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

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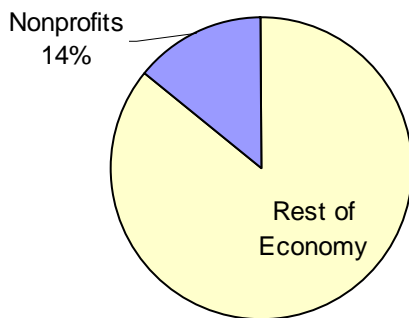
THE NONPROFIT SECTOR: A VITAL ECONOMIC FORCE IN THE MID-HUDSON VALLEY

COLUMBIA COUNTY REPORTS

July, 2006

SUMMARY

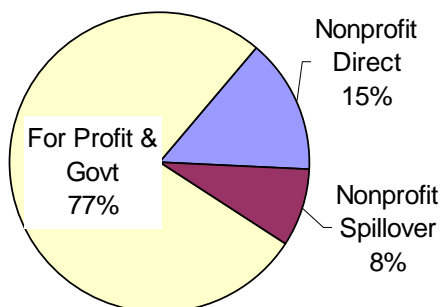
Share of Regional Output



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 **Columbia County** the nonprofit sector employment of over **6,500** comprises **32%** of the total employment.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. This compares to **31%** in **Columbia 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.

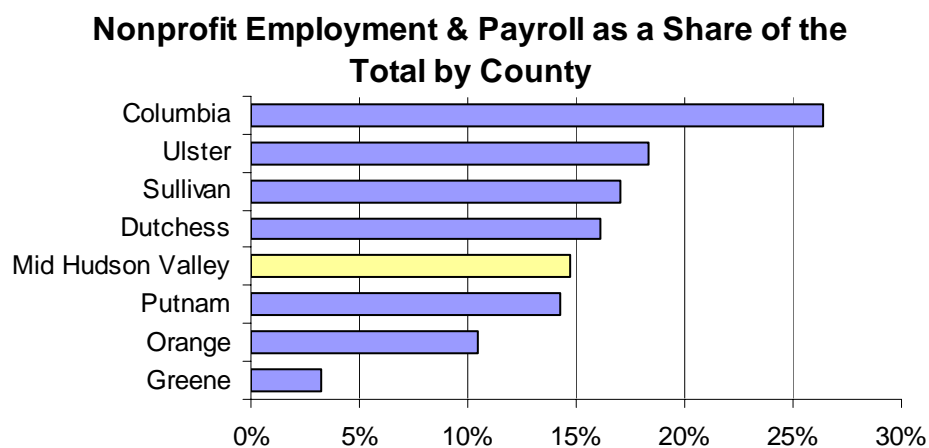
The impact of MHV nonprofits on revenue to the state and local government spans a range of taxes and fees. Estimating only two of these taxes, CGR calculates that the nonprofit sector contributes about **\$109 million annually to NYS personal income tax** receipts with an additional **\$39 million each 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 nearly all (99%) of such employment and payroll in Columbia 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 Results for Columbia County

Columbia County is one of the smaller counties in the MHV region, with 175 nonprofits in this analysis, providing direct employment of over 5,500. Total revenue for these Columbia County nonprofits is estimated at nearly \$325 million in 2003, with assets valued at nearly \$350 million. Among all nonprofits in Columbia County 66% ended the year with a surplus or were break-even in 2003, while 34% showed a deficit.

As is the case nationally, statewide, and in the region, two-thirds of Dutchess County nonprofit workers are female. Nearly three-quarters of nonprofit workers in Columbia & Greene counties worked 41 weeks or more in 1999. Columbia and Greene County nonprofit workers have a nearly identical mean income compared to the whole MHV region and the state of New York.

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 COLUMBIA COUNTY



Columbia County is one of the smaller counties in the region, with 175 nonprofits in this analysis, or about 10% of the region's total. With about 21,300 positions reported for 2005 by the NYS DOL Quarterly Census of Employment and Wages, Columbia County contributes about 5% of the employment and a comparable share of payroll.

Economic Impact

With 5,500 nonprofits in the county, the aggregate impact of nonprofits in Columbia County is very substantial, about 31% of employment, wages and salaries.

Columbia 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	90	50	830	970	\$3	\$1	\$25	\$29	14%
Construction	0	30	820	850	\$0	\$1	\$27	\$28	4%
Manufacturing	0	60	2,000	2,060	\$0	\$2	\$73	\$75	3%
Wholesale Trade	0	60	520	580	\$0	\$2	\$18	\$20	10%
Retail Trade	0	80	2,630	2,710	\$0	\$2	\$65	\$67	3%
Transportation and Utilities	0	160	340	500	\$0	\$6	\$12	\$18	32%
Information	0	40	330	370	\$0	\$2	\$13	\$15	11%
Financial Activities	0	160	460	620	\$0	\$6	\$19	\$25	26%
Professional and Business Services	770	390	270	1,430	\$26	\$13	\$9	\$48	81%
Educational and Health Services	3,850	20	30	3,900	\$107	\$1	\$1	\$108	99%
Leisure and Hospitality	220	50	1,240	1,510	\$3	\$1	\$17	\$20	18%
Other Services	600	0	-	600	\$12	\$0	\$0	\$12	100%
Government	0	20	4,750	4,770	\$0	\$1	\$147	\$148	0%
Unclassified	0	30	40	70	\$0	\$1	\$1	\$1	43%
Total	5,530	1,150	14,260	20,940	\$150	\$38	\$425	\$613	31%

Employment

The largest nonprofit organizations in Columbia County, those with \$1 million or more in revenue, comprise about 13% of the total organizations, but provide nearly 90% of nonprofit sector employment in the county.

Total MHV and Columbia County Nonprofit Employment, by Revenue Category

	Number of Nonprofits	Total Employment (FTEs)	Full-Time	Part-Time
<u>Mid-Hudson Valley</u>				
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
<u>Columbia County</u>				
Total	175	5,521	5,462	118
Revenue Category				
<\$100,000	78	124	114	19
\$100,000 to <\$1 million	74	482	444	75
\$1 million to < \$50 million	21	2,697	2,685	24
\$50 million +	2	2,219	2,219	0

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

Use of Interns and Volunteers

Similar to nonprofits across the MHV, 83% of Columbia County nonprofits responding to the survey indicated that they use volunteers or interns. One-quarter of respondents used over 2,500 hours of intern or volunteer time in 2005.

Use of Volunteers or Interns, Columbia County

Do you use volunteers or interns?

Total	30	100%
Yes	25	83%
No	5	17%

If yes, how many hours in 2005?

Total	25	100%
Up to 500	8	32%
501 to 2,500	11	44%
2,501 to 5,000	3	12%
5,001 +	3	12%

Source: Survey of MHV Nonprofits.

Revenue

Total revenue for Columbia County nonprofits is estimated at nearly \$325 million in 2003. More than half of this revenue is recognized by the two largest nonprofit organizations in the county.

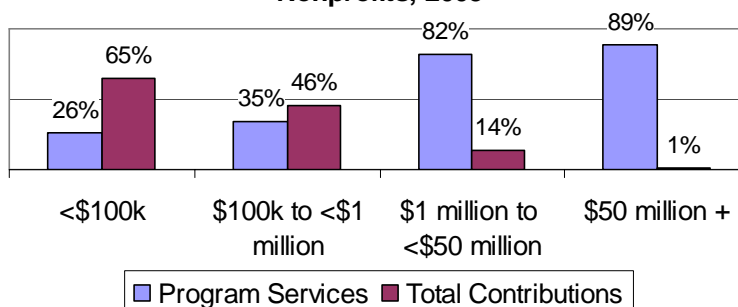
As was the case in the MHV region, nonprofit organizations' reliance on program service revenue increases with organization size while reliance on contributions and membership dues decreases.

Nonprofit Sector Revenue Sources, Columbia County, 2003

	<\$100k	\$100k to <\$1 million	\$1 million to <\$50 million	\$50 million +	All organizations
Number of Organizations	78	74	21	2	175
Program Services	26%	35%	82%	89%	82%
Total Contributions	65%	46%	14%	1%	10%
Government Contributions	na	14%	4%	1%	na
Public Contributions	na	32%	10%	1%	na
Membership Dues	7%	2%	<1%	0%	0%
Other Revenue	2%	17%	4%	9%	8%
Interest, Dividends, Other					
Investment Income	na	1%	1%	<1%	1%
Miscellaneous*	na	16%	3%	9%	na
Total Revenue	\$3,100,000	\$23,200,000	\$134,300,000	\$163,800,000	\$324,400,000

*Includes rents, sales of inventory, sales of assets, special events, other revenue.

Program Services and Total Contributions as a Proportion of Total Revenue, Columbia County Nonprofits, 2003



Expense

Wages and salaries expense as a proportion of total expenses is substantial, ranging from 23% to 44% depending on total revenue size³. Employee benefits plus pension costs compose as much as 10% of total expenses for the larger nonprofit organizations in Columbia County.

Nonprofit Organization Expenses by Selected Type, Columbia County, 2003

Revenue Category	Total Expenses	Wages & Salaries	Employee Pension	Employee Benefits	Compensation		Salaries, Employee Benefits, Other Compensation
					of Officers, Directors	Grants	
<\$100,000	100%	NA	NA	NA	NA	9%	23%
\$100,000 to \$1 million	100%	28%	0%	2%	4%	5%	NA
\$1 million to \$50 million	100%	44%	1%	9%	1%	0%	NA
\$50 million +	100%	43%	1%	5%	1%	0%	NA

Source: CGR analysis of IRS data.

The majority of expenditure across nonprofits of all sizes go toward program services functions, while 15% are for management and general expenses, and less than 1% of expenses are allocated to fundraising activities. Management and general expenses are highest among the largest organizations, a trend that was also found across the entire MHV region.

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

Revenue Category	Total	Type of Functional Expense		
		Program Services	Management and General	Fundraising
All Nonprofits \$100,000+	100%	84%	15%	<1%
\$100,000 to <\$1 million	100%	83%	13%	3%
\$1 million to <\$50 million	100%	86%	13%	1%
\$50 million +	100%	83%	17%	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.

Year End Operational Deficits

Among all nonprofits in Columbia County 66% ended the year with a surplus or were break-even in 2003, while 34% showed a deficit. The largest organizations did not post a deficit.

For half of nonprofits posting a deficit, the deficit was relatively small, at 10% or less of total revenues.

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

	<u>Surplus</u>	<u>Break-Even</u>	<u>Deficit</u>
All Organizations	53%	13%	34%
Revenue Category			
<\$100,000	60%	4%	36%
\$100,000 to <\$1 million	43%	23%	34%
\$1 million to <\$50 million	57%	10%	33%
\$50 million +	50%	50%	0%

Source: CGR analysis of IRS data.

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

	<u>Deficit < 10%</u>
All Nonprofits With Deficit	51%
Revenue Category	
<\$100,000	52%
\$100,000 to <\$1 million	44%
\$1 million to <\$50 million	71%
\$50 million +	na

Source: CGR analysis of IRS data.

Assets

Of the 175 nonprofits in Columbia County included in this analysis, 168 reported positive assets in 2003. Total assets were nearly \$350 million, with median assets of nearly \$175,000. Among the very largest organizations, median assets were over \$50 million.

Assets Among Nonprofits, Columbia County, 2003			
	<u>Total Nonprofits</u>		
	<u>With Assets</u>	<u>Total Assets</u>	<u>Median Assets</u>
Nonprofits with Assets > \$0	168	\$347,000,000	\$173,000
Revenue Category			
<\$100,000	73	\$17,000,000	\$31,000
\$100,000 to < \$1 million	73	\$42,000,000	\$282,000
\$1 million to < \$50 million	20	\$180,000,000	\$4,423,000
\$50 million +	2	\$107,000,000	\$53,661,000

Source: CGR analysis of IRS data.

Services Outside MHV

Four in ten Columbia County nonprofits responding to the survey indicated they provide services outside the MHV. For half of those, the proportion of their total services provided outside the region is 25% or less.

Provision of Services Outside the MHV, Columbia County		
Do you provide services outside the MHV?		
Total	30	100%
Yes	12	40%
No	18	60%
If yes, what proportion of your services are outside the MHV?		
Total	12	100%
1 to 25%	6	50%
26 to 50%	1	8%
51 to 100%	5	42%

Source: Survey of MHV Nonprofits.

For nonprofit organizations with \$100,000 in revenues or more, a more detailed analysis of expenses is possible.

Audits and Taxes Paid

More than half of Columbia County nonprofits responding to the survey indicated they have an annual audit conducted. One in ten responded that they pay taxes, which on average equaled \$20,000 in 2005. Seven percent make payments in lieu of taxes (PILOT), which averaged \$5,000.

Audits, Taxes, Payments in Lieu of Taxes, Columbia County	
	Proportion Answering "Yes"
Conduct an Annual Audit	53%
Pay Taxes	10%
Average Payment (n=3)	\$20,480
Make Payments in Lieu of Taxes	7%
Average Payment (n=1)	\$5,000

Source: Survey of MHV Nonprofits.

Rental Space

One-third of Columbia County survey respondents indicated they rent space. Of those, one in five rented more than 2,500 square feet of space in 2005.

Renting Space Columbia County Nonprofits		
Renter versus Owner status		
Total	30	100%
Renter	10	33%
Owner	20	67%
If yes, how much space (square feet)?		
Total	10	100%
1 to 500	2	20%
501 to 2,500	6	60%
2,501 to 10,000	2	20%

Source: Survey of MHV Nonprofits.

Workforce Profile

Of all Columbia and Greene County residents in the workforce, 5,692 were employed in nonprofit organizations according to the 2000 Census. Census data accessed through a special public use micro-data sample that allow this detailed analysis of nonprofit workers does not allow for county-specific analysis in all cases, particularly smaller counties. Columbia and Greene counties are therefore grouped in this section of the analysis.

Demographics

As is the case nationally, statewide, and in the region, two-thirds of Dutchess County nonprofit workers are female. A lower proportion of Columbia and Greene County nonprofit workers are young, ages 24 or less (7%) compared to the region or state (13%) or the nation (10%).

The nonprofit workforce in Columbia and Greene counties is somewhat less racially diverse than the region, with 91% of workers reporting their race as white non-Hispanic, compared to 86% in the region.

Demographics of Non-Profit Sector Employees in the US, NYS, MHV, and Columbia & Greene Counties, 2000									
	US		NYS		MHV		Columbia & Greene		
TOTAL	9,278,304	100%	1,023,750	100%	60,808	100%	5,692	100%	
Gender									
Male	3,018,863	33%	355,114	35%	21,188	35%	1,878	33%	
Female	6,259,441	67%	668,636	65%	39,620	65%	3,814	67%	
Age									
16 to 17	82,926	1%	16,493	2%	1,031	2%	30	1%	
18 to 24	860,169	9%	111,720	11%	6,402	11%	365	6%	
25 to 34	1,873,777	20%	205,287	20%	10,792	18%	1,080	19%	
35 to 44	2,488,625	27%	247,156	24%	14,623	24%	1,513	27%	
45 to 54	2,379,916	26%	232,373	23%	15,854	26%	1,499	26%	
55 to 59	731,362	8%	80,101	8%	5,010	8%	546	10%	
60 to 64	436,229	5%	55,021	5%	3,057	5%	353	6%	
65+	441,453	5%	75,599	7%	4,039	7%	306	5%	
Race / Ethnicity									
White (non Hispanic)	7,310,459	79%	703,383	69%	52,229	86%	5,191	91%	
Black (non Hispanic)	900,940	10%	148,687	15%	4,005	7%	252	4%	
Asian (non Hispanic)	300,758	3%	46,501	5%	669	1%	52	1%	
Other (non Hispanic)	73,757	1%	5,945	1%	1,463	2%	84	1%	
Two or more (non Hispanic)	121,626	1%	16,442	2%	911	1%	26	0%	
Hispanic	570,764	6%	102,792	10%	1,531	3%	87	2%	

Source: Census 2000

Hours, Weeks Worked Nearly three-quarters of nonprofit workers in Columbia & Greene counties worked 41 weeks or more in 1999. This is a similar proportion to that of nonprofit workers in the region and state.

Columbia and Greene County nonprofit workers were slightly more likely than those in the region and state to work more than 40 hours per week (23%, 20%, and 21%, respectively).

Hours, Weeks Worked by Nonprofit Sector Employees in NYS, MHV, and Columbia & Greene Counties, 2000			
	NYS	MHV	Columbia & Greene
Total	100%	100%	100%
Weeks Worked in 2000			
1 to 10	5%	4%	5%
11 to 20	5%	5%	3%
21 to 30	6%	6%	5%
31 to 40	9%	12%	14%
41 or More	75%	72%	73%
Hours Worked Per Week			
1 to 10	5%	5%	4%
11 to 20	10%	9%	9%
21 to 30	10%	11%	12%
31 to 40	56%	55%	52%
41 to 50	13%	13%	14%
51 +	8%	7%	9%

Source: Census 2000

Income

Columbia and Greene County nonprofit workers have a nearly identical mean income compared to the whole MHV region and the state of New York.

Income For Nonprofit Sector Employees in the US, NYS, MHV, and Columbia & Greene Counties, 1999				
	US	NYS	MHV	Columbia & Greene
Total	100%	100%	100%	100%
Income				
\$1 to \$10,000	18%	21%	22%	18%
\$10,000 to \$24,999	30%	27%	30%	36%
\$25,000 to \$34,999	19%	18%	17%	14%
\$35,000 to \$49,999	17%	16%	14%	16%
\$50,000 to \$74,999	11%	11%	11%	9%
\$75,000 to \$99,999	3%	4%	4%	4%
\$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	\$29,838
Median	\$25,294	\$23,000	\$24,000	\$22,000

Source: Census 2000

Occupation

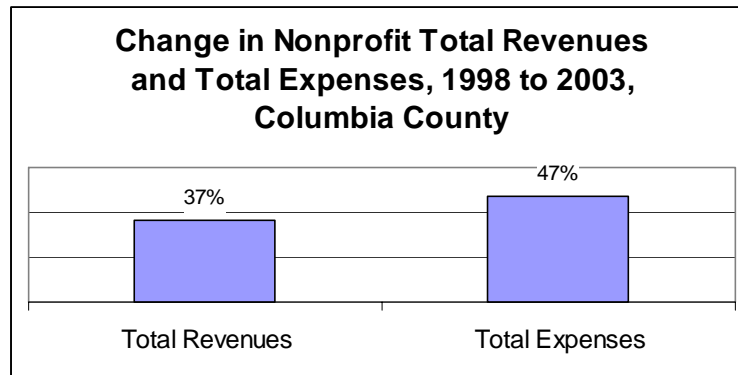
As in the region, teachers are the dominant profession in the nonprofit sector in Dutchess County, composing 21% of the total nonprofit workforce, a slightly higher proportion to the region as a whole.

Occupation of Nonprofit Sector Employees in the US, NYS, MHV, and Columbia & Greene Counties, 2000				
	US	NYS	MHV	Columbia & Greene
Total	100%	100%	100%	100%
Occupation				
Teachers	14%	18%	20%	21%
Medicine, Therapy, and Other Health Care Workers	19%	18%	17%	15%
Business Operation	18%	15%	13%	13%
Managers and Executives	9%	6%	7%	7%
Social Workers / Counselors	5%	7%	6%	5%
Metal Workers, Construction, Mechanics & Other Skilled Labor	5%	4%	5%	5%
Cleaning & Maintenance	4%	4%	4%	5%
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%	9%

Source: Census 2000

Change in Nonprofit Sector Over Time

Nonprofits in Columbia County who filed with the IRS in both 1998 and 2003 grew their revenues by 37% over the five year period, and expenses increased by 47%.



The same nonprofits increased their payment of payroll tax by 67%, increased their wages and compensation payments by 45%, and increased their assets 29%.

Change in Selected Financials, 1998 to 2003, Columbia County	
Payroll Tax	67%
Wages and Compensation to Officers	45%
Assets	29%

CGR analysis of IRS data.