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# Nonprofit Organizations and the Nevada Economy:

An analysis of the employment, economic impact, and scope of the nonprofit sector in Nevada

## Abstract

*The Nevada nonprofit sector plays an important role in the state's economy. This research report examines the role of nonprofit organizations in the economy and details regional differences in terms of employment and economic impact in the state.*

Jessica K. A. Word, PhD  
Associate Professor of Public Administration  
School of Environmental and Public Affairs  
University of Nevada, Las Vegas

Jaewon Lim, PhD  
Assistant Professor  
School of Environmental and Public Affairs  
University of Nevada, Las Vegas

Carol Servino, PhD  
School of Environmental and Public Affairs  
University of Nevada, Las Vegas

Kenneth Lange, M. Ed  
School of Environmental and Public Affairs  
University of Nevada, Las Vegas

# Nonprofit Organizations and the Nevada Economy

## AN ANALYSIS OF THE EMPLOYMENT, ECONOMIC IMPACT, AND SCOPE OF THE NONPROFIT SECTOR IN THE SILVER STATE

### FINDINGS

This section outlines major findings on the economic contributions of nonprofit organizations in Nevada.

#### Scope of the Sector

The type and size of nonprofit organizations varies widely across Nevada.

- In 2011 Nevada reported 8,144 registered nonprofit organizations. These organizations included 5,034 public charities, 2,413 other types of nonprofits, and 697 private foundations.
- Of the registered nonprofit organizations, only 71.2% reported annually to the IRS. Reporting nonprofit organizations included 3,186 public charities, 2,056 other nonprofit organizations, and 630 private foundations.
- Nonprofit organizations in Nevada generated \$4.4 billion in revenue; paid almost \$2 billion in wages and compensation, and held \$14.5 billion in assets. In 2011 Nevada ranked 50<sup>th</sup> among states in assets and revenues per capita.
- Public charities held \$2.7 billion in revenues and \$5.1 billion in assets in 2011. Public charities paid a total of \$1.8 billion in wages and compensation.
- Other nonprofit organizations generated \$1.4 billion in revenues and \$4.1 billion in assets in 2011. These organizations paid \$165 million in wages and compensation.
- The greatest number of registered nonprofits in Nevada is found in the human service organization subsector, but healthcare nonprofits represented the largest group in terms of revenue, assets, and wages paid.
- Nevada ranks 50<sup>th</sup> in terms of number of nonprofit organizations per 10,000 residents in 2011.
- Nevadans donated 59.8 million hours of service valued at \$1.3 billion in 2011 (VolunteeringinAmerica.gov, 2013). The number of volunteer hours donated was equivalent to the sector having an additional 28,570 fulltime employees.

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- However, only 22.2% of Nevada residents volunteer their time annually, Nevada ranked 48<sup>th</sup> in terms of overall volunteer participation rate (VolunteeringinAmerica.gov, 2013).

## Employment

Nonprofits are a significant employer in the Nevada economy.

- Nevada's nonprofit organizations employed 43,222 workers in 2011.
- Nevada's nonprofit sector was the ninth largest employment sector in the state, larger than the state's manufacturing, finance, real estate, and mining industries.
- The nonprofit sector represented 3.7% of the total workforce or 4.5% of the state's private sector workforce.
- The average nonprofit employee in the state of Nevada earned \$45,547 in 2011. This was slightly more than the average for all workers in the state (\$43,108) and for-profit workers (\$41,652) but less than the average for government employees.

## Economic Impact

The economic impact of Nevada's nonprofit sector includes the direct expenditures and employment detailed above, and indirect impacts on the state's economy.

- Nonprofit organizations contributed 5.5% of the Gross Regional Product (GRP) in Nevada in 2010. This was equivalent to \$7.1 billion in economic activity. On average, each nonprofit employee added \$56,992 to GRP.
- For every 100 nonprofit jobs in Nevada an additional 72 jobs are created in the state.
- Public charities generated 4.7% of GRP or an equivalent of \$6.0 billion in economic activity.

## Regional Differences in Nonprofit Economic Impact

While nonprofit organizations generate substantial economic activity across the state, large regional differences exist. Northern Nevada (Washoe, Storey, and Carson County) experienced a much larger impact from nonprofit organizations than did Southern Nevada (Clark County) or Rural Nevada (Douglas, Lyon, Churchill, Humboldt, Lander, Pershing, Elko, Eureka, White Pine, Nye, Lincoln, Esmeralda and Mineral Counties).

### Southern Nevada

- Southern Nevada contained 72.3% of the state's population yet was home to only 51.9% of filing nonprofit organizations in 2011.
- Nonprofits in Southern Nevada have lower levels of funding and possess fewer assets per capita than those in other regions of the state. Southern Nevada nonprofit organizations generated \$1,213 in revenue and held \$3,527 in assets per capita in 2011. Northern Nevada nonprofits

enjoyed more than twice the assets and revenues per capita than Southern Nevada nonprofits. Southern Nevada revenues per capita were only 74.4% of the state average despite higher levels of philanthropic support.

- Southern Nevadans on average donated 4.1% of their annual income to charity, just under the national average of 4.7%.
- Southern Nevada nonprofits contributed 4.0% of the Gross Regional Product (GRP) in 2010. This is equivalent to \$3.6 billion.
- The average wage for nonprofit employees in Southern Nevada was \$44,448 in 2011.
- Southern Nevada's average labor income per employ was 12.7% lower in 2010 and 8.8% lower in 2011 than the labor income per nonprofit employee in Northern Nevada.

### **Northern Nevada**

- Northern Nevada with 17.8% of the state's population contained 33.5% of the states filing nonprofit organizations.
- Northern Nevada nonprofits had the largest amount of resources per capita compared to other regions in the state. Northern Nevada nonprofits generated \$3,234 in revenue and held \$14,128 in assets per capita in 2011. The revenues per capita in Northern Nevada were nearly two times per capita revenues for the state (198%) and assets per capita were more than two and a half times the average in the state (265%).
- Northern Nevadans on average donate 3.1% of their income annually to charity.
- Northern Nevada nonprofits contributed 11.4% of the Gross Regional Product (GRP) in 2010. This is equivalent to \$2.9 billion.
- Northern Nevada's employment multiplier is the highest among all regions of the state. For every 100 nonprofit jobs, an additional 80 jobs are generated.
- The average wage for nonprofit employees in Northern Nevada was \$48,695 in 2011.

### **Rural Nevada**

- Rural Nevada, with 9.9 % of the state's population, contained 11.0% of the states filing nonprofit organizations.
- Rural Nevada nonprofits generated \$1,085 in revenue and held \$2,630 in assets per capita in 2011. Rural Nevada revenues were the lowest per capita in the state at 66.5% of the average.
- Rural Nevadans on average donated 4.8% of their annual income to charity.
- Nonprofit employees in the rural areas of the state earned the least salary, averaging only \$37,389 in 2011 or \$11,306 less than those in Northern Nevada and \$8,158 less than the state average.

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## INTRODUCTION

The rate of Nonprofit Organization state of Nevada changed rapidly in recent decades, enjoying one of the longest and most sustained population and economic growth periods in the nation followed by a severe period of economic contraction and recession (Brookings Mountain West, 2011).

Unemployment during the Great Recession of 2007 reached a peak of 13.8% for Nevada in August 2011 (Bureau of Labor Statistics, 2012). Amid the challenges generated by the Nevada economy, the nonprofit sector provided services to communities across the state. This report provides an overview of the economic contributions of the nonprofit sector and its role in the diversification of Nevada's economy from 2010 and 2011 data provided by the Nevada Department of Employment, Training, and Rehabilitation (DETR) as part of the Federal Bureau of Labor Statistics' Quarterly Census of Employment and Wages Program (QCEW) and data from the National Center for Charitable Statistics (NCCS) Business Master File (BMF).

Nonprofit organizations are an important part of communities in Nevada. Nonprofits deliver critical social, educational, and health services to citizens from every economic and cultural background throughout the state. They enrich lives by expressing important social and cultural values through artistic and cultural events. They also contribute to the state's business sector through relationships with associations and professional societies. In total, they serve the important role of uniting individuals into close-knit communities.

Despite the prominent role of nonprofits in so many areas of the state's communities, there is a limited understanding of their value and impact in the State of Nevada. This report serves to empirically examine the important role these organizations play not only in the lives of individuals but in the economic growth and diversity of Nevada. This examination is especially important in light of the economic downturn of the past few years and the need for the state to focus on the development of new industries to create jobs and rebuild communities.

In particular, the report focuses on the following major topics:

- The overall scale of Nevada's nonprofit sector including: the characteristics of the sector in terms of activity, region, and budget size; and sources of revenue including philanthropic and governmental support;
- The relative importance of Nevada nonprofits in terms of the overall economy and in comparison to other industries in the public and for-profit sectors;
- Comparative compensation for nonprofit employees both across the state and regionally; and
- The economic impact of all nonprofit activities for the State of Nevada in terms of direct, indirect, and induced economic activity.

## The Economic Environment

Nevada economy suffered a period of severe economic contraction during the Great Recession of 2007 with unemployment and foreclosure levels well above the national average. Unemployment during the recession reached a peak of 13.8% for Nevada in August of 2011 (Bureau of Labor Statistics, 2012). While Nevada's economy has begun to recover it still has much ground to make up in order to fully recover from the downturn with state unemployment levels remaining near ten percent (DETR, April 19, 2013). The depth of the recession has impacted most of the state; however, other parts of the state have seen dramatic economic and population growth during the recession. In particular, the mining industry and the areas of the state where mining is prevalent have seen a period of economic growth during the recession due to the high price of gold, minerals and other metals (diversifynevada.com, 2013).

Nevada's economic context and future is shaped by many factors including the dominance of employment in and around the area of hospitality and tourism, including service jobs requiring lower levels of education and training. Despite the concentration of jobs in the service sector, Nevada consistently ranks in the top 20 states in terms of per capita income at \$27,589 for 2010 and household income at \$55,726 (Census Bureau, 2010). While the State of Nevada boasts some of the highest average per capital incomes in the country, it still is a state facing huge economical and social challenges. For example, despite the high per capita income ranking, 22% of Nevada children live in poverty (Casey's Kid Count, 2012). Nevada also faces severe challenges in terms of education. Nevada ranks 45<sup>th</sup> in per pupil expenditures with a high school graduation rate of 62% or 50<sup>th</sup> among the states (Ed.gov, 2013). Nevada also has one of the lowest numbers of individuals with college degrees at 22.2% (Census.gov, 2013). Finally, the state of Nevada also struggles with a large number of individuals lacking health insurance with 21.5% of the population uninsured (Kaiser Family Foundation, 2012). These issues represent significant challenges for current residents and for attracting new business to increase economic diversification.

The development of the state economy is also shaped by the way the population of the state has settled and grown. With 94% of the state's population living in and around Las Vegas and Reno, Nevada is the third most urban state trailing only California and New Jersey (Mackun & Wilson, 2011). Las Vegas has a resident population of just under 2 million (by 2013, population exceeded 2 million) and Reno has a population of 421,000. The remaining six percent of its population is sprinkled throughout Nevada's rural counties. Of its 17 counties, 12 have fewer than 50,000 persons (U.S. Census, 2010). The concentration of the population in two urban areas of the state creates a challenge for the state in terms of economic development and social needs. For this reason, the report focuses on the state's as consisting of three main regions: Northern Nevada (Carson City, Storey and Washoe Counties), Southern Nevada (Clark County) and Rural Nevada (Douglas, Lyon, Churchill, Humboldt, Lander, Pershing, Elko, Eureka, White Pine, Nye, Lincoln, Esmeralda and Mineral Counties). Each of these three regions of the state provides insights and contrasts into the development of Nevada's nonprofit sector and the resulting economic impact of the sector on the state.

## Scope and Composition of the Nonprofit Sector

Understanding the composition of Nevada’s nonprofit sector helps us understand how nonprofit organizations shape the state’s economy and their role in economic growth and diversification. First, we describe nonprofits in terms of the type and number of organizations found in the state. Second, we examine the distribution of nonprofit organizations by mission area or activity. Third, we describe the finances of the sector. Fourth, we examine giving and philanthropy in the state. Finally, we examine the size of Nevada’s nonprofit sector in comparison to other states in the Mountain West and provide national averages.

### Number of Organizations by Type

Nonprofits in Nevada provide an important social safety net, undergird the cultural life of the community, and augment the state’s healthcare system. They also represent a diverse cross section of social, recreation, arts, business, and labor organizations or associations in the state. Nevada nonprofits reported \$14.5 billion in assets and a combined annual income of \$4.4 billion to the IRS in 2011 (NCCS Business Master File, August 2012). By comparison, Nevada’s annual budget for fiscal year 2011-12, was \$22.9 billion with human services expenditures of 35.5% or \$10.6 million. In contrast, the Clark County general fund budget totaled \$1.2 billion for fiscal year 2012, and the Washoe County budget reached \$568 million.

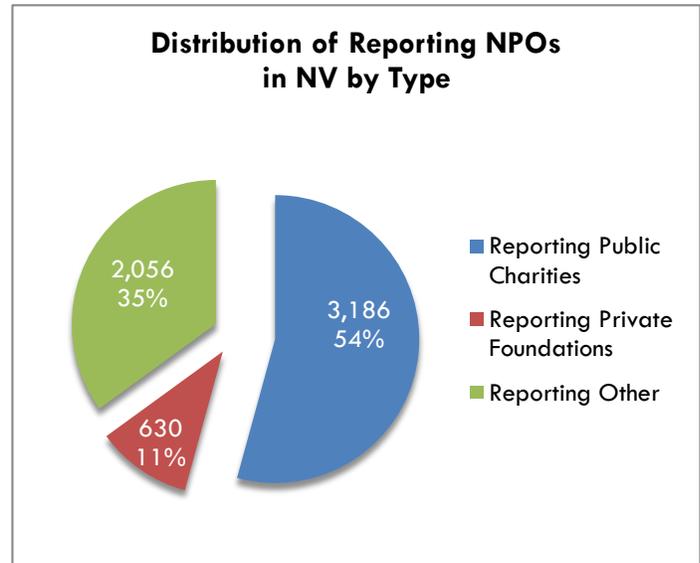


FIGURE 1: REPORTING NONPROFIT ORGANIZATIONS BY TYPE IN NEVADA (2011)

In 2011, Nevada’s nonprofit sector included 8,144 registered organizations. Nonprofit organizations are generally grouped into the following three categories: public charities, private foundations, and "other." While all registered nonprofit organizations are exempt from paying federal income taxes, not all nonprofit organizations were created with the same purpose or operate under the same reporting requirements (NCCS - FAQs, 2012). At least half of all nonprofits are public charities, which are tax-exempt under IRS Section 501 (c) 3. Other types of nonprofits include social welfare organizations, 501 (c) (4), labor and agricultural associations 501 (c) (5), business leagues 501 (c) (6), and fraternal beneficiary societies, 501 (c) (8).

Registered organizations in Nevada include:

- 5,034 organizations classified as public charities,
  - 3,186 public charities (63.3%) filed with the IRS
- 2,413 organizations classified as “other types of tax exempt organizations”

- 2,056 “other” nonprofit organizations (85.7%) filed with the IRS
- 697 organizations classified as private foundations
  - 630 private foundations (90.4%) filed with the IRS.

The distribution of Nevada's three types reporting nonprofit organizations is shown in Figure 1. The number of *registered* nonprofit organizations is generally different than the number of *reporting* nonprofit organizations. Not all registered organizations file one of the IRS forms in the 990 series. Those that file forms are considered "reporting" (NCCS FAQ, 2013).

#### REGISTERED PUBLIC CHARITIES BY ACTIVITY

All nonprofit organizations are categorized by NTEE codes, which indicate their primary purpose or activity. They are further classified into major subsectors, such as arts, education, health, etc. The broadest and most common classifications are Major 5, 10, and 12 classifications. For this report, we will examine the composition of the Nevada’s nonprofit sector using NTEE’s major 10 classification which divides all public charities into the ten most common activity groupings.

Public charities provide a broad array of services in a wide variety of fields. A closer look at the numbers and percentages (from highest to lowest) and types of *registered public charities* in Nevada reveals that:

- 1,407 (27.9%) human services field.
- 1,169 (23.2%) religiously affiliated organizations.
- 596 (11.8%) public and societal benefits.
- 591 (11.7%) education.
- 505 (10.0%) the arts, culture, and humanities.
- 400 (7.9%) health.
- 270 (5.3%) environment and animals.
- 62 (1.2%) international (foreign affairs, and national security).
- 28 (.6%) "other."
- 19 (.4%) mutual benefit and membership.

(NCCS Table Wizard, BMF 08/2012 501c3).

#### REPORTING PUBLIC CHARITIES BY ACTIVITY

As previously mentioned, the number of *reporting* organizations differs from the number of *registered* organizations nationally and in each state. When viewed by Major 10 activity, the largest number of Nevada public charities reporting is classified as human service organizations with more than twice the number of organizations than in any other category. The next largest in terms of number of reporting public charities are in the areas of education, public and societal benefit, arts and culture,

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and healthcare. A closer look at the numbers (from highest to lowest) of *reporting public charities* in Nevada categorized by Major 10 activity fields is as follows:

- 1,062 (33.2%); human services;
- 472 (14.8%); education;
- 462 (14.5%); public and societal benefits;
- 393 (12.3%); arts, culture, and humanities;
- 305 (9.5%); health;
- 231 (7.2%); environment and animal;
- 201 (6.3%); religion;
- 42 (1.3%); international;
- 16 (0.5%); mutual benefit and membership; and
- 12 (0.4%); listed as "other."

(NCCS Table Wizard, BMF 08/2012 501c3).

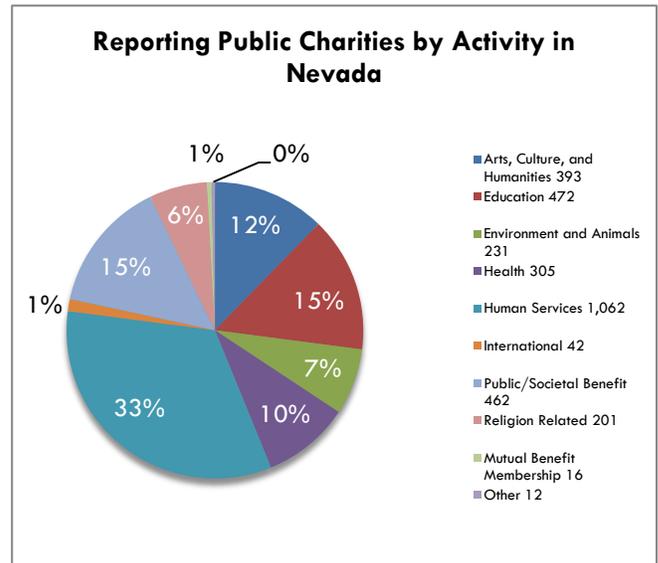


FIGURE 2: REPORTING PUBLIC CHARITIES BY ACTIVITY IN NEVADA (2011)

## Finances

The financial footprint of nonprofit organizations in Nevada is also significant, with nonprofit organizations responsible for \$4.4 billion in revenue and \$19.2 billion in assets. These nonprofits paid nearly \$2 billion in wages and compensation in 2011. Although the human services subsector comprises the largest number (1,062, 33.2%) of reporting public charities in Nevada, the healthcare field reports the largest percentage of total revenue at \$1.3 billion and assets of \$1.8 billion. This is similar to the overall pattern nationally, as the health care field includes large hospitals which tend to have higher revenues and assets than most other nonprofit organizations. During 2011, six of the top ten public charities in the State of Nevada in terms of assets were health care organizations while most of the remaining organizations in the top ten were educational organizations (NCCS, 2011).

Nevada nonprofit organizations reported \$1,631 in revenues and \$5,327 in assets per capita. This is less than half of the national average. Nevada ranked 50<sup>th</sup> in terms of both assets and revenues per capita reported by nonprofit organizations when compared to other states.

Public charities, those nonprofit organizations holding 501(c)3 status, also had a significant economic impact in Nevada. According to the National Center for Charitable Statistics, in 2011 public charities in Nevada were responsible for \$2.7 billion in revenue, \$5.1 billion in assets, and \$1.8 billion in wage compensation. Other types of nonprofit organizations in Nevada were responsible for \$1.4 billion in revenues, \$4.1 billion in assets, and paid \$165 million in wages and compensation in 2011. Remaining assets and revenues were held by private foundations.

## THE SOURCES OF REVENUE FOR PUBLIC CHARITIES AND PRIVATE FOUNDATIONS

Information on sources of revenue is available for both public charities and private foundations and can help us to understand how these organizations generate economic impact in the state. *Public charities* reported revenues of \$2.7 billion from the following sources:

- \$1.0 billion: contributions, gifts, and grants;
- \$ 17.2 million: net special events income;
- \$40.2 million: investments;
- \$1.6 billion: program services and contracts;
- \$60.5 million: dues, net sales, and other income.

The most significant source of revenues for public charities comes from program services and contracts which is earned income. Program service and contractual revenues usually represent transfer payments from government to the nonprofit sector for services. Additionally, some transfer payments from government come in the form of grants made to nonprofit organizations. The second most important form of revenue for public charities in the state was contributions, gifts, and grants. This category encompasses philanthropic giving to nonprofit organizations. The third largest amount of revenues came from dues, net sales, and other income followed by investments and special events.

*Private foundations* reported revenues totaling \$453.5 million from the following sources:

- \$201.6 million: contributions, gifts, and grants;
- \$103.7 million: dividends and interest;
- \$6.1 million: gross rents;
- \$108.3 million: net sales of other assets;
- \$33.8 million: inventory sales and other income.

In contrast to public charities, foundations primary source of revenue was contributions, gifts, and grants. This is not surprising since foundations primarily serve as repositories of wealth created by donors to support other causes.

## DISTRIBUTION OF RESOURCES BY PUBLIC CHARITY ACTIVITIES

Although the human services subsector comprises the largest number (1,062, 33.2%) of reporting public charities in Nevada, the health care field reports the largest percentage of total revenue at \$1.35 billion and assets at \$1.78 billion (See Figure 3). This is similar to the overall pattern nationally since the health care field includes large hospitals which tend to have higher revenues and assets than most other nonprofit organizations. During 2011, six of the top ten public charities in the state of Nevada in terms of assets and revenues were health care organizations while most of the remaining organizations in the top ten were educational organizations (NCCS Quick Facts and Figures, 2011). The next largest share of revenues reported belonged to human service organizations (25.9%) followed by education (10.0%), public and societal benefit (5.8%), arts, culture, and humanities (4.2%)

## Nonprofit Organizations and the Nevada Economy

and the environment and animals (1.9%). The remaining areas reported less than one percent of the annual revenues for the nonprofit sector.

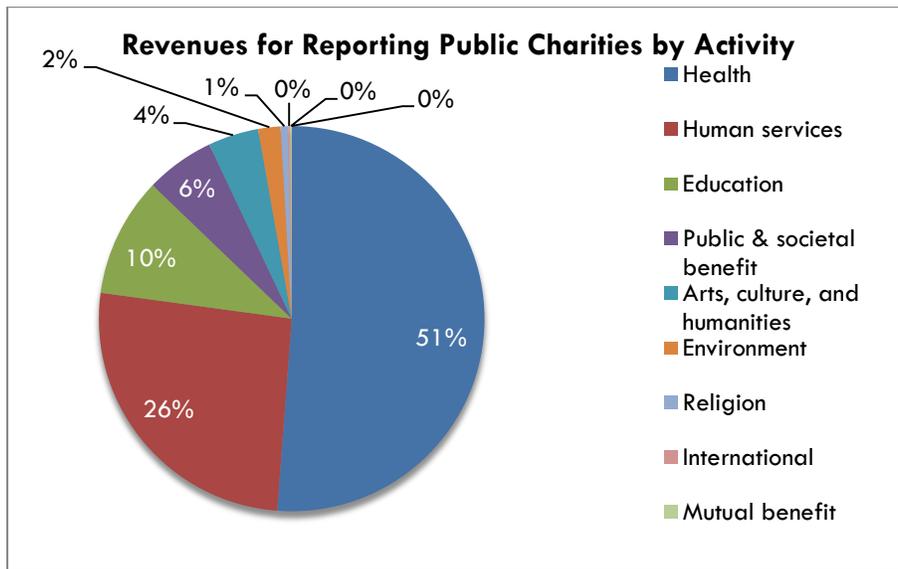


FIGURE 3: REVENUES REPORTED BY ACTIVITY FOR PUBLIC CHARITIES

Total revenue and assets reported on Form 990 by public charities in Nevada in the Major 10 categories appear in the Table 1 below.

TABLE 1: ASSETS AND REVENUES FOR PUBLIC CHARITIES BY ACTIVITY IN NEVADA (2011)

NTEE Major Group Nevada	Registered		Reporting		Revenue		Assets	
	Count	%	Count	%	Amount	%	Amount	%
Arts, Culture, and Humanities	505	10.0%	393	12.3%	111,738,788	4.2%	407,288,468	8.1%
Education	591	11.7%	472	14.8%	264,689,581	10.0%	942,999,700	18.8%
Environment and Animals	270	5.3%	231	7.2%	49,343,844	1.9%	8,157,550	0.2%
Health	400	7.9%	305	9.5%	1,350,654,705	51.2%	1,775,037,742	35.3%
Human Services	1,407	27.9%	1,062	33.2%	684,609,659	25.9%	1,393,121,228	27.7%
International	62	1.2%	42	1.3%	4,581,858	0.2%	6,241,476	0.1%
Public/Societal Benefit	596	11.8%	462	14.5%	152,804,713	5.8%	443,120,840	8.8%
Religion Related	1,169	23.2%	201	6.3%	16,619,971	0.6%	44,736,373	0.9%
Mutual Benefit Membership	19	0.4%	16	0.5%	3,125,844	0.1%	5,074,081	0.1%
Other	28	0.6%	12	0.4%	55,230	0.0%	1,663	0.0%
<b>Total</b>	<b>5,047</b>	<b>100.0%</b>	<b>3,186</b>	<b>100.0%</b>	<b>2,638,224,193</b>	<b>100.0%</b>	<b>5,025,779,121</b>	<b>100.0%</b>

Source: IRS, Exempt Organizations Business Master File (501 (c) (3) Public Charities, 2012, Aug.) The Urban Institute, National Center for Charitable Statistics, <http://nccsdataweb.urban.org/>

Similar to the pattern found in revenues, healthcare organizations in the state also report the largest share of the assets (35.5%). The next four areas in descending order were human services (27.7%), education (18.8), public and societal benefit (8.8%), and art, culture, and the humanities (8.1%). The remaining service areas each reported less than one percent of assets in the nonprofit sector (See Table 1).

## Giving and Volunteering in Nevada

As discussed above, one of the most significant sources for nonprofit revenue comes from the giving by individuals and organizations. Many gifts and donations come in the form of monetary support; nonprofits also receive significant donations of volunteer labor and in-kind gifts. This section examines the magnitude of giving and volunteerism in Nevada. The data on giving by individuals is somewhat limited; the best source of data on charitable giving is a sample of individual tax returns used by the IRS to report on generosity. These estimates are not produced every year with the most recent year available being 2008.

TABLE 2: COMPARATIVE GIVING AND GENEROSITY IN THE MOUNTAIN WEST AND NATIONALLY FOR 2008

	Total Contributions	Ranking by Total Contributions	Median Contribution	Median Discretionary Income	% of Income Given (All income Levels)	Ranking by % of Income Given
Arizona	\$2.4 billion	20 of 51	\$2,436	\$52,924	4.6%	19 of 51
Colorado	\$2.4 billion	19 of 51	\$2,317	\$55,577	4.2%	31 of 51
Idaho	\$639.3 million	37 of 51	\$3,155	\$49,606	6.4%	7 of 51
New Mexico	\$564.6 million	38 of 51	\$2,495	\$55,280	4.5%	23 of 51
Nevada	\$951.6 million	35 of 51	\$1,978	\$51,350	3.9%	42 of 51
Utah	\$2.4 billion	18 of 51	\$5,255	\$49,551	10.6%	1 of 51
U.S.	\$135.8 billion		\$2,564	\$54,783	4.7%	

Source: Chronicle of Philanthropy (2012); based on actual IRS 2008 data on incomes of \$50,000 or more).

In 2008, it is estimated that Nevadans made contributions totaling \$951.6 million to nonprofit and religious organizations. In terms of total contributions, Nevadans were the 35th most generous state or slightly below its ranking in terms of overall population size. The average Nevadan gave 3.9% of his/her income to charitable and religious causes. This is well under the national average of 4.7%. In terms of percent of income given, Nevada ranked 42<sup>nd</sup> in terms of generosity.

Another way in which individuals support nonprofit organizations in the state of Nevada is through volunteering their time and talents. In 2011, Nevadans donated 59.8 million hours of service valued at \$1.3 billion (VolunteeringinAmerica.gov, 2013). This is a significant resource in terms of the ability of the state’s nonprofit organization to offer additional services to communities. The number of volunteer hours donated was equivalent to the sector having an additional 28,570 fulltime employees. The impact of these volunteer hours is significant.

## Nonprofit Organizations and the Nevada Economy

Nationally, 26.8% of Americans volunteer their time. However, only 22.2% of Nevada residents volunteer time annually, ranking Nevada 48<sup>th</sup> in terms of overall volunteer participation rate (VolunteeringinAmerica.gov, 2013). Although, Nevada still lags behind in terms of volunteer participation when compared to the nation its volunteer rate has been gradually increasing since 2004.

## Nevada's Nonprofit Sector in Comparison

The only way to understand the relative size of nonprofit activity in Nevada is to examine the sector in comparison to regional and state averages relative to population. In this section, we examine the relative size of the Nevada nonprofit sector in comparison to other states and the United States as a whole. In general, this examination demonstrates that Nevada's nonprofit sector is much smaller and less well resourced when compared to both national and regional averages.

Data available from the U.S. Census, the National Center for Charitable Statistics (NCCS), and the Internal Revenue Service (IRS) indicate that in 2011, the number of registered nonprofits:

- per 10,000 people in the U.S. was 50.1;
- per 10,000 people in the Mountain West region was 41.4; and
- per 10,000 residents in Nevada was 29.9.

TABLE 3: FINANCIAL RESOURCES OF REPORTING NONPROFITS NATIONALLY AND IN THE MOUNTAIN WEST STATES

	Population		Revenues Reported	Revenues Per Capita	Assets Reported	Assets per Capita
	2011	# of NPOs				
<b>Arizona</b>	6,482,505	8,585	26,009,210,476	4,012	43,230,697,279	6,669
<b>Colorado</b>	5,116,796	11,767	23,506,325,886	4,594	56,432,478,354	11,029
<b>Idaho</b>	1,584,985	2,692	4,207,761,722	2,655	10,099,855,102	6,372
<b>New Mexico</b>	2,082,224	3,708	5,759,512,814	2,766	13,387,685,380	6,430
<b>Nevada</b>	2,723,322	2,997	4,442,286,814	1,631	14,506,079,475	5,327
<b>Utah</b>	2,817,222	3,563	9,089,360,016	3,226	15,841,742,115	5,623
<b>Mountain West</b>	20,807,054	33,312	73,014,457,728	3,509	153,498,537,705	7,377
<b>United States</b>	311,591,917	604,482	2,042,094,715,729	6,554	4,510,867,206,458	14,477

As shown in Table 3, a total of 2,997 reporting nonprofit organizations operated in Nevada (August 2012 BMF data). These organizations reported revenues of \$1,631 and assets of \$5,327 per capita. This is less than half of the national average. Since regional differences exist across the United States, we also examined Nevada's reported revenues and assets in comparison to other Mountain West states and found Nevada is far behind in terms of average revenues and assets per capita for nonprofit

organizations. Examining these averages for all fifty states, we found that Nevada ranked 50<sup>th</sup> in terms of both assets and revenues per capita reported by nonprofit organizations when compared to other states.

The next area for comparison is the number of organizations in the state relative to population. Nevada contained 29.9 organizations registered for every

10,000 residents. This is slightly more than half the national average of 50.1

organizations per 10,000 people nationally

is well below the regional average of 41.5 organizations per 10,000 residents. Figure 4 displays the number of nonprofits per 10,000 residents across the six states in the Mountain West and nationally. Nevada again ranks 50<sup>th</sup> in comparison to other states in terms of nonprofit organizations per 10,000 residents. Not only are nonprofits in Nevada poorer in terms of assets and revenues but there are also fewer of them to serve the state’s population. These three facts together might be less troubling if they were not paired with a ranking of 48<sup>th</sup> in terms of volunteer participation suggesting that nonprofits not only lack the financial capacity to meet the community’s needs but also are unable to supplement paid staff by recruiting volunteers.

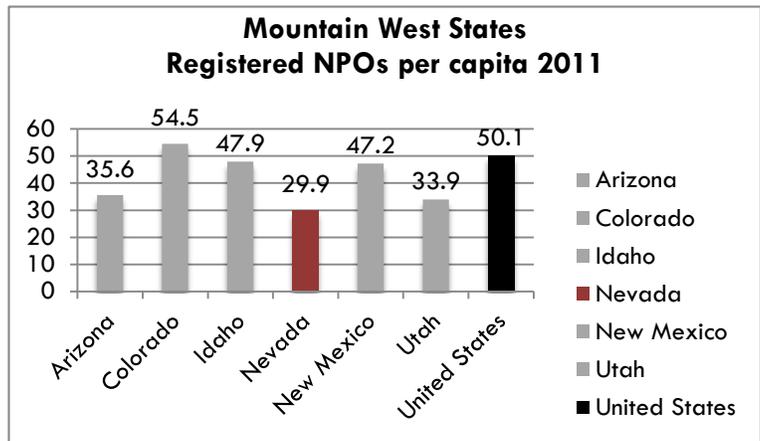


FIGURE 4: REGISTERED NONPROFIT ORGANIZATIONS PER 10,000 RESIDENTS IN THE MOUNTAIN WEST AND NATIONALLY

### Regional Comparisons in the State of Nevada

Just as differences in the nonprofit sector exist between states, differences also exist between regions within states. For this reason, Northern Nevada (Carson City, Storey and Washoe Counties), Southern Nevada (Clark County) and Rural Nevada (Douglas, Lyon, Churchill, Humboldt, Lander, Pershing, Elko, Eureka, White Pine, Nye, Lincoln, Esmeralda and Mineral Counties) were examined separately to understand the regional differences which exist in the state in terms of the development and capacity of the nonprofit sector. Each of these three regions provides insights and contrasts into the development of Nevada’s nonprofit sector and the resulting economic impact of the sector on the state.

## Nonprofit Organizations and the Nevada Economy

TABLE 4: GROWTH IN NUMBER OF NONPROFIT ORGANIZATIONS AND POPULATION BY REGION OF THE STATE

Region of the State	Population 2001		Filing NPOs 2001		Population 2011		Filing NPOs 2011		Change in # Filing NPOs	NPOs per 10,000 residents 2011
	#	%	#	%	#	%	#	%	#	#
Northern NV	410,726	19.5	838	36.9	485,045	17.8	2,004	33.5	1,166	41.3
Southern NV	1,464,653	69.5	1,184	52.1	1,969,975	72.3	3,103	51.9	1,919	15.8
Rural NV	230,695	11.0	250	11.0	268,302	9.9	873	14.6	623	32.6

Southern Nevada has long been the leader in terms of population growth for the state and until 2008 Clark County was one of the most rapidly growing counties in the U.S. for two decades. This rapid growth often meant that infrastructure lagged behind population growth. The inability to support the population is also true in terms of the growth of nonprofit organizations to address needs in Southern Nevada. The number of filing nonprofit organizations in Southern Nevada has more than doubled over the last decade, yet the number of organizations is still well below national, state, and regional averages. Southern Nevada has 15.8 filing nonprofit organizations for every 10,000 residents (Table 3). This is well below the number of organizations per 10,000 residents observed in other regions of the state. Northern Nevada and Rural Nevada both have more than twice the number of filing organizations per 10,000 residents. Table 4 also shows that as the proportion of population located in Southern Nevada grew the proportion of nonprofit organizations located in Southern Nevada declined slightly.

TABLE 5: NONPROFIT FINANCIAL RESOURCES BY REGION OF THE STATE

Region	Population	%	Total Revenue Reported	%	Revenue per Capita	Total Assets Reported	%	Assets per Capita
Northern NV	485,045	17.8%	2,096,707,999	47.2%	\$3,234	\$6,852,846,357	67.3%	\$14,128
Southern NV	1,969,975	72.3%	2,038,225,356	45.9%	\$1,213	\$2,575,185,639	25.3%	\$3,527
Rural NV	268,302	9.9%	307,353,459	6.9%	\$1,085	\$749,212,810	7.4%	\$2,630
State Total	2,723,322	100.0%	4,442,286,814	100.0%	\$1,631	\$10,177,244,806	100.0%	\$5,327

A further examination of regional differences led us to look at the financial assets and revenues of nonprofit organizations in the three regions. This examination uncovered large disparities between the three regions of the state. Rural Nevada nonprofit organizations reported the lowest revenues (\$1,085) and assets (\$2,630) per capita (Table 5). This is not surprising since fewer nonprofit

organizations operate in rural areas and these areas generally have lower costs of living than urban areas. Southern Nevada only reported slightly higher revenues (\$1,213) and assets (\$3,527) per capita than Rural Nevada. Northern Nevada nonprofits appear to be the more financially healthy. They reported almost twice the state average in terms of revenues per capita (\$3,234) and nearly three times the state average in terms of assets per capita (\$14,128). Northern Nevada’s nonprofit revenues and assets per capita were by far the closest to national averages but even in Northern Nevada the revenues reported were only about half the national average of \$6,554 per capita.

These large differences in terms of financial assets across the three areas of the state led us to examine philanthropic giving as a possible source revenue differences across regions. The data reported in Table 6 summarizes information on philanthropic giving in Nevada’s three regions and its two largest metro areas (Reno-Sparks and Las Vegas). The data draws upon an IRS sample of charitable giving reported on itemized tax returns. While itemized tax returns do not represent all charitable giving, Giving USA reports itemized charitable giving accounts for two thirds or more of all charitable giving by American households.

TABLE 6: PHILANTHROPIC GIVING IN REGIONS AND METRO AREAS OF NEVADA

	Total Contributions	Median Itemized Contribution	% Income Given (All income Levels)
<b>State</b>	\$951.6 million	\$1,978	3.9%
<b><u>Region</u></b>			
<b>Northern NV</b>	\$186,461,508	\$5,231	3.1%
<b>Southern NV</b>	\$704,100,000	\$2,021	4.1%
<b>Rural NV</b>	\$5,082,790	\$2,589	4.8%
<b><u>Metro</u></b>			
<b>Reno-Sparks</b>	\$169 million	\$1,856	3.2%
<b>Las Vegas</b>	\$704.1 million	\$2,021	4.1%

Northern Nevadans tend to have a higher median itemized contribution but they donated a smaller percentage of their incomes to charity. In contrast, Rural and Southern Nevadans donated higher percentages of their income. It is not surprising that the total contributions were the highest for Southern Nevada given its much larger population size. On the whole, Southern Nevadans donated about 74.0% of all the contributions to charity in the State which is relatively proportional to the population of the region. While philanthropy in these regions does in part represent additional resources for the nonprofit sector, it is important to note that many of these donations do not necessarily stay in the same communities as their donors. Often donors give to charities or causes that are outside of their local communities.

## Nonprofit Employment

### National and Regional Trends in Nonprofit Employment

Nationally, the nonprofit sector employed nearly 10.7 million paid workers in 2010. This accounted for 10.1 percent of our nation's total private employment (Salamon, Sokolowski, & Geller, January 2012). The scale of employment regionally varies significantly from a high of 16.2% of private employment in New England<sup>1</sup> to a low of 5.8% of private employment in the West South Central<sup>2</sup> region. Across the Mountain States<sup>3</sup>, which include Nevada, nonprofit employment averaged 7.2% of private employment in 2010. While employment in nonprofit organizations is still much smaller in scale than employment in the government or for-profit sectors, employment in the nonprofit sector has grown faster in the last decade than employment in businesses or for-profit organizations (Roeger, Blackwood & Pettijohn 2013). Nonprofit employment has also been shown to be more resilient in terms of job growth during the Great Recession of 2007 (Salamon, Sokolowski & Geller 2011). Nonprofit employment tended to continue growing while government and for-profit employment shrank nationally (Roeger, Blackwood & Pettijohn, 2013). This suggests growing Nevada's nonprofit sector is key to increasing the resiliency of our economy.

### Employment in Nevada Nonprofit Organizations

In Nevada, a total of 1,626 registered nonprofit organizations paid wages to 43,222 employees in 2011 (NV DETR, 2012)<sup>4</sup>. In terms of total employment, the Nevada nonprofit sector employed more workers than 13 other industries in the state (see Figure 5 below), including: manufacturing, wholesale, finance, real estate, and mining. This makes the nonprofit sector the ninth largest industry in the state in terms of total employment, comprising 3.73% of the total Nevada workforce (or one out of every 27 workers) and 4.5% of total private employment in the state. Again, the percentage of employment in nonprofit organizations in Nevada is lower than in other states but this is not surprising given the smaller number of registered organizations per capita in the state and the lower than average assets and revenues for the state's nonprofits as a whole.

Nonprofit employers included public charities, foundations, and other tax exempt organizations such as labor unions and trade associations. The total annual wages paid to employees in nonprofit organizations statewide was nearly \$2 billion at \$1,969,824,765 in 2011 (NV DETR, 2012). In Nevada, the *average nonprofit employee earned \$45,547 per year*. The average annual wage by industry varies widely across the sector, as it does in private industries (See Figure 7 below).

Additionally, many nonprofit organizational activities support and enhance the ability of other industries in the state to operate such as arts and recreation, educational services, health care, and social assistance. This supportive role not only enhances the value of for-profit and public entities but also supports their further development in terms of quality. For example, the Smith Center for

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<sup>1</sup> The New England Region included Maine, New Hampshire, Vermont, Massachusetts, Connecticut, and Rhode Island.

<sup>2</sup> The West South Central Region included Texas, Oklahoma, Arkansas and Louisiana.

<sup>3</sup> The Mountain Region included Idaho, Nevada, Montana, Wyoming, Utah, Colorado, Arizona and New Mexico.

<sup>4</sup> This includes both public charities or 501(c)3 charities and other tax exempt entities under the internal revenue service guidelines. See the glossary in the appendix for a more detailed explanation of types of nonprofit organizations.

Performing Arts, a nonprofit, opened its doors in 2012 and brought a great deal of attention to the arts community in Las Vegas for residents and tourists alike. In particular, spending on the arts has been shown to generate additional economic activity in the form of tourism and hospitality (Americans for the Arts, 2011).

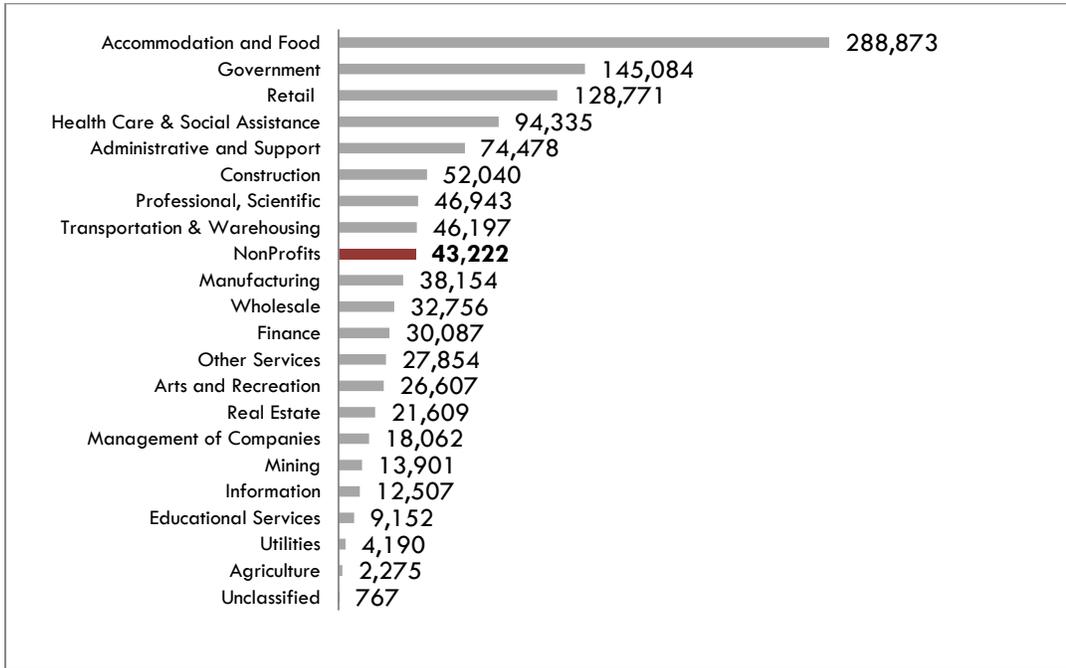


FIGURE 5: AVERAGE NUMBER OF PAID WORKERS IN NEVADA NONPROFIT SECTOR VS. OTHER INDUSTRIES IN THE STATE

Nonprofit organizations like other employers are classified according to the North American Industry Classification System (NAICS), which groups organizations into industries based on similarities in producing goods or services. Figure 6 displays the distribution of nonprofit employment in the state according to the NAICS codes assigned to each organization by the Bureau of Labor<sup>5</sup>. Similar to the pattern in employment nationally, healthcare and social assistance organizations account for the largest share of nonprofit employment and wages in Nevada. The next largest nonprofit employer is in the area of educational services, followed by other services, finance, professional and scientific, and arts and recreation. The remaining industries represented less than two percent of nonprofit employment.

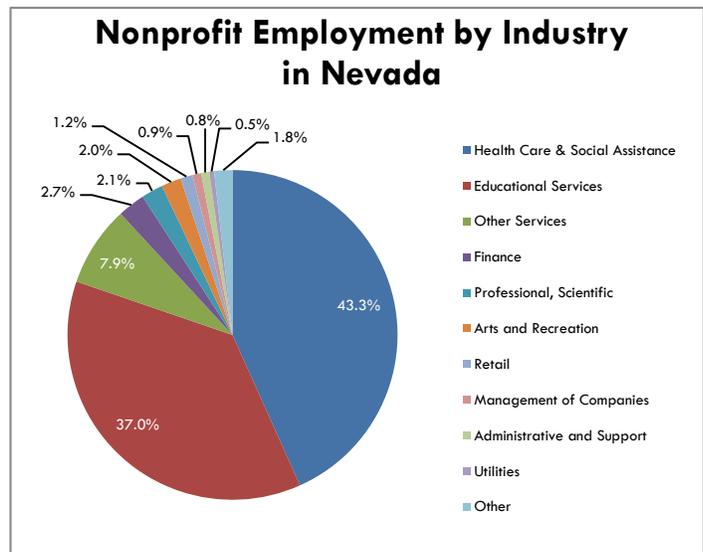


FIGURE 6: NONPROFIT EMPLOYMENT IN NEVADA BY INDUSTRY TYPE

<sup>5</sup> Data from the NCCS BMF used earlier in the report and the QCEW used in this section of the report use different classification systems which means we cannot effectively separate employment into the same categories we used to examine organizations earlier in the paper.

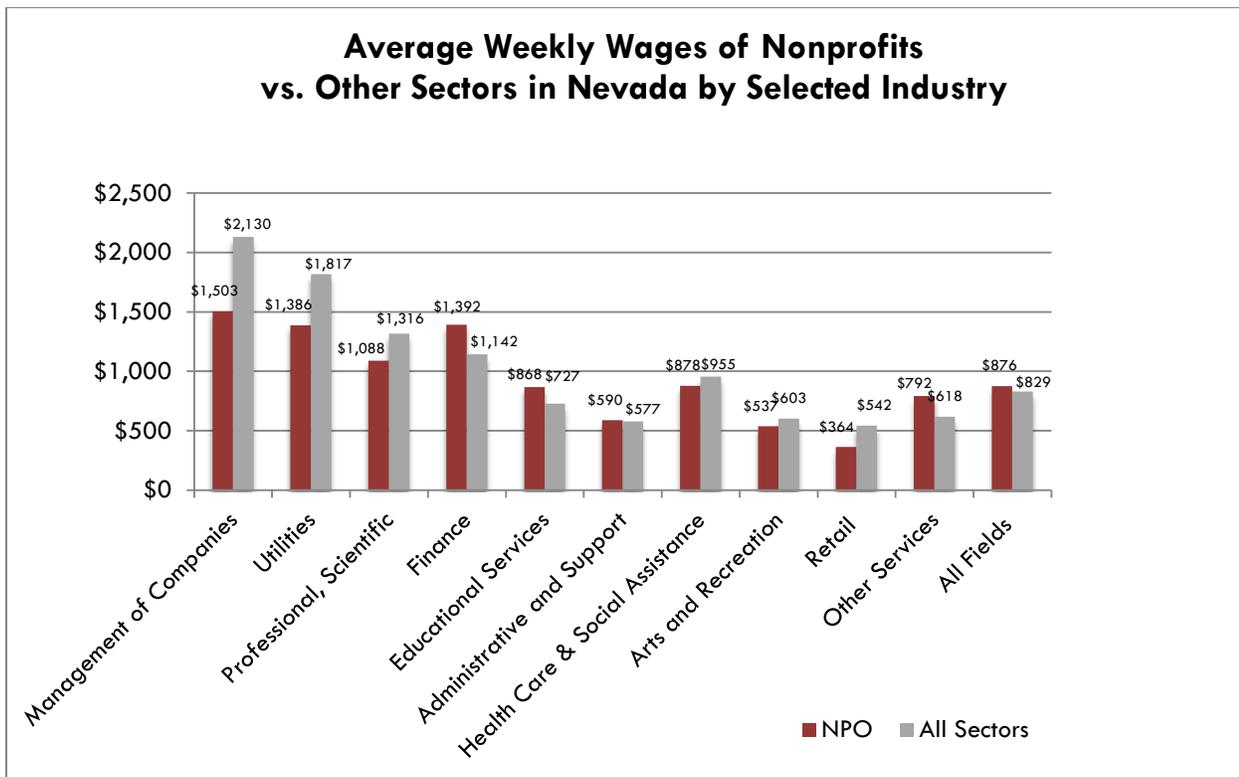


FIGURE 7: AVERAGE WEEKLY WAGES OF PAID WORKERS IN NONPROFIT AND ALL SECTORS FOR SELECTED INDUSTRIES

Figure 7 displays the average weekly wages of workers in both nonprofits and for-profit organizations in Nevada by industry. As the figure illustrates, nonprofit employees in many industries make less in weekly wages than those working in for-profit businesses. However, there are notable exceptions in the areas of Healthcare and Social Assistance, Finance, Educational Services, Administrative Support, and Other Services. The mean weekly wage for nonprofit employees is also higher than the mean weekly wage for Nevadans but this difference is due to the large number of nonprofit workers in high skill job areas such as health care and education, which tend to have relatively high pay.

We then compared nonprofit wages to the average weekly wages of all other sectors both government and for-profit (Figure 8). This analysis revealed that while nonprofit employees earn an average of \$75 more per week than those working for for-profit organizations, they make less than those working for all forms of government in the state. This is notable in part because nonprofit workers have, over the last several decades, performed the work once carried out by government employees (Smith and Lipski 2009). Nonprofit wages as a substitute for government wages could represent a cost savings to tax payers especially considering not all nonprofit wages are paid by government, as a significant portion of the revenues generated by nonprofit organizations derive from philanthropic support and earned income.

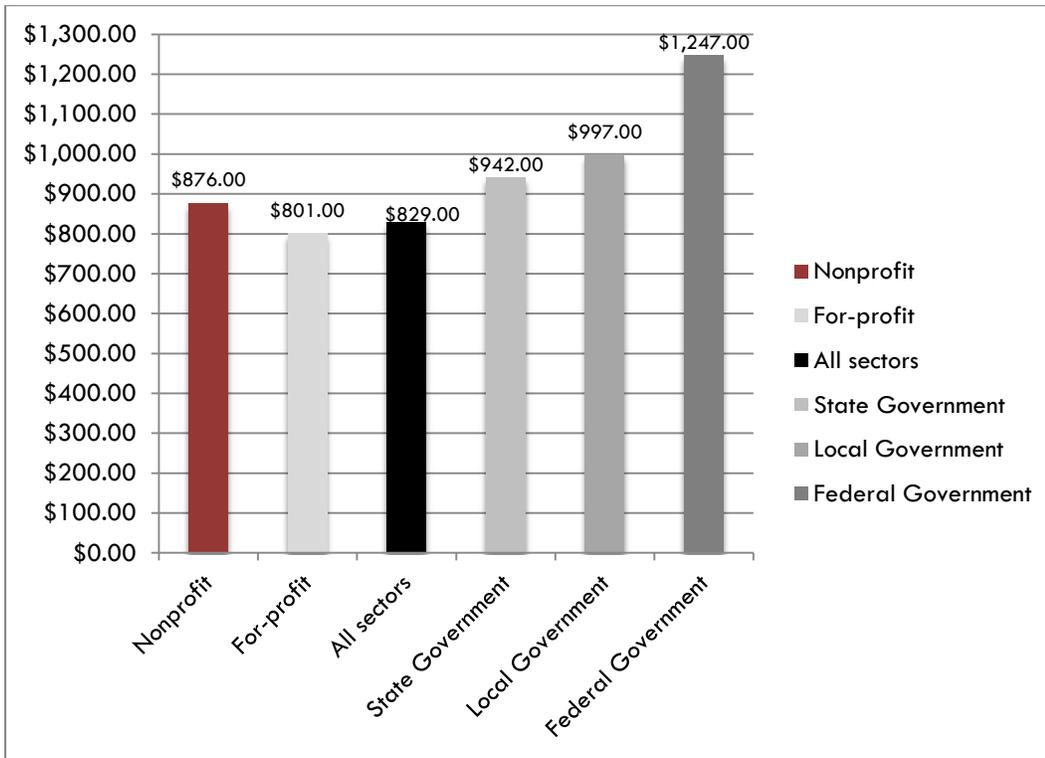


FIGURE 8: AVERAGE WEEKLY WAGES OF NEVADA WORKERS BY SECTOR

### Wages and Employment by Regions of Nevada

While nonprofit employees work in communities throughout the state, the largest number of nonprofit employees is located in Southern Nevada. On average during 2011, 22,394 nonprofit employees worked in Southern Nevada. The second largest region in terms of employment was Northern Nevada. On average during 2011, 17,316 nonprofit employees worked in Northern Nevada. The smallest region in terms of nonprofit employment was Rural Nevada with 3,486 employees in 2011.

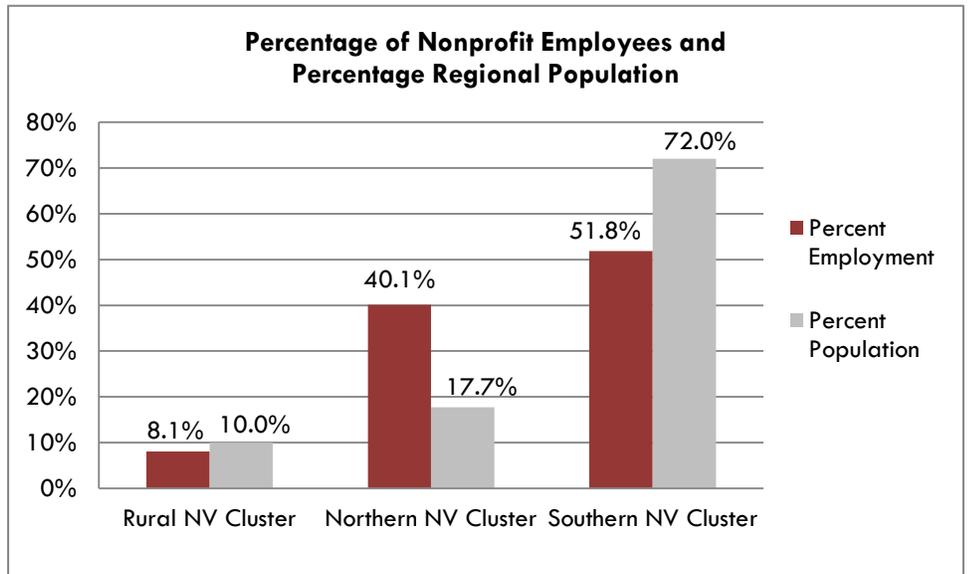


FIGURE 9: PERCENTAGE OF NONPROFIT EMPLOYMENT AND POPULATION BY REGIONS OF NEVADA

However, similar to the pattern we observed in terms of financial resources of nonprofit organizations in Nevada, nonprofit employment was unevenly distributed relative to the state’s population. Figure 9 shows the proportion of population and the proportion of nonprofit employment by region. Northern

## Nonprofit Organizations and the Nevada Economy

Nevada has a much higher proportion of nonprofit employment relative to the percentage of the population. While Southern Nevada has a much lower proportion of nonprofit employment relative to population. Rural Nevada's nonprofit employment is roughly similar to its proportion of the population.

Wages also varied based on the region of the state where a nonprofit employee worked. In Northern Nevada, the average nonprofit employee earned \$48,695. In Southern Nevada, the average nonprofit employee earned \$44,448 or \$4,248 less than employees in Northern Nevada but only \$1,099 less than the state average. Nonprofit employees in the rural areas of the state earned the least averaging only \$37,389 annually or \$11,306 less than those in Northern Nevada and

\$8,158 less than the state average. The gap between Rural Nevada and the other areas of the state are not surprising due to the lower cost of living in rural areas. However, the wage gap between Southern and Northern Nevada is more notable and cannot be explained by the differences in cost of living since Southern Nevada has the highest cost of living in the state. Nonprofit employees in Northern Nevada not only have higher wages but they also have a lower cost of living than employees in Southern Nevada. While the gap between the Rural Nevada and the other areas of the state are not surprising due to the lower cost of living in this region of the state, the wage gap between Southern and Northern Nevada is more notable and cannot be explained by the difference in terms of cost of living. Nonprofit employees in Northern Nevada not only have higher wages but they also have a lower cost of living than employees in Southern Nevada. The observed difference in wage patterns is likely the result of higher levels of stable support per capita from the state for Northern Nevada nonprofits. In contrast, Southern Nevada nonprofits rely more heavily upon more variable funding sources from philanthropic sources. A 2014 report by The Lincy Institute, "[Competing for Federal Grant Dollars in Nevada](#)," demonstrated that a disproportionate share of federal formula-based dollars entering Nevada remain in northern Nevada. The lack of predictability in terms of funding exerts a downward pressure on wages and compensation.

In order to further compare the wage difference between the regions of the state, we examined the average annual wages for nonprofit employees without including medical fields, as Northern Nevada had a larger number of medical nonprofit organizations than other areas of the state. However, when removing medical wages regional differences persisted. Without medical fields included, Northern Nevada nonprofit employees earned an average of \$47,026 annually, Southern Nevada nonprofit employees earned an average of \$39,591 annually, and Rural Nevada nonprofit employees earned an average of \$33,734.

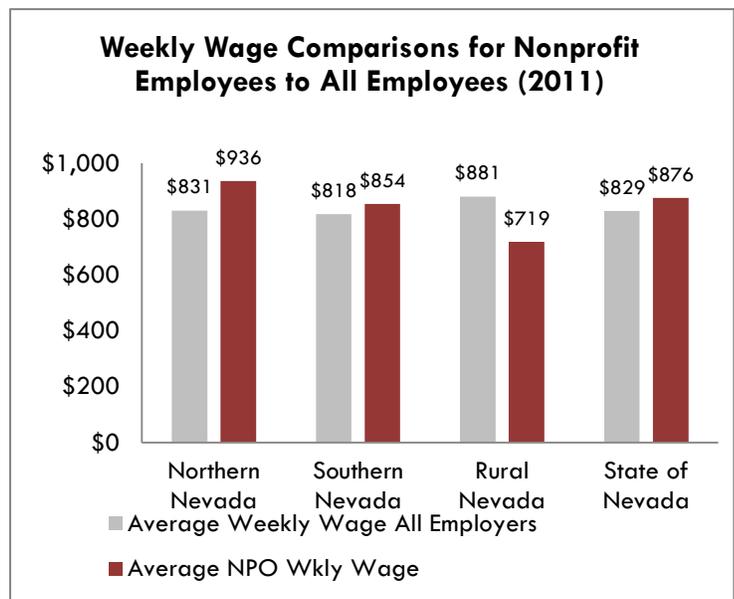


FIGURE 10: AVERAGE WEEKLY WAGE BY REGION OF NEVADA COMPARED TO WEEKLY WAGES FOR EMPLOYEES OF ALL SECTORS

## ECONOMIC IMPACT OF NONPROFITS IN NEVADA

This section of the report uses data from 2010, the most recent information available. Basic data for the direct impact of employment, wages, and organizations' geographic locations in Nevada were collected from (QCEW 2010). Both indirect<sup>6</sup> and induced<sup>7</sup> employment, wage, total value added, and output impacts were then estimated using the IMPLAN<sup>®</sup> model.

For additional information concerning the methodology for this portion of the report see the methods section, located at the end of the document. The regional economic structures for the 2010 calendar year for Nevada counties were employed for this study. The employed model enabled the analysis to expand beyond statewide impact and to compare the economic impacts of three sub-state regions. This section of the report also analyzes and compares the economic impacts of two types of nonprofit organizations, public charities and other nonprofits, for the State of Nevada, Southern Nevada, Northern Nevada, and Rural Nevada.



FIGURE 11: STUDY AREAS FOR ECONOMIC IMPACT ANALYSIS

### Study Areas

The study areas for economic impact analysis include the statewide region and three sub-state regions defined by authors. Three sub-state regions are the Southern Nevada region containing only Clark County, the Northern Nevada region containing Carson City and Storey and Washoe counties, and Rural Nevada including 13 counties in rural Nevada (Figure 11)<sup>8</sup>. For each of the study areas, this report examines the contribution of nonprofits to the Gross Regional Product (GRP) with multiplier effects, the total economic impact with multiplier effects, the role of direct, indirect, and induced employment, income and GRP on the economy, the average labor income, and value added by type of nonprofit, and multiplier effects of nonprofit organizations. A comparison of the economic impacts between Southern Nevada and Northern Nevada study areas is also reported.

<sup>6</sup> The impact of local industries buying goods and services from other local industries. The cycle of spending works its way backward through the supply chain until all money leaks from the local economy, either through imports or by payments to value added. The impacts are calculated by applying Direct Effects to the Type I Multipliers (source: [implant.com](http://implant.com)).

<sup>7</sup> The response by an economy to an initial change (direct effect) that occurs through re-spending of income received by a component of value added. IMPLAN's default multiplier recognizes that labor income (employee compensation and proprietor income components of value added) is not a leakage to the regional economy. This money is recirculated through the household spending patterns causing further local economic activity. (source: [implant.com](http://implant.com))

<sup>8</sup> The three study regions followed the MSA (Metropolitan Statistical Area) definition of the Office of Management and Budget (OMB) with the exception of Northern Nevada.

Northern Nevada is composed of Carson City and Reno MSA which includes Storey and Washoe counties. Carson City was included as part of the Northern Nevada study area due to greater similarities in terms of the regional economic structure of Carson City to the Reno MSA than to Rural Nevada.

## Statewide Economic Impact of Nonprofit Organizations in 2010

This section of the report details the impact of nonprofit organizations to the state's economy. The impact of nonprofit organizations on local, regional, and the state economy is greater than sum of all of the direct spending on payroll, goods, services, and capital projects. Economic impact also includes all of the secondary economic activity which occurs as a result of this initial spending. Money spent by nonprofit organizations in the state is spent again by employees and vendors. The spending of employees to purchase goods and services also generates additional impact on the economy of the state. Similarly, vendors to nonprofit organizations also make purchases and hire employees who spend money and impact the economy. A chain reaction of indirect and induced spending continues to create ripple effects which are gradually diminished.

Direct economic impact refers to the economic activity resulting from direct expenditures of nonprofit organizations in the state. Indirect impacts are the changes in inter-industry purchases as they respond to new demands of directly affected industries. Induced impacts reflect changes in spending from households as income increases. In the following sections, we detail the economic impact of nonprofit organizations first by type or nonprofit activity and then by region of the state.

### NONPROFIT CONTRIBUTION TO GRP WITH MULTIPLIER EFFECTS

Gross regional product is the market value of all of the goods and services produced within a geographic area during the year. Our analysis examines the market value of goods and services produced by nonprofit organizations in the state of Nevada during 2010. A total of 1,531 nonprofit organizations with employees contributed 5.5% of the Gross Regional Product (GRP)<sup>9</sup> in State of Nevada (Figure 12 and Table 7). This is equivalent to \$7.1 billion, which includes direct, indirect, and induced impacts created through the multiplier effect (Table 8). The share of the nonprofit sector's economic activity to GRP is approximately half the share of government activities (10.8%) in the state.

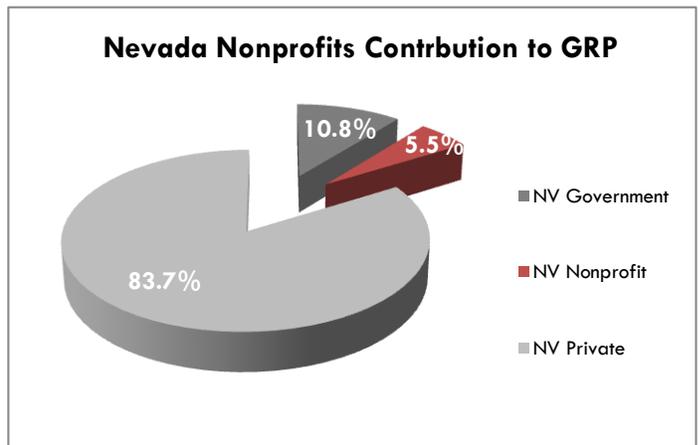


FIGURE 12: NONPROFIT ORGANIZATIONS' CONTRIBUTION TO GROSS REGIONAL PRODUCT IN NEVADA (2010)

Nonprofit organizations make up a relatively modest amount of the state's GRP, although the national trend for nonprofit organization has been one of growth even during the recession and continued growth in the number and size of nonprofit organizations in the state could provide additional economic diversity and resiliency during future downturns (Salamon, Sokolowski, and Geller 2012).

<sup>9</sup> Gross Regional Product is the market value of all of the goods and services produced within a geographic area during the year. This report examined economic impact data for 2010.

TABLE 7: CONTRIBUTION OF NONPROFIT ACTIVITIES WITH MULTIPLIER EFFECTS TO NEVADA'S GROSS REGIONAL PRODUCT<sup>10</sup>

<b>NV GRP</b>	\$128,622,583,678	<b>100.0%</b>
<b>NV Government</b>	\$13,891,242,539	<b>10.8%</b>
<b>NV Nonprofit</b>	\$7,050,650,190	<b>5.5%</b>
<b>NV Private</b>	\$107,680,690,949	<b>83.7%</b>

**Total Economic Impact with Multiplier Effects**

A total of 1,531 nonprofit organizations<sup>11</sup> employing individuals in Nevada included 1,082 (70.7%) public charities and 449 (29.3%) other NPOs in 2010 (Figure 13). The share of economic impact for public charities in terms of employment, labor income, and contribution to GRP is much larger when compared to the contribution of other nonprofit organizations (Table 8).

Though the share in terms of number of organizations for public charities was approximately 71%, the corresponding share of employment and labor income for public charities was 89.8% and 90.1%, respectively. Also, the economic activities of public charity organizations comprise 85.0% of the total nonprofit contribution to statewide GRP or approximately \$6.0 billion in 2010.

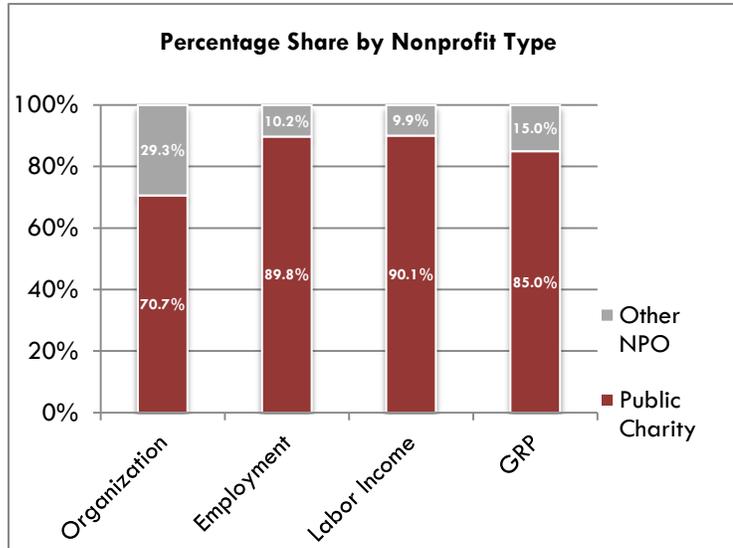


FIGURE 13 PERCENTAGE OF IMPACT CREATED BY NONPROFIT TYPES IN NEVADA

Table 8: Total Economic Impact of Nonprofit Organizations by Type In Nevada (2010)

	Number of Organizations	Employment Impact	Labor Income Impact (in \$)	Contribution to GRP (in \$)
<b>Total Nonprofit</b>	1,531	108,319	\$4,762,517,213	\$7,050,650,190
<b>Public Charity</b>	1,082	97,248	\$4,291,452,087	\$5,996,528,253
<b>Other NPO</b>	449	11,071	\$471,065,126	\$1,054,121,937

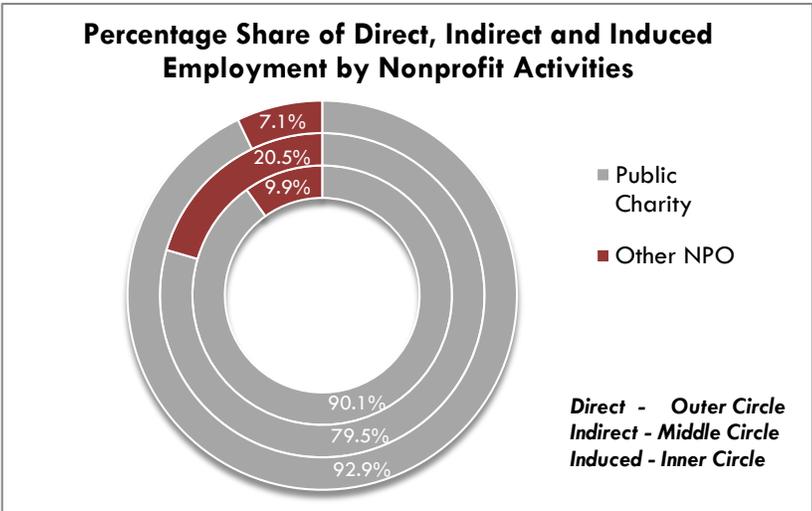
Sources: Authors' estimation using Implan Model from MIG, Inc.

<sup>10</sup> Source: BEA (Bureau of Economic Analysis) & Implan Data from MIG, Inc.

<sup>11</sup> The nonprofit organizations included in this analysis are only those organizations who employed workers and participated in the QCEW during 2010

**Employment Impacts of Nonprofits in the State**

Nonprofit organizations contribute a relatively modest amount to the overall GRP of the state. The national trend for nonprofit organizations has been one of growth, even during the recent recession (Salamon, Sokolowski, and Geller, 2012). Nevada nonprofit organizations supported a total of 62,939 direct jobs in 2010. Of those direct jobs, 92.9% (58,457 jobs) were from employment in public charities, whereas remaining 7.1% (4,482) were from employment in other nonprofit organizations (Figure 14).



**FIGURE 14: SHARE OF DIRECT, INDIRECT AND INDUCED EMPLOYMENT BY NONPROFIT ACTIVITY (2010)**

The nonprofit sector also created additional jobs through spending and other economic activities in the state. Our analysis found that, on average, for every 100 nonprofit jobs resulted in an additional 72 jobs created. The concentration of impact from employment by public charities decreased significantly to 79.5% (15,756 jobs), while the share of employment impact created by other NPOs increased to 20.5% (4,061 jobs). Induced jobs showed a similar pattern in terms of employment impact with direct jobs; 90.1% of induced jobs from public charity (23,034 jobs) and 9.9% from other NPOs (2,529).

**TABLE 9: SHARE OF DIRECT, INDIRECT & INDUCED EMPLOYMENT OF NONPROFIT ORGANIZATIONS BY ACTIVITIES (NV)**

Impact Type	Total	Public Charity	Other NPO
<b>Direct Effect</b>	62,939	58,457	4,482
<b>Indirect Effect</b>	19,817	15,756	4,061
<b>Induced Effect</b>	25,563	23,034	2,529
<b>Total Effect</b>	108,319	97,248	11,071
<b>Multiplier</b>	1.72	1.66	2.47

Sources: Authors' estimation using Implan Model from MIG, Inc.

Due to higher inter-industry linkages by organizations classified as other NPOs, the multiplier of other NPOs was 2.47 compared to 1.66 for public charities (Table 9). This indicates that every 100 direct employees of other NPOs created additional 147 jobs, while every 100 direct employees of public charities created an additional 66 jobs.

### Labor Income Impact

Of the \$2.97 billion of total direct nonprofit labor income in Nevada in 2010, 92.6% (\$2.75 billion) was from public charity nonprofits, and 7.5% (\$221 million) was from other NPOs.

For indirect labor income, the concentration of impact created by public charity nonprofits significantly decreased to 80.7% (\$621 million), while the share of impact from other NPOs increased to 19.3% (\$149 million) (Figure 16). Induced labor income had a similar share to direct labor income; 90.1% of induced jobs were from public charities (\$918 million) and 9.9% from other NPOs (\$101 million). Labor income multiplier for other NPOs is 2.13 compared to 1.56 for public charities, showing higher wages for indirect and induced jobs from other NPOs (Table 10).

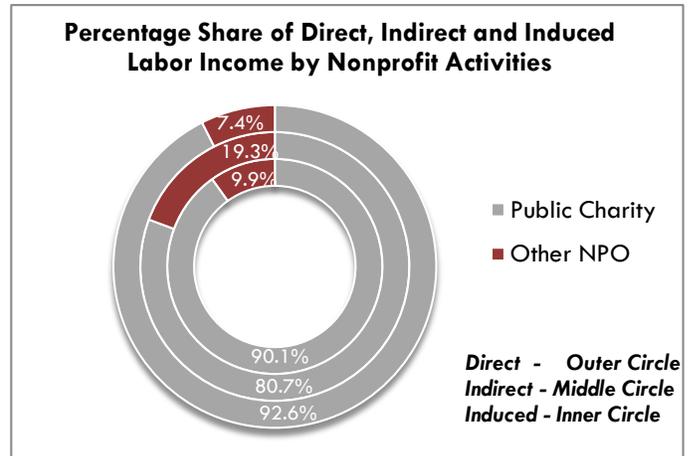


FIGURE 15: SHARE OF DIRECT, INDIRECT & INDUCED LABOR INCOME BY NONPROFIT TYPE IN NEVADA

TABLE 10: SHARE OF DIRECT, INDIRECT & INDUCED LABOR INCOME OF NONPROFIT ORGANIZATIONS BY ACTIVITIES (NV)

Impact Type	Total	Public Charity	Other NPOs
Direct Effect	\$2,972,894,801	\$2,751,506,958	\$221,387,843
Indirect Effect	\$770,517,720	\$621,646,434	\$148,871,287
Induced Effect	\$1,019,104,692	\$918,298,695	\$100,805,996
Total Effect	\$4,762,517,213	\$4,291,452,087	\$471,065,126
Multiplier	1.60	1.56	2.13

Sources: Authors' estimation using Implan Model from MIG, Inc.

### Gross Regional Product (Total Value Added) Impact

Of the \$3.59 billion of total direct GRP contribution (measured by 'Total Value Added') by all nonprofit organizations, 83.0% (\$2.98 billion) was from public charities, and 17.0% (\$609 million) was from other NPOs (Figure 16).

The indirect contribution to GRP for public charities is somewhat similar to the shares of direct contribution; 83.5% (\$1.29 billion), while the share of other NPOs indirect contribution increased to 16.5% (\$255 million). For induced contribution to GRP, the concentration of impact on public charities was significantly higher at 90.1% (\$1.73 billion), while the share of indirect contributions by other NPOs was lower at 9.9% (\$190 million).

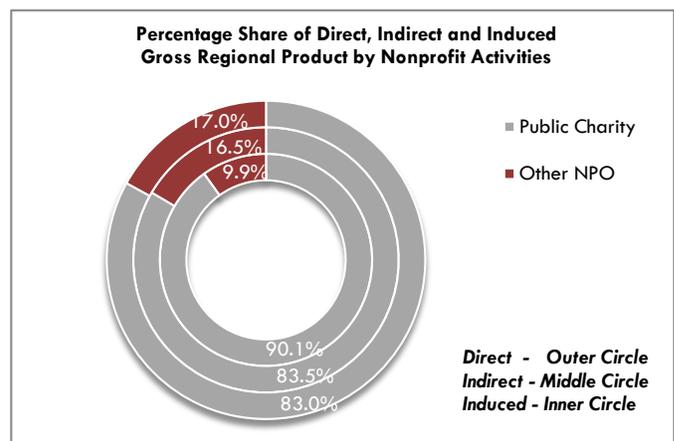


FIGURE 16: SHARE OF DIRECT, INDIRECT & INDUCED TOTAL VALUE ADDED BY NONPROFIT TYPE IN NEVADA

## Nonprofit Organizations and the Nevada Economy

TABLE 11: SHARE OF DIRECT, INDIRECT & INDUCED GRP OF NONPROFIT ORGANIZATIONS BY TYPE (NV)

Impact Type	Total	Public Charity	Other NPO
Direct Effect	\$3,587,026,866	\$2,977,679,503	\$609,347,363
Indirect Effect	\$1,541,803,689	\$1,287,138,694	\$254,664,994
Induced Effect	\$1,921,819,635	\$1,731,710,055	\$190,109,580
<b>Total Effect</b>	<b>\$7,050,650,190</b>	<b>\$5,996,528,253</b>	<b>\$1,054,121,937</b>
<b>Multiplier</b>	<b>1.97</b>	<b>2.01</b>	<b>1.73</b>

Sources: Authors' estimation using Implan Model from MIG, Inc.

Unlike the multipliers for employment and labor income, the GRP multiplier for public charity organizations was higher than that for other NPOs, 2.01 and 1.73 respectively (Table 11). This is largely due to the higher ripple effects of public charities in terms of induced effects. In other words, employees in public charities consume more in their local communities when compared to those in other NPOs.

### Average Labor Income & Total Value Added by Activities

Average labor income per direct employee serves as a proxy to estimate the increased consumption by local residents working for nonprofit organizations. Per employee income is estimated for public charities and other NPOs for comparative purposes. Average contribution to GRP is measured by total value added per employee and is a proxy estimate for productivity per worker. Total value added per employee is estimated for public charities and other NPOs (Table 12). On average each nonprofit job added \$56,992 to the total GRP of the state.

TABLE 12: AVERAGE LABOR INCOME AND TOTAL VALUE ADDED PER EMPLOYEE BY NONPROFIT TYPE

Impact Type	Total	Public Charity	Other NPO
<b>Avg. Labor Income per employee</b>	<b>\$47,235</b>	<b>\$47,069</b>	<b>\$49,395</b>
<b>Avg. Contribution to GRP per employee</b>	<b>\$56,992</b>	<b>\$50,938</b>	<b>\$135,954</b>

Sources: Authors' estimation using Implan Model from MIG, Inc.

Both average labor income and average total value added per employee are higher for other NPOs (Table 12). This is much more noticeable with the average contribution to GRP per employee for other NPOs (\$135,954). This is 2.7 times higher than the average labor income for public charities (\$49,395). The higher GRP for Other Nonprofits might be related to the closer ties between other nonprofits and industries because other nonprofit organizations include trade associations, lobbying groups and unions which are closely related to for-profit businesses.

### Multiplier Effects for Employment, Labor Income & Total Value Added

Higher multipliers of other NPOs are evident for employment and labor income even with the concentration of direct jobs and the associated direct labor income of public charities (Figure 17). For total value added, which represents the contribution of each type of nonprofit to gross regional product, the multiplier of public charities was higher at 2.01 compared to that of other NPOs at 1.73. The multiplier effect is a ripple effect. For instance, every 100 new employees in public charities would either lead to the creation or retention of an additional 66 jobs for all the associated industries in state of Nevada with multiplier at 1.66. The multiplier (2.13) of labor income from other NPOs, every \$100 increase in labor income for other NPO activities, additional \$113 of labor income would be generated for the workers in all the related industries with industrial linkages.

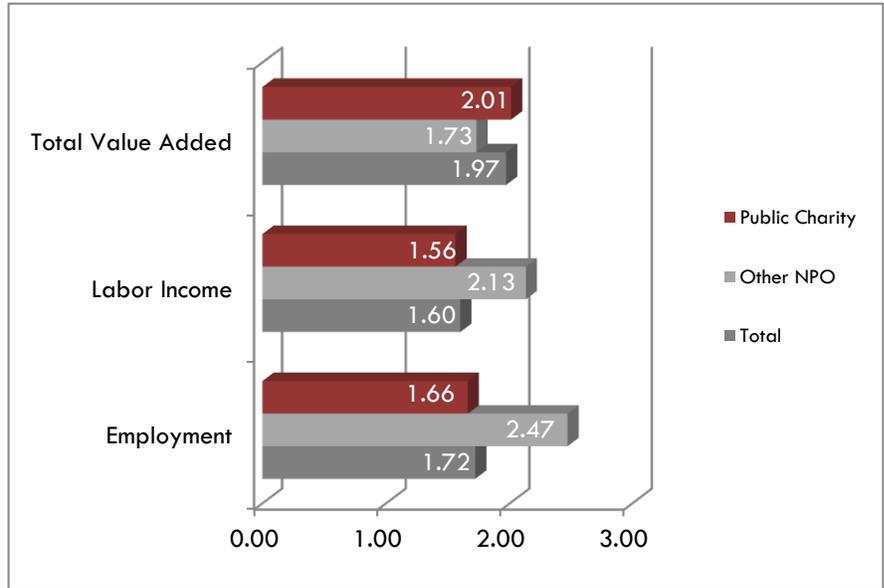


FIGURE 17: MULTIPLIER EFFECTS FOR STATEWIDE ECONOMIC IMPACT (2010)

### Economic Impact by Region of the State

As our earlier analyses revealed there are significant differences in the economic activities of nonprofit organizations in the State of Nevada by region. In order to further probe these differences, we chose to analyze the regional differences in terms of economic impact of nonprofit organizations.

#### Economic Impact of Nonprofit Organizations in Southern Nevada

##### CONTRIBUTION TO GRP WITH MULTIPLIER EFFECTS

A total of 769 nonprofit organizations with employees contributed 4.0% of the GRP to Southern Nevada in 2010 (Figure 18). This is equivalent to \$3.6 billion including direct, indirect, and induced impacts through multiplier effects (Table 13). The share of GRP for nonprofit organizations is approximately 40% of the share for government activities (10.3%).

TABLE 13: CONTRIBUTION OF NONPROFIT ACTIVITIES TO SOUTHERN NEVADA GRP

<b>S. NV Government</b>	\$9,132,840,183	<b>10.3%</b>
<b>S. NV Nonprofit</b>	\$3,596,991,101	<b>4.0%</b>
<b>S. NV Private</b>	\$76,235,527,985	<b>85.7%</b>
<b>Total S.NV GRP</b>	<b>\$88,965,359,269</b>	<b>100.0%</b>

Sources: BEA (Bureau of Economic Analysis) & Implan Data from MIG, Inc.

## Nonprofit Organizations and the Nevada Economy

### TOTAL ECONOMIC IMPACT WITH MULTIPLIER EFFECTS

Nonprofit organizations in Southern Nevada contributed 4.0% to the GRP of the region. This was less than half of the contribution to GRP produced by government activities in the region (Figure 18).

Of the 769 nonprofit organizations with employees in Southern Nevada, 515 (67.0%) were public charities and 254 (33.0%) other NPOs in 2010 (Figure 19). However, the overall number of nonprofit organizations by activity does not fully illustrate the relationship of these organizations to their economic impact.

The share of economic impact in terms of employment size, labor income, and contribution to GRP for public charities in Southern Nevada is much larger when compared to the contribution of other nonprofit organizations in this region (See Figure 19 and Table 14).

Compared to the proportion of organizations representing public charities at 67.0%, the percentage shares of economic impact for employment, labor income, and GRP for public charities were higher at 86.9%, 87.5% and 82.6%, respectively. This is due to the higher number of employees found in public charities in the region when compared to the number of employees of other nonprofits.

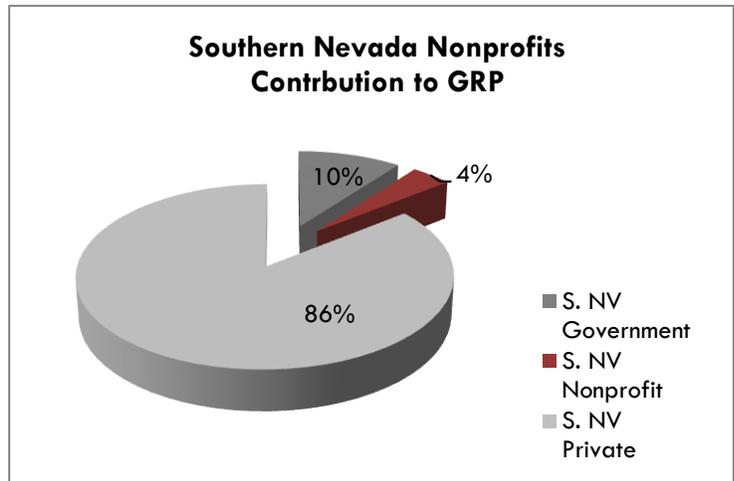


FIGURE 18: NONPROFIT ORGANIZATIONS' CONTRIBUTION TO GROSS REGIONAL PRODUCT IN SOUTHERN NEVADA (2010)

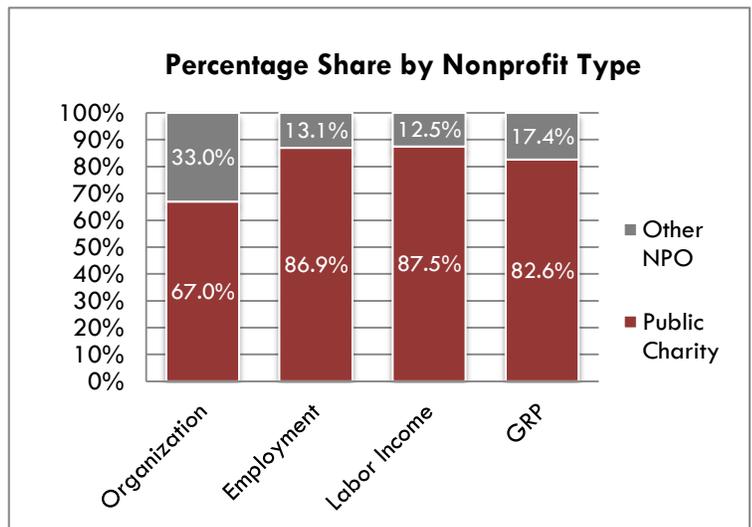


FIGURE 19: PERCENTAGE SHARE OF NONPROFIT ACTIVITIES BY TYPE IN SOUTHERN NEVADA (2010)

TABLE 14: TOTAL ECONOMIC IMPACT OF NONPROFIT ORGANIZATIONS BY ACTIVITIES (SOUTHERN NEVADA)

	Number of Organizations	Employment Impact	Labor Income Impact (in \$)	Contribution to GRP (in \$)
<b>Public Charity</b>	515	49,847	\$2,170,585,396	\$2,970,677,668
<b>Other NPO</b>	254	7,494	\$310,776,073	\$626,313,433
<b>Total Nonprofit</b>	769	57,340	\$2,481,361,469	\$3,596,991,101

Sources: Authors' estimation using Implan Model from MIG, Inc.

COMPOSITION OF NONPROFIT ACTIVITIES OF TOTAL IMPACT WITH MULTIPLIER EFFECTS

**Employment Impact**

Among the total of 33,761 direct jobs by all nonprofit organizations in Southern Nevada (Clark County), 91.5% (30,883 jobs) are in public charities, whereas remaining 8.5% (2,878) are in other NPOs (Figure 20). Public Charities create most direct jobs in Southern Nevada.

Public charities comprise the largest number of employees and other nonprofits have a larger impact in terms of employment multipliers in Southern Nevada. Due to higher inter-industry linkages of activities of other NPOs with other industries, the multiplier of other NPOs is at 2.60 compared to 1.61 for public charities (Table 15). This indicates that every 100 direct employees of other NPOs created an additional 160 jobs, while public charities only created an additional 61 jobs. This gap is larger for Southern Nevada region than for other areas of the state in terms of multipliers, indicating relatively lower ripple effect of public charities in Southern Nevada and higher ripple effects of other NPOs in Southern Nevada.

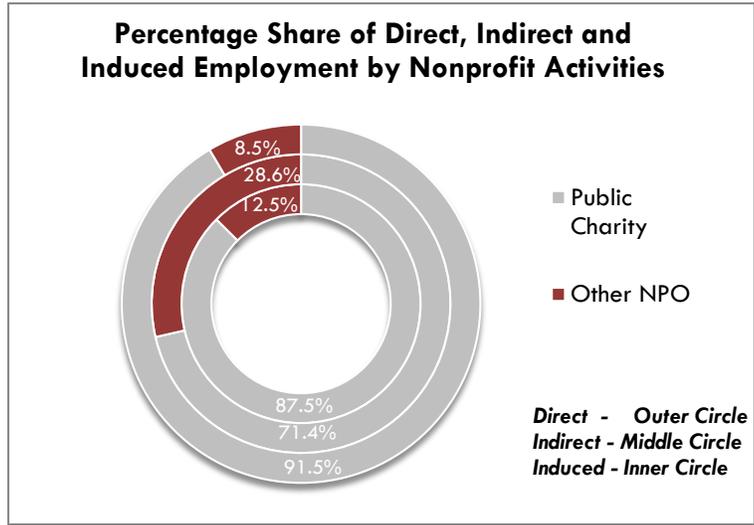


FIGURE 20: SHARE OF DIRECT, INDIRECT & INDUCED EMPLOYMENT IMPACT BY ACTIVITY TYPES (SOUTHERN NEVADA)

TABLE 15: SHARE OF DIRECT, INDIRECT & INDUCED EMPLOYMENT OF NONPROFIT ORGANIZATIONS BY ACTIVITIES (SOUTHERN NV)

Impact Type	Total	Public Charity	Other NPO
Direct Effect	33,761	30,883	2,878
Indirect Effect	10,346	7,388	2,958
Induced Effect	13,234	11,576	1,658
Total Effect	57,340	49,847	7,494
Multiplier	1.70	1.61	2.60

Sources: Authors' estimation using Implan Model from MIG, Inc.

**Labor Income Impact**

Among \$1.53 billion of total direct labor income in Southern Nevada, 91.1% (\$1.39 billion) is from public charities, whereas only 8.9% (\$135 million) is from other NPOs.

Similar to employment impact, labor income impact showed a significant reduction of the concentration of economic impact by public charities to 74.0% (\$305 million), while the share of other NPOs increased to 26.0% (\$107 million) (Figure 11). Induced labor income also represents a lower share for public charities than direct labor income; with 87.5% of total induced labor income from public charities (\$477 million) and 12.5% from other NPOs (\$68 million). The labor income multiplier for other NPOs was 2.30 compared to 1.56 for public charities, showing higher wages for indirect and induced jobs from other NPOs (Table 16). Since the majority of direct impact was from public charities, the total multiplier is closer to that for public charities at 1.63.

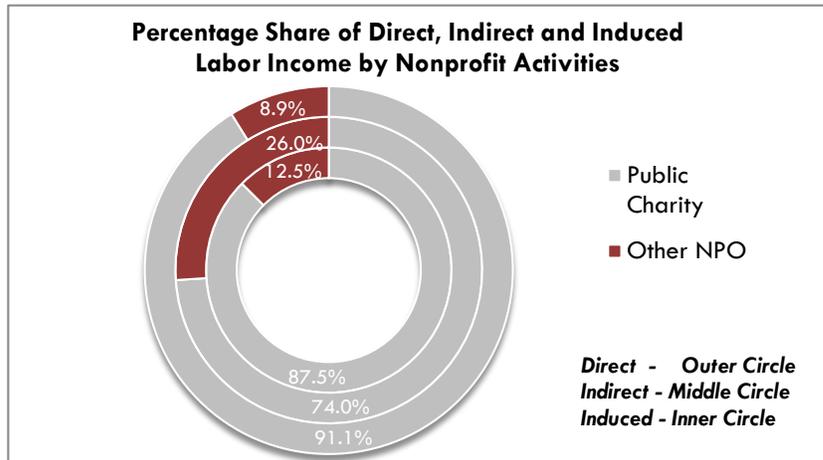


FIGURE 21: SHARE OF DIRECT, INDIRECT & INDUCED LABOR INCOME BY NONPROFIT ACTIVITY IN SOUTHERN NEVADA

TABLE 16: SHARE OF DIRECT, INDIRECT & INDUCED LABOR INCOME OF NONPROFIT ORGANIZATIONS BY ACTIVITIES (SOUTHERN NV)

Impact Type	Total	Public Charity	Other NPO
<b>Direct Effect</b>	\$1,523,476,441	\$1,388,399,697	\$135,076,744
<b>Indirect Effect</b>	\$412,319,159	\$304,956,548	\$107,362,611
<b>Induced Effect</b>	\$545,565,869	\$477,229,151	\$68,336,718
<b>Total Effect</b>	\$2,481,361,469	\$2,170,585,396	\$310,776,073
<b>Multiplier</b>	<b>1.63</b>	<b>1.56</b>	<b>2.30</b>

Sources: Authors' estimation using Implan Model from MIG, Inc.

**Gross Regional Product (Total Value Added) Impact**

Of the \$1.78 billion in total direct GRP contribution (measured by 'Total Value Added') by all nonprofit organizations in Southern Nevada, public charities generated 82.2% (\$1.46 billion), whereas other NPOs produced the remaining 17.8% (\$317 million) (Figure 23). The indirect contribution to GRP for public charities was about 5% lower than direct contribution at 77.4% (\$626 million), while the share of other NPOs increased to 22.6% (\$183 million). For induced contribution to GRP, the concentration on public charities was significantly higher at 87.5% (\$887 million), while the share for other NPOs was lower at 12.5% (\$127 million).

Unlike the multipliers for employment and labor income, the GRP multiplier for public charity organizations was slightly higher than that for other NPOs, 2.04 and 1.98 respectively (Table 17). This meant that for every \$100 in direct spending by nonprofit organizations in Southern Nevada an additional \$103 of activity occurred. While this is slightly higher for public charities, other nonprofit organizations still produced an additional \$98 in GRP for every \$100 in direct impact.

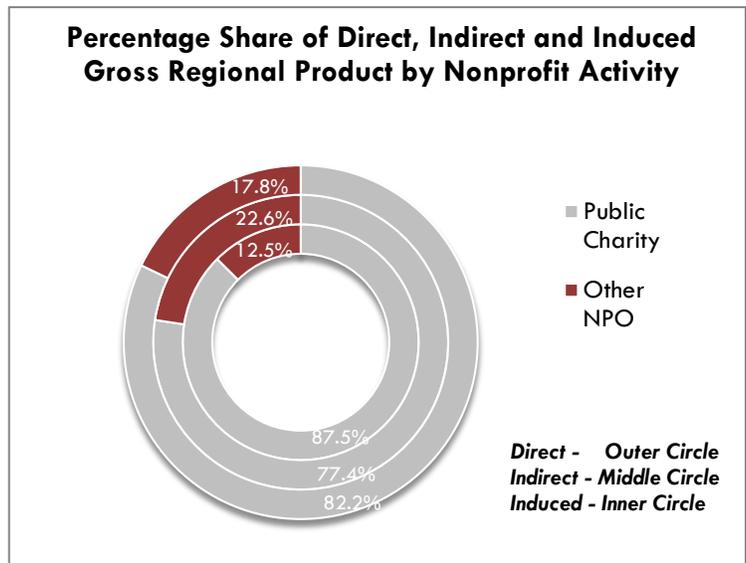


FIGURE 22: SHARE OF DIRECT, INDIRECT & INDUCED TOTAL VALUE ADDED BY ACTIVITY (SOUTHERN NEVADA)

TABLE 17: SHARE OF DIRECT, INDIRECT & INDUCED GRP OF NONPROFIT ORGANIZATIONS BY ACTIVITIES (SOUTHERN NV)

Impact Type	Total	Public Charity	Other NPO
Direct Effect	\$1,774,586,390	\$1,457,913,557	\$316,672,833
Indirect Effect	\$808,892,038	\$626,212,643	\$182,679,394
Induced Effect	\$1,013,512,674	\$886,551,468	\$126,961,206
Total Effect	\$3,596,991,101	\$2,970,677,668	\$626,313,433
Multiplier	2.03	2.04	1.98

Sources: Authors' estimation using Implan Model from MIG, Inc.

### Average Labor Income & Total Value Added by Activities

Both average labor income and average total value added per employee are higher for other NPOs (Table 18) than for public charities in Southern Nevada. The average contribution to GRP per employee for other NPOs (\$110,032) is 2.3 times higher than that for employees of public charities (\$47,208). The values for Southern Nevada are lower than the average labor income and total value added for state of Nevada.

TABLE 18: AVERAGE LABOR INCOME AND TOTAL VALUE ADDED PER EMPLOYEE BY ACTIVITIES (SOUTHERN NV)

Impact Type	Total	Public Charity	Other NPO
Avg. Labor Income per employee	\$45,125	\$44,957	\$46,934
Ave. Contribution to GRP per employee	\$52,563	\$47,208	\$110,032

Sources: Authors' estimation using Implan Model from MIG, Inc.

**Multiplier Effects for Employment, Labor Income & Total Value Added**

Similar to the statewide multipliers, the multiplier for other NPOs' was much higher for employment and labor income even with the concentration of direct jobs and the associated direct labor income by public charity organizations (Figure 23). For total value added which represents the contribution to gross regional product, the multiplier for public charities is slightly higher at 2.04 compared to that of other NPOs at 1.98. The employment multiplier for other NPOs is much higher than that for public charities and this gap increases in Southern Nevada. This pattern also holds for labor income multipliers.

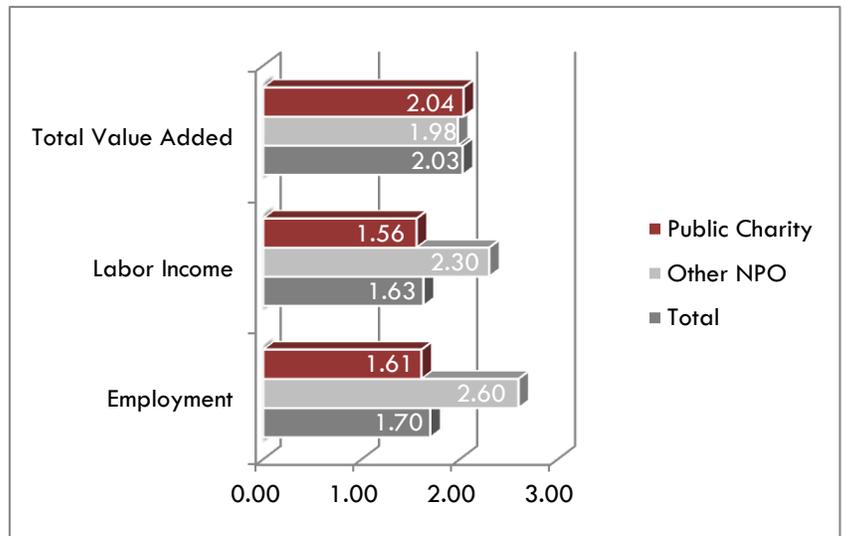


FIGURE 23: MULTIPLIER EFFECTS FOR SOUTHERN NV ECONOMIC IMPACT (2010)

**Economic Impact of Nonprofits in Northern Nevada in 2010**

CONTRIBUTION TO GRP WITH MULTIPLIER EFFECTS

A total of 516 nonprofit organizations contributed 11.4% of the GRP to Northern Nevada in 2010 (Figure 24). This is equivalent to \$2.9 billion in economic activity including direct, indirect, and induced impacts through multiplier effects (Table 19). The share for nonprofit organizations is approximately 77% of the share for government activities (14.9%). The nonprofit contribution to GRP in Northern Nevada was the largest in the state.

TABLE 19: CONTRIBUTION OF NONPROFIT ACTIVITIES TO NORTHERN NV GROSS REGIONAL PRODUCT

Northern NV GRP	\$25,710,410,447	100.0%
Northern NV Government	\$3,822,092,092	14.9%
Northern NV Nonprofit	\$2,926,330,767	11.4%
Northern NV Private	\$18,961,987,588	73.8%

Sources: BEA (Bureau of Economic Analysis) & Implan Data from MIG, Inc.

TOTAL ECONOMIC IMPACT WITH MULTIPLIER EFFECTS

The 516 nonprofit organizations with paid employees in Northern Nevada included 386 (74.8%) public charities and 130 (25.2%) other NPOs in 2010 (Figure 25). However, as we observed in Southern Nevada, the relationship between these organizations and their economic impact varies across the state.

The share of economic impact in terms of employment size, labor income, and contribution to GRP much larger in comparison to the contribution in these areas from other NPOs (See Figure 25 and Table 20).

Compared to the share of organizations for public charity at 74.8%, the percentage shares of employment, labor income and GRP for public charities were much higher at 95.1%, 95.6% and 93.7%, respectively. This is due to the larger number of employees found in public charities when compared to the number of individuals employed in other nonprofits.

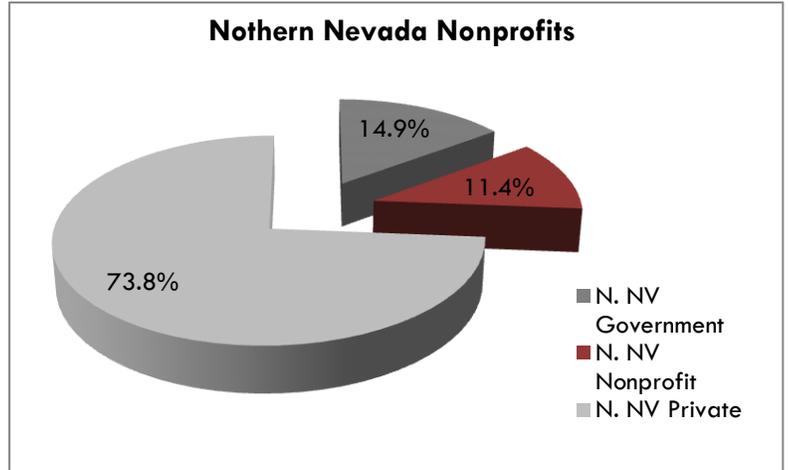


FIGURE 24: NONPROFIT ORGANIZATIONS' CONTRIBUTION TO GROSS REGIONAL PRODUCT IN NORTHERN NV (2010)

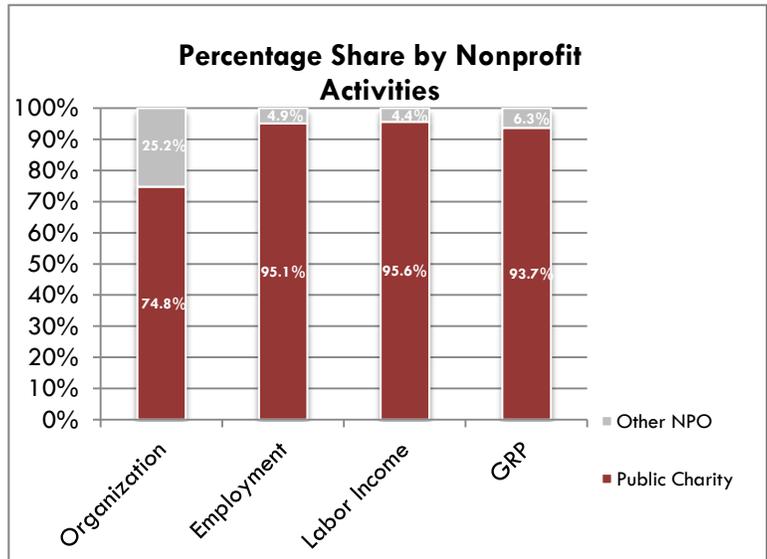


FIGURE 25: PERCENTAGE SHARES OF NONPROFIT ORGANIZATIONS BY ACTIVITY TYPES (NORTHERN NEVADA)

TABLE 20: TOTAL ECONOMIC IMPACT OF NONPROFIT ORGANIZATIONS BY ACTIVITIES (NORTHERN NV)

	Number of Organizations	Employment Impact	Labor Income Impact (in \$)	Contribution to GRP (in \$)
<b>Total Nonprofit</b>	516	43,978	\$2,009,212,867	\$2,926,330,767
<b>Public Charity</b>	386	41,831	\$1,920,619,787	\$2,742,131,013
<b>Other NPO</b>	130	2,147	\$88,593,080	\$184,199,754

## Nonprofit Organizations and the Nevada Economy

### COMPOSITION OF NONPROFIT ACTIVITIES OF TOTAL IMPACT WITH MULTIPLIER EFFECTS

This section examines the total impact and multiplier effects of employment by nonprofit organizations in the Northern Nevada region.

#### Employment Impact

Among the total of 24,383 direct jobs by all nonprofit organizations in Northern Nevada, 96.3% (23,493 jobs) are from public charities, whereas remaining 3.7% (890) is from other NPOs (Figure 26).

Public charities comprise the largest number of direct employees other nonprofit organizations have a larger impact in terms of employment multipliers in Northern Nevada. The effect of the multiplier for other NPOs is at 2.41 compared to 1.78 for public charities (Table 21). This indicates that for every 100 people directly employed by other NPOs created additional 141 jobs, while public charities is only create an additional 78 jobs. This gap is smaller for Northern Nevada region than that for statewide multipliers and for Southern Nevada, indicating relatively lower ripple effect of other NPOs and higher ripple effects for public charities in Northern Nevada.

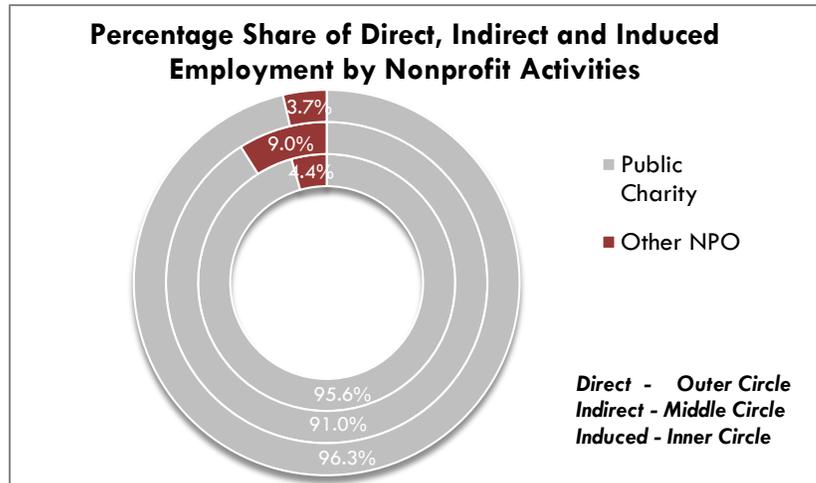


FIGURE 26: SHARE OF DIRECT, INDIRECT & INDUCED EMPLOYMENT IMPACT BY ACTIVITY TYPES (NORTHERN NEVADA)

TABLE 21: SHARE OF DIRECT, INDIRECT & INDUCED EMPLOYMENT OF NONPROFIT ORGANIZATIONS BY ACTIVITIES (NORTHERN NV)

Impact Type	Total	Public Charity	Other NPO
Direct Effect	24,383	23,493	890
Indirect Effect	8,613	7,841	772
Induced Effect	10,982	10,497	485
Total Effect	43,978	41,831	2,147
Multiplier	<b>1.80</b>	<b>1.78</b>	<b>2.41</b>

Sources: Authors' estimation using Implan Model from MIG, Inc.

### Labor Income Impact

Among \$1.26 billion of total direct labor income in Northern Nevada, 96.9% (\$1.22 billion) is from public charities, whereas only 3.1% (\$38.6 million) is from other NPOs.

In terms of indirect labor income, labor incomes showed a significant reduction of the concentration of or impact on public charities to 90.3% (\$288.7 million), while the share for other NPOs increased to 9.7% (\$31.0 million) (Figure 27). However, induced labor income shows similar but slightly lower shares than direct labor income at 95.6%

of total induced labor income from public charities (\$410 million) and 4.4% from other NPOs (\$18.9million). The labor income multiplier for other NPO is 2.29 compared to 1.57 for public charity, showing higher wages for indirect and induced jobs from other NPOs (Table 16). Since the majority of direct impact is created by public charities, the total multiplier is closer to that for public charities at 1.59.

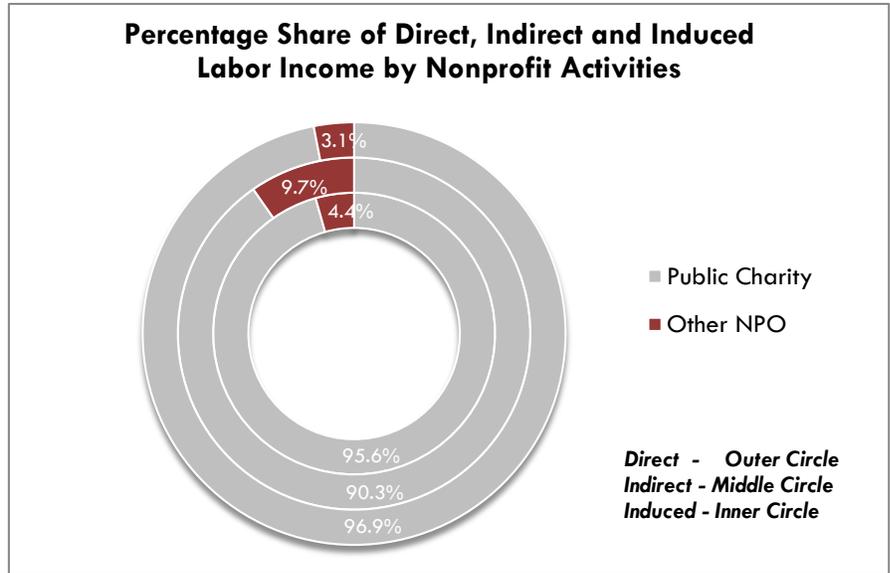


FIGURE 27: SHARE OF DIRECT, INDIRECT & INDUCED LABOR INCOME BY ACTIVITY TYPES (NORTHERN NEVADA)

TABLE 22: SHARE OF DIRECT, INDIRECT, & INDUCED LABOR INCOME OF NONPROFIT ORGANIZATIONS BY ACTIVITIES (NORTHERN NV)

Impact Type	Total	Public Charity	Other NPO
Direct Effect	\$1,260,366,094	\$1,221,725,708	\$38,640,386
Indirect Effect	\$319,752,568	\$288,729,221	\$31,023,347
Induced Effect	\$429,094,205	\$410,164,858	\$18,929,347
Total Effect	\$2,009,212,867	\$1,920,619,787	\$88,593,080
Multiplier	1.59	1.57	2.29

Sources: Authors' estimation using Implan Model from MIG, Inc.

**Gross Regional Product (Total Value Added) Impact**

Of the \$1.45 billion of total direct GRP contribution (measured by ‘Total Value Added’) by all nonprofit organizations in Northern Nevada, 93.5% (\$1.36 billion) is from public charities, whereas the remaining 6.5% (\$94.9 million) is from other NPOs (Figure 28). The indirect contribution to GRP for public charities is slightly lower than the direct contribution at 91.9% (\$608 million), while the share of other NPOs increased to 8.1% (\$53.3 million). For induced contribution to GRP, the concentration on public charities was the highest at 95.6% (\$779 million), while the share of other NPOs was lower at 4.4% (\$36.0 million).

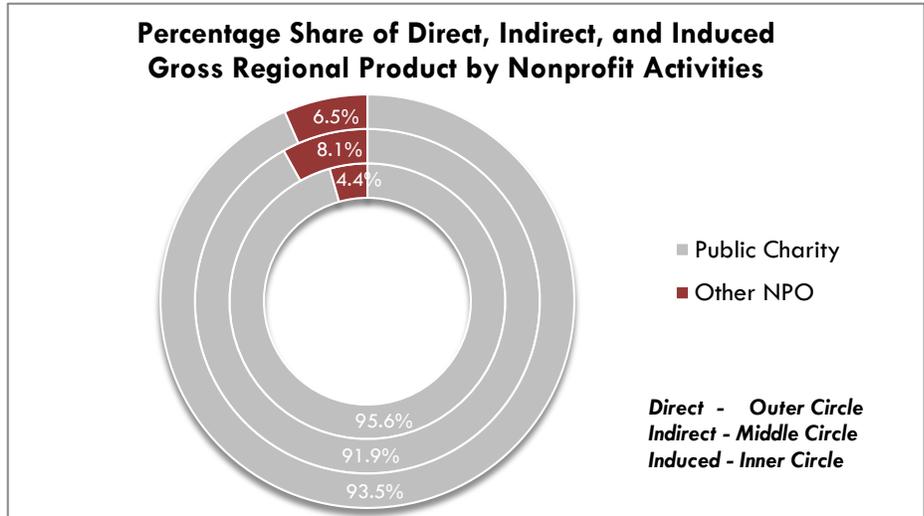


FIGURE 28: SHARE OF DIRECT, INDIRECT & INDUCED TOTAL VALUE ADDED BY ACTIVITY TYPES (NORTHERN NV)

Unlike the multipliers for employment and labor income, the GRP multiplier for public charity organizations was slightly higher than that for other NPOs, 2.02 and 1.94 respectively (Table 23). For every \$100 in direct spending by nonprofit organizations in Northern Nevada additional \$102 of activity occurred.

TABLE 23: SHARE OF DIRECT, INDIRECT & INDUCED GRP OF NONPROFIT ORGANIZATIONS BY ACTIVITIES (NORTHERN NV)

Impact Type	Total	Public Charity	Other NPO
Direct Effect	\$1,450,073,561	\$1,355,180,783	\$94,892,778
Indirect Effect	\$661,257,617	\$607,909,654	\$53,347,963
Induced Effect	\$814,999,590	\$779,040,577	\$35,959,013
Total Effect	\$2,926,330,767	\$2,742,131,013	\$184,199,754
Multiplier	2.02	2.02	1.94

Sources: Authors’ estimation using Implan Model from MIG, Inc.

**Average Labor Income & Total Value Added by Activities**

Unlike statewide and Southern Nevada impacts, average labor income per employee for other NPOs was lower than that for public charities. Still, the proxy for productivity per worker, average total value added per employee is much higher for other NPOs at \$106,621 compared to \$57,684 per employee for public charities (Table 24). However, the gap in productivity between these two types of activities is reduced from the previous two cases. Both productivity and wage per worker is higher for public charities when compared to those for Southern Nevada, while Southern Nevada has higher productivity and wages per worker for other NPOs.

TABLE 24: AVERAGE LABOR INCOME AND TOTAL VALUE ADDED PER EMPLOYEE BY ACTIVITIES (NORTHERN NV)

Impact Type	Total	Public Charity	Other NPO
Avg. Labor Income per employee	\$51,690	\$52,004	\$43,416
Ave. Contribution to GRP per employee	\$59,471	\$57,684	\$106,621

Sources: Authors' estimation using Implan Model from MIG, Inc.

### Multiplier Effects for Employment, Labor Income and Total Value Added

Similar to the statewide and Southern Nevada multipliers, other NPOs' multipliers are much higher for employment and labor income even with the concentration of direct jobs and the associated direct labor income of public charity organizations (Figure 29). For total value added which represents the contribution to gross regional product, the multiplier for public charities is slightly higher at 2.02 in comparison to that of other NPOs at 1.94.

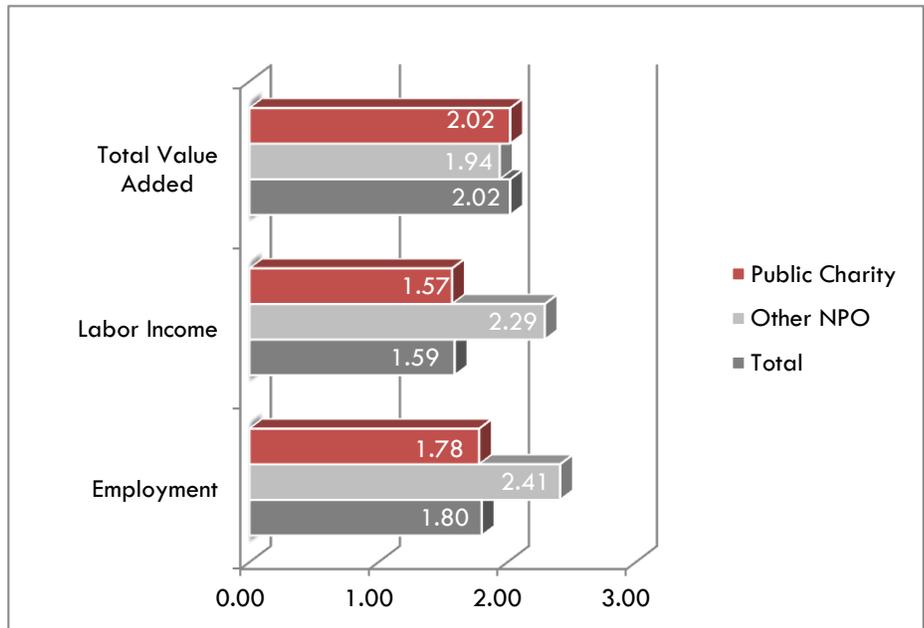


FIGURE 29: MULTIPLIER EFFECTS FOR NORTHERN NEVADA ECONOMIC IMPACT (2010)

### Economic Impact of Nonprofits in Rural Nevada in 2010

#### CONTRIBUTION TO GRP WITH MULTIPLIER EFFECTS

A total of 246 nonprofit organizations contributed 3.5% of the Gross Regional Product (GRP) in Rural Nevada in 2010 (Figure 30). This is equivalent to \$485.6 million including direct, indirect, and induced impacts through multiplier effects (Table 25). The share for nonprofit organizations in Rural Nevada is approximately 52% of the share for government activities (6.7%).

TABLE 25: CONTRIBUTION OF NONPROFIT ACTIVITIES TO RURAL OF NEVADA GROSS REGIONAL PRODUCT

N. NV GRP	\$13,946,813,962	100.0%
N. NV Government	\$936,310,264	6.7%
N. NV Nonprofit	\$485,589,171	3.5%
N. NV Private	\$12,524,914,527	89.8%

Sources: BEA (Bureau of Economic Analysis) & Implan Data from MIG, Inc.

## Nonprofit Organizations and the Nevada Economy

### TOTAL ECONOMIC IMPACT WITH MULTIPLIER EFFECTS

The 246 nonprofit organizations in Rural Nevada included 181 (73.6%) public charities and 65 (26.4%) other NPOs in 2010 (Figure 30). The shares for the contribution of public charities in terms of employment size, labor income, and contribution to GRP were much larger in comparison to the contribution of other NPOs in these areas (Table 26).

Compared to the share of organizations that were public charities (73.6%), the percentage shares of employment and labor income for public charities were higher at 82.4% and 74.7%, respectively. The share of the contribution to GRP from public charities was much lower at 53.3%, while the contribution to GRP for other NPOs was 46.7% (Figure 31).

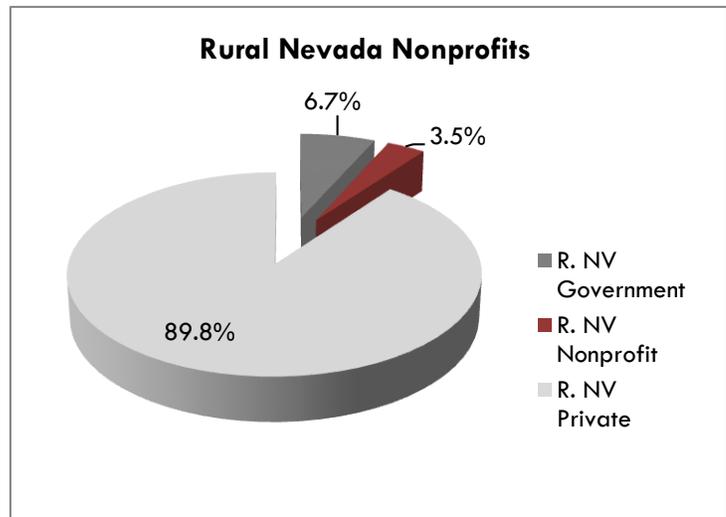


FIGURE 30: NONPROFIT ORGANIZATIONS' CONTRIBUTION TO GROSS REGIONAL PRODUCT IN RURAL NEVADA (2010)

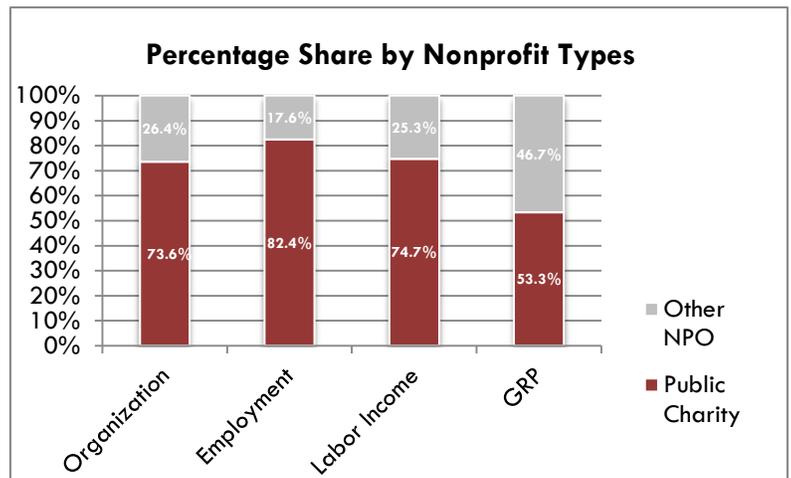


FIGURE 31: PERCENTAGE SHARES OF NONPROFIT ORGANIZATIONS BY ACTIVITY TYPES (RURAL OF NEVADA)

TABLE 26: TOTAL ECONOMIC IMPACT OF NONPROFIT ORGANIZATIONS BY ACTIVITIES (RURAL OF NEVADA)

	Number of Organizations	Employment Impact	Labor Income Impact (in \$)	Contribution to GRP (in \$)
<b>Total Nonprofit</b>	246	6,713	\$240,031,829	\$485,589,171
<b>Public Charity</b>	181	5,533	\$179,207,052	\$258,666,749
<b>Other NPO</b>	65	1,180	\$60,824,778	\$226,922,422

Sources:

Authors' estimation using Implan Model from MIG, Inc.

COMPOSITION OF NONPROFIT ACTIVITIES OF TOTAL IMPACT WITH MULTIPLIER EFFECTS  
 This section examines the total impact and multiplier effects of employment by nonprofit organizations in Rural Nevada.

**Employment Impact**

Among the total of 4,795 direct jobs by all nonprofit organizations in Rural Nevada, 85.1% (4,081 jobs) was from public charities, the remaining 14.9% (713) represents other NPOs (Figure 32).

Public charities comprise the largest number direct employees and other NPOs have a larger impact in terms of employment multipliers in Rural Nevada. This is due to higher inter-industry linkages of other NPOs. The multiplier effect

for other NPOs was 1.65 compared to 1.36 for public charities (Table 27). Both multipliers are lower compared to the other regions, resulting in the lowest total employment multiplier for all regions, 1.40. Every 100 employees in the nonprofit sector created an additional 40 jobs on average. Other NPOs created an additional 65 jobs while public charities only created an additional 36. The gap in multipliers between public charity and other NPOs is smallest for Rural Nevada among all the comparable regions of the state.

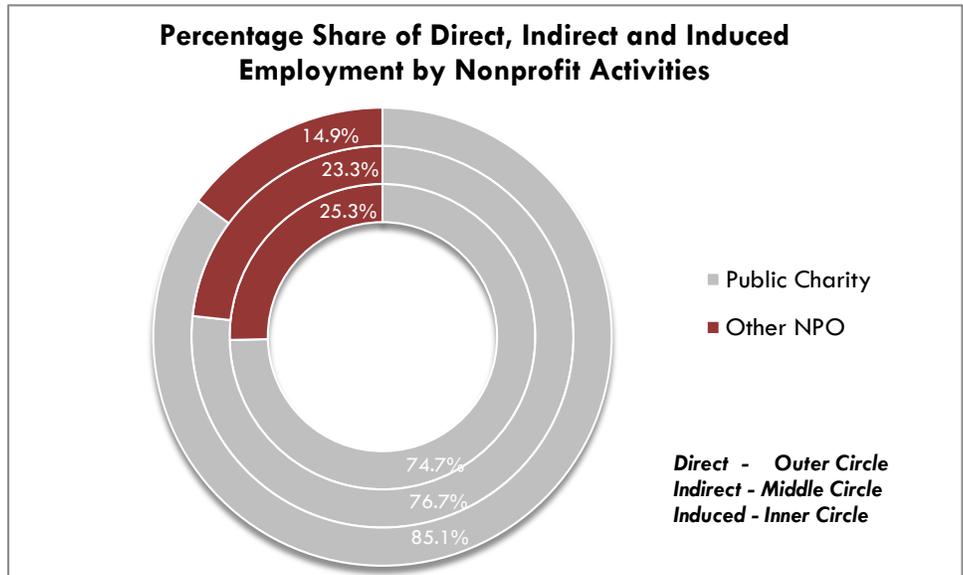


FIGURE 32: SHARE OF DIRECT, INDIRECT & INDUCED EMPLOYMENT IMPACT BY ACTIVITY TYPES (RURAL NEVADA)

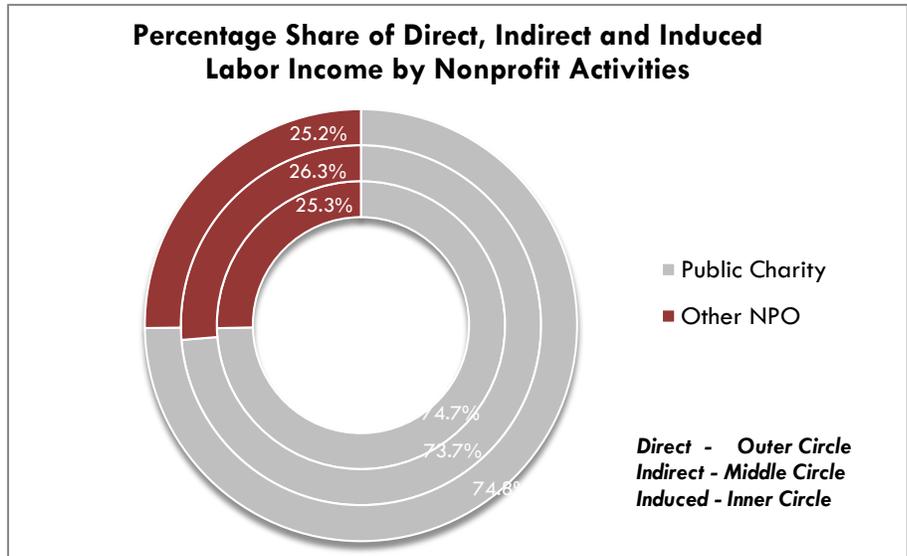
TABLE 27: SHARE OF DIRECT, INDIRECT & INDUCED EMPLOYMENT OF NONPROFIT ORGANIZATIONS BY ACTIVITIES (RURAL NV)

Impact Type	Total	Public Charity	Other NPOs
Direct Effect	4,795	4,081	713
Indirect Effect	967	742	225
Induced Effect	951	710	241
Total Effect	6,713	5,533	1,180
Multiplier	1.40	1.36	1.65

Sources: Authors' estimation using Implan Model from MIG, Inc.

**Labor Income Impact**

Among the \$189 million of total direct labor income in Rural Nevada generated by nonprofit organizations, 74.8% (\$141 million) is from public charities, whereas only 25.2% (\$48 million) is from other NPOs. Among all the study areas, Rural Nevada had a much higher share for other NPOs at 25.2%. This is not surprising since public charities often operate in more urbanized settings due to higher levels of charitable support and a greater demand for services.



**FIGURE 33: SHARE OF DIRECT, INDIRECT & INDUCED LABOR INCOME BY ACTIVITY TYPES (RURAL NEVADA)**

We now turn our examination to the indirect economic impacts created by employment by nonprofit organizations in Rural Nevada. For indirect labor income, the concentration of labor income produced by public charities slightly decreased by 1.1% to 73.7% (\$18.1 million), while the share of other NPO increased to 26.3% (\$6.5 million) (Figure 33). The share of induced labor income shows similar pattern to that of direct labor income. The labor income multiplier for other NPOs is 1.28 compared to 1.27 for public charities, showing a similar ripple effect for both types of organizations (Table 28).

**TABLE 28: SHARE OF DIRECT, INDIRECT & INDUCED LABOR INCOME OF NONPROFIT ORGANIZATIONS BY ACTIVITIES (RURAL NV)**

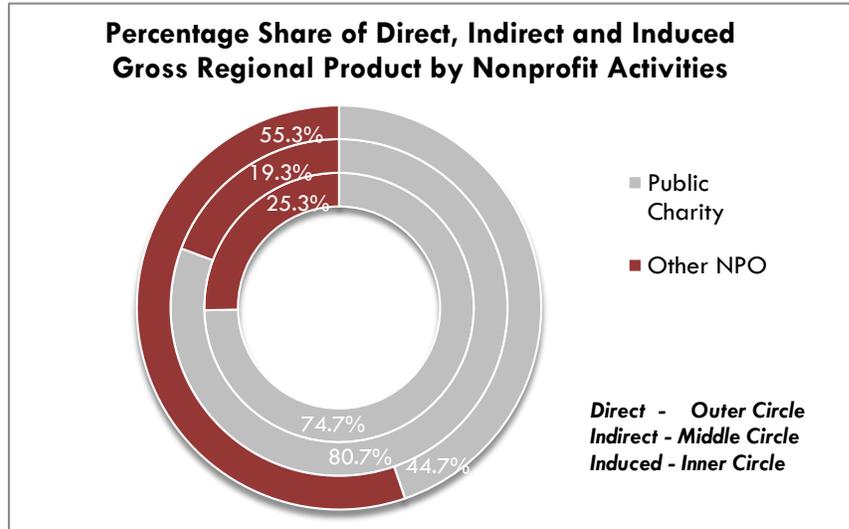
Impact Type	Total	Public Charity	Other NPO
<b>Direct Effect</b>	\$189,052,266	\$141,381,552	\$47,670,714
<b>Indirect Effect</b>	\$24,534,973	\$18,079,770	\$6,455,203
<b>Induced Effect</b>	\$26,444,591	\$19,745,730	\$6,698,861
<b>Total Effect</b>	\$240,031,829	\$179,207,052	\$60,824,778
<b>Multiplier</b>	1.27	1.27	1.28

Sources: Authors' estimation using Implan Model from MIG, Inc.

**Gross Regional Product (Total Value Added) Impact**

Of the \$359.7 million in total direct GRP contribution (measured by 'Total Value Added') by all nonprofit organizations in Rural Nevada, 55.3% (\$198.9 million) is from other NPOs, whereas remaining 44.7% (\$160.1 million) is from public charities (Figure 34).

The share of indirect contribution to GRP for public charities in Rural Nevada is slightly lower than the direct contribution at 80.7% (\$51.3 million), while the share of other NPOs contribution increased to 19.3% (\$12.3 million). For induced contribution to GRP, the contribution of public charities was 74.7% (\$46.5 million), while the share of other NPOs was lower at 25.3% (\$15.8 million).



**FIGURE 34: SHARE OF DIRECT, INDIRECT & INDUCED TOTAL VALUE ADDED BY ACTIVITY TYPES (RURAL NEVADA)**

Unlike the multipliers for employment and labor income, GRP multiplier for public charity organizations was higher at 1.61 than that for other NPOs, 1.14 (Table 29). Among all the regions of the state examined, the multipliers for all organizations, public charities and other NPOs were the lowest reflecting the lowest ripple effects for nonprofit organizations in Rural Nevada.

**TABLE 29: SHARE OF DIRECT, INDIRECT & INDUCED GRP OF NONPROFIT ORGANIZATIONS BY ACTIVITIES (RURAL NV)**

Impact Type	Total	Public Charity	Other NPO
<b>Direct Effect</b>	\$359,701,094	\$160,826,786	\$198,874,308
<b>Indirect Effect</b>	\$63,627,663	\$51,349,802	\$12,277,861
<b>Induced Effect</b>	\$62,260,413	\$46,490,161	\$15,770,253
<b>Total Effect</b>	\$485,589,171	\$258,666,749	\$226,922,422
<b>Multiplier</b>	1.35	1.61	1.14

Sources: Authors' estimation using Implan Model from MIG, Inc.

### Average Labor Income & Total Value Added by Activities

Average labor income per employee in Rural Nevada is lowest among all the regions of the state examined. However average labor income per employee for other NPOs was the highest at \$66,859. Interestingly, average contribution to GPR per employee is highest at \$75,016 among all the study areas, mainly due to the contribution of other NPOs to GRP per employee at \$278,926. This is more than twice the contribution to GRP per employee for the state of Nevada as a whole (Table 30). The contribution of public charities to GPR per employee is much lower at \$39,409.

TABLE 30: AVERAGE LABOR INCOME AND TOTAL VALUE ADDED PER EMPLOYEE BY ACTIVITIES (RURAL NV)

Impact Type	Total	Public Charity	Other NPO
Avg. Labor Income per employee	\$39,427	\$34,644	\$66,859
Ave. Contribution to GRP per employee	\$75,016	\$39,409	\$278,926

Sources: Authors' estimation using Implan Model from MIG, Inc.

### Multiplier Effects for Employment, Labor Income & Total Value Added

Unlike other regions, the multiplier for other NPOs was only slightly higher for employment (Figure 35). For total value added which represents the contribution to gross regional product, the multiplier of public charities was higher at 1.61 compared to that of other NPOs at 1.14. The different impact in this area of the state is due to the unique nature of our rural economy.

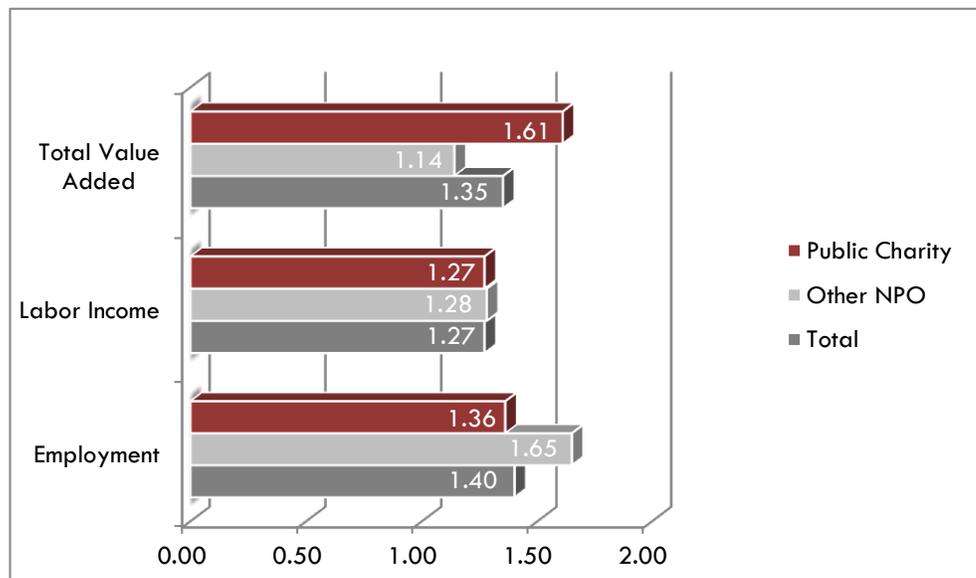


FIGURE 35: MULTIPLIER EFFECTS FOR RURAL NV ECONOMIC IMPACT (2010)

### Regional Comparison of Economic Impact

#### Direct Economic Impact

Regional composition of direct economic impact is summarized in Table 31 for employment, labor income, and total value added. Among the three sub-state regions, Southern Nevada has the largest number of direct employees as well as the largest corresponding labor income and total value added.

Considering the higher concentration of population in Southern Nevada, spatial distribution of nonprofit organizations within Nevada is not proportional to the population distribution. Notably, the share of direct nonprofit organizations’ activities in Northern Nevada is only slightly lower than that in Southern Nevada despite its much smaller population.

TABLE 31: DIRECT ECONOMIC IMPACT OF NONPROFIT ORGANIZATIONS IN NEVADA (2010)

Region	Employment	Labor Income	Total Value Added
<b>Southern Nevada</b>	33,761	\$1,523,476,441	\$1,774,586,390
<b>Northern Nevada</b>	24,383	\$1,260,366,094	\$1,450,073,561
<b>Rural Nevada</b>	4,795	\$189,052,266	\$359,701,094
<b>State Total</b>	62,939	\$2,972,894,801	\$3,584,361,045

Sources: Authors’ estimation using Implan Model from MIG, Inc.

Percentage share for direct impact among three sub-state regions as displayed in Table 31 is further illustrated in Figures 36, 37 and 38.

Of the total direct employment in Nevada by nonprofit organizations, 53.6% is from Southern Nevada, while the share for Northern Nevada is 38.7%, followed by Rural Nevada’s share at 7.6% (Figure 36).

The share of direct labor income for Southern Nevada is 51.2%, slightly lower compared to the matching share of direct employment at 53.6% (Figure 27). On the other hand, the share of direct labor income for Northern Nevada is higher at 42.4% compared to direct employment share at 38.7%. This pattern is evident in the average labor income per employee shown in Table 32. The average labor income per employee in Northern Nevada is \$51,690, higher than statewide average income per employee at \$47,235, while average income in Southern Nevada is lower than the statewide average at \$45,125.

This difference is particularly noticeable given the higher average cost of living in Southern Nevada when compared to other regions of the state.

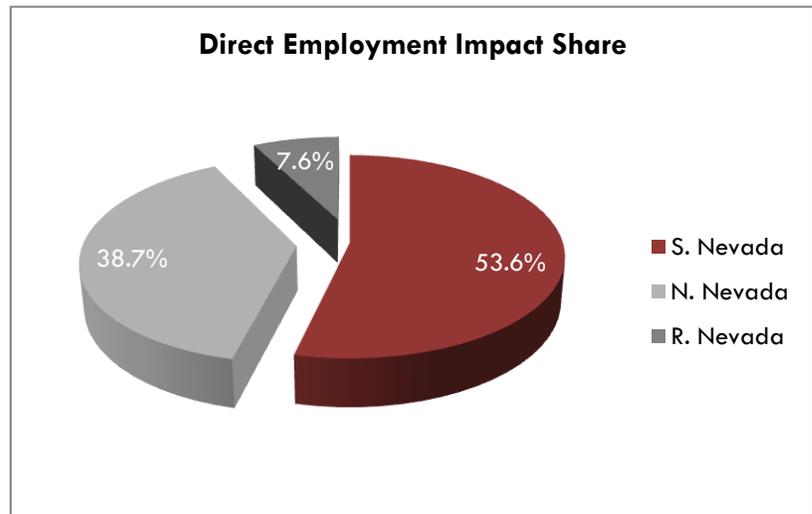


FIGURE 37: PERCENTAGE SHARE OF DIRECT EMPLOYMENT IN NEVADA (2010)

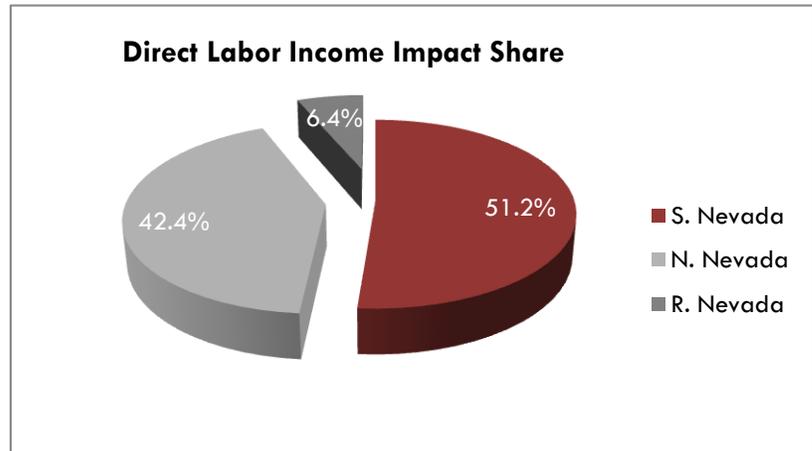


FIGURE 36: PERCENTAGE SHARE OF DIRECT LABOR INCOME IMPACT IN NEVADA (2010)

## Nonprofit Organizations and the Nevada Economy

**TABLE 32: AVERAGE LABOR INCOME PER EMPLOYEE FOR DIRECT IMPACT BY REGION**

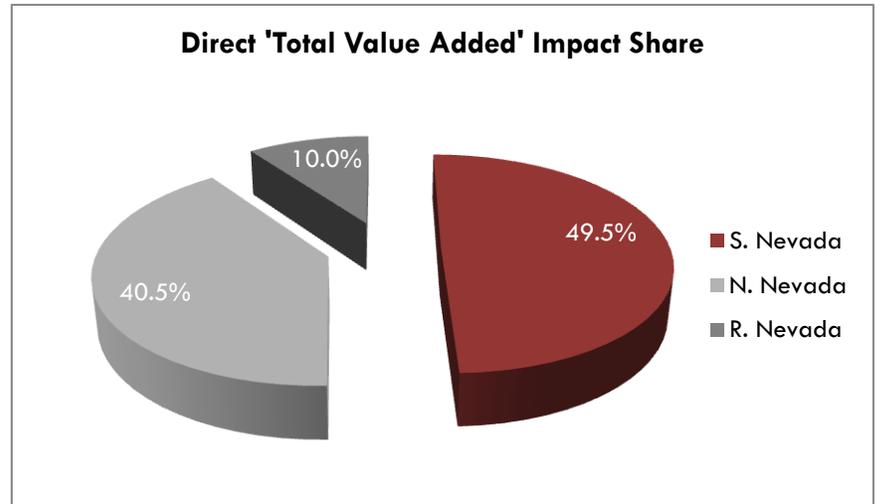
Region	Labor Income per Employee
Southern Nevada	\$45,125.34
Northern Nevada	\$51,690.36
Rural Nevada	\$39,426.96
State of Nevada	\$47,234.54

Sources: Authors' estimation using Implan Model from MIG, Inc.

Slightly less than half of total direct total value added in Nevada is from Southern Nevada (49.5%), while the share for Northern Nevada is 40.5%, followed by Rural Nevada's share at 10.0% (Figure 38).

The share of direct total value added for Southern Nevada is further reduced to 49.5%, compared to the matching share of direct employment at 53.6% (Figure 38). On the other hand, the shares of direct total value added for Northern Nevada and for Rural Nevada are higher at 40.5% and 10.0%

compared to the matching shares for direct employment. As a consequence, the average total value added per employee (Table 33) in Southern Nevada is lowest at \$52,563 among all regions. Interestingly, average total value added per employee in Rural Nevada is \$75,016, much higher than the statewide average at \$56,950. This is linked to the relatively higher share of other NPO activities in Rural Nevada than other regions.



**FIGURE 38: PERCENTAGE SHARE OF DIRECT TOTAL VALUE ADDED IN NEVADA (2010)**

**TABLE 33: AVERAGE TOTAL VALUE ADDED PER EMPLOYEE FOR DIRECT IMPACT BY REGION**

Region	Total Value Added per Employee
Southern Nevada	\$52,563.21
Northern Nevada	\$59,470.68
Rural of Nevada	\$75,015.87
State of Nevada	\$56,949.76

Sources: Authors' estimation using Implan Model from MIG, Inc.

### Total Economic Impact with Multiplier Effects

Through multiplier effects, direct employment, labor income, and total value added have associated indirect and induced impacts. Regional composition of total economic impact (direct, indirect and induced) is summarized in Table 34. Among the three sub-state regions, Southern Nevada has largest total direct employment and corresponding labor income and total value added. Only 17.7% of total state population is in Northern Nevada, whereas 72.3% is in Southern Nevada based on 2010 U.S. Census. Among total employment of 108,031 with multiplier effects in Nevada, a disproportionately high share of 40.7% (43,978) of employment in nonprofit organizations resides in Northern Nevada (Figure 39).

TABLE 34: TOTAL ECONOMIC IMPACTS OF NONPROFIT ORGANIZATIONS IN NEVADA (2010)

Region	Employment	Labor Income	Total Value Added
Southern Nevada	57,340	\$2,481,361,469	\$3,596,991,101
Northern Nevada	43,978	\$2,009,212,867	\$2,926,330,767
Rural Nevada	6,713	\$240,031,829	\$485,589,171
Nevada State Total	108,031	\$4,730,606,165	\$7,008,911,039

Sources: Authors' estimation using Implan Model from MIG, Inc.

Percentage share for total economic impact among three sub-state regions shown in Table 34 is further illustrated in Figures 39, 40, and 41.

Of total direct employment in Nevada, 53.1% is from Southern Nevada, while the share for Northern Nevada is 42.4%, followed by Rural Nevada's share at 6.4% (Figure 39). Compared to the shares for direct employment, the shares for Southern Nevada and for Rural Nevada decreased while the share for Northern Nevada increased by 2% to 40.7%. This reveals that the employment multiplier in Northern Nevada is the highest among the three sub-state regions.

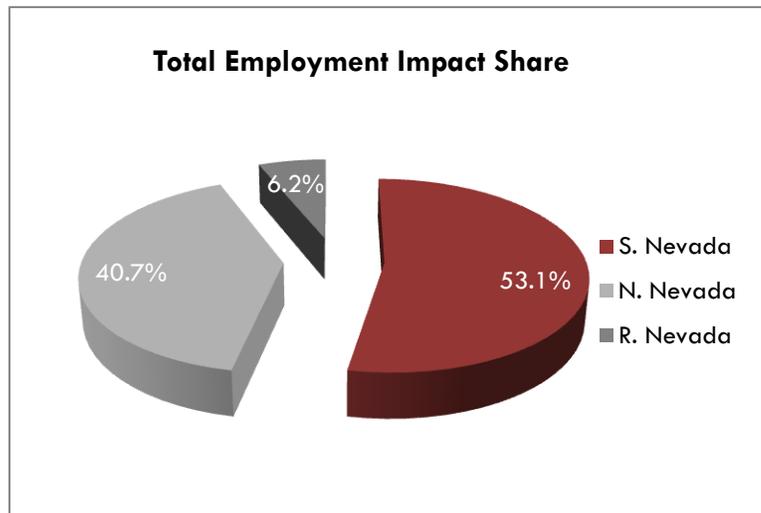


FIGURE 39: PERCENTAGE SHARE OF TOTAL EMPLOYMENT BY NONPROFIT ORGANIZATIONS IN NEVADA (2010)

## Nonprofit Organizations and the Nevada Economy

As shown in Figure 40, the share of total labor income for Southern Nevada is 52.5%, slightly lower compared to the matching share of total employment at 53.1% shown in Figure 39. On the other hand, the share of direct labor income for Northern Nevada is higher at 42.5% compared to direct employment share at 40.7%. This is reflected by the average labor income per employee data as shown in Table 35.

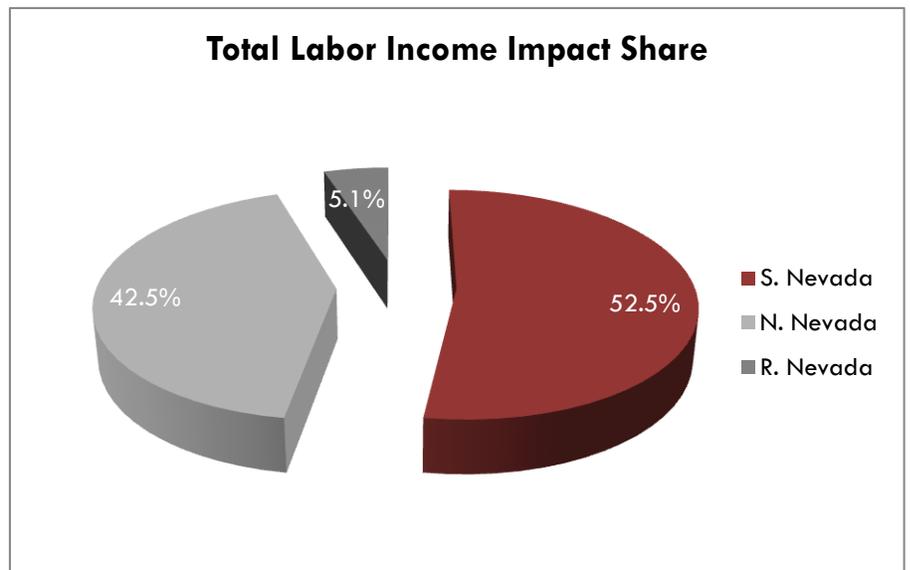


FIGURE 40: PERCENTAGE SHARE OF TOTAL NONPROFIT LABOR INCOME IN NEVADA (2010)

The average labor income per employee for total impact in Northern Nevada is \$45,687, higher than statewide average income per employee at \$43,789, while average income in Southern Nevada is lower at \$43,275 than the statewide average. Rural Nevada has the lowest average labor income per employee with total impact at \$35,756. For all the study areas including in the State of Nevada, the average labor income per employee shown in Table 35 is lower with total impact compared to the matching values only with direct impact shown in Table 35. This reflects that average labor income for a nonprofit organization worker is higher than that for a worker in related industrial sectors.

TABLE 35: AVERAGE LABOR INCOME PER EMPLOYEE FOR TOTAL IMPACT BY SUB-STATE REGION

Region	Labor Income per Employee
Southern Nevada	\$43,274.53
Northern Nevada	\$45,686.77
Rural Nevada	\$35,756.27
State of Nevada	\$43,789.34

Sources: Authors' estimation using Implan Model from MIG, Inc.

As shown in Figure 41, the share of total value added with total impacts further decreased to 51.3% from total employment share, 53.4% shown in Figure 39. The matching shares for Northern Nevada and Rural Nevada increased to 41.8% for the former and to 6.9% for the latter compared to the share of total employment (Figure 41).

As a consequence, the average total value added per employee in Southern Nevada is lowest at \$62,731 among all study areas. Northern Nevada has a higher average total value added per employee at \$66,541 compared to the statewide average at \$64,879. Interestingly, average total value added per employee in Rural Nevada is \$72,336, much higher than the statewide average. This is closely linked to the relatively higher share of other NPO activities in Rural Nevada than in other regions.

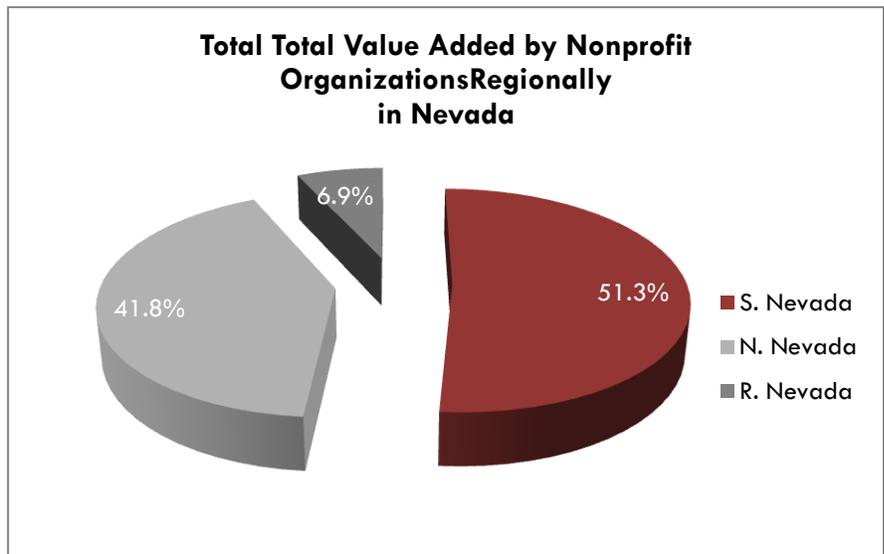


FIGURE 41: PERCENTAGE SHARE OF TOTAL 'TOTAL VALUE ADDED' IN NEVADA (2010)

TABLE 36: AVERAGE TOTAL VALUE ADDED PER EMPLOYEE FOR TOTAL IMPACT BY REGION

Region	Total Value Added per Employee
Southern Nevada	\$62,730.92
Northern Nevada	\$66,540.79
Rural of Nevada	\$72,335.64
State of Nevada	\$64,878.70

Sources: Authors' estimation using Implan Model from MIG, Inc.

Except for Rural Nevada, regions of Nevada have higher average total value added per employee with total impact (Table 36) than that with direct impact (Table 33). This reflects that average productivity for a nonprofit organization worker is lower than that for a worker in related industrial sectors in Southern Nevada, Northern Nevada, and the statewide study area. However, in Rural Nevada, the opposite is true with higher average productivity per worker in nonprofit organization compared to that in related industrial sectors.

### Multiplier Comparison

Multipliers for employment, labor income, and total value added are the ratios of total impact to direct impact reflecting ripple effects of direct economic impact through inter-industrial linkages.

Multipliers vary by regions with the highest employment multiplier in Northern Nevada. Northern Nevada nonprofit organizations have the largest impact on employment relative the other two regions of the state. However, the highest multipliers for labor income and total value added were produced by Southern Nevada nonprofit organizations (Figure 42). Rural Nevada had the lowest multipliers for all cases.

## Nonprofit Organizations and the Nevada Economy

For all study areas except for Rural Nevada, the total value added multiplier is the highest among three types of multipliers, whereas Rural Nevada has the highest multiplier for employment (Table 37).

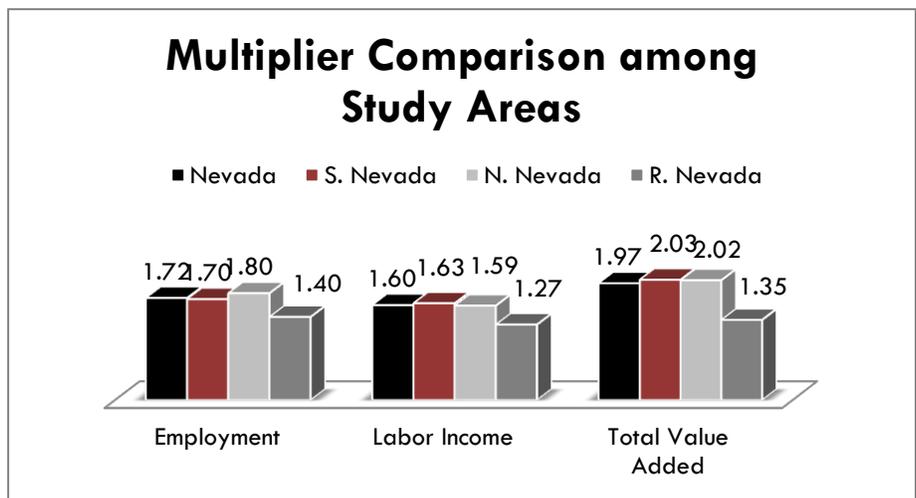


FIGURE 42: ECONOMIC IMPACT MULTIPLIER COMPARISONS AMONG THE SUB-REGIONS OF THE STATE (2010)

TABLE 37: AVERAGE TOTAL VALUE ADDED PER EMPLOYEE FOR TOTAL IMPACT BY REGION

Multiplier Type	Nevada	Southern Nevada	Northern Nevada	Rural Nevada
Employment	1.72	1.70	1.80	1.40
Labor Income	1.60	1.63	1.59	1.27
Total Value Added	1.97	2.03	2.02	1.35

Sources: Authors' estimation using Implan Model from MIG, Inc.

## CONCLUSION

The nonprofit sector in Nevada is an important and growing part of Nevada's economy. The number and variety of organizations in the state has grown rapidly with the state's population but is still much smaller in terms of number, size, and financial capacity as a sector when compared to other states. The relative size of the sector determines not only the economic impact of these organizations but also the quality of life in the state. For this reason, continued efforts need to be made to support and grow Nevada's nonprofit sector and capacity.

In comparing Nevada's three regions - North, South, and Rural - it is clear that the Reno-Carson City region secures a disproportionate share of state funds invested in the nonprofit sector. This more substantial and secure revenue from state taxpayers allows northern nonprofits to allocate more dollars per person than nonprofits in southern and rural Nevada. This revenue allows northern nonprofits to offer higher wages to employees and be less dependent upon private philanthropy. The gap between state funding for nonprofits in the north and those in the south and rural regions is so great that the underfunding of southern nonprofits explains all metrics that would otherwise suggest that southern nonprofits underperform. Southern Nevada philanthropists are left to shoulder the fiscal impact of this disparate funding.

In particular, efforts should be focused on increasing the size and capacity of the state's nonprofit sector in Rural and Southern Nevada through more balanced funding support from the state. Continued growth in the sector will play a significant role in the economic health and vitality of the state and may provide resiliency in the face of future economic downturns. Growing Nevada's nonprofit sector will pay dividends not only economically but will also enrich the lives of citizens and communities in the state.

## METHODOLOGY OF THE STUDY

### Raw Data Sources

This project employs data from two primary sources: the Quarterly Census of Employment and Wages (the QCEW, also known as the ES202) and the IRS Business Master File of exempt organizations (also referred to as the Business Master File (BMF)).

The researchers created a list of tax-exempt firms in Nevada using the BMF. Both the QCEW data and the BMF contain Federal Employer Identification Numbers (FEINs) and the data sets were matched on these unique identifiers so nonprofit entities can be distinguished from for-profits and government data.

QCEW data is provided by establishment or location. The number of employees is measured by the number of filled jobs for the pay period that includes the 12<sup>th</sup> day of each month as reported by the employer. All employees (full or part-time) are counted equally at each establishment<sup>12</sup>. Individuals who are employed at more than one establishment will be counted once for each location. Due to disclosure agreements, data will be reported in aggregate down to the 6-digit NAICS industry at the county or regional level. Many of Nevada's counties have very small populations and few nonprofit organizations, rural counties were grouped together for the purpose of the analysis.

Wages in the QCEW include paid leave and vacation, stock options, tips, bonuses, and deferred compensation plans such as 401(k)s in some states.

#### *Limitations of the data*

Under federal law, all places of employment are required to complete quarterly surveys and be covered by the federal unemployment insurance system or make arrangements to provide unemployment coverage to laid-off workers. The principle exclusions from the ES-202 dataset are railroad workers, small-scale agriculture, domestic service, crew members on small vessels, state and local government elected officials, insurance and real estate agents who receive payment solely by commission, part-time employees of charitable organizations making less than \$50 in any calendar quarter), charitable establishments employing fewer than 4 workers in 20 weeks during the year, and religious organizations. Religious organizations and religiously affiliated organizations are not required to participate in unemployment insurance, so many missing from the QCEW data. The last two exclusions suggest that our analysis necessarily underestimates Nevada nonprofit employment, although some establishments in these two categories are included in our dataset.

Timing between the datasets also led to some nonprofit organizations being excluded from our analysis. It is possible that nonprofits may have paid employees and participate in the QCEW prior to obtaining their IRS ruling letter. In order to minimize the number of exclusions due to timing, we used

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<sup>12</sup> An establishment is defined as an economic unit that produces goods and services at a physical location. Most establishments only have one primary activity but in cases where an establishment has multiple distinct activity at the same location (e.g., a corporate foundation in the same office building as the corporate administrative headquarters) each activity will be reported as a separate "establishment."

BMF data from August of 2012 in our match to QCEW data to capture more of the organizations who have obtained IRS exemptions during 2011. We employed a similar methodology when matching data for the economic impact analysis for 2010. We will also be unable to include establishments deleted from the IRS tax exempt list due to entities ceasing operations or converting their status to for-profit or government.

### **Methodology for Economic Impact Analysis**

Based on the direct jobs and associated wages collected from (QCEW 2010), the report estimates the economic impacts in the following categories:

- Indirect and induced jobs
- Indirect and induced wages
- Direct, indirect, and induced total value added
- Direct, indirect, and induced output

This study employs Social Accounting Matrices (SAM) of IMPLAN® Professional, developed by Minnesota Implan Group, Inc. IMPLAN® encompasses 440 industrial sectors, and four non-industrial institutions (households, government, investment, and trade) for tracking monetary flows in a local economy.

#### **IMPLAN® PROFESSIONAL MODEL**

Regional economic impact analysis starts with the application of a final demand change in a region, i.e., a shock to a regional economy, to a predictive economic input-output (I-O) model. It then estimates the resulting changes caused by this shock. The Social Accounting Model (SAM) created in the framework of the IMPLAN® Professional package describes the regional economy within a matrix of 440 industrial sectors that purchase and sell goods and services from and to each other. This package also identifies transactions involving four non-industrial institutions, including households, governments, investment, and trade for tracking monetary flows in a local economy. Regional and Statewide SAM employed in this study identify all 1,531 nonprofit organizations participating in the QCEW in the State of Nevada including 1,082 'Public Charity' organizations and 449 'Other Nonprofit' organizations, based on the economic activities they perform in study areas. As a consequence, the regional economic impact of the nonprofit organizations' activities represents their combined impact on their respective industrial sectors and on the four non-industrial institutions.

SAM was used to estimate indirect impacts, i.e., changes in employment and wages in all other industries based on the purchases of goods and services for the purpose of the nonprofit organizations' operations. The magnitude of indirect (inter-industry) impacts depends upon the percentage of locally produced goods and services represented in the model as the regional purchase coefficient (RPC). The more locally produced goods and services used, the higher the indirect impacts. Conversely, the higher the share of goods and services purchased from outside the region, the higher the leakages and the lower the indirect impacts in the county. Induced impacts, i.e., impacts that result from an increase in employees' spending, are estimated using the average household spending for various income groups of households generated by SAM.

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## ABOUT THE AUTHORS

**Jessica K. A. Word, PhD**, is an Associate Professor of Public Administration in the School of Environmental and Public Affairs at the University of Nevada, Las Vegas (UNLV). She currently serves as the director of the Nonprofit, Community, and Leadership Initiative and the Graduate Certificate in Nonprofit Management at UNLV. She received her doctorate from the Reubin Askew School of Public Administration and Policy at Florida State University in 2006. Her research focuses on capacity building in the public and nonprofit sector.

**Jaewon Lim, PhD**, is an Assistant Professor of School of Environmental and Public Affairs in the Greenspun College of Urban Affairs at the University of Nevada, Las Vegas (UNLV). Dr. Lim earned his PhD from the University of Illinois at Urbana-Champaign in Regional Planning. From 2003 to 2007, he served as a research assistant for REAL (Regional Economics Applications Laboratory) of University of Illinois at Urbana-Champaign, focusing on development and use of analytical models for urban and regional forecasting and economic development. Before joining UNLV, Lim held positions as regional economist and affiliated faculty in Office of Economic Development and School of Geography and Development at the University of Arizona.

**Carol Servino, PhD**, recently received her doctorate in Public Affairs from the Greenspun College of Urban Affairs at the University of Nevada, Las Vegas (UNLV). Servino also holds a Masters in Professional and Technical Communication from the New Jersey Institute of Technology. While completing her studies she worked as a research assistant at the Nonprofit Community and Leadership Initiative at UNLV. Her research interests are in the areas of public management, policy implementation, public administration, organizational missions and culture, and risk management.

**Kenneth Lange, M. Ed**, is a PhD student in Public Affairs and worked as a research assistant at the Nonprofit Community and Leadership Initiative at UNLV. Lange is currently the owner of the Lange Development Group, LLC. His previous experience as a leader in the nonprofit sector includes serving as the Executive Director of Olive Crest and the Nevada State Education Association.

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