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Barbara L. Mori
Meka Clucas
Tim Perry
Tom Jones
Madeline Palaszewski
Kelly Parker
Denise Tallman
Pearl Munak
Kathy Borland
Sarah Davenport
Kris Rose
Ric Deschler

Carolyn Nathan
Sue Bethel
Mikele Hushing-Kline
Karen Kile
Katya McGrath
Andrea Liddle
Diana Duncan
Brian Stark
Andrew Merriam
Jan Jones
Patty Thayer
Steven Kragenbrink
Megan Judge
Sean O’Rourke
Kendra Deutsche
Steve Owens
Ellie Torres
Poor Richard’s Press
Julie Lynem
Matt Lazier
Dave Schermer
Pacific Repertory Opera
SLO City News

Since 1955, Woods Humane Society has served, protected and sheltered homeless companion animals such as Brodie (above). Its mission is to place animals into humane environments, promote responsible pet ownership, provide humane education, reduce animal overpopulation and celebrate the human/animal bond.
From the Steering Committee

Nonprofit corporations contribute to the quality of life for all San Luis Obispo County residents in many visible and invisible ways. Among the county’s 260,000 citizens, the spirit of volunteerism and public charity flourishes alongside our rich agricultural heritage, respect for our precious environmental resources and an active encouragement of the entrepreneurial spirit that makes the Central Coast such an attractive place to live.

What is not widely known, however, is that the nonprofit sector in SLO County is an ever-evolving, widely diverse force generating significant economic benefit and stability for SLO County residents.

Please turn to Page 4 …

TABLE OF CONTENTS

Executive Summary ........................................... Page 5
Why Study San Luis Obispo County Nonprofits? ....Page 7
Methodology ...................................................... Page 8
Profile of Nonprofits in San Luis Obispo County .... Page 9
Organizational Purposes
Clients Served and Value of Services
Volunteer Contributions
Employees and Salaries Paid
Expenditures
Input-Output Analysis ...................................... Page 12
Impacts Associated with Local Expenditures
  • Output Impacts
  • Employment Impacts
  • Employee Compensation
  • Tax Impacts
Construction Impacts
  • Output Impacts Associated with Construction
  • Jobs Associated with Construction
  • Labor Income attributable to Construction Impacts
  • Tax Impacts of Construction Spending
Conclusions ..................................................... Page 16
Appendix .......................................................... Page 17
Nonprofit Economic Impact Study Guidelines
Survey Questionnaire

TABLE OF FIGURES

Exhibit 1 .......................................................... Page 9
Number of Responding Organizations by Total Revenue

Exhibit 2 .......................................................... Page 10
Number of Nonprofits Providing Service by Service Area

Exhibit 3 .......................................................... Page 10
Survey Respondents Categorized by Prime Purpose of Organization

Exhibit 4 .......................................................... Page 11
Primary Service Provided to Support Prime Purpose of Organization

Exhibit 5 .......................................................... Page 11
Survey Respondents Categorized by Secondary Purpose of Organization

Exhibit 6 .......................................................... Page 12
Output Impacts by Industry

Exhibit 7 .......................................................... Page 13
Employment Impacts by Industry

Exhibit 8 .......................................................... Page 13
Summary of Economic Impacts of 2005 Expenditures

Exhibit 9 .......................................................... Page 14
Output Impacts of Construction Spending by Industry

Exhibit 10 ......................................................... Page 15
Employment Impacts of Construction Spending by Industry

Exhibit 11 ......................................................... Page 15
Summary Economic Impacts of 2005 Construction Spending
Too often, in decision-making processes related to economic development, the nonprofit sector is overlooked – in part due to the lack of a clear identity as a unique and contributing segment of the economy. In contrast to specific industries such as tourism or agriculture, nonprofits span a variety of industries – education, arts and culture, healthcare, human services, housing, etc. This diversity is a strength, in that nonprofits are a powerful and effective mechanism to address collective community needs and interests.

The genesis of this report was the concern that we do not know enough about the county’s nonprofit sector as a whole to understand its impact. A compelling reason to bring business, government, community leaders, funders and nonprofit interests together to produce this report is to tell one story about local nonprofits by demonstrating their collective strength and economic impact on SLO County.

There are many more stories to tell. This report is but the first step in what we hope will be an ongoing dialogue about 1) defining the value of the nonprofit sector to the community; 2) using the strengths of the nonprofit sector to address our shared concerns; 3) developing a forum for the exchange of ideas between for-profit and nonprofit sectors; and 4) documenting the notion that contributions to nonprofits are actually investments in the quality of life on the Central Coast that we all share.

United Way of San Luis Obispo County has acted as the primary convenor of this project. Its board of directors, volunteers and staff have embraced and facilitated this project because it is a natural extension of the organization’s mission: to increase the organized capacity of people to care for one another. United Way has traditionally played a convening role in the community, bringing funders, nonprofit corporations, government and business leaders and volunteers from the community together to address common issues and social problems.

A special thank you to our sponsors and partners, particularly Pacific Gas and Electric Company, our signature sponsor; Southern California Gas Company and the County of San Luis Obispo, the first sponsors to step forward and embrace the project; and The Tribune for printing and distributing this report widely throughout SLO County.

This project was a collective effort on the part of many individuals and organizations, and we hope you find it as informative, useful, and eye-opening as we do. We invite your feedback and ideas, and if you wish to join us as we carry the dialogue forward, please contact us.

This report is available on the United Way of San Luis Obispo County website, www.unitedwayslo.org.

Steering Committee
Nonprofit Economic Impact Study SLO County
c/o United Way of San Luis Obispo County
P.O. Box 14309
San Luis Obispo, CA 93406
(805) 541-1234
info@unitedwayslo.org
www.unitedwayslo.org

La Clinica de Tolosa, a nonprofit children’s dental clinic in Paso Robles, serves 400 patients each month.

The Central Coast Polo Club offers riding lessons, polo lessons, horse rentals, weekly scrimmages, and monthly tournaments. Members often play in competitive “Sunday Whites.”
Executive Summary

The contribution made by SLO County nonprofits as a group to the economy of San Luis Obispo County—typified here by a “snapshot” taken of 2005 data—is sizeable. Based on survey responses from ninety-nine nonprofit corporations the following picture emerges.

<table>
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<tr>
<th>Expenditures</th>
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<th>Indirect</th>
<th>Induced</th>
<th>Total</th>
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<tr>
<td>County Output Impact</td>
<td>$135,330,400</td>
<td>$58,409,200</td>
<td>$49,124,500</td>
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</table>

COUNTY OUTPUT

- Revenues in excess of $200.5 million were collected by San Luis Obispo County nonprofits, of which $42.8 million (21.3 percent) came from outside the county.

- Direct expenditures of $135.3 million spurred additional indirect and induced spending of $107.6 million. This implies an output multiplier of 1.8 (i.e. for every dollar increase in output directly related to the operations of the nonprofit organizations, another 80 cents of output was generated by the actions of suppliers and by the induced successive rounds of spending made possible by the direct and induced activity).

- County output traceable to the nonprofit activity represents 2.2 percent of the total county output in 2005.

EMPLOYMENT

- Nonprofits included in the survey employed 2,746 SLO County residents in 2005—more than were employed during the same period by the information or wholesale sectors in SLO County, and just slightly fewer than were employed in non-durable manufacturing.

- For every two people directly employed by the nonprofits, another position was supported as a result of indirect and induced activity.

LABOR INCOME

- Nonprofits answering the survey reported paying salaries and wages of approximately $44.5 million dollars. Indirect and induced effects were responsible for generating another $29.7 million in income for county residents.

“For every two people directly employed by the nonprofits, another position was supported as a result of indirect and induced activity.”

The Zoological Society of SLO County operates the Charles Paddock Zoo in Atascadero, where visitors sometimes get an up-close-and-personal introduction to animals like this Burmese Python.
VOLUNTEER SERVICE

- Survey respondents indicated that more than 20,300 volunteers contributed on average better than 1 work-week of time each during 2005 – time valued at more than $18 million.

CLIENTS SERVED

- The primary purpose cited most frequently by survey respondents was Human Services delivered directly to individuals.
- Agencies reported serving 1.6 million clients.
- For those agencies that reported on the fair market value of client services, the average was $1,400 per client for a total estimated value of $63.8 million.
- While many services would be available in the for-profit sector, the market-rate cost would be prohibitive for many nonprofit agency clients. The cost of foregone services at the individual level could well be catastrophic.
- For the county as a whole, the cost of services foregone or that of benefits received are difficult to quantify, but there is no question that the contributions made by nonprofit organizations to the health, education and welfare of county residents act as a positive force on county output, productivity and income.

IMPACT OF CONSTRUCTION SPENDING

- Survey respondents spent $12.3 million locally on construction projects in 2005.
- Indirect and induced effects of construction spending resulted in an additional increase to county output of $8.1 million.
- Construction spending directly employed 124 people and supported another 90 positions as a result of induced and indirect economic effects.
- Labor income directly attributable to the 2005 construction spending is estimated to have been $6.1 million, with another $2.9 million flowing from the induced and indirect effects.

“...more than 20,300 volunteers contributed on average better than 1 work-week of time each during 2005 – time valued at more than $18 million.”

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>Direct</th>
<th>Indirect</th>
<th>Induced</th>
<th>Total</th>
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<td>55</td>
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<tr>
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<td>$1,642,077</td>
<td>$9,024,135</td>
</tr>
</tbody>
</table>
Why Study SLO County Nonprofits?

Though they are both an integral and sizable part of the economy, nonprofits rarely are mentioned on the Nightly Business Report or in the business section of the local newspaper. There may be an occasional mention in the local news if a large grant is awarded or a high-profile funding goal is achieved but, as a rule, nonprofits operate under the business reporters’ radar. As this report will show, even though there are no shares to be bought and sold and no earnings reports for shareholders, nonprofits are in fact serious business.

When judged on the basis of employees or size of their budget, nonprofits mirror their for-profit counterparts. They range in size from one person operating on a shoestring to huge organizations with budgets to match. Where they differ is in the ways in which operating funds are raised and surplus funds are distributed after operating expenses are covered, the tax treatment accorded them in exchange for the limits on how residual earnings may be disbursed, and—depending on the specifics of their mission—the tax deduction benefit available to donors.¹ Nonprofits generally differ from their for-profit counterparts in mission as well. Though both for-profit and nonprofit concerns may provide comparable quality-of-life services, such as medical care, child development and family counseling, emergency shelter and legal aid, nonprofits offer them to their clients at little or no cost. Since nonprofits often benefit from volunteer services, they frequently have lower cost structures than comparable for-profit firms. In the absence of the nonprofit providers, many of their clients would have to obtain the services at market rate or do without. In some instances, without nonprofit providers, the services offered would simply be unavailable.

In May 2006, there were 1,024 organizations registered as 501(c)(3) entities in San Luis Obispo County.² Of these, 462 had filed a Form 990³ with the U.S. Internal Revenue Service within the preceding 24 months, and in aggregate had reported gross receipts of more than $354 million and assets of more than $538 million. These are not inconsequential numbers.

This study documents the contribution that SLO County nonprofits as a group made to the economy of the County in 2005—taking a snapshot, in essence—considering not only the direct impact of their spending, but the subsequent economic activity spurred by it. It also estimates the value of services contributed by volunteers.

¹Nationally, about half of all nonprofits are considered charitable organizations as defined in Section 501(c)(3) of the Internal Revenue Service code. They may be public or private, but their purpose must benefit a broad public purpose. In addition there are other tax-exempt classifications under Section 501(c) for social and mutual benefit associations: however contributions to these are not tax-deductible. Source: National Center for Charitable Statistics, http://nccsdataweb.urban.org.
³IRS Form 990 Income Return of Organization Exempt from Income Tax must be filed by all charitable organizations, including private foundations, whose average annual revenues exceed $25,000. Religious organizations are not required to file, but many do so voluntarily. Source: Nonprofit Coordinating Committee of the City of New York, http://nppccny.org/Form_990_990.htm.
This study was initiated under the sponsorship of the United Way of San Luis Obispo County in January, 2006, when approximately 500 nonprofits were invited to respond to a survey (see Appendix) which was available both online and in printed form. Only those agencies which meet the definition of a nonprofit public benefit organization provided in the survey guidelines were asked to complete the questionnaire. Ninety-nine valid responses were received.

Information gathered on the types of services provided by the nonprofits was used to categorize them by industrial sector. This was a two-step process which entailed using a tool provided by the National Center for Charitable Statistics (NCCS) that relates the National Taxonomy of Exempt Entities (NTEE) to the North American Industrial Classification System (NAICS). Once the NAICS code was determined, this was translated to the industry code for IMPLAN Pro®, the input-output model that was used in this analysis.

Respondents were asked to provide the revenue and expenditure information submitted on their I.R.S. Form 990. Since the nonprofits do not do business exclusively with local individuals or firms and some have employees who live in other counties, they were asked to indicate the percentage of their expenditures which went to organizations, firms and individuals located within SLO County. Similarly they were asked to indicate how many of their employees live outside the county and the aggregate amount of wages and salaries paid them. This information was used to calculate the local spending which was used in the input-output analysis.

Estimates of the economic impacts of the construction and operations phases of this study were derived using IMPLAN Pro®, which uses data from a variety of sources, including the U.S. Bureau of Economic Analysis, the Bureau of Labor Statistics, and the Census, to create a matrix model of the structure of the San Luis Obispo County economy. The data used in this instance were compiled for 2003, the latest year for which data are available. Changes in the structure of the economies of San Luis Obispo County and the State since 2003 are not captured by the model, but might affect output and job creation attributable to the operation of the nonprofit organizations being studied, hence all projections are approximate. Output and employment estimates are for the regional economy, i.e. that of the county as a whole. Direct impacts are those that flow from expenditures made by the nonprofit agencies. The indirect impacts derive from the next round of spending by their suppliers. The induced effects follow from the successive rounds of spending attributable to employees of the nonprofits and the suppliers, and the businesses they each patronize. The SAM, or Social Accounts Matrices, multipliers were used to take into account all commodity flows including transfers to and from institutions, including federal, state and local governmental agencies and schools. A word of caution on the applicability of this study to other regions: the multipliers generated by this analysis relate only to San Luis Obispo County, and to the structure of the economy reflected by the data that comprise the model. They cannot be reliably applied to any other region or to any other industries than those for which they were calculated. In addition to the input-output analysis, descriptive statistics were also compiled and are reported here.

“Definition of a Nonprofit Public Benefit Organization: An organization whose primary purpose is to improve the common good in the general community. This includes serving the well being of individuals as well as working for the common good on social issues. This excludes organizations that primarily serve a select number of members or individuals.”

1Definition of a Nonprofit Public Benefit Organization: An organization whose primary purpose is to improve the common good in the general community. This includes serving the well being of individuals as well as working for the common good on social issues. This excludes organizations that primarily serve a select number of members or individuals.

2The NCCS NTEE/NAICS/SIC Crosswalk document was accessed July 24, 2006 at http://nccs2.urban.org/ntee-cc/xwalka.pdf.
As noted, in May of 2006, 462 nonprofits in SLO County reported gross income of about $354 million. Though the survey respondents only represent about 21 percent of those reported by the NCCS as having filed a Form 990, the income reported on the survey as having been reported in their most recent filing represents about 57 percent of the reported gross income shown in the NCCS database. Exhibit 1 depicts the number of responses by total revenue categories.

Survey respondents indicated that their agencies received more than $200.5 million total revenue in 2005. While most of this originated in San Luis Obispo County, $42.8 million—or 21.3 percent—came from outside sources. Two agencies did not report either revenue or expenses and therefore are not included in this chart. Also, religious organizations are not required to file a Form 990, and only a few responded to this survey.

Most agencies serve multiple areas of the county; however 10 agencies reported serving only the North County region. Four reported serving only the South Coast. One serves only the North Coast region, while three focus on the City of San Luis Obispo. As shown in Exhibit 2, service boundaries for thirty-two agencies extend beyond the county’s borders.

### ORGANIZATIONAL PURPOSES

- The most frequently cited prime purpose of surveyed organizations was Human Services (39.4 percent), followed by Public/Societal Benefit (19.2 percent) and Education (16.2 percent) (see Exhibit 3). Provision of direct services to individuals was most frequently reported (48 percent) as the method used to achieve the prime purpose. The second most frequently cited method was the provision of services on a community-wide basis (26 percent). Grant-making or funding was cited by 15 percent of respondents (see Exhibit 4).

- Two purpose categories accounted for nearly 91 percent of total revenue reported. Though ranking third in number of organizations, those for which Education was listed as their primary purpose reported the lion’s share (47.1 percent) of total revenue collected. Those with Human Services listed as their primary purpose ranked second (43.7 percent).

- The secondary purposes most frequently noted were Education (39.2 percent) and Public/Societal Benefit (28.9 percent) (see Exhibit 5).
The ninety-nine organizations responding to the survey served an estimated 1.6 million clients during 2005. Most organizations served people from all economic groups. Twenty-one organizations focused on clients classified as low income, while 16 served those who qualified as having a low to moderate income. Five organizations indicated that most of their clients were in moderate to high income brackets.

About a quarter of survey respondents (26) provided information on the value of services they provided in 2005. They indicated that the value per client was about $1,400 on average, with per client valuations ranging from as little as ten cents to as much as $10,000. In total, the fair market value of services provided by these twenty-six organizations was estimated to be $63.8 million.

All but one respondent organizations reported on the number of volunteers and the hours contributed. In total, 20,319 people are estimated to have donated more than 907,000 hours—more than 1 work week each (44.6 hours).

In 2005, the national average per hour valuation of volunteer services was $18.04. While a California-specific valuation is not available for 2005, in 2004 it was set at $19.04; during the same period the national average was estimated at $17.55. If the same ratio applied in 2005, the California figure would be $20.29.

Using the 2005 California figure, the volunteer services reported by survey respondents would have been worth $18.4 million.
EMPLOYEES AND SALARIES PAID

- Nonprofits responding to the survey employ 3,741 people, nearly three-quarters of whom live in San Luis Obispo County. The number of employees per organization ranges from none to more than 1,000. The salaries and wages paid in 2005 totaled more than $61.9 million. Of this, $44.5 million were paid to SLO County residents.

EXPENDITURES

- In 2005, surveyed organizations reported expenditures totaling $165.9 million. Approximately $135.3 million was spent in the local economy (81.6 percent). Net of wages and salaries paid to their employees, these agencies spent nearly $91 million. Approximately $20.9 million of this was spent on construction projects with $12.3 million going to local firms (58.7 percent).

---

\*

Note: clients are necessarily unique; some people may have been clients of more than one agency.

\*

Input-Output Analysis

Impacts Associated with Local Expenditures

OUTPUT IMPACTS

- SLO County nonprofit corporations in our survey sample, taken together, expended nearly $135.3 million within the county in 2005, about 82 percent of their total expenditures. This spending in the local economy caused indirect impacts of $58.4 million and a further $49.1 million in induced impacts. Though the direct impacts are restricted to the service sector, as illustrated in Exhibit 6, the indirect and induced effects occurred throughout the economy with retail and private households benefiting the most followed by manufacturing and information industries. The total impacts of $242.9 million imply a multiplier of 1.8, which is to say for every $1 of direct spending by the nonprofits, another $0.80 of induced and indirect spending resulted.

EMPLOYMENT IMPACTS

- In total the agencies in our survey sample employed 2,746 SLO County residents in 2005. The induced

Exhibit 6: Output Impacts by Industry

<table>
<thead>
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<th>Industry</th>
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Source: IMPLAN Pro®

$135,330,416 $58,409,206 $49,124,522 $242,864,144

“As a result of the spending reported by surveyed nonprofits, it is estimated that taxes totaling $23.8 million were generated.”
spending by the firms supplying the nonprofit corporations with goods and services supported another 687 jobs. The spending by employees of the nonprofits and their suppliers, and the successive rounds of spending supported by this spending supported 557 more positions. In total, nearly 4,000 jobs were supported by the nonprofit expenditures. Most of these were in the service and retail sectors (see Exhibit 7). For each position associated with the spending by the nonprofit agencies, nearly another half-position (0.45) is supported by the induced and indirect effects on output.

EMPLOYEE COMPENSATION

- Survey respondents reported paying employees who live in SLO County more than $44.5 million in 2005. County residents garnered additional income as a result of the increases in induced and indirect output spurred by nonprofit spending. The indirect impacts to employee compensation are estimated at $16.4 million, while the induced effects are estimated to have been $13.3 million. In total, the nonprofit outlays are estimated to have resulted in employee compensation of $74.2 million so that for every dollar earned by a nonprofit employee, another $0.66 accrued to other county workers.

- The nonprofit corporations included in the survey also employed nearly 1,000 people who live in other counties and to whom $17.4 million is paid in salaries. Though they may do some spending within SLO County, their income is assumed to be spent in the counties where they live.

TAX IMPACTS

- Though nonprofits do not pay tax on their corporate income, their employees do pay taxes on their income. Those firms which supply goods and services to nonprofit agencies are generally for-profit firms, as are those that are affected in subsequent rounds of spending that comprise induced effects.

- As a result of the spending reported by surveyed nonprofits, it is estimated that taxes totaling $23.8 million were generated in 2005. Of this amount, approximately $11.8 million flowed into state and local coffers including about $3 million in sales taxes.

### Exhibit 7: Employment Impacts by Industry

<table>
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<th>Industry</th>
<th>Direct</th>
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<td>4.5</td>
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<td>Extractive Industries &amp; Utilities</td>
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### Exhibit 8: Summary of Economic Impacts of 2005 Expenditures

<table>
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<tr>
<th>2005 Expenditures</th>
<th>Direct</th>
<th>Indirect</th>
<th>Induced</th>
<th>Total</th>
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<td>County Output Impact</td>
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<td>$58,409,200</td>
<td>$49,124,500</td>
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<td>Employment Impact</td>
<td>2,746</td>
<td>688</td>
<td>588</td>
<td>4,022</td>
</tr>
<tr>
<td>Labor Income Impact</td>
<td>$44,512,329</td>
<td>$16,356,500</td>
<td>$13,337,500</td>
<td>$74,206,329</td>
</tr>
</tbody>
</table>
Local governments (cities and the county) receive about 13.8 percent of sales tax receipts, so it is estimated that more than $400,000 was generated for general funds. An additional $100,000 of earmarked funds was generated for the county road fund.

Construction Impacts

The organizations responding to the survey reported $20.9 million in capital expenditures in 2005. Of this $12.3 million was directed to local firms. As with the operating expenditures, these outlays for construction spurred additional spending.

OUTPUT IMPACTS ASSOCIATED WITH CONSTRUCTION

- As a result of nonprofits’ construction projects, county output was increased by $12.3 million. The estimated indirect effect on output was nearly $3.2 million. Induced effects are believed to have added another $4.9 million to county output. Apart from the construction industry, the retail, services and manufacturing sectors benefited the most from the nonprofits' construction spending (see Exhibit 9).

LABOR INCOME ATTRIBUTABLE TO CONSTRUCTION IMPACTS

- It is estimated that the reported construction spending resulted in direct labor income of nearly $6.1 million. The indirect effects added approximately $1.3 million more, while the induced effects generated about $1.6 million in income for county residents. In total labor income attributable to construction impacts is estimated at $9.0 million (see Exhibit 11).

JOBS ASSOCIATED WITH CONSTRUCTION

- It is estimated that 124 jobs were directly supported by the reported $12.3 million spending with local firms for construction. The indirect effect of this spending supported another 35 jobs, while the induced effects supported an additional 55 positions. The total impact of 214 jobs implies that every 2 construction jobs directly supported by the nonprofits’ spending in turn supported roughly another position and a half (see Exhibit 10).

Of the 7.25 percent tax applied in SLO County to retail sales, local governments are entitled to 1 percent—0.25 percent to the county transportation funds and 0.75 percent to city/county general funds. An amount equal to an additional 0.25 percent of sales receipts is paid to cities and counties from another funding source to reimburse them for an increase in the state's share of the sales tax from 6 percent to 6.25 percent that went into effect in 2004. This tax swap, known as the Triple Flip, was designed to provide local governments with the same amount of funding they would have had under the original sales tax splits, but the timing for receipt of funds was affected as the 0.25 percent backfill is paid on a semi-annual basis rather than on the monthly sales tax payment schedule.
TAX IMPACTS OF CONSTRUCTION SPENDING

- The 2005 construction spending is estimated to have generated more than $2 million in taxes. Of this nearly half ($995,500) went to state and local governments. SLO County and local cities are estimated to have received nearly $240,000 in sales tax receipts, of which an estimated $41,000 of this would have accrued to the county and the cities (approximately $33,000 to general funds and $8,000 to the county road fund). Other taxes included in the calculations include property tax, motor vehicle license taxes, among others.

“While nonprofit employees who lived in SLO County received $44.5 million in labor compensation, an additional $29.7 million went to other County workers as a result of the economic activity spurred by the nonprofits’ spending.”

Exhibit 10: Employment Impacts of Construction Spending by Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Direct</th>
<th>Indirect</th>
<th>Induced</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Extractive Industries &amp; Utilities</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Construction &amp; Maintenance</td>
<td>124</td>
<td>0</td>
<td>1</td>
<td>125</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Transportation &amp; Warehousing</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Wholesale</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Retail</td>
<td>9</td>
<td>12</td>
<td>21</td>
<td>21</td>
</tr>
<tr>
<td>Information</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Services</td>
<td>21</td>
<td>37</td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td>Private Households</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Government</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Jobs</td>
<td>124</td>
<td>35</td>
<td>55</td>
<td>214</td>
</tr>
</tbody>
</table>

Exhibit 11: Summary Economic Impacts of 2005 Construction Spending

<table>
<thead>
<tr>
<th>2005 Expenditures</th>
<th>Direct</th>
<th>Indirect</th>
<th>Induced</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>County Output Impact</td>
<td>$12,258,000</td>
<td>$3,189,400</td>
<td>$5,207,400</td>
<td>$20,654,800</td>
</tr>
<tr>
<td>Employment Impact</td>
<td>124</td>
<td>35</td>
<td>55</td>
<td>214</td>
</tr>
<tr>
<td>Labor Income Impact</td>
<td>$6,091,482</td>
<td>$1,296,500</td>
<td>$1,642,077</td>
<td>$9,024,135</td>
</tr>
</tbody>
</table>
Conclusions

Nonprofit corporations are serious business.
This assertion is borne out by the findings of this study.

The ninety-nine organizations responding to the study’s survey reported revenues in excess of $200.5 million in 2005 and $42.8 million (slightly more than 21 percent) represented an infusion of money to the county that leveraged county resources.

A second source of leverage for nonprofits in 2005 was volunteer effort. More than 20,300 county residents donated time to the agencies responding to the survey, and on average each one volunteered more than one work-week’s time. In total this contribution is valued at more than $18.4 million.

In terms of output, employment and labor income, we found that the direct spending undertaken by our sample of nonprofits, which totaled more than $135.3 million in 2005, increased the county’s output by $242.9 in total—about 2 percent of the county’s total output in 2005. Their employment of 2,746 people represented about 7 percent of employment in the Other Services sector and 2.6 percent of total county employment in 2005.

Nonprofits employed more people than the information and wholesale sectors and just slightly fewer than the non-durable manufacturing industry. Furthermore, nonprofit employment supported 1,276 additional positions in the county. While nonprofit employees who lived in SLO County received $44.5 million in labor compensation, an additional $29.7 million went to other county workers as a result of the economic activity spurred by the nonprofits’ spending.

Construction projects undertaken by the nonprofit organizations had similar effects. The $12.3 million spent on capital projects by survey respondents sparked another $8.1 million in addition to county output through indirect and induced spending. While the nonprofit respondents’ construction spending supported 124 positions, the indirect and induced spending supported more than 90 more.

Collectively SLO County nonprofits served 1.6 million clients. About a quarter of survey respondents provided information on the value of their services, and for these, on average, services were valued at $1,400 per client, and in total the fair market value was estimated to be $63.8 million. While some services would be available in the for-profit sector, the market-rate cost would be prohibitive for many nonprofit agency clients. The cost of foregone services at the individual level could well be catastrophic.

For the county as a whole, the costs and benefits are difficult to quantify, but there is no question that the contributions made by nonprofit organizations to the health, education and welfare of county residents act as a positive force on county output, productivity and income.

A five-year-old SLO County artist completes a project at the San Luis Obispo Art Center's Summer Art Camp.

\[\text{Source: UCSB-Economic Forecast Project (Santa Barbara, California: 2006), Economic Outlook 2006. San Luis Obispo County.}\]

\[\text{Ibid.}\]
Appendix

Nonprofit Economic Impact Study Guidelines

**Question #1:** Please provide the organization name that is found on your IRS Form 990, section C. If you do not have a copy of your IRS Form 990 you may access the information on www.guidestar.org. If you have already registered on www.guidestar.org, go to the Guidestar login screen and enter your user name and password to access your organization's information. Search for your organization by name and you will be able to access the IRS Form 990.

**Question #4:** Definition of a Nonprofit Public Benefit Organization: An organization whose primary purpose is to improve the common good in the general community. This includes serving the well being of individuals as well as working for the common good on social issues. This excludes organizations that primarily serve a select number of members or individuals.

**Question #9:** If your organization completes the IRS Form 990, the total revenue can be found in Part 1, Line 12 of the 990 form. Total revenue includes all contributions, gifts and grants; direct and indirect public support; government contributions; program service revenue including government fees and contracts; membership dues and assessments. Revenue also includes interest on savings and temporary cash investments; dividends and interest from securities; gross rents less rental expenses; other investment income; gross revenue from sales of assets other than inventory; revenue from special events and activities; revenue from gross sales of inventory and other revenue.

**Question #10:** This does not include county sources that receive funding from state or federal sources.

**Question #11:** If your organization completes the IRS Form 990, the total expenses can be found in Part 1, Line 17 of IRS Form 990. Total expenses includes program services expenses, management and general expenses, fundraising expenses, payments to affiliates and others expenses.

**Question #13:** If your organization completes the IRS Form 990, the total salaries and wages paid by your organization last year can be found in Part 2, by summing lines 23 through 28. Total salaries and wages includes specific assistance to individuals, benefits paid to or for members, grants and allocations, compensation to officers and directors and pension plan contributions.

**Question #15:** Capital/Construction expenditures are additions and improvements that increase the company's investment in productive facilities. This includes funds used to build or improve land, buildings and equipment such as office furniture, computers, factory machinery, delivery trucks, etc. If your organization completes the IRS Form 990, this information is the sum of lines 55c, 56 and 57c.

**Question #17:** Question 17 helps us determine the impact nonprofit organizations have on their community, in terms of the goods and services they provide that clients might otherwise seek from commercial, for-profit organizations.

**Question #18:** Question 18 helps us determine the value of the goods and services provided by your organization. To estimate this amount, please estimate what your clients would pay for the goods and services you provide, if those clients had to purchase the goods and services from commercial, for-profit organizations. For example, if your organization provides X service for W number of hours at Y rate it would equal Z value. (If the answer to this question is No, please skip to question #19.)

Survey Questionnaire

1. Name of Organization:
2. Main Office Location: City
3. Zip code
4. Based on the definition provided in the survey guidelines does your organization fit the definition of a nonprofit public benefit organization?
5. Which category best describes the PRIMARY purpose of your nonprofit organization?
6. For the primary category indicated above, which of the following best describes the service provided by your nonprofit organization?
7. Which category best describes the SECONDARY purpose of your nonprofit organization?
8. For the secondary category indicated above, which of the following best describes the service provided by your nonprofit organization?
9. Total revenue for your organization last year (Part 1, Line 12 of IRS Form 990)
10. Please estimate the percentage of your organization's revenue from last year that is from sources inside San Luis Obispo County?
11. Total expenses for your organization last year (Part 1, Line 17 of IRS Form 990)
12. Approximately what percentage of your expenditures were paid to organizations, firms or individuals in San Luis Obispo County (including salaries)?
13. What is the total amount of salaries and wages your organization paid to employees who live IN San Luis Obispo County?
14. What is the total amount of salaries and wages your organization paid to employees who live OUTSIDE San Luis Obispo County?
15. What is the total amount of construction/capital expenses for your organization last year?
16. Approximately what percentage of your organization’s construction/capital expenditures were paid to firms or suppliers in San Luis Obispo County?
17. If your organization did not exist, is there a commercial alternative for the services you provide?
18. Estimate the value/price of your organization’s goods and services for last year if your clients had to pay for those services from a local business.
19. What is the total number of individuals your organization reached through direct program activities and assistance last year?
20. What is the geographical area served by your organization?
21. Which category best describes the primary economic group your organization serves?
22. Total number of your employees that live IN San Luis Obispo County: (Part time and full time)
23. Total number of your employees that live OUTSIDE San Luis Obispo County: (Part time and full time)
24. What is the total number of volunteers (including board and committee members and other volunteers) for your organization last year?
25. Please estimate the total number of volunteer hours last year:
26. Name of person completing survey:
27. Email address of respondent:
28. What is your position with the organization?
29. Phone number?
OUR BUSINESS

Every day, more than 15 million throughout 70,000 square miles in northern and central California depend on Pacific Gas and Electric Company to provide natural gas and electricity – basic services that are essential to their daily lives and to the economic health of our state. Today, we are transforming our operations to meet their needs better, faster and more cost effectively than ever before. We also know that delighting our customers means providing more than just basic service. It means going the extra distance to help them make smart energy choices, manage their costs, and contribute to our collective efforts to protect the quality of our environment.

INVESTING IN THE FUTURE

PG&E is transforming the way it does business and provides service in order to achieve its vision of being the leading utility in the United States. PG&E is taking a disciplined approach to understanding our customers and their needs, and making investments necessary to meet their expectations. Between 2006 and 2009, PG&E will invest $2.5 billion per year in the company’s operations and infrastructure to improve service, reliability and safety. One such effort, our new “smart meter,” will allow PG&E to read meters real-time, giving customers more accurate billing, reducing electric outage response times, and providing customers with additional options to reduce their bills. In addition to investments in infrastructure, PG&E has been authorized to invest almost $1 billion between 2006 and 2008 in energy-efficiency programs and initiatives that will help customers save money and protect the environment.

OUR COMMUNITIES

We are connected to our communities, literally. Through every home, business, and school we connect with people every day, providing them with the energy they need to play, work, and learn. One of the ways we connect with our communities and contribute to their vitality is through our charitable contributions program. For 2006, PG&E is contributing $14.7 million in four key areas: education, energy and environment, emergency preparedness, and economic development. Within these categories, we direct a significant portion of the contributions to support organizations working in underserved communities.

GOING FORWARD

As PG&E works to achieve our vision of being the number one utility in the United States, our pledge is that, at every level and in every part of the company, we will always act with integrity and communicate openly and honestly. Values and high standards are the bedrock on which we are building PG&E’s future.
Customer rebates and economic incentives are available for those who take advantage of energy efficiency programs from Southern California Gas Company. Our Focus is on enhancing your business via conservation.

The Gas Company will improve your operations by reducing energy costs through energy audits, equipment retrofits, engineering studies, leak detection, facility upgrades and other energy efficiency programs.

We are also enhancing our pipelines and storage systems to increase capacity to serve you, the customer. From microturbines to greenhouses, from heating to cooking and from running water pumping engines to natural gas vehicles, there is an onslaught of new technologies that are transforming the way we use natural gas.

The Gas Company helped install a fleet of clean burning natural gas buses at Hearst Castle to reduce overhead and improve air quality. We are part of Sempra Energy (NYSE:SRE) a Fortune 500 energy services company based San Diego.

The Gas Company offers cost savings to our residential, agricultural, and commercial customers by utilizing natural gas refrigeration, water heating, air compression, heating and on site cogeneration. We have technical expertise to help businesses meet air quality standards and obtain permits. Our experts work with you to analyze your energy use absolutely free. We are committed to safety, environmental stewardship and serving the diverse communities in which we operate.

You can take advantage of The Gas Company’s 100 years of energy know-how in the new competitive energy marketplace. Let’s work together to meet your energy needs by offering innovative solution, greater choice and reliability.

www.socalgas.com
With $2.3 billion in assets and 41 office locations, Mid-State Bank & Trust serves more than 100,000 California Coast households and employs 860 San Luis Obispo, Santa Barbara, and Ventura County residents. Mid-State Bank & Trust: partners in your community since 1961.

www.midstatebank.com

First American Title Company, with offices in San Luis Obispo, Atascadero, Cambria, Los Osos, Morro Bay, Paso Robles, and Pismo Beach, has provided continuous Title and Escrow Service to the county since 1960. Using the most advanced technology available, we continue to add new services for the benefit of our customers. We are committed to innovation and education, and are dedicated to excellence and superior service.

www.firstam.com/slo

The Tribune traces its roots back to August 1869 and is the oldest continuing business operating in the city of San Luis Obispo. In 1997, the then Telegram-Tribune joined Knight Ridder and in 1999 changed its name to The Tribune. On June 27 of this year, The Tribune joined The McClatchy Company.

www.sanluisobispo.com

www.unitedwayslo.org
With offices in San Luis Obispo, Paso Robles and Arroyo Grande, Mission Community Bank puts your local deposits to work locally – making loans to individuals and businesses throughout the Central Coast.

Reward yourself and help your community when you open Community Club free checking or savings accounts and certificates of deposit.

Mission Community Bank will award grants of $5,000 or more annually to each of five local non-profit organizations; the more Community Club accounts opened, the larger the grants!

www.missioncommunitybank.com

SESLOC Federal Credit Union is a not-for-profit financial institution founded by SLO County Educators in 1942.

SESLOC FCU serves all who live, work, worship and attend school in SLO County, and we do it with more than sound financial services. From the Board of Directors to individual employees, we share a commitment to serve our community through our work, our volunteerism, and our community involvement, both individually and collectively.

www.sesloc.org

The Atascadero Chamber of Commerce is the only volunteer membership organization dedicated to the promotion of business in Atascadero. The chamber serves over 500 members, dedicated to enhancing a healthy economic climate, lobbying legislation affecting the business community, and providing community access to information.

www.atascaderochamber.org

For the 14th year in a row, Cal Poly has been rated the best public master’s university in the West by U.S. News & World Report in its 2007 America’s Best Colleges guidebook. U.S. News also recognized Cal Poly as a leader in undergraduate research/creative programs for its outstanding examples of academic programs “believed to lead to student success.”

www.calpoly.edu

Charter Communications provides a full range of advanced broadband services, including Digital TV and High-Speed Internet service. Charter will also begin offering Telephone services in San Luis Obispo County in 2007. Charter Business similarly provides broadband communications solutions to business organizations. Charter’s advertising sales and production services are sold under the Charter Media brand.

www.chartercom.com

Congresswoman Lois Capps
23rd Congressional District

A respected leader in Congress, Lois Capps serves on the Committee on Energy and Commerce and its Subcommittees on Health, Energy and Air Quality, and Environment and Hazardous Materials. She also sits on the House Budget Committee, where she takes an active role promoting fiscally responsible spending, and she is founder and co-chair of the House Nursing Caucus.

www.house.gov/capps

Dudley Business Development specializes in complete and “a la carte” Strategic Marketing, Public Relations and Communications solutions custom-designed to help your business or organization gain clarity on the inherent uniqueness and benefit of your product or service, and creatively telling your “story” with a laser-point marketing message.

www.dudleybusinessdevelopment.com
The Economic Opportunity Commission of San Luis Obispo County is a nonprofit community action agency. EOC’s mission is to provide direct services and advocacy for low-income people, and to influence institutional change. Programs include homeless services, crisis intervention, child/adult care, childcare provider training, child/family development, home repair/weatherization, and health services.

www.eocslo.org

The Economic Vitality Corporation (EVC) provides business resources throughout SLO County. As the countywide economic development organization, the EVC provides resources to help start, expand, and attract businesses. Resources include business loans, seminars, site selection, business connections and more. The EVC stimulates the local economy by helping to create jobs and increase investment into the community.

www.sloevc.org

The Embassy Suites Hotel San Luis Obispo is an extraordinary retreat where you can stroll nearby white, sandy beaches, wine taste your way through beautiful grape-covered hillsides, tour historical buildings in a quaint downtown, and visit the world famous San Luis Obispo farmer’s market every Thursday evening.

www.embassysuitessanluisobispo.com

Established in 1970, Hotline is SLO County’s only free, 24/7 information, referral, support and crisis intervention service. Hotline maintains the only comprehensive database of county-wide information on human service agencies, programs and support groups and distributes a directory of these services to businesses, schools, nonprofits, and government agencies.

www.slohotline.org

KSBY’s entertainment programming is the best in the business, featuring such landmarks as Oprah, Jeopardy and Wheel of Fortune. Serving our community is a vital tradition at KSBY-TV, and the station provides hours of local news coverage daily and donates thousands of hours a year to local nonprofit organizations. With a beautiful facility overlooking the City of San Luis Obispo, the future looks bright for KSBY-TV and the communities it serves.

www.ksby.com

If Cheers and Friends’ “Central Perk” had spawned a love-child on an island romance after successfully nailing the Tour de France, this would be it. Located on Monterey Street in Uptown San Luis Obispo, Outspoken offers a full range of world-class espresso drinks, fresh smoothies and juices, and lite fare.

www.coffeediva.com/outspoken
The San Luis Obispo Chamber of Commerce is the oldest and largest voluntary organization in San Luis Obispo County. The Chamber is dedicated to its longstanding goal: the economic health and livability of the San Luis Obispo area and the prosperity of its members. As a totally independent nonprofit corporation, the Chamber is uniquely able to serve the needs of its close to 1,400 members.

www.slochamber.org

ARTS Obispo, SLO County Arts Council, is dedicated to advancing the arts in SLO County through the promotion of arts in education, public access to the arts and artists’ opportunities. ARTS Obispo is located in the SLO Creamery at 570 Higuera Street #175 in San Luis Obispo.

www.sloartscouncil.org

The Taylor Consulting Group conducts research for public sector and commercial clients. Our expertise focuses on the techniques of survey and market research. TCG designs research projects to meet the specific needs of each client. Mr. John Taylor has more than 25 years of professional experience in survey research and public opinion polling.

taylorcg.biz

Transitions Mental Health Association is a private non-profit organization committed to offering opportunities for recovery and growth to individuals and their families who have emotional and mental health challenges. T-MHA provides programs in San Luis Obispo and Santa Barbara Counties, promoting acceptance, hope, encouragement and a clear understanding of mental illness throughout the recovery process.

www.t-mha.org

Terry Marks takes the myth out of making money. Her expertise is creating and implementing dynamic strategic plans that produce results within definable time frames. From Fortune 500 companies to nonprofit agencies, she creates programs that enhance the bottom line while supporting community needs, building organizations with heart, substance and soul.

tmarksconsulting@charter.net

The San Luis Obispo County Community Foundation is a public trust established to assist donors in building an enduring source of charitable funds to meet the changing needs and interests of the community. Our business is to gather assets, grow them through prudent investing and make grants to the community.

www.sloccf.org

slojournal@fix.net
Flipping a switch isn’t the only way to energize a community.

PG&E is proud to celebrate our neighbors’ accomplishments.

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