizations that participated in the survey represent the minimum economic impacts of the nonprofit sector in San Bernardino County. However, the 209 nonprofit organizations that completed the survey only represent 3.7 percent of the 5,642 nonprofit organizations in San Bernardino County.

While the minimum economic impact estimate developed from these 209 nonprofit organizations is useful, it underestimates the potential economic impacts of the larger population of nonprofit organizations in the County. To develop an order of magnitude estimate of the economic impacts of the entire nonprofit sector in the County, the project team developed an economic impact estimate based on the assumption that nonprofit organizations that participated in the survey have out-of-county to in-county revenue ratios similar to other nonprofit organizations in the County. The data collection methodology used for both approaches is described below.

## 4.2 Data Collection

The project team collected the data used in this study from both primary and secondary sources. The San Bernardino County Capacity Building Consortium (SBCBC) and the project team conducted a survey of nonprofit organizations in San Bernardino County to collect information about their in-county and out-of-county revenues and expenses in 2011. In order to measure the economic impacts of a broader range of nonprofit organizations in San Bernardino County, the project team collected relevant information about 1,330 nonprofit organizations in the County that were identified in the two most recent national datasets developed by National Center for Charitable Statistics (NCCS): the FY2010 core file for public charities and the FY2009 core file for private foundations. Using data on these nonprofit organizations and the out-of-county revenue ratios by type of nonprofit organizations observed in the survey, the project team developed an estimate of the nonprofit sector's potential economic impact in the County.

### *Survey of Nonprofit Organizations*

The project team in coordination with the San Bernardino County Capacity Building Consortium (SBCCBC) developed and distributed a survey to collect information from local nonprofit organizations about their in-county and out-of-county revenues. The project team developed and distributed the survey using SurveyMonkey, a web-based survey service. SBCCBC led the survey participant recruitment effort, using email distribution lists for the networks that are represented by the member organizations of SBCCBC. Those networks include the Non-profit Executives Network (NEN), High Desert Resource Network (HDRN, now called Academy for Grassroots Organizations), Inland Empire United Way's 211 resource list, First 5 San Bernardino grantees, LF Leadership clients, and a subset of the County of San Bernardino's grants office contact list. Those email lists together contained approximately two thousand email contacts.

The first recruitment contact was made by the Executive Director, Chair, or other executive leader from the various network organizations via email using a standard solicitation developed by the members of SBCCBC that contained the web survey link. A similar but slightly shortened version of the initial recruitment email was sent by the same individuals to their distribution lists approximately 2 weeks later as a reminder. Approximately one month after the second email, a third more targeted solicitation was made directly to the top executive of non-responding organizations. This first involved extensive cleaning and prioritization of the original email distribution lists. First the responders were removed from each list; then lists were cross-checked against one another for duplicates (there were surprisingly fewer than 100 duplicate organizations across the various lists). Remaining lists of non-responding organizations were then prioritized selecting the larger organizations based in San Bernardino County for individual follow-up emails to the Executive Director, CEO, or CFO (the rationale for selecting larger organizations was that they would be slightly more likely to have revenue emanating from outside the County). Contact information was verified via internet websites of each organization, and final reminders were sent individually to approximately 300 non-profit leaders. As an incentive, survey respondents were entered into a random lottery to win an iPad. In the end, 209 local nonprofit organizations completed the survey.

The survey asked respondents to provide identification and contact information as well as information about their organization's revenues, expenditures, and services. The survey required respondents to provide their organization's name and federal Employer Identification Number (EIN). The survey respondents were also required to provide their name, title, phone number, and email address. The two most relevant questions in the survey for the economic impact analysis were:

1. What is your best estimate of the percent of your organization's total 2011 revenue that originated from sources outside of San Bernardino County?
2. What was your organization's total expenditures in 2011? (For the purposes of this survey, expenditures include: salaries, fringe benefits, payroll taxes, facilities rental, maintenance, utilities, computers, communication equipment, office supplies, equipment, professional fees, travel, and materials for distribution such as food and clothes)

The responses to these two questions were used to develop estimates of in-county to out-of-county revenue ratios for individual nonprofit organizations. The responses were also used to develop average in-county to out-of-county revenue ratios for 12 nonprofit organization categories by type of services they provided. The 12 categories used in this study are based on the National Taxonomy of Exempt Entities (NTEE) classification system developed by the National Center for Charitable Statistics to classify nonprofit organizations.

### ***NCCS Core Files***

The project team collected relevant data for nonprofit organizations in San Bernardino County from the National Center for Charitable Statistics (NCCS). The project team used the two most recent national datasets developed by NCCS: the FY2010 Core File for public charities and the FY2009 Core File for private foundations. These core files provide detailed information on the revenues and expenses of organizations within the U.S. that submitted a Form 990 to the IRS in the stated fiscal year. For the purposes of this study, the project team identified nonprofit organizations located in San Bernardino County from the datasets based on their state and county Federal Information Processing Standard (FIPS) codes. Once the San Bernardino County nonprofit organizations were identified, the project team collected relevant information about their revenues, expenditures, and NTEE service type.

Ideally, this economic impact analysis would use data from the same year for public charities and private foundations. However, the two most recent NCCS national datasets available when this analysis was performed were the FY2010 Core File for public charities and the FY2009 Core File for private foundations. Since public charities far exceed private foundations in number and total spending, the total spending of public charities plays a much more significant role than the total spending of private foundations in determining the total economic impact of the nonprofit sector. About 1,200 public charities and 130 private foundations in San Bernardino County are identified in the NCCS core files. Public charities, which include organizations with significant expenditures such as hospitals and universities, reported about \$4 billion in total spending in FY2010, while private foundations reported about \$14 million in total spending in FY2009. According to these statistics, private foundations make up about 8 percent of all charitable nonprofit organizations in San Bernardino County, and the total spending of private foundations makes up 0.1 percent of the total spending of all charitable nonprofit organizations in the County. Accordingly, In order to capture the latest spending data for nonprofit organizations in San Bernardino County in this study, the project team used the FY2010 Core File for public charities and the FY2009 Core File for private foundations.

### **4.3 Introduction to IMPLAN**

The project team used the IMPLAN economic impact modeling tool to measure the effects of nonprofit organizations in San Bernardino County on the County's economy. IMPLAN is an industry leading

economic impact modeling tool that can be used to estimate the direct, indirect, and induced economic impacts of economic sectors or on the impacts of various changes in the local economy.

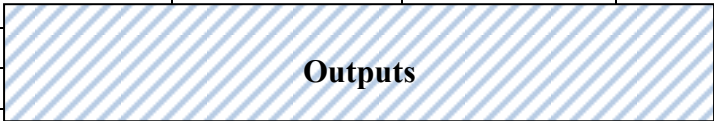
Regional economic impact analyses are usually framed within the context of a “with” and “without” perspective. This means the economic impact of an industry sector is equal to the economic loss that would occur if the sector ceased to exist. The impact of the nonprofit sector is measured in terms of the differences between the state of the economy with these organizations and its state without them. In this case, the state of the economy with the nonprofit sector, or the baseline scenario, is directly observable. The baseline scenario is based on regional purchasing coefficients in the IMPLAN model that are specific to the economy of San Bernardino County. These industry-specific coefficients are developed based on the County’s socioeconomic factors such as population, labor force, economic activity, and consumer behavior. The hypothetical scenario to consider in this analysis is what the regional economy would be like without the nonprofit sector. More specifically, the hypothetical scenario represents the economy of San Bernardino County without the expenditures of nonprofit organizations in the County.

IMPLAN is able to assess the indirect and induced effects of nonprofit organizations’ expenditures in San Bernardino County. The sum of these organizations’ direct, indirect, and induced effects equals the total economic impact of the nonprofit sector. The definitions of direct, indirect, induced, and total impacts are provided below:

- **Direct impacts** are estimates of actual expenditures of nonprofit organizations. These initial expenditures are applied to economic multipliers in the IMPLAN model to assess how San Bernardino County’s economy responds.
- **Indirect impacts** are the impacts of local industries buying goods and services from other local industries to facilitate direct impacts. The cycle of spending works its way backward through the supply chain. The indirect impacts are calculated by applying direct impacts (i.e. direct expenditures) to region-specific economic multipliers in IMPLAN.
- **Induced impacts** occur through re-spending of the portion of income received by workers at directly and indirectly affected industries that is attributed to value added activity that occurs in the County. Value added is the difference between an industry’s total output and the cost of its intermediate inputs.
- **Total impacts** are the sum of direct, indirect, and induced impacts. The total “value added” impact is the most accurate measure of total economic impact.

The direct, indirect, induced, and total impacts discussed above are estimated for four types of outcomes: employment, labor income, value added, and output. Exhibit 16 presents the matrix of IMPLAN outputs.

**Exhibit 16 – Matrix of IMPLAN Outputs**

Impact Type	Employment	Labor Income	Value Added	Output
Direct Impact				
Indirect Impact				
Induced Impact				
Total Impact				

In addition to these outputs, IMPLAN provides a tax impact summary that estimates the federal taxes and combined state and local taxes associated with the analyzed economic activities. IMPLAN does not provide a disaggregation of state and local tax impacts. IMPLAN measures federal tax and state and local tax impacts for the following five tax sources: (1) employee compensation, (2) proprietor income, (3) indirect business, (4) households, and (5) corporations. Exhibit 17 provides the definitions for the set of IMPLAN terms discussed above.

#### Exhibit 17 – Definitions of IMPLAN Outputs

**Employment** refers to all full-time, part-time, and temporary positions throughout the economy that are needed, directly and indirectly, to deliver the final demand associated with the given level of expenditures.

**Labor income** includes all forms of employment income, including employee compensation (wages and benefits) and proprietor income.

**Value added** refers to the difference between total output and the cost of intermediate inputs. Value added equals gross output (sales or receipts and other operating income, plus inventory change) minus intermediate inputs (consumption of goods and services purchased from other industries or imported). It consists of compensation of employees, taxes on production and imports net of subsidies, and gross operating surplus. Value added is a measure of the contribution to GDP made by an individual producer, industry, or sector.

**Output** refers to the value of industry production required to satisfy the given level of final-use expenditures. For manufacturers, output equals sales plus/minus change in inventory. For service sectors, output equals sales. For retailers and wholesalers, output equals the gross margin (not gross sales).

**Employee compensation** refers to the total payroll cost of labor, including wage and salary, benefits (e.g., health, retirement, etc.), and employer paid payroll taxes (e.g., employer side of social security, unemployment taxes, etc.)

**Proprietor income** consists of payments received by self-employed individuals and unincorporated business owners. This income also includes the capital consumption allowance and is recorded on Federal Tax form 1040C.

**Indirect business taxes** include excise, sales, and property taxes, as well as fees, fines, licenses, and permits.

**Household tax** includes income tax, property tax, estate and gift tax, fish/hunt tax, motor vehicle license, fees, and fines.

**Corporation tax** includes corporate profit and dividend taxes.

Sources: IMPLAN website, "Glossary."

[http://implan.com/V4/index.php?option=com\\_glossary&Itemid=12](http://implan.com/V4/index.php?option=com_glossary&Itemid=12). "Using Social Accounts to Estimate Tax Impacts." [implan.com/V4/index.php?option=com\\_docma...id=135&Itemid=60](http://implan.com/V4/index.php?option=com_docma...id=135&Itemid=60).

#### 4.4 Inputs to the IMPLAN Analysis

For the purpose of this study, nonprofit organizations who participated in the survey and nonprofit organizations in the NCCS core files are divided into three groups: universities and hospitals, First 5 San Bernardino partners, and other nonprofit organizations. Universities and hospitals are separated from the rest of the nonprofit organizations due to their disproportionate expenditures relative to other nonprofit organizations. As important partners of the SBCCBC, First 5 San Bernardino partners are separated from other nonprofit organizations. The “other” nonprofit organization category includes all nonprofit organizations that are not hospitals, universities, or First 5 San Bernardino partners. There is no overlap between these three groups of organizations, and the economic impacts of these three groups were examined separately.

First 5, also known as the California Children and Families Commission, was created in 1998 when California voters passed Proposition 10, adding a 50-cent tax to each pack of cigarettes sold to fund child support services in the state. First 5 is dedicated to improving the lives of California’s young children and their families through a comprehensive system of education, health services, childcare, and other crucial programs.<sup>15</sup>

This study is focused on measuring the economic impacts of the expenditures associated with out-of-county revenues of nonprofit organizations in San Bernardino County. Expenditures related to out-of-county revenues for nonprofit organizations that participated in the survey could be easily calculated by reducing their reported expenditures by their self-reported estimate of revenue attained from out-of-county sources.

To develop an order of magnitude estimate of the economic impacts the entire nonprofit sector in the County, the project team developed an economic impact estimate based on the assumption that nonprofit organizations that participated in the survey have in-county to out-of-county revenue ratios similar to other nonprofit organizations in the County when they are sorted by NTEE categories. Based on survey results, the project team calculated the weighted average portions of out-of-county revenues for nonprofit organizations in different NTEE categories. The percentages of out-of-county revenues for these nonprofit organizations are provided in Exhibit 18.

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<sup>15</sup> First 5 California website, “About Us”, [http://www.cffc.ca.gov/commission/about\\_us.asp](http://www.cffc.ca.gov/commission/about_us.asp)

**Exhibit 18 – Revenue Share of Nonprofit Organizations in San Bernardino County**

<b>NTEE Category</b>	<b>Percent of revenue from outside the County (weighted average)</b>
Arts and Culture	28.0%
Environment	26.1%
Health Care	58.9%
Higher Education	72.9%
Hospitals	57.2%
Human Services	72.2%
Mutual and Membership Benefit	10.0%
Other Education	51.4%
Public and Societal Benefit	90.2%
Religion-Related	6.7%
Unknown	4.5%

The project team applied these percentage estimates to the total spending of nonprofit organizations in each corresponding NTEE category, in order to estimate the amount of spending of these organizations that is supported by their out-of-county revenues. The expenditures that were estimated to be supported by out-of-county revenues were used as inputs to IMPLAN to measure the economic impacts of the 1,200 public charities and the 130 private foundations in San Bernardino County in the NCCS core files.

Exhibit 19 presents the spending inputs for different categories of nonprofit organizations that participated in the survey. The shares of total spending between the three groups of nonprofit organizations are 8.7 percent for universities and hospitals, 9.1 percent for First 5 San Bernardino partners, and 82.2 percent for other organizations.

**Exhibit 19 – Estimated Spending of Survey Participants (for IMPLAN Analysis)**

<b>NTEE Category</b>	<b>Universities and Hospitals</b>	<b>First 5 Partners</b>	<b>Other Organizations</b>
Arts and Culture	-	-	\$500,778
Environment	-	-	\$298,728
Health Care	-	-	\$18,160,027
Higher Education	\$26,599,503	-	-
Hospitals	\$32,595,715	-	-
Human Services	-	\$60,989,431	\$273,970,374
Mutual and Membership Benefit	-	-	\$16,300
Other Education	-	\$722,500	\$212,526,905
Public and Societal Benefit	-	-	\$51,044,507
Religion-Related	-	-	\$118,463
Unknown	-	-	\$88,943
<b>Total</b>	<b>\$59,195,218</b>	<b>\$61,711,931</b>	<b>\$556,725,023</b>



Exhibit 20 presents the spending inputs for different categories of nonprofit organizations that are included in NCCS core files. Based on statistics in the core files, the shares of total spending between three groups of nonprofit organizations are 60.1 percent for universities and hospitals, 8.9 percent for First 5 partners, and 31.0 percent for other organizations. This distribution of total spending is largely different from the distribution observed in Exhibit 19. Specifically, the share of university and hospital spending is much greater when using data collected from the core files. The main reason for this difference is that some universities with significant amounts of spending did not participate in the survey but were included in the core files.

**Exhibit 20 – Estimated Spending of Organizations in Core Files (for IMPLAN Analysis)**

<b>NTEE Category</b>	<b>Universities and Hospitals</b>	<b>First 5 Partners</b>	<b>Other Organizations</b>
Arts and Culture	-	-	\$4,629,494
Environment	-	-	\$6,306,865
Health Care	-	\$10,338,561	\$341,311,210
Higher Education	\$362,273,284	-	-
Hospitals	\$1,130,085,016	-	-
Human Services	-	\$209,999,957	\$253,056,915
International	-	-	\$477,041
Mutual and Membership Benefit	-	-	\$11,900
Other Education	-	\$437,434	\$122,680,653
Public and Societal Benefit	-	\$598,073	\$40,489,541
Religion-Related	-	-	\$2,068,819
Unknown	-	-	\$3,212
<b>Total</b>	<b>\$1,492,358,301</b>	<b>\$221,374,025</b>	<b>\$771,035,650</b>

The project team aggregated the spending of nonprofit organizations that participated in the survey and nonprofit organizations in the NCCS core files by NTEE category as shown in Exhibit 19 and Exhibit 20. The project team then assigned the 12 NTEE categories to economic sectors in the IMPLAN model. The spending in each NTEE category was then run through the model using economic multipliers specific to San Bernardino County to estimate the nonprofit sector's minimum and potential economic impacts.

## Chapter 5: Economic Impacts of San Bernardino County's Nonprofit Sector

This chapter presents the estimated economic impacts of the nonprofit sector in San Bernardino County. The chapter includes two sections. The first section presents the economic impacts of nonprofit organizations in the County that participated in the survey. The second section presents the economic impacts of nonprofit organizations in the County that are included in NCCS core files. In each of these sections, nonprofit organizations are divided into three groups: universities and hospitals, First 5 San Bernardino partners, and other organizations.

### 5.1 Economic Impacts of Survey Participants

As shown in Exhibit 21 through Exhibit 23, the direct expenditures of universities and hospitals, First 5 San Bernardino partners, and other organizations are approximately \$59 million, \$62 million, and \$557 million respectively. These expenditures result in significant economic impacts on San Bernardino County. Measured in terms of value added impacts, universities and hospitals have a total economic impact of \$59 million, First 5 San Bernardino partners have a total economic impact of \$70 million, and other organizations have a total economic impact of \$604 million on the County.

**Exhibit 21 – Economic Impacts of Universities and Hospitals**

Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	494	\$30,018,751	\$32,212,132	\$59,195,218
Indirect Effect	118	\$4,341,735	\$10,951,792	\$16,155,327
Induced Effect	213	\$8,012,658	\$15,505,746	\$24,681,180
<b>Total Effect</b>	<b>825</b>	<b>\$42,373,144</b>	<b>\$58,669,670</b>	<b>\$100,031,725</b>

**Exhibit 22 – Economic Impacts of First 5 San Bernardino Partners**

Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	1,758	\$41,437,332	\$39,006,915	\$61,711,931
Indirect Effect	124	\$4,488,735	\$9,582,129	\$15,094,949
Induced Effect	289	\$10,872,452	\$21,067,871	\$33,484,398
<b>Total Effect</b>	<b>2,171</b>	<b>\$56,798,519</b>	<b>\$69,656,915</b>	<b>\$110,291,278</b>

**Exhibit 23 – Economic Impacts of Other Survey Participants**

Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	12,202	\$341,006,861	\$328,603,181	\$556,725,024
Indirect Effect	1,313	\$48,558,705	\$98,564,837	\$157,253,913
Induced Effect	2,432	\$91,566,979	\$177,320,623	\$282,025,918
<b>Total Effect</b>	<b>15,947</b>	<b>\$481,132,545</b>	<b>\$604,488,641</b>	<b>\$996,004,855</b>

Exhibit 24 provides a summary of the total economic impacts of all nonprofit organizations that participated in the survey, including university and hospitals, First 5 San Bernardino partners, and other nonprofit organizations. Measured in terms of value added impacts to the County, the total economic impact of these organizations is \$733 million. The spending of these organizations and their employees support an additional 18,942 jobs and \$580 million in labor income in other sectors of the County's economy.

**Exhibit 24 – Economic Impacts of All Survey Participants**

Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	14,454	\$412,462,944	\$399,822,228	\$677,632,173
Indirect Effect	1,555	\$57,389,175	\$119,098,758	\$188,504,189
Induced Effect	2,934	\$110,452,089	\$213,894,240	\$340,191,496
<b>Total Effect</b>	<b>18,942</b>	<b>\$580,304,208</b>	<b>\$732,815,226</b>	<b>\$1,206,327,858</b>

**5.2 Tax Impacts of Survey Participants**

The tax impact analysis examines five sources of taxes: employee compensation, proprietor income, indirect business, households, and corporations. The federal, state, and local tax impacts of nonprofit organizations that participated in the survey are summarized in Exhibit 25 through Exhibit 27. The total impacts on federal taxes are \$9 million for universities and hospitals, \$10 million for First 5 San Bernardino partners, and \$91 million for the rest of the nonprofit organizations. The total impacts on state and local taxes are \$5.1 million for universities and hospitals, \$5.2 million for First 5 San Bernardino partners, and \$47.3 million for the rest of the nonprofit organizations.

**Exhibit 25 – Tax Impacts of Universities and Hospitals**

Tax Agency	Tax Category					
	Employee Compensation	Proprietor Income	Indirect Business	Households	Corporations	Total
Federal	\$4,504,135	\$142,696	\$513,249	\$2,793,924	\$897,033	\$8,851,037
State and Local	\$241,394	\$0	\$3,109,510	\$1,525,773	\$245,356	\$5,122,033
<b>Total</b>	<b>\$4,745,529</b>	<b>\$142,696</b>	<b>\$3,622,759</b>	<b>\$4,319,697</b>	<b>\$1,142,389</b>	<b>\$13,973,070</b>

**Exhibit 26 – Tax Impacts of First 5 San Bernardino Partners**

Tax Agency	Tax Category					
	Employee Compensation	Proprietor Income	Indirect Business	Households	Corporations	Total
Federal	\$4,364,698	\$858,493	\$447,658	\$3,826,712	\$686,455	\$10,184,016
State and Local	\$233,921	\$0	\$2,712,128	\$2,089,782	\$187,759	\$5,223,590
<b>Total</b>	<b>\$4,598,619</b>	<b>\$858,493</b>	<b>\$3,159,786</b>	<b>\$5,916,494</b>	<b>\$874,214</b>	<b>\$15,407,606</b>

**Exhibit 27 – Tax Impacts of Other Survey Participants**

Tax Agency	Tax Category					
	Employee Compensation	Proprietor Income	Indirect Business	Households	Corporations	Total
Federal	\$43,716,305	\$4,582,443	\$4,226,571	\$32,086,474	\$6,619,434	\$91,231,227
State and Local	\$2,342,922	\$0	\$25,606,585	\$17,522,545	\$1,810,547	\$47,282,599
<b>Total</b>	<b>\$46,059,227</b>	<b>\$4,582,443</b>	<b>\$29,833,156</b>	<b>\$49,609,019</b>	<b>\$8,429,981</b>	<b>\$138,513,826</b>

Exhibit 28 provides a summary the total tax impacts of nonprofit organizations that participated in the survey. The spending of these organizations contributes \$110 million in federal taxes and \$58 million in state and local taxes. The total tax impact of these organizations is \$168 million.

**Exhibit 28 – Tax Impacts of All Survey Participants**

Tax Agency	Tax Category					
	Employee Compensation	Proprietor Income	Indirect Business	Households	Corporations	Total
Federal	\$52,585,138	\$5,583,632	\$5,187,478	\$38,707,110	\$8,202,922	\$110,266,280
State and Local	\$2,818,237	\$0	\$31,428,223	\$21,138,100	\$2,243,662	\$57,628,222
<b>Total</b>	<b>\$55,403,375</b>	<b>\$5,583,632</b>	<b>\$36,615,701</b>	<b>\$59,845,210</b>	<b>\$10,446,584</b>	<b>\$167,894,502</b>

### 5.3 Economic Impacts of All Identified Organizations

The estimated economic impacts of all nonprofit organizations included in NCCS core files are presented in Exhibit 29 to Exhibit 31. The direct expenditures related to out-of-county revenue of universities and hospitals, First 5 San Bernardino partners, and other organizations in the NCCS core files are approximately \$1.5 billion, \$221 million, and \$771 million respectively, leading to total spending of \$2.5 billion in the County. Measured in terms of value added impacts, the total economic impacts of universities and hospitals, First 5 San Bernardino partners, and other organizations in the core files are \$1.5 billion, \$249 million, and \$830 million respectively.

**Exhibit 29 – Economic Impacts of Universities and Hospitals**

Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	11,383	\$763,672,590	\$831,245,466	\$1,492,358,300
Indirect Effect	3,085	\$109,948,640	\$274,247,192	\$399,974,310
Induced Effect	5,402	\$203,660,331	\$394,103,786	\$627,331,790
<b>Total Effect</b>	<b>19,870</b>	<b>\$1,077,281,560</b>	<b>\$1,499,596,444</b>	<b>\$2,519,664,400</b>

**Exhibit 30 – Economic Impacts of First 5 San Bernardino Partners**

Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	6,197	\$147,493,144	\$140,065,312	\$221,374,025
Indirect Effect	443	\$16,021,375	\$34,174,031	\$53,802,042
Induced Effect	1,029	\$38,691,834	\$74,971,209	\$119,161,679
<b>Total Effect</b>	<b>7,669</b>	<b>\$202,206,353</b>	<b>\$249,210,551</b>	<b>\$394,337,746</b>

**Exhibit 31 – Economic Impacts of Other Organizations in the NCCS Core Files**

Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	15,680	\$455,181,791	\$473,696,822	\$771,035,650
Indirect Effect	1,663	\$59,793,395	\$122,629,339	\$193,232,641
Induced Effect	3,208	\$120,799,023	\$233,887,015	\$372,069,067
<b>Total Effect</b>	<b>20,551</b>	<b>\$635,774,208</b>	<b>\$830,213,176</b>	<b>\$1,336,337,357</b>

Exhibit 32 provides a summary of the total economic impacts of all nonprofit organizations in the NCCS core files. Measured in terms of value added impacts, the total economic impact of these organizations on San Bernardino County is \$2.6 billion. Nonprofit organizations employ 48,792 workers in San Bernardino County.<sup>16</sup> In addition to direct employment in the nonprofit sector, the total spending of these organizations and their employees supports 48,090 jobs and provides \$1.9 billion in labor income in the County.

**Exhibit 32 – Economic Impacts of All Organizations in the NCCS Core Files**

Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	33,260	\$1,366,347,525	\$1,445,007,599	\$2,484,767,975
Indirect Effect	5,191	\$185,763,409	\$431,050,563	\$647,008,993
Induced Effect	9,639	\$363,151,188	\$702,962,010	\$1,118,562,535
<b>Total Effect</b>	<b>48,090</b>	<b>\$1,915,262,122</b>	<b>\$2,579,020,171</b>	<b>\$4,250,339,503</b>

#### 5.4 Tax Impacts of All Identified Nonprofit Organizations

The significant level of spending by nonprofit organizations in San Bernardino County contributes to federal, state, and local government tax revenue. The detailed tax impacts of these nonprofit organizations are provided in Exhibit 33 through Exhibit 35. The total impacts on federal taxes are \$226 million for universities and hospitals, \$36 million for First 5 San Bernardino partners, and \$125 million for the rest of the nonprofit organizations. The total impacts on state and local taxes are \$127 million for universities and hospitals, \$19 million for First 5 partners, and \$73 million for the rest of the nonprofit organizations.

**Exhibit 33 – Tax Impacts of Universities and Hospitals**

Tax Agency	Tax Category					
	Employee Compensation	Proprietor Income	Indirect Business	Households	Corporations	Total
Federal	\$115,157,753	\$3,370,167	\$12,547,865	\$71,000,327	\$23,622,120	\$225,698,232
State and Local	\$6,171,739	\$0	\$76,020,958	\$38,773,551	\$6,461,119	\$127,427,367
<b>Total</b>	<b>\$121,329,492</b>	<b>\$3,370,167</b>	<b>\$88,568,823</b>	<b>\$109,773,878</b>	<b>\$30,083,239</b>	<b>\$353,125,599</b>

<sup>16</sup> U.S. Census Bureau, 2010 American Community Survey, "San Bernardino County."

**Exhibit 34 – Tax Impacts of First 5 San Bernardino Partners**

Tax Agency	Tax Category					
	Employee Compensation	Proprietor Income	Indirect Business	Households	Corporations	Total
Federal	\$15,726,048	\$2,981,526	\$1,653,482	\$13,614,192	\$2,500,834	\$36,476,082
State and Local	\$842,818	\$0	\$10,017,584	\$7,434,763	\$684,028	\$18,979,193
<b>Total</b>	<b>\$16,568,866</b>	<b>\$2,981,526</b>	<b>\$11,671,066</b>	<b>\$21,048,955</b>	<b>\$3,184,862</b>	<b>\$55,455,275</b>

**Exhibit 35 – Tax Impacts of Other Organizations in the NCCS Core Files**

Tax Agency	Tax Category					
	Employee Compensation	Proprietor Income	Indirect Business	Households	Corporations	Total
Federal	\$60,284,950	\$5,051,077	\$7,316,060	\$42,276,577	\$10,107,111	\$125,035,775
State and Local	\$3,230,898	\$0	\$44,324,184	\$23,087,401	\$2,764,496	\$73,406,979
<b>Total</b>	<b>\$63,515,848</b>	<b>\$5,051,077</b>	<b>\$51,640,244</b>	<b>\$65,363,978</b>	<b>\$12,871,607</b>	<b>\$198,442,754</b>

Exhibit 36 presents the total tax impacts of nonprofit organizations included in the NCCS core files. The spending of all these organizations contributes \$387 million in federal taxes and \$220 million in state and local taxes. The total tax impact of these organizations is \$607 million.

**Exhibit 36 – Tax Impacts of All Organizations in the NCCS Core Files**

Tax Agency	Tax Category					
	Employee Compensation	Proprietor Income	Indirect Business	Households	Corporations	Total
Federal	\$191,168,751	\$11,402,770	\$21,517,407	\$126,891,096	\$36,230,065	\$387,210,089
State and Local	\$10,245,455	\$0	\$130,362,726	\$69,295,715	\$9,909,643	\$219,813,539
<b>Total</b>	<b>\$201,414,206</b>	<b>\$11,402,770</b>	<b>\$151,880,133</b>	<b>\$196,186,811</b>	<b>\$46,139,708</b>	<b>\$607,023,628</b>

As discussed above, the nonprofit sector in San Bernardino County has significant impacts on the County's economy. Based on survey results, the County's nonprofit sector received at least \$725 million in out-of-county revenue in 2011, which supported about \$678 million in the nonprofit sector's total spending. Measured in terms of economic value-added, this level of spending generated an economic impact of \$733 million on the County. Based on statistics in NCCS core files, the San Bernardino County's nonprofit sector received about \$2.5 billion in out-of-county revenue, which was associated with nearly \$2.5 billion in the nonprofit sector's total spending. Measured in terms of value-added, the total economic impact of the nonprofit sector was \$2.6 billion on the County.



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