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THE NONPROFIT SECTOR: A VITAL ECONOMIC FORCE IN THE MID-HUDSON VALLEY SULLIVAN COUNTY REPORT

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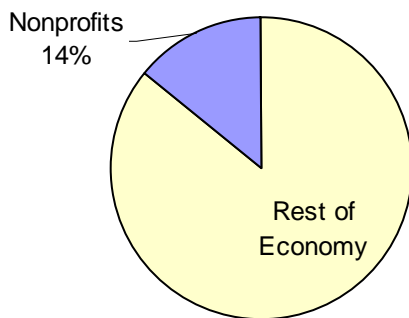
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SULLIVAN COUNTY REPORT

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SUMMARY

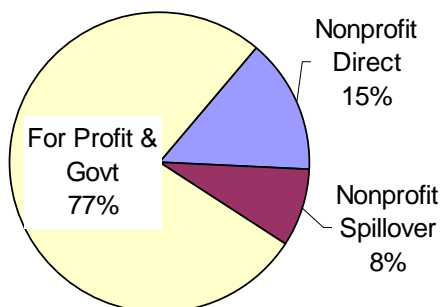
Share of Regional Output



The Mid-Hudson Valley's nonprofits are most often recognized in their role as stewards of the community's health and well being. Yet the economic role played by these disparate organizations—from the large institutions like colleges and hospitals to small social assistance agencies—is quite substantial.

CGR estimates that the aggregate economic impact of nonprofits in the Mid-Hudson Valley economy is about **\$6.5 billion, 14% of the total output** of the region, analogous to “gross domestic product” or GDP at the national level.

Employment Shares Mid-Hudson Valley 2003



Total employment attributable to the nonprofit sector (both direct and spillover impact) is also sizeable at about **89,000 jobs**, about **23%** of the approximately 384,000 wage and salary positions in the region. In **Sullivan County** the nonprofit sector employment of over **6,000** comprises **25%** of the total employment in the county.¹

Wage and salary income for the Mid-Hudson Valley totals about **\$13 billion**. The nonprofit sector, both directly and indirectly, contributes about **\$2.7 billion**, about **21%** of the wage and salary total in the region. This compares to **24%** in **Sullivan County**.

¹ This total includes some “sole proprietor” positions not included in the count of wage and salary workers. Similarly, the estimated labor income impact of nonprofits includes income to sole proprietors.

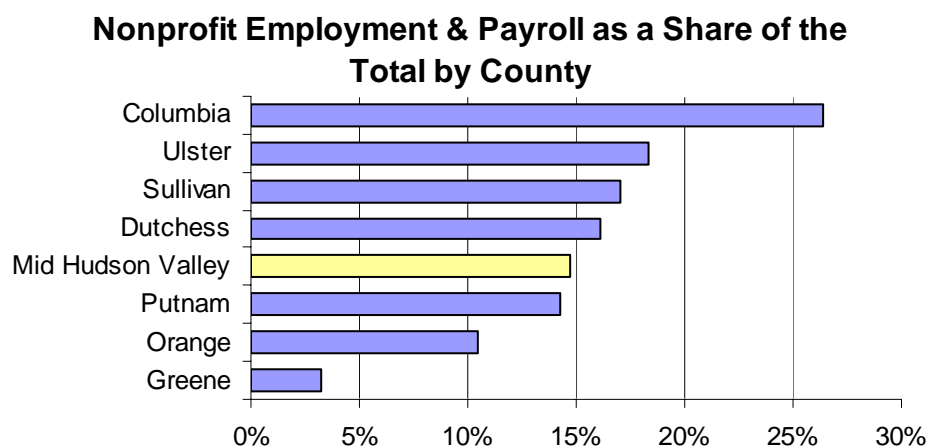
The impact of MHV nonprofits on revenue to the state and local government spans a range of taxes and fees. Estimating only two of these taxes, CGR calculates that the nonprofit sector contributes about **\$109 million annually to NYS personal income tax** receipts with an additional **\$39 million each in state and local sales tax**.

Significance of Nonprofits in Particular Sectors

As noted in the table on the next page, nonprofit institutions are particularly important in specific sectors. Combining the direct employment and payroll and the “spillover” impacts that result from the purchases of the institutions and employees, CGR estimates that nonprofits constitute 80% of total employment and payroll in the education and healthcare sectors, and an even higher 91% of such employment and payroll in Sullivan County (combined here in conformity with the North American Industry Classification System’s (NAICS) “supersector” categories).²

Impact of Nonprofits on Individual Counties

Within the counties in the Mid-Hudson Valley, the range of dependence on the nonprofit sector is significant. At one extreme, nonprofit employment and payroll, both direct and spillover, constitutes only three percent of the total for Greene County,



² NOTE: While some data (presented in the body of the report below) indicates that wages and salaries in the nonprofit sector are lower than salaries for similar positions in the government and for profit sectors, there was not enough information to make this distinction in the detailed table of employment and payroll included here. The payroll totals assume that pay in the nonprofit sector is the same as payroll in the nonprofit and government sectors, thus the nonprofit share of employment and the nonprofit share of payroll are identical.

while more than one quarter of the Columbia County economy depends on the nonprofit sector.

Mid Hudson Valley	Employment				Proportional Wage & Salary (\$m)				
	Nonprofit Direct	Nonprofit Spillover	For Profit & Govt	Total	Nonprofit Direct	Nonprofit Spillover	For Profit & Govt	Total	Nonprofit Share
Natural Resources and Mining	290	200	3,450	3,940	\$8	\$5	\$90	\$103	13%
Construction	0	560	16,880	17,440	\$0	\$22	\$650	\$672	3%
Manufacturing	0	990	34,240	35,230	\$0	\$56	\$1,904	\$1,959	3%
Wholesale Trade	0	1,230	11,630	12,860	\$0	\$51	\$481	\$532	10%
Retail Trade	0	1,640	51,750	53,390	\$0	\$38	\$1,207	\$1,245	3%
Transportation and Utilities	0	4,040	8,330	12,370	\$0	\$162	\$334	\$496	33%
Information	0	980	7,330	8,310	\$0	\$34	\$256	\$290	12%
Financial Activities	0	4,260	11,930	16,190	\$0	\$161	\$451	\$612	26%
Professional and Business Services	1,720	7,690	18,870	28,280	\$59	\$278	\$685	\$1,023	33%
Educational and Health Services	44,940	5,190	12,590	62,720	\$1,386	\$163	\$394	\$1,943	80%
Leisure and Hospitality	2,180	1,140	31,610	34,930	\$31	\$16	\$451	\$498	10%
Other Services	7,210	3,630	2,950	13,790	\$152	\$77	\$61	\$290	79%
Government	0	370	82,380	82,750	\$0	\$15	\$3,251	\$3,265	0%
Unclassified	0	650	930	1,580	\$0	\$14	\$20	\$34	41%
Total	56,340	32,570	294,870	383,780	\$1,636	\$1,092	\$10,234	\$12,963	21%

Additional Sullivan County Results

Sullivan County has 124 nonprofits included in this analysis, which directly provide over 4,200 full-time equivalent jobs. Total revenue for these Sullivan County nonprofits is estimated at over \$250 million in 2003. Among those nonprofits reporting assets in 2003, the sum of assets was over \$250 million. Among all nonprofits in Sullivan County, 62% ended the year with a surplus or break-even in 2003, while 38% showed a deficit.

As is the case nationally, statewide, and in the region, nearly two-thirds of Sullivan and Ulster County nonprofit workers are female. More than three-quarters of nonprofit workers in Sullivan and Ulster counties worked 41 weeks or more in 1999 (76%). This is a slightly higher proportion than nonprofit workers in the region and state. Sullivan and Ulster County nonprofit workers have a lower mean and median income than those in the region at large, and statewide.

Study Approach

On behalf of the Dyson Foundation, CGR compiled information on about 2,500 nonprofits in the seven county Mid-Hudson Valley region. Of these, 1,703 are large enough to have paid staff. The

study conclusions are based on a number of different sources of information including Internal Revenue Service filings (forms 990 and 990EZ), organizational information provided by United Ways and foundations in each county, Dun & Bradstreet listings and a survey conducted by CGR. The study excludes places of worship and those organizations with revenue below \$25,000, thus not subject to the Internal Revenue Service filing requirement.



For more information on the methodology used, and for glossaries of terms used in the report, please see the full regional report, available at www.cgr.org.

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ACKNOWLEDGMENTS

This study has been commissioned by the Dyson Foundation, a private family foundation located in Millbrook (Dutchess County).

Staff Team

Sarah Boyce, Associate Director, coordinated all aspects of the project.

Christopher Annala, Professor of Economics at the State University College at Geneseo, plus interns Tina Marsh and Mark Hernberg contributed to the data analysis. Katherine McCloskey provided assistance with database management.

NONPROFITS' IMPACT ON SULLIVAN COUNTY



Sullivan County's 25,800 wage and salary employment in 2005 comprise 6% of the Mid-Hudson Valley's total. Tourism is responsible for a higher share of the region's Leisure and Hospitality employment, 10% of the region's employment in this sector.

Economic Impact

On a wage and salary basis, about 24% of Sullivan County's economy is driven by the nonprofit sector. Direct employment of nonprofits in the county is about 4,290 with spillover employment estimated to be 2,090.

Sullivan County	Employment			Proportional Wage & Salary (\$m)					
	Nonprofit	Nonprofit Spillover	For Profit & Govt	Total	Nonprofit Direct	Nonprofit Spillover	For Profit & Govt	Total	Nonprofit Share
Natural Resources and Mining	40	20	320	380	\$1	\$1	\$9	\$10	16%
Construction	0	30	880	910	\$0	\$1	\$27	\$28	3%
Manufacturing	0	30	940	970	\$0	\$1	\$25	\$26	3%
Wholesale Trade	0	60	600	660	\$0	\$2	\$19	\$21	9%
Retail Trade	0	100	3,270	3,370	\$0	\$2	\$70	\$72	3%
Transportation and Utilities	0	210	440	650	\$0	\$7	\$14	\$21	32%
Information	0	30	200	230	\$0	\$1	\$9	\$10	13%
Financial Activities	0	370	1,050	1,420	\$0	\$13	\$37	\$50	26%
Professional and Business Services	20	310	810	1,140	\$1	\$9	\$22	\$32	29%
Educational and Health Services	3,820	390	430	4,640	\$118	\$12	\$13	\$144	91%
Leisure and Hospitality	90	110	3,070	3,270	\$1	\$2	\$44	\$46	6%
Other Services	320	360	660	1,340	\$5	\$6	\$11	\$22	51%
Government	0	30	6,130	6,160	\$0	\$1	\$275	\$276	0%
Unclassified	0	40	50	90	\$0	\$1	\$1	\$1	44%
Total	4,290	2,090	18,850	25,230	\$126	\$58	\$576	\$760	24%

Employment

Sullivan County has 124 nonprofits included in this analysis. These organizations provide over 4,200 full-time equivalent jobs. The largest organizations, those with \$1 million or more in revenue, compose 14% of the total organizations, but provide 89% of nonprofit sector employment in the county.

Total MHV and Sullivan County Nonprofit Employment, by Revenue Category				
	Number of Nonprofits	Total Employment (FTEs)	Full-Time	Part-Time
Mid-Hudson Valley				
Total	1,703	56,341	51,733	9,216
Revenue Category				
<\$100,000	813	1,884	1,726	316
\$100,000 to <\$1 million	622	5,231	4,749	963
\$1 million to < \$50 million	249	28,601	26,816	3,571
\$50 million +	19	20,625	18,442	4,366
Sullivan County				
Total	124	4,289	4,213	153
Revenue Category				
<\$100,000	52	83	73	21
\$100,000 to <\$1 million	55	399	390	18
\$1 million to < \$50 million	16	2,852	2,795	114
\$50 million +	1	955	955	0

Source: CGR analysis of GuideStar, D&B, and survey data.

Use of Interns and Volunteers

Similar to nonprofits across the MHV, 82% of Sullivan County nonprofits responding to the survey indicated that they use volunteers or interns. Nearly one-third of respondents used over 2,500 hours each of intern or volunteer time in 2005.

Use of Volunteers or Interns, Sullivan County		
Do you use volunteers or interns?		
Total	22	100%
Yes	18	82%
No	4	18%
If yes, how many hours in 2005?		
Total	18	100%
Up to 500	5	28%
501 to 2,500	9	50%
2,501 to 5,000	1	6%
5,001 +	3	17%

Source: Survey of MHV Nonprofits.

Revenue

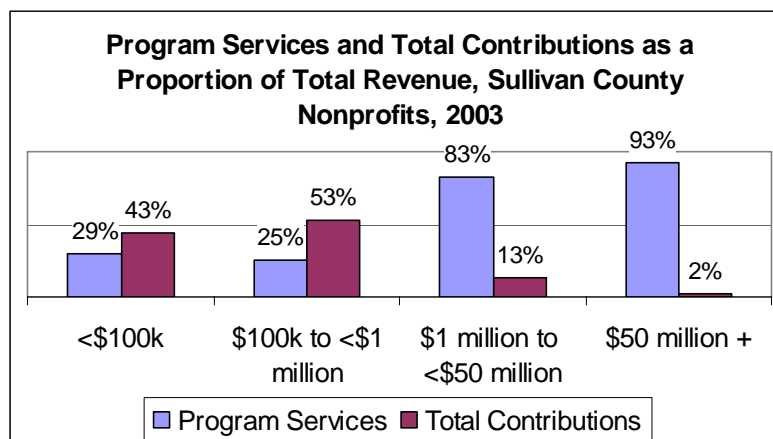
Total revenue for Sullivan County nonprofits is estimated at over \$250 million in 2003. Over 90% of this revenue is recognized by the largest nonprofit organizations in the county.

As was the case in the MHV region, nonprofit organizations' reliance on program service revenue increases with organization size while reliance on contributions and membership dues decreases.

Nonprofit Sector Revenue Sources, Sullivan County, 2003

	<\$100k*	\$100k to <\$1 million	\$1 million to <\$50 million	\$50 million +	All organizations
Number of Organizations	51	55	16	1	123
Program Services	29%	25%	83%	93%	82%
Total Contributions	43%	53%	13%	2%	12%
Government Contributions	na	19%	8%	0%	na
Public Contributions	na	34%	5%	2%	na
Membership Dues	5%	2%	<1%	0%	0%
Other Revenue	22%	21%	4%	5%	6%
Interest, Dividends, Other					
Investment Income	na	1%	<1%	1%	na
Miscellaneous*	na	19%	4%	4%	na
Total Revenue	\$1,700,000	\$18,400,000	\$136,300,000	\$96,100,000	\$252,500,000

*One organization is excluded from this analysis because a substantial loss in sales resulted in a negative total revenue, and renders the proportions in this table not meaningful.



Expenses

Wages and salaries are a substantial share of total expense, ranging from 14% to 39% depending on total revenue size³. Employee benefits plus pension costs compose as much as 9% of total expenses for the larger nonprofit organizations in Sullivan County.

Nonprofit Organization Expenses by Selected Type, Sullivan County, 2003

Revenue Category	Total Expenses	Wages & Salaries	Pension	Employee Benefits	Compensation of Officers, Directors	Grants	Salaries, Employee Benefits, Other Compensation
<\$100,000	100%	NA	NA	NA	NA	0%	14%
\$100,000 to <\$1 million	100%	27%	1%	2%	4%	7%	NA
\$1 million to <\$50 million	100%	39%	1%	8%	1%	0%	NA
\$50 million +	100%	38%	2%	5%	1%	0%	NA

Source: CGR analysis of IRS data.

For nonprofit organizations with \$100,000 in revenues or more, a more detailed analysis of expenses is possible. The table below shows that the majority of expenses across nonprofits of all sizes go toward program services functions, while 9% are for management and general expenses, and less than 1% of expenses are allocated to fundraising activities.

Expenses by Functional Type, Nonprofits With \$100,000+ in Revenues, Sullivan County

Revenue Category	Total	Type of Functional Expense		
		Program Services	Management and General	Fundraising
All Nonprofits \$100,000+	100%	90%	9%	<1%
\$100,000 to <\$1 million	100%	85%	12%	2%
\$1 million to <\$50 million	100%	93%	6%	1%
\$50 million +	100%	87%	13%	0%

Source: CGR analysis of IRS data.

³ Wages and salaries are combined with employee benefits costs and other compensation costs for organizations under \$100,000 in total revenues.

Assets

Of the 124 nonprofits in Putnam County included in this analysis, 114 reported positive assets in 2003. Total assets were over \$250 million, with median assets of over \$200,000.

Assets Among Nonprofits, Sullivan County, 2003			
	<u>Total Nonprofits</u>		
	<u>With Assets</u>	<u>Total Assets</u>	<u>Median Assets</u>
Nonprofits with Assets > \$0	114	\$259,000,000	\$212,000
Revenue Category			
<\$100,000	43	\$13,000,000	\$118,000
\$100,000 to < \$1 million	54	\$26,000,000	\$248,000
\$1 million to < \$50 million	16	\$161,000,000	\$3,417,000
\$50 million +	1	\$59,000,000	\$59,005,000

Source: CGR analysis of IRS data.

Services Outside MHV

One-quarter of Sullivan County nonprofits responding to the survey indicated they provide services outside the MHV. For nearly two-thirds of those who do, the proportion of their total services provided outside the region is 25% or less.

Provision of Services Outside the MHV, Sullivan County		
Do you provide services outside the MHV?		
Total	23	100%
Yes	6	26%
No	17	74%
If yes, what proportion of your services are outside the MHV?		
Total	6	100%
1 to 25%	4	67%
26 to 50%	0	0%
51 to 100%	2	33%

Source: Survey of MHV Nonprofits.

Year End Operational Deficits

Among all nonprofits in Sullivan County, 62% ended the year with a surplus or break-even in 2003, while 38% showed a deficit.

In many cases, organizations with a year end deficit showed a small deficit, 10% or less in 39% of organizations with a deficit, and higher proportions among larger organizations.

Proportion of Nonprofits with Year End Operational Deficit/Surplus, by Revenue Category, Sullivan County

	<u>Surplus</u>	<u>Break- Even</u>	<u>Deficit</u>
All Organizations	43%	19%	38%
Revenue Category			
<\$100,000	52%	12%	37%
\$100,000 to <\$1 million	36%	31%	33%
\$1 million to <\$50 million	38%	6%	56%
\$50 million +	0%	0%	100%

Source: CGR analysis of IRS data.

Proportion of Nonprofits with Deficits Where Deficit is Equal to 10% or Less of Total Revenues, Sullivan County

	<u>Deficit < 10%</u>
All Nonprofits With Deficit	39%
Revenue Category	
<\$100,000	11%
\$100,000 to <\$1 million	50%
\$1 million to <\$50 million	67%
\$50 million +	100%

Source: CGR analysis of IRS data.

Audits and Taxes Paid

Seventy percent of Sullivan County nonprofits responding to the survey indicated they have an annual audit conducted. Two respondents said they paid taxes in 2005, and two respondents made payments in lieu of taxes (PILOT).

Audits, Taxes, Payments in Lieu of Taxes, Sullivan County	
	Proportion Answering "Yes"
Conduct an Annual Audit	70%
Pay Taxes	9%
Average Payment (n=2)	\$1,176
Make Payments in Lieu of Taxes	9%
Average Payment	not available

Source: Survey of MHV Nonprofits.

Rental Space

More than one in four Sullivan County survey respondents indicated they rent space. Of those, more than two-thirds rented more than 2,500 square feet of space in 2005.

Renting Space Sullivan County Nonprofits		
Renter versus Owner status		
Total	23	100%
Renter	6	26%
Owner	17	74%
If yes, how much space (square feet)?		
Total	6	100%
1 to 500	1	17%
501 to 2,500	1	17%
2,501 to 10,000	3	50%
10,001+	1	17%

Source: Survey of MHV Nonprofits.

Workforce Profile

Of all Sullivan and Ulster County residents in the workforce, 13,709 were employed in nonprofit organizations according to the 2000 Census.

Demographics

As is the case nationally, statewide, and in the region, nearly two-thirds of Sullivan and Ulster County nonprofit workers are female. A lower proportion of Sullivan and Ulster County nonprofit workers are young, ages 24 or less (10%) compared to the region or state (13%).

Demographics of Non-Profit Sector Employees in the US, NYS, Mid-Hudson Valley, and Sullivan and Ulster Counties, 2000

	US		NYS		MHV		Sullivan & Ulster	
TOTAL	9,278,304	100%	1,023,750	100%	60,808	100%	13,709	23%
Gender								
Male	3,018,863	33%	355,114	35%	21,188	35%	4,897	36%
Female	6,259,441	67%	668,636	65%	39,620	65%	8,812	64%
Age								
16 to 17	82,926	1%	16,493	2%	1,031	2%	297	2%
18 to 24	860,169	9%	111,720	11%	6,402	11%	1,097	8%
25 to 34	1,873,777	20%	205,287	20%	10,792	18%	2,324	17%
35 to 44	2,488,625	27%	247,156	24%	14,623	24%	3,615	26%
45 to 54	2,379,916	26%	232,373	23%	15,854	26%	3,731	27%
55 to 59	731,362	8%	80,101	8%	5,010	8%	1,289	9%
60 to 64	436,229	5%	55,021	5%	3,057	5%	767	6%
65+	441,453	5%	75,599	7%	4,039	7%	589	4%
Race / Ethnicity								
White (non Hispanic)	7,310,459	79%	703,383	69%	52,229	86%	11,962	87%
Black (non Hispanic)	900,940	10%	148,687	15%	4,005	7%	695	5%
Asian (non Hispanic)	300,758	3%	46,501	5%	669	1%	170	1%
Other (non Hispanic)	73,757	1%	5,945	1%	1,463	2%	293	2%
Two or more (non Hispanic)	121,626	1%	16,442	2%	911	1%	217	2%
Hispanic	570,764	6%	102,792	10%	1,531	3%	372	3%

Source: Census 2000

Hours, Weeks Worked More than three-quarters of nonprofit workers in Sullivan and Ulster counties worked 41 weeks or more in 1999 (76%). This is a slightly higher proportion than nonprofit workers in the region and state.

Sullivan and Ulster County nonprofit workers were equally likely as those in the region and state to work more than 40 hours per week (20%, 20%, and 21%, respectively).

Hours, Weeks Worked by Nonprofit Sector Employees in NYS, Mid-Hudson Valley, and Sullivan and Ulster Counties, 2000						
	<u>NYS</u>		<u>MHV</u>		<u>Sullivan & Ulster</u>	
Total	1,023,750	100%	60,808	100%	13,709	100%
Weeks Worked in 2000						
1 to 10	45,426	5%	2,403	4%	701	6%
11 to 20	47,910	5%	3,000	5%	576	5%
21 to 30	51,902	6%	3,264	6%	695	6%
31 to 40	84,991	9%	6,678	12%	1,026	8%
41 or More	688,608	75%	39,728	72%	9,435	76%
Hours Worked Per Week						
1 to 10	44,274	5%	2,620	5%	409	3%
11 to 20	89,625	10%	5,054	9%	950	8%
21 to 30	89,263	10%	6,157	11%	1,127	9%
31 to 40	511,215	56%	30,407	55%	7,375	59%
41 to 50	115,058	13%	6,998	13%	1,643	13%
51+	69,402	8%	3,837	7%	929	7%

Source: Census 2000

Income

Sullivan and Ulster County nonprofit workers have a lower mean and median income than those in the region at large, and statewide.

Income For Nonprofit Sector Employees in the US, NYS, the MHV, and Sullivan & Ulster Counties, 2000

	US	NYS	MHV	Sullivan & Ulster
Total Income	100%	100%	100%	100%
Other*	NA	NA	NA	NA
\$1 to \$10,000	18%	21%	22%	21%
\$10,000 to \$24,999	30%	27%	30%	33%
\$25,000 to \$34,999	19%	18%	17%	19%
\$35,000 to \$49,999	17%	16%	14%	13%
\$50,000 to \$74,999	11%	11%	11%	11%
\$75,000 to \$99,999	3%	4%	4%	2%
\$100,000 to \$149,999	2%	2%	2%	1%
\$150,000 to \$199,999	0%	0%	0%	0%
\$200,000 and Above	1%	1%	0%	0%
Mean	\$32,729	\$29,885	\$29,807	\$26,645
Median	\$25,294	\$23,000	\$24,000	\$22,100

Source: Census 2000

Occupation

As in the region, teachers are a dominant profession in the nonprofit sector in Sullivan and Ulster counties, composing 16% of the total nonprofit workforce. However, this is the only county or cluster of counties where Medicine, Therapy, and Other Health Care Workers is the top occupation at 19% of nonprofit workers.

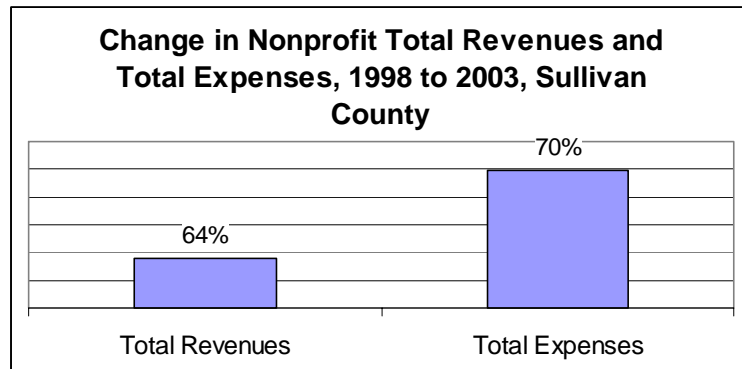
Occupation of Nonprofit Sector Employees in the US, NYS, Mid-Hudson Valley, and Sullivan & Ulster Counties, 2000				
	US	NYS	MHV	Sullivan & Ulster
Total	100%	100%	100%	100%
Occupation				
Teachers	14%	18%	20%	16%
Medicine, Therapy, and Other Health Care Workers	19%	18%	17%	19%
Business Operation	18%	15%	13%	10%
Managers and Executives	9%	6%	7%	9%
Social Workers / Counselors	5%	7%	6%	7%
Metal Workers, Construction, Mechanics & Other Skilled Labor	5%	4%	5%	5%
Cleaning & Maintenance	4%	4%	4%	4%
Food Service	2%	3%	4%	4%
Accountants and Other Financial Roles	3%	4%	4%	3%
Retail Sales	2%	4%	3%	2%
Religion	5%	3%	3%	3%
Legal	0%	2%	2%	2%
Engineers and Scientists	2%	2%	2%	2%
Protective Service Workers	1%	1%	1%	1%
Media	1%	1%	1%	1%
Computer Technicians/Specialists	2%	1%	1%	1%
Arts and Entertainment	2%	1%	1%	1%
Other	5%	6%	6%	7%

Source: Census 2000

Change in Nonprofit Sector Over Time

The 54 Sullivan County nonprofits who filed with the IRS in both 1998 and 2003 grew their revenues by 64% over the five year period, and expenses increased by 70%.

The same nonprofits increased their payment of payroll tax by 56%, increased their wages and compensation payments by 55%, and increased their assets 29%.



Change in Selected Financials, 1998 to 2003, Sullivan County

Payroll Tax	56%
Wages and Compensation to Officers	55%
Assets	29%

CGR analysis of IRS data.