

The Economic Contribution of
Community Impact Council Members
on the Mesa County Economy

By Nathan Perry, Phd.



1) EXECUTIVE SUMMARY**ECONOMIC CONTRIBUTION**

- This report calculates the economic contribution of Community Impact Council (CIC) members as defined as all spending in Mesa County for the 2016 fiscal year. It also evaluates the economic impact of CIC members, which counts only spending in Mesa County from new money that CIC members bring into the county.
- The economic contribution of CIC members to Gross Regional Product (GRP) is \$133,809,871. The contribution to GRP represents the value of final goods and services, and is the proportion of total output that is paid to businesses and other entities in the form of employee compensation, proprietor income, taxes on production, and profits. GRP is the local equivalent of the Gross Domestic Product (GDP). This number adjusts for leakages, supply chain effects, and multiplier effects. For comparison purposes, local gross regional product is \$5,429,000,000.¹
- Total gross economic output for CIC members is \$250,839,349. Total output is a broader contribution than GRP, and represents the gross value of all sales and production in the region.
- CIC member expenditures of \$233,598,572 create 2,161 jobs (part time or full time) in Mesa County through a combination of direct spending, supply chain effects, and multiplier effects.
- Total labor income (wages paid to workers) as a result of CIC member spending is \$77,553,013.

ECONOMIC IMPACT

- A quarter of CIC member revenues are from outside Mesa County. That makes the economic impact of CIC members exactly one fourth of the economic contribution, or \$33,452,466. This number represents new money that CIC members bring into Mesa County that is also spent in the county.

¹ Gross Regional Product data from the Bureau of Economic Analysis, Grand Junction Metro Area (2015 prices).

2) PURPOSE AND OUTLINE OF THE REPORT

The purpose of this report is to determine both the economic contribution and economic impact of Community Impact Council (CIC) member expenditures on the Mesa County economy. The CIC is a non-profit coalition whose mission is to “To provide a collective voice and forum for advocacy and education of non-profits in Mesa County.”² There are 68 members of the CIC, several of whom are private businesses or government funded agencies, and all of whom work together to further the CIC’s mission.

Economic contribution and economic impact are two different concepts. Economic impact only counts new money that an event or an industry brings to the study area. Economic contribution looks at the total economic activity of the event or industry, regardless of whether money is from outside of the study area or not.³ This study will measure both concepts using data from a survey administered to CIC members, and analyzed using an economic impact modeling program called IMPLAN.

A survey was administered in the spring of 2017 to all CIC members, and 31 of the members responded. The results of this study are based on the employee, revenue, and expenditure information that each respondent provided, and reflect the fiscal year 2016.⁴ The study area is defined as Mesa County, Colorado. Respondents were asked to provide detailed information regarding revenue sources and expenditure types. They were also asked to estimate what percentage of each revenue source comes from outside of Mesa County, and what percentage of expenditures are spent inside Mesa County. This information is then used to build an economic model to estimate economic impact and economic contribution. Both the economic impact and economic contribution analysis take into account total spending inside of Mesa County, and then these spending numbers are subtracted for leakages from the economy, and adjusted for supply chain effects and multiplier effects to determine the total contribution and impact of CIC members.

3) NON-PROFIT AND EMPLOYEE INFORMATION

CIC members serve a variety of needs across Mesa County, the Western Slope, and Colorado. Table 1 illustrates the scope of coverage for respondents. The results show that non-profits in Mesa County have a much larger reach than just the county, with 13 answering “Western Slope,” one answering “Western U.S.,” and one “The Nation.” For a list of CIC members that responded to the survey, see the appendix.

² Quote is directly from the CIC’s website: <http://communityimpactcouncil.org/>

³ For a detailed discussion of the difference between economic impact and economic contribution, please refer to Watson, P., Wilson, J., Thilmany, D., and Winter, S. Determining economic contributions and impacts: What is the difference and why do we care? *Pedogogy in Regional Studies*, JRAP 37(2): 140-146.

⁴ Note that each respondent also submitted their tax form Schedule H 990 in order to ensure the legitimacy of the survey responses.

TABLE 1: GEOGRAPHIC SCOPE OF COVERAGE

GEOGRAPHIC REGION SERVED	FREQUENCY
Colorado	2
Mesa County	11
Western Slope	13
Nation	1
Greater Grand Junction Area	2
Western U.S.	1

Table 2 illustrates the number of employees the 31 respondents employ, both full time, part time, as well as volunteers. Respondents employ 2,124 full time employees, and 660 part time employees. Additionally, there are 2,525 volunteers (both full and part time) that support these entities. Total average hours worked for both full, part time, and volunteer workers is also presented.

TABLE 2: NON-PROFIT EMPLOYMENT

Full Time Employees	2,124
Part Time Employees	660
Total Average Hours Worked Full Time	2,178,000
Total Average Hours Worked Part Time	534,314
Number of Volunteers	2,525
Number of Volunteer Hours	784,491

These are the direct number of workers from the survey, and does not take into account the spending these entities do that will create other jobs. Workers earning salaries and spending those salaries will induce additional employment in Mesa County, which will be detailed in a subsequent section.

4) REVENUE SOURCES AND EXPENDITURE CATEGORIES

Respondents listed revenue by type as well as the percentage of each revenue type they receive from outside Mesa County. Table 3 illustrates the total revenue and the percentage of revenue collected from outside of Mesa County. This data was used to create a weighted average of the percentage of revenue that comes from outside the county. One in four, or 25% of non-profit revenue comes from outside of the county. The total revenue from outside of the county is \$67,078,343. Much of this is in the form of State Grants, fundraising, and Sales/Services to people outside of the County. This is considered “new” money for the county that is counted in the economic impact section.

TABLE 3: REVENUE SOURCES

REVENUE TYPE	TOTAL REVENUE	REVENUE FROM OUTSIDE OF MESA COUNTY	PERCENTAGE OF REVENUE FROM OUTSIDE OF MESA COUNTY
Total Revenue	\$267,911,049	\$67,078,343	25.0%
Federal Grants	\$5,489,915	\$2,411,907	43.9%
State Grants	\$23,775,199	\$22,440,237	94.4%
Local Grants	\$4,630,081	\$3,280,012	70.8%
Private Grants	\$4,767,253	\$1,711,574	35.9%
Other Grants	\$148,747	\$95,885	64.5%
Fundraising	\$7,256,552	\$1,406,519	19.4%
Endowment Income	\$200,694	\$0	0.0%
Membership Fees/Other Fees	\$1,680,933	\$1,362,043	81.0%
Ticket Sales	\$1,193,423	\$68,145	5.7%
Sales/Services	\$190,960,043	\$17,101,896	9.0%
Other Revenue	\$27,808,208	\$17,200,127	61.9%

Respondents listed their expenditures as well as the percentage of each expenditure spent inside of the county. This is important because regional economic impact as well as regional economic contribution should only count spending inside of the study area. Without adjusting leakages, supply chain effects, and multiplier effects, the total raw spending by CIC members inside of Mesa County is \$233,598,572. This number and the spending categories associated with it will be used in the next section to calculate economic contribution and economic impact. “other” expenditures were divided and weighted according to the answer provided in the “other” comment section. Other expenditures included staff development, telecommunication, technical support, membership dues, postage, meals, software, furniture/appliances, and pharmacy expenditures.

TABLE 4: EXPENDITURES

EXPENDITURES	TOTAL EXPENDITURES	EXPENDITURES INSIDE MESA COUNTY	% OF EXPENDITURES INSIDE MESA COUNTY
Total Expenses	\$265,278,462	\$233,598,572	88.1%
Salaries/Wages	\$130,596,455	\$115,703,952	88.6%
Payroll Taxes	\$6,487,960	\$5,910,946	91.1%
Fringe Benefits	\$6,009,317	\$5,381,017	89.5%
Health Insurance	\$10,566,715	\$9,142,821	86.5%
Utilities	\$2,885,079	\$2,601,694	90.2%

Building Maintenance	\$6,471,850	\$5,933,272	91.7%
Marketing	\$1,437,988	\$1,272,912	88.5%
Fundraising	\$1,641,804	\$1,474,081	89.8%
Professional Services (Legal, audit, etc)	\$29,659,088	\$27,564,996	92.9%
Supplies	\$3,464,835	\$2,772,841	80.0%
Equipment	\$1,486,303	\$1,269,866	85.4%
Printing	\$176,313	\$157,221	89.2%
Sales Tax	\$405,486	\$385,288	95.0%
Liability Insurance	\$6,342,847	\$5,705,018	89.9%
Interest/Bank fees	\$4,668,717	\$4,309,101	92.3%
Lease/Rent/Mortgage	\$22,230,522	\$20,698,474	93.1%
Other Expenses	\$30,747,185	\$23,315,070	75.8%

5) ECONOMIC CONTRIBUTION

This report uses an economic impact modeling program called IMPLAN to calculate the precise economic impact of CIC member spending on the Mesa County economy. IMPLAN refers to IMPact analysis for PLANning, and uses industry sales, income, and employment data for each sector of Mesa County along with national input output matrices to create a model of the economy. This allows IMPLAN to track trade flows and estimate industry multipliers.

Total expenditures inside of Mesa County equaled \$233,598,572, but this is not the total economic contribution of CIC members. To calculate the total economic contribution, these spending numbers need to be adjusted for leakages from the local economy, adjusted for supply chain effects, and adjusted for multiplier effects.

Leakages are important because not every dollar that is spent in a local region stays in a local region. For instance, local non-profit organizations reported spending a lot of money on office supplies. Many office supply companies are not local companies, and they buy their wholesale products from vendors outside of the County. Hence only a small proportion of the money spent on office supplies ends up having a legitimate impact on the local economy.

IMPLAN also calculates supply chain effects for each spending category and industry. Supply chain effects are the effects of local direct spending on suppliers down the chain. For instance, a purchase of food by non-profits for a meeting has a direct effect on a local catering company. But that catering company may buy their good supplies from a wholesaler or from an assortment of different companies. Each of these companies are affected by the direct spending, and IMPLAN estimates how much of this supply chain effect is local.

Multiplier effects are also calculated by IMPLAN and are vital to an economic impact report. When non-profits spend \$233,598,572 in Mesa County, that is not the end of the spending story. Every dollar spent by non-profits in the local area becomes income to someone else, such as a local business, a hotel employee, gas station attendee, or waiter/waitress. Each of these businesses or

employees spend this new income, creating income for someone else. The cumulative impact of these rounds of spending is known as the multiplier effect.

This section calculates economic contribution, as opposed to economic impact (section 6). Economic contribution is defined as the “gross change in economic activity associated with an industry, event, or policy in an existing regional economy” (Watson, et. al., pg. 142). Economic contribution does not consider if money is new to the study area or not, it measures the total economic participation, or contribution to the region’s economy. Expenditure data from Table 4 was input into IMPLAN to build an economic model for CIC members.

Table 5 illustrates jobs, labor income, gross regional product, and total output that results from CIC member’s economic contribution. The "direct effects" are the direct expenditures in the County region subtracted for leakages. The "Indirect effects" are supply chain effects, and the "Induced Effects" are the increase in expenditures from the multiplier effect, or the increase in expenditures that the increased wages from direct and indirect spending creates. The "total effect" is the combination of direct, indirect, and induced effects.

CIC member’s contribution to GRP is \$133,809,871.40. The contribution to GRP represents final goods and services and is the proportion of total output that is paid to business and other entities in the form of employee compensation, proprietor income, taxes on production, and profits. Gross Regional Product is the final value of goods and services, and in calculating this subtracts intermediate goods from the estimation. Total output does not subtract intermediate goods and instead adds all transactions that take place through the supply chain.⁵

The total output number of \$250,839,349.50 represents the gross total value of all sales and production due to CIC member expenditures. This is a broader measure than the standard Gross Domestic Product (GDP), or in a local economy, Gross Regional Product (GRP). This measure looks at the total value to each business, and does not avoid the traditional “double counting” issue that arises in calculating GDP. Total output represents how a business sees its activity, or the gross sales and production that funnel through businesses. This total output measure is the gross measure of local economic activity, and is more in line with how a business would account for the sales transaction from one firm to another.

The total number of jobs created by CIC members and their spending is 2,161. The total number of jobs created are a result of direct, indirect, and induced effects that have taken place over time. Note that these jobs are not full time equivalent and can be part time or full time. Total labor income created is \$77,553,013. This is income that lands directly in the pockets of local workers.

Table 6 illustrates the top 10 industries affected by CIC member expenditures. Real estate tops the list, largely due to the large rents that CIC members pay on properties. Accounting, tax preparation, bookkeeping, and payroll services is the second industry affected by CIC member spending. Full

⁵ A good example between Total Output and GRP is car production: GRP only counts the final value of the car, but total output adds the steel, rubber, and other parts, plus the total value of the car. This is known as double counting in GDP calculations.

service restaurants, business support services, and legal services round out the top industries affected.

TABLE 5: ECONOMIC CONTRIBUTION RESULTS

IMPACT TYPE	JOBS	LABOR INCOME	GROSS REGIONAL PRODUCT	TOTAL OUTPUT
Direct Effect	819.3	\$27,997,477	\$48,009,401	\$89,370,426
Indirect Effect	265.3	\$9,493,119	\$15,232,925	\$31,272,460
Induced Effect	1,076.9	\$40,062,417	\$70,567,544	\$130,196,462
Total Effect	2,161.5	\$77,553,013	\$133,809,871	\$250,839,349

TABLE 6: TOP 10 INDUSTRIES AFFECTED BY CIC MEMBER EXPENDITURES

DESCRIPTION	TOTAL JOBS	TOTAL LABOR INCOME	GROSS REGIONAL PRODUCT	TOTAL OUTPUT
Real estate	282	\$2,190,927	\$17,894,916	\$32,712,304
Accounting, tax preparation, bookkeeping, and payroll services	210	\$8,345,830	\$10,741,283	\$15,455,994
Legal services	117	\$6,693,912	\$9,326,922	\$15,396,379
Hospitals	65	\$4,964,446	\$5,678,168	\$9,951,155
Maintenance and repair construction of nonresidential structures	62	\$2,970,496	\$3,682,816	\$9,107,619
Full-service restaurants	143	\$3,125,691	\$3,518,266	\$6,772,214
Business support services	120	\$3,349,694	\$3,147,022	\$5,656,912
Limited-service restaurants	63	\$1,090,965	\$2,804,531	\$4,972,246
Management of companies and enterprises	39	\$1,509,984	\$1,923,169	\$5,430,985
Retail - General merchandise stores	38	\$1,012,327	\$1,729,146	\$2,672,783

6) ECONOMIC IMPACT

Economic impact is defined as the “net changes in new economic activity associated with an industry, event, or policy in an existing regional economy” (Watson, et. al., pg. 142). Economic impact measures the impact of money new to the economy. In economic impact analysis, it is assumed that existing money would be spent on something else in the regional economy, hence new money from outside the study region is the only measurable impact. Table 3 calculates the weighted average of revenue that is from outside of Mesa County. One in four non-profit dollars come from outside Mesa County. Since it is not possible to track which revenue dollars are spent on which expenditures, the assumption made is to take twenty five percent of each expenditure category to approximate the economic impact. In other words, total economic impact is one fourth of the total economic contribution. The economic impact of CIC member expenditures in Mesa County is \$33,452,466. Note again that this number approximates the calculation of local GRP.

Total output is \$62,709,835, and this total output does not take into account double counting and approximates the total gross effect of expenditures.

It is important to note that this economic contribution and impact number does not take into account the spending of people who come to visit Mesa County to participate in various services that these non-profits are providing. For instance, suppose someone came from outside of the county to utilize Community Hospital’s services, they may stay here for a few days and spend money on food, or a hotel. These additional spending numbers were beyond the scope of this study.

TABLE 7: ECONOMIC IMPACT RESULTS

IMPACT TYPE	JOBS	LABOR INCOME	GROSS REGIONAL PRODUCT	TOTAL OUTPUT
Direct Effect	204.8	\$6,999,368.8	\$12,002,349	\$22,342,605
Indirect Effect	66.3	\$2,373,279.7	\$3,808,231	\$7,818,114
Induced Effect	269.2	\$10,015,604.0	\$17,641,885	\$32,549,114
Total Effect	540.4	\$19,388,252.5	\$33,452,466	\$62,709,835

7) CONCLUSION

When people think of non-profit organizations, they do not think about large spending numbers or big economic impact numbers. Using data from 31 non-profit CIC members, this report has illustrated that in fact CIC members have a large economic contribution to GRP of \$133,809,871, and measured by total output, that contribution is even larger at \$250,839,349. This economic contribution also creates 2,161 full/part time jobs, with a total labor income of 77,553,013.

CIC members bring a considerable amount of money into the economy from outside of the county, totaling \$67,078,343. Once adjusted for leakages, supply chain effects, and multiplier effects, the total economic impact in GRP terms from this revenue is \$33,452,466. Using total output as the measure increases this economic impact to \$62,709,835.

APPENDIX: RESPONDENT ORGANIZATIONS**TABLE 8: RESPONDENTS TO SURVEY**

NAME OF ORGANIZATION	
Ariel Clinical Services	Mesa Land Trust
CASA of Mesa County	Mesa Youth Services, Inc. Mesa County Partners
Center for Independence	Mind Springs Health/West Springs Hospital
Colorado Canyons Association	Museums of Western Colorado
Colorado Mesa University Foundation	Nami Western Slope
Colorado National Monument Association	Riverside Educational Center
Colorado Riverfront Commission/Colorado Riverfront Foundation, Inc.	Roice-Hurst Humane Society
Community Food Bank	St. Mary's Hospital Foundation
Community Hospital	STRiVE
District 51 Foundation	Tamarisk Coalition
Hilltop Health Services Corporation, dba Hilltop Community Resources	Western Colorado Community Foundation
Home Care of the Grand Valley	Western Colorado Congress
Karis Inc DBA The House	Western Colorado Health Network, bda WestCAP
Kids AID	Western Colorado Suicide Prevention Foundation
Marillac Clinic	Western Slope Center for Children
Mesa County RSVP	