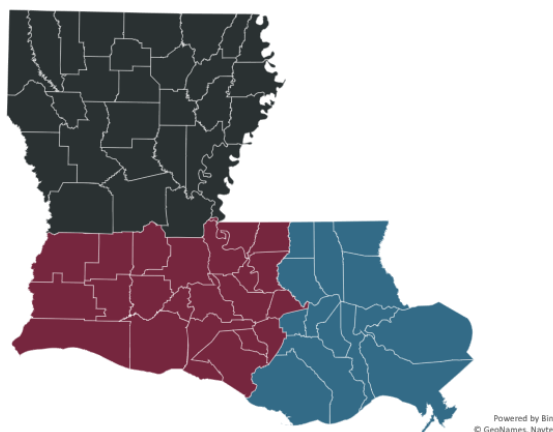


MAY 2018

Economic Contributions of the Louisiana Nonprofit Sector: Size and Scope



This capstone report was completed in fulfillment of a Master of Public Service and Administration degree from the Bush School of Public Service and Administration at Texas A & M University by:

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Executive Summary & Introduction

Executive Summary

This economic contribution study describes the nonprofit sector in the state of Louisiana. Nonprofit organizations studied in this report included 501(c)(3) organizations and 501(c) other organizations, defined under Title 26 of the United States Code. Trends in the size and scope of the sector, as well as employment, volunteerism, grant-making, and the financial health of nonprofits in Louisiana are detailed in order to tell the story of Louisiana nonprofits as well as uncover areas of concern for the sector moving forward.

Methodology

The methodology utilized in the analysis of the nonprofit sector in the Louisiana economy involved:

1. A descriptive analysis measuring changes and growth over time, and
2. An input-output analysis measuring economic contributions of the sector.

Key Findings

- In 2014, the Louisiana nonprofit sector generated \$43.79 billion in total contributions to the Louisiana economy, which was equivalent to approximately 16% of the state Gross Domestic Product (GDP). For every \$100 in direct spending by the nonprofit sector, an additional \$116 in activity was generated in the Louisiana economy in 2014.
- A regional analysis of the sector showed differences in the size and scope of the sector which may contribute to a widening resource gap across the North, South, and East regions of the state.
- The nonprofit sector is relatively young with nearly a quarter of nonprofit organizations being founded after 2010.
- The sector is heavily reliant upon earned income and more grants come from foundations located outside of the state.
- Resources are concentrated in the health field, with 7% of the organizations in the nonprofit sector bringing in 72% of the revenue.
- The sector is responsive to major economic events with private foundation revenue and public charity net income most sensitive to economic downturns.
- Volunteering is on a downward trend with Louisiana ranking 51st out of 50 states and Washington, D.C. in the percentage of people in the state who volunteer.

Implications

These findings suggest that LANO can continue to play an important role in the development of the nonprofit sector in the following areas:

- Regional differences in the size and economic strength of the sector shows a need to ensure all areas of the state benefit from a strong nonprofit sector.
- The youth of the Louisiana nonprofit sector raises concerns about young organizations' capacity to address community needs and indicates a need for continued organizational development.

- The concentration of the sector's financial resources within the health field suggests that it is important to look at each field individually as organizations of different types and sizes may have distinct needs.
- Louisiana nonprofits' volatility to major economic events shows the importance of continued attention to high-quality fiscal management practices in all organizations.

Introduction

Nonprofit organizations are increasingly expected to deliver public services, with the sector providing more and more of the functions previously met by the public or private sectors. Yet, relatively little research has been done to show the effect that the sector has on the economy, or how the sector has changed and grown over time. In partnership with the Louisiana Association of Nonprofit Organizations (LANO), the Bush School of Government and Public Service capstone team analyzed the economic contributions of the Louisiana nonprofit sector over the last twenty years to improve the public's understanding of the size, scope, and contributions of the nonprofit sector.

When most people think of the nonprofit sector, they think of the small charity organizations in their community, or maybe even the nationwide organizations to which they donate or volunteer their time. However, the sector is very diverse and includes everything from small charities to large hospitals, private universities, or foundations. In this report, “nonprofits” refers to all of these types of organizations, provided they have tax status as a nonprofit organization. This means measurements of the nonprofit sector include all 501(c)(3) organizations, defined under Title 26 of the United States Code as “corporations...organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes...no part of the net earnings of which inures to the benefit of any private shareholder or individual.”¹

Among 501(c)(3) organizations, there are two primary types which will be discussed throughout the report. As defined by the Internal Revenue Service (IRS), public charities include organizations such as churches, hospitals, and other nonprofits that receive funding from a variety of sources, receive income from their activities, or actively support other public charities. Private foundations, on the other hand, typically have a single major source of funding and primarily provide grants to other organizations.² When this report does not refer to private foundations or public charities specifically and instead says nonprofits, these measures include public charities, private foundations, and organizations with a different 501(c) status under the IRS, which includes any nonprofit that isn't a public charity or private foundation, such as a social welfare, labor, or membership organization. These “other” organizations are smaller in number but are still an important part of the sector.

What's Included in this Report

This report will show the trends of the nonprofit sector in Louisiana over the last twenty years and the contributions that the sector is making to the state economy. Throughout this analysis, there will be regional breakdowns of the sector, with the state split into the three regions (seen in Figure 1): North (containing Monroe, Shreveport, and Alexandria), South (with Baton Rouge, Lafayette, and Lake Charles) and East (with New Orleans, Houma, and Slidell). In the first section of the report, the scope of the sector is discussed, including its size, density, and the diversity of organizations within the sector.

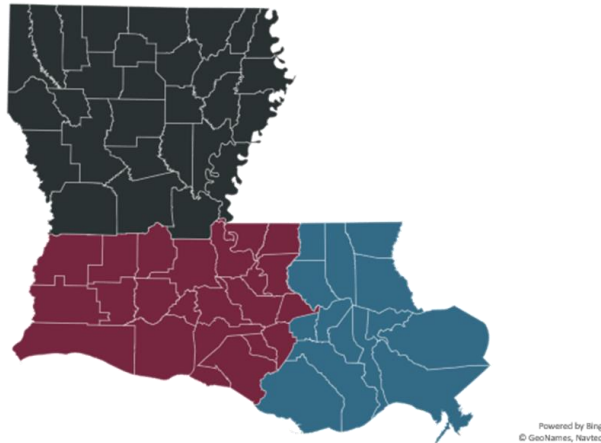
¹ 26, § 1-501.

² <https://www.irs.gov/charities-non-profits/eo-operational-requirements-private-foundations-and-public-charities>

After that, this report will examine the financial resources of the sector, specifically revenue patterns, income ratios by field, and the grants and federal contracts that the sector brings into Louisiana. This will be followed by an analysis of the sector's assets, especially as a share of state Gross Domestic Product (GDP), and then the expenditures within the sector, including grants given by Louisiana foundations and total employment and compensation.

Once the trends in the sector have been analyzed, the total economic contributions of the sector will be presented. This consists of the input-output analysis of the sector's spending and employment and how that money has rippled throughout the Louisiana economy. Although the sector is significant in the state, the data also shows some troubling trends, which will be presented in the areas of concern. Finally, this report concludes with some thoughts about the role that LANO and other support organizations can play in the development of the sector.

Figure 1 Regions of Louisiana



What's Not Included in this Report

Although the nonprofit sector makes strong economic contributions, the main focus of many organizations is on social benefits. While these benefits are vital to understanding the sector's contributions, they are also difficult to capture and thus are not included in this report.

The data used in this report is also missing out on a certain portion of the nonprofit sector, specifically

smaller or religious-based organizations. Due to the reporting requirements for the IRS 990 forms, non-religious nonprofit organizations with less than \$50,000 in gross receipts (increased from \$25,000 in 2008) are not required to file 990 forms, and thus are not captured in our data sources. Religious organizations also are not required to register with the IRS, although some number still do.³ While this report is missing out on these portions of the sector, this also means that the data is on the low end of the full scope and contributions of the sector.

³ "Guide to Using NCCS Data." NCCS Data Archive. Accessed May 02, 2018. <http://nccs-data.urban.org/index.php>.



Scope

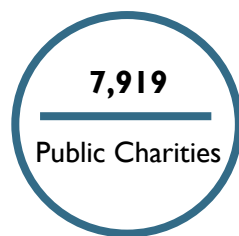
Scope of the Sector

Louisiana is home to a growing and large nonprofit sector. There were 12,815 nonprofits in the state of Louisiana in 2014, as shown in Figure 2. A vast majority of these were 501(c)(3) organizations while 501(c) others compose a smaller portion of the total. Public charities comprised most of these organizations with 7,919, while private foundations totaled 661. Together, public charities and private foundations reported \$32.68 billion in assets, \$21.71 billion in revenue, and \$20.54 billion in expenditures in 2014.

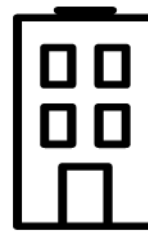
There were 12,815 nonprofit organizations in Louisiana in 2014.

Figure 2

Snapshot of Louisiana Nonprofits (2014)



Assets: \$29.09 billion
Revenue: \$21.34 billion
Expenditures: \$20.27 billion



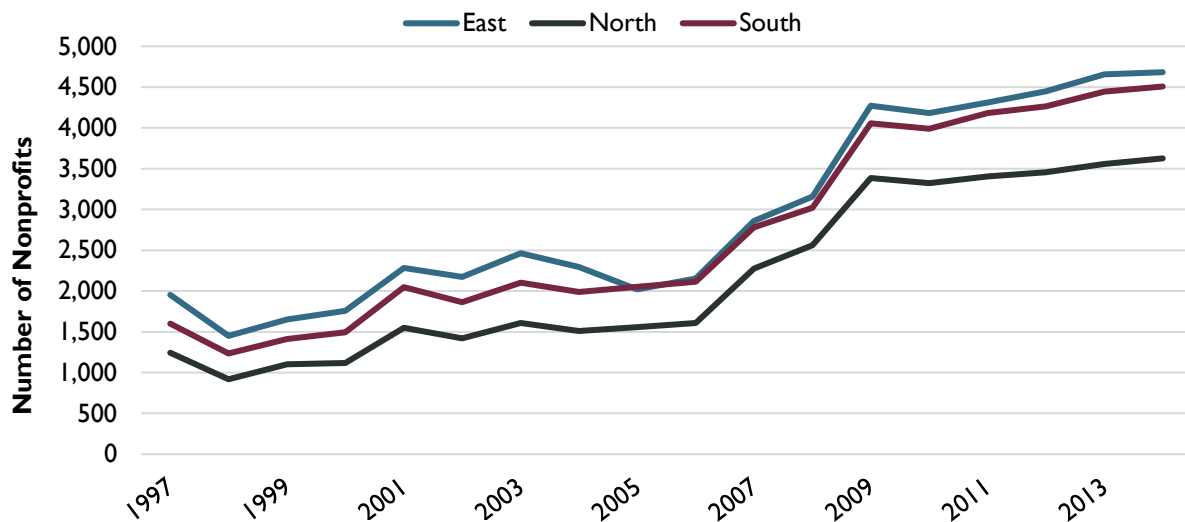
Assets: \$3.59 billion
Revenue: \$366.01 million
Expenditures: \$272.12 million

Source: NCCS Business Master File, 2014. Adjusted for inflation.

Nonprofits Have Increased in Number and Density over Time

All regions follow a similar pattern in terms of the number of nonprofits between 1997 and 2014, as shown in Figure 3 below. While the East region is home to the most nonprofit organizations, the South has remained close in number. Additionally, the gap between these two regions and the North widened over time.

Figure 3 Number of Nonprofit Organizations

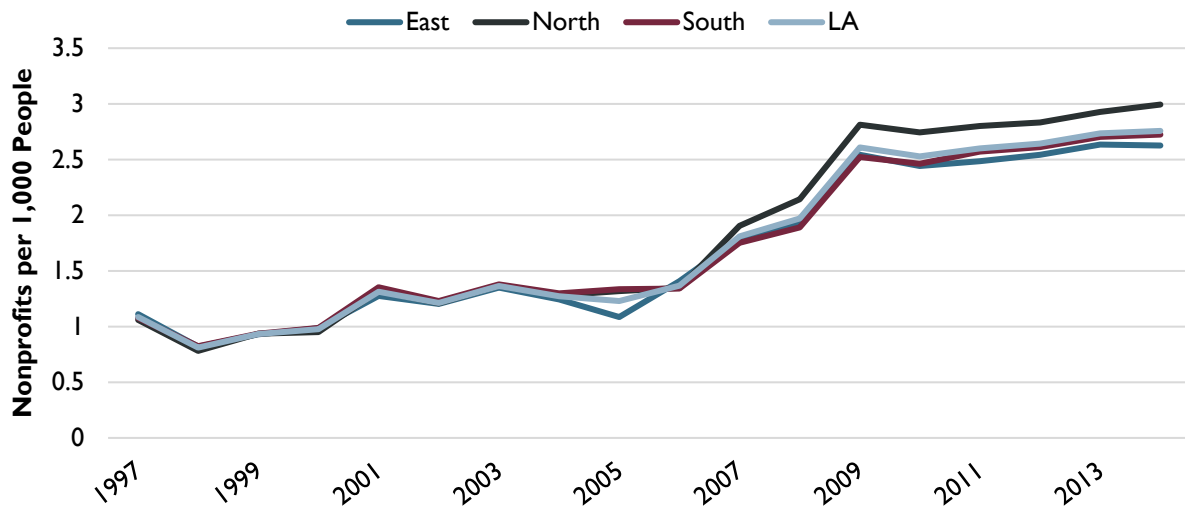


Source: NCCS Business Master File, 1997-2014.

Nonprofit density is a useful measure of the size of the nonprofit sector because it shows how many nonprofits are available to serve a given population and allows for comparisons across regions with different populations and over. In 2014, Louisiana had 2.75 nonprofits per 1,000 people, a substantial increase compared to just 10 years prior, as shown in Figure 4. In fact, from 1997 to 2014, nonprofit density grew by 154%. This shows how the number of nonprofit organizations in Louisiana has increased faster than population growth.

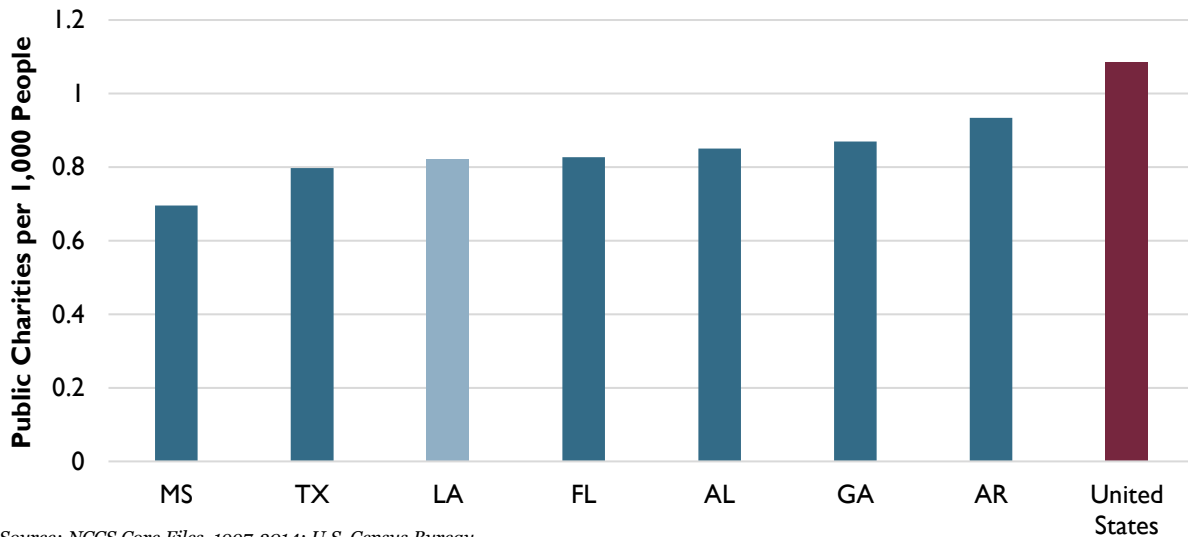
In 2014, there were 2.75 nonprofits per 1,000 people in Louisiana.

The density measures by region remain similar to each other over time, indicating that once the number of nonprofits in each region is adjusted for population, there are roughly the same number of nonprofits for every 1,000 people. One notable observation occurred in 2005, when there was a slight dip in the nonprofit density, a response to Hurricane Katrina. Just after this period, there is a rapid increase in the nonprofit density in the state.

Figure 4**Nonprofit Density Statewide and by Region**

Source: NCCS Business Master File, 1997-2014. U.S. Census Bureau.

When comparing the density of public charities that report finances to the IRS, Louisiana is in the middle of the pack of Southeast states, although it is significantly below the U.S. average, as shown in Figure 5.⁴ This indicates that the number of public charities in the state is comparable to other nearby states once population is accounted for, but that the Southeast region trails the nation as a whole.

Figure 5**Public Charity Density (2014)**

Source: NCCS Core Files, 1997-2014; U.S. Census Bureau.

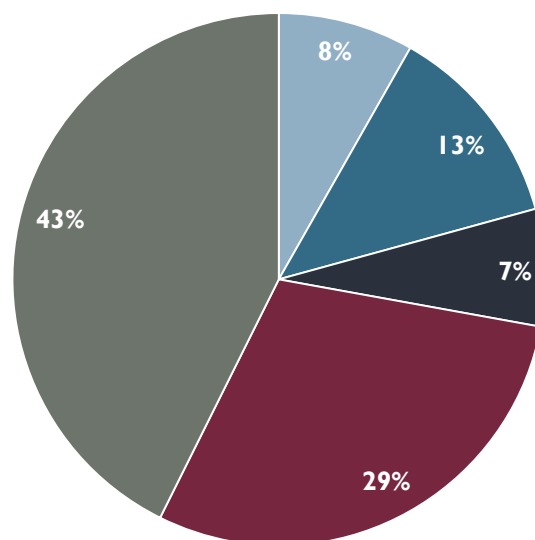
⁴ This density measure is based on NCCS Core Files and only includes data on public charities while the previous measures included all types of nonprofits included in the NCCS BMFs. Because only organizations with more than \$50,000 in gross receipts are included in Core Files, not all public charities included in BMFs are also in Core Files, which explains the discrepancy in density.

Nonprofits Operate in a Variety of Fields

Nonprofit organizations have a variety of missions and operate in different fields. Figure 6 shows that the largest single concentration of nonprofit organizations in the state of Louisiana is in the human services field, which includes organizations that provide youth services, elder care, and other services. The education field, the next largest at 13% of organizations, includes private schools and universities, as well as other organizations that support education. At 8%, the arts, culture, and humanities field includes organizations such as museums, media organizations, and cultural heritage groups. The health field, with 7% of organizations, includes hospitals, clinics, and small organizations that support health activities. Nonprofits that do not fit into these four main fields are classified here as other, which includes a multitude of smaller fields such as environmental organizations, international affairs, and religious organizations.

Figure 6 Field Breakdown (2014)

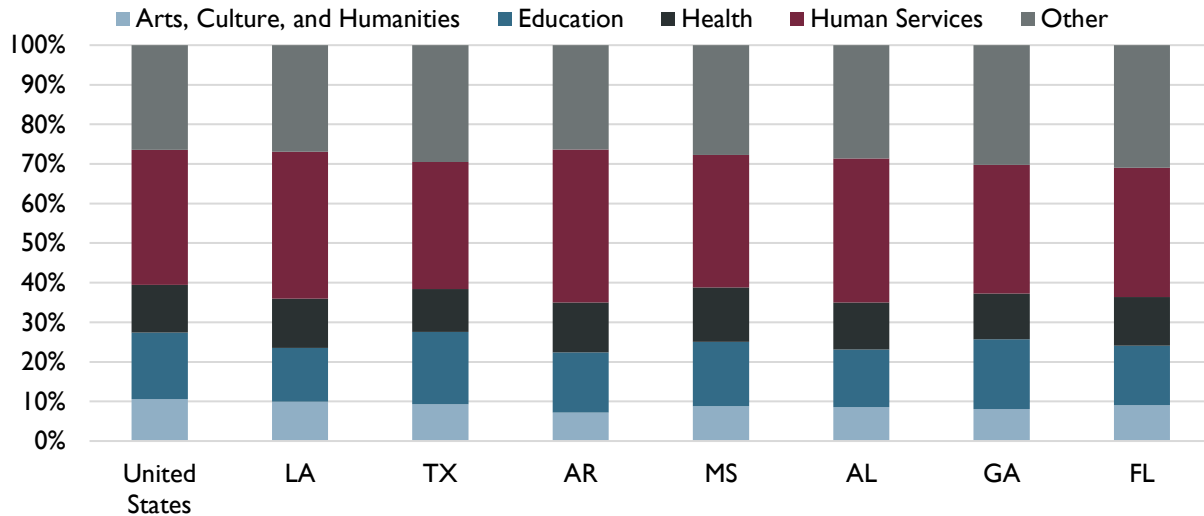
■ Arts, Culture, and Humanities ■ Education ■ Health ■ Human Services ■ Other



Source: NCCS Business Master File, 1997-2014.

Louisiana is quite similar to the national data and six other surrounding states on field breakdown percentages, as shown in Figure 7.

Figure 7 Field Breakdown (2014)

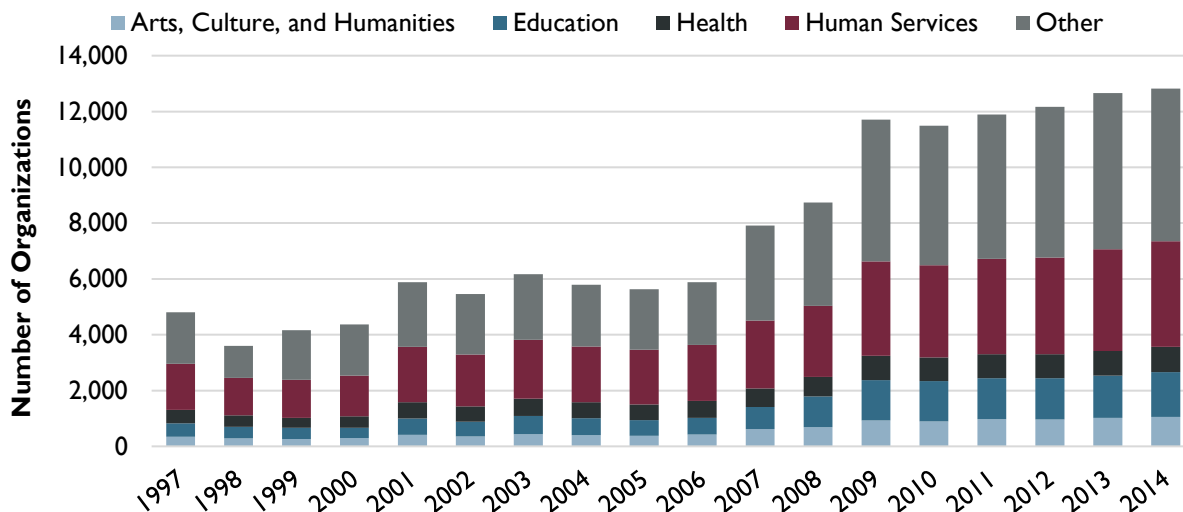


Source: NCCS Core Files, 2014.

All Fields Have Grown over Time

When looking at the different nonprofit fields over time, the distribution of organizations across fields has remained fairly consistent as highlighted in Figure 8. Once again, the number of organizations increased sharply from 1997 to 2014. For example, the number of organizations in the human services field grew by 143% in this time period.

Figure 8 Field Breakdown by Fiscal Year



Source: NCCS Business Master File, 1997-2014.

Summary of Scope

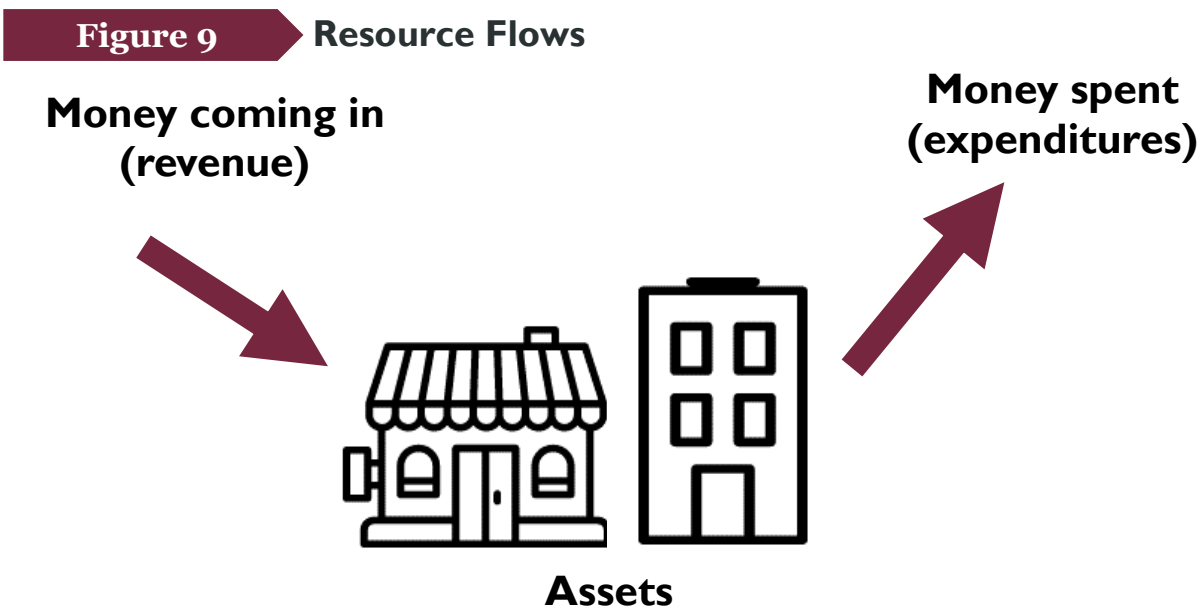
Understanding the size and scope of the nonprofit sector in Louisiana is crucial to understanding its economic contributions. The following are some key takeaways from this section:

- Public charities represent the largest segment of nonprofit types by number and financial measures.
- Nonprofit density per 1,000 people was similar amongst all regions over time (1997-2014); however, Louisiana and other Southeast states lag behind the national average.
- Human services organizations represent the largest portion of organizations in the state, a pattern constant across time and at the national level.



Resource Flows

Nonprofits are often thought of in terms of the people they serve and the missions they carry out; however, they also play an important economic role in their local communities. The nonprofit sector both brings in and distributes a large amount of resources throughout Louisiana's economy. In order to understand how nonprofits relate to the larger economy, this section looks at how resources flow into and out of the sector. Figure 9 below illustrates this process, as nonprofits bring money in through their revenues, hold on to wealth with their assets, and then put money back into the economy through spending.

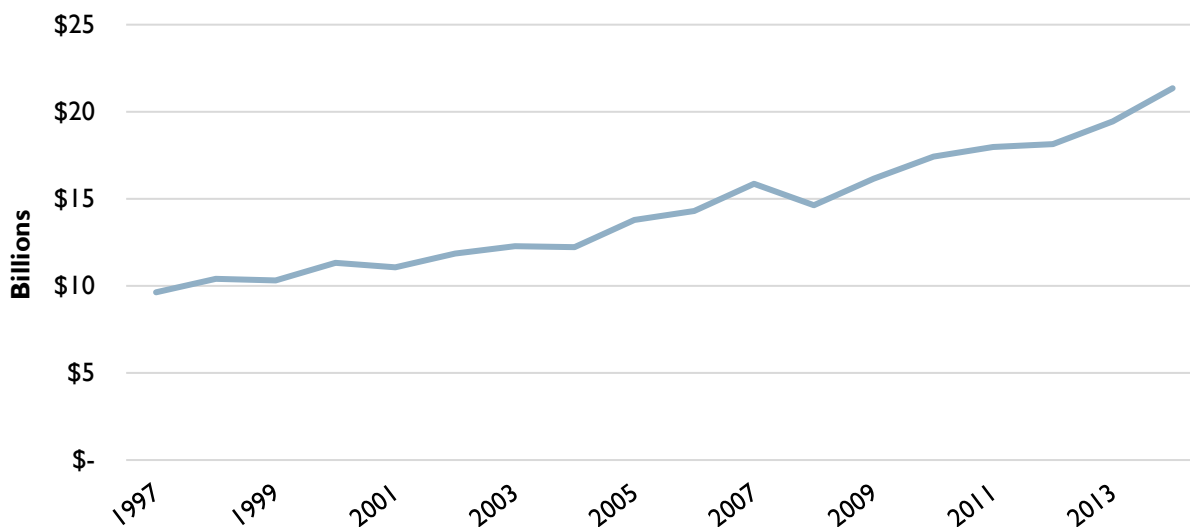


The nonprofit sector in Louisiana has significant resource flows, and therefore makes a significant contribution to the state's economy. The following section will describe nonprofit revenue, assets, and expenditures in the state in detail to show the economic importance of the sector.

Money Coming In

Louisiana nonprofits bring in large amounts of revenue from program income, contributions, grants, and other income sources. This revenue is important as it represents money the sector can then spend to achieve organizational goals. It also highlights the crucial role nonprofits play in Louisiana's economy. Figure 10 below shows how public charities in Louisiana have increased their revenue significantly, by 122%, from 1997 to 2014.⁵

Figure 10 Louisiana Public Charity Revenue



Source: NCCS Core Files, 1997-2014. Adjusted for inflation.

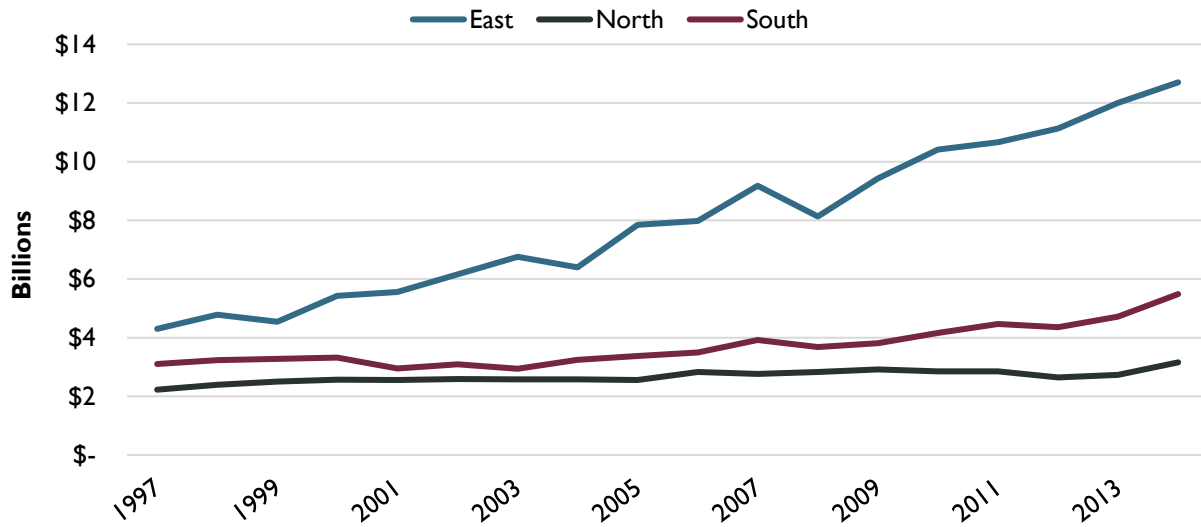
However, the growth of public charity revenues has not occurred evenly across the three regions of Louisiana. The East region has grown by 195% while the South has grown by 77% and the North by 42%, as shown in Figure 11.⁶ These gaps in growth do not disappear, even after controlling for different population in the three regions, as seen in Figure 12.⁷ Additionally, there is a small drop in revenue in 2008 in the state and particularly for the East region, indicating that revenues are sensitive to strong economic events, such as the Great Recession. For a discussion of how other nonprofit measures react to economic events, see the Areas of Concern section of this report.

⁵ For this measure, data for several large health nonprofits were not included in NCCS Core files for 2005, 2007, and 2011, although the data were reported to the IRS. Therefore, for 2005 and 2007, revenue amounts for missing nonprofits were added into the dataset based on the 990 forms from Guidestar to show a more accurate revenue total for the year. For 2011, the total revenue amount was imputed using an average of 2010 and 2012 data.

⁶ Data from NCCS Core Files was supplemented with 990 data from Guidestar for 2005 and 2007 and imputed data for 2011 as described in footnote 5.

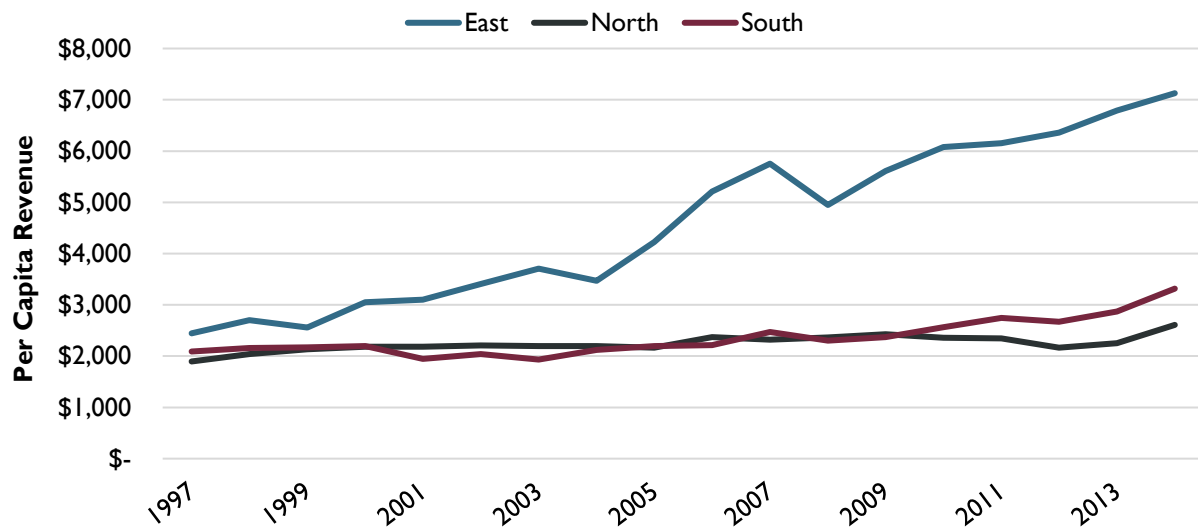
⁷ Data from NCCS Core Files was supplemented with 990 data from Guidestar for 2005 and 2007 and imputed data for 2011 as described in footnote 5.

Figure 11 Public Charity Revenue by Region



Source: NCCS Core Files, 1997-2014. Adjusted for inflation.

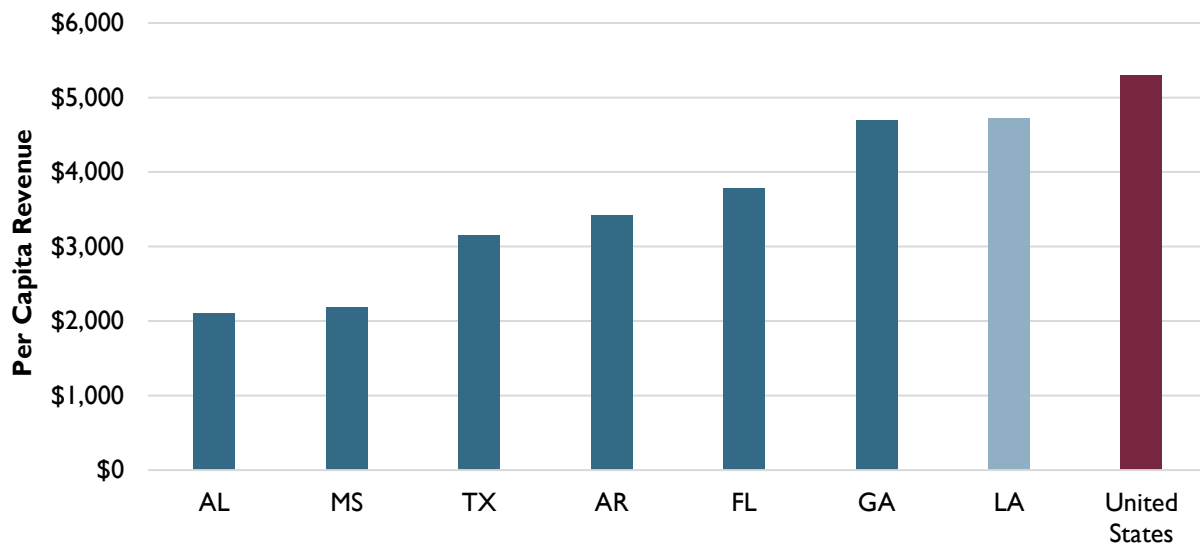
Figure 12 Public Charity Revenue Per Capita by Region



Sources: NCCS Core Files, 1997-2014. U.S. Census Bureau. Adjusted for inflation.

Louisiana is just under the national average of revenue per capita, as seen in Figure 13. Additionally, in comparison to other Southeast states, Louisiana ranks highest in state nonprofit revenue per capita. This indicates that while Louisiana may slightly trail the national average, Louisiana nonprofits are among the strongest in the region in terms of bringing in revenue to their organizations.

Figure 13 Public Charity Revenue per Capita (2014)



Sources: NCCS Core Files, 2014. U.S. Census Bureau. Adjusted for inflation.

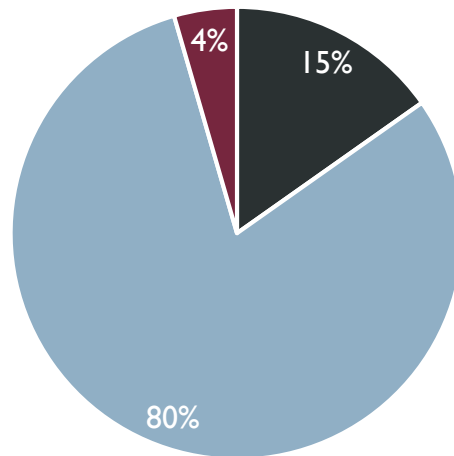
Program Income Drives Revenue

When people think of nonprofit revenue, they often think of donations given to the sector by individuals. However, as shown in the income reliance ratio for nonprofits in Figure 14, contributions, including personal donations and grant money, make up only 15% of the sector's revenue. Overall, the majority of the revenue for public charities comes from program income, which means fees for service and other revenue given to nonprofits in exchange for their goods or services.

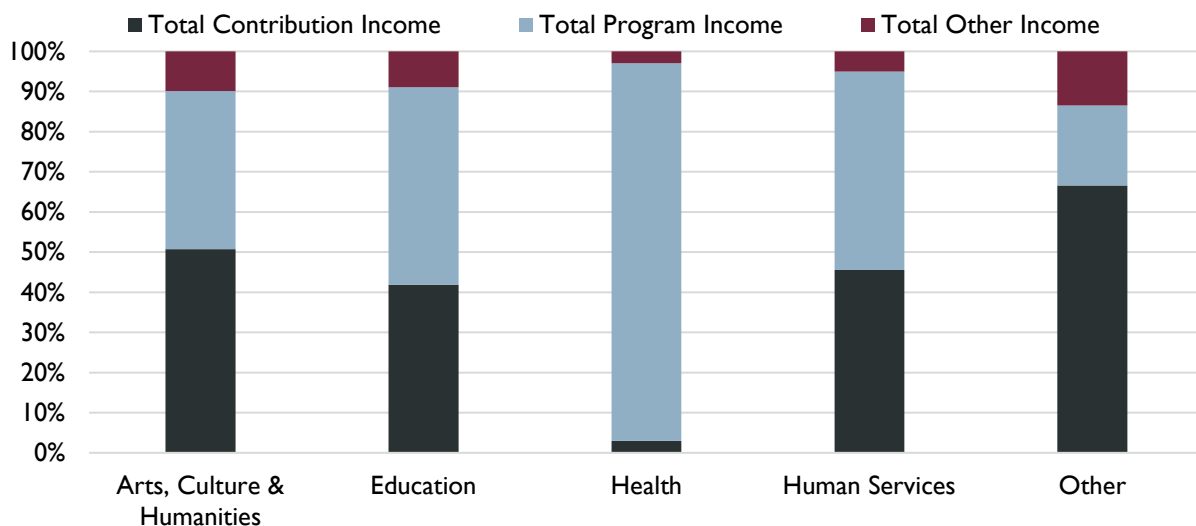
80% of revenue for all public charities comes from program income.

Figure 14**Public Charity Income Reliance Ratio (2014)**

■ Contributions ■ Programs ■ Other Income

*Source: NCCS Core Files, 2014.*

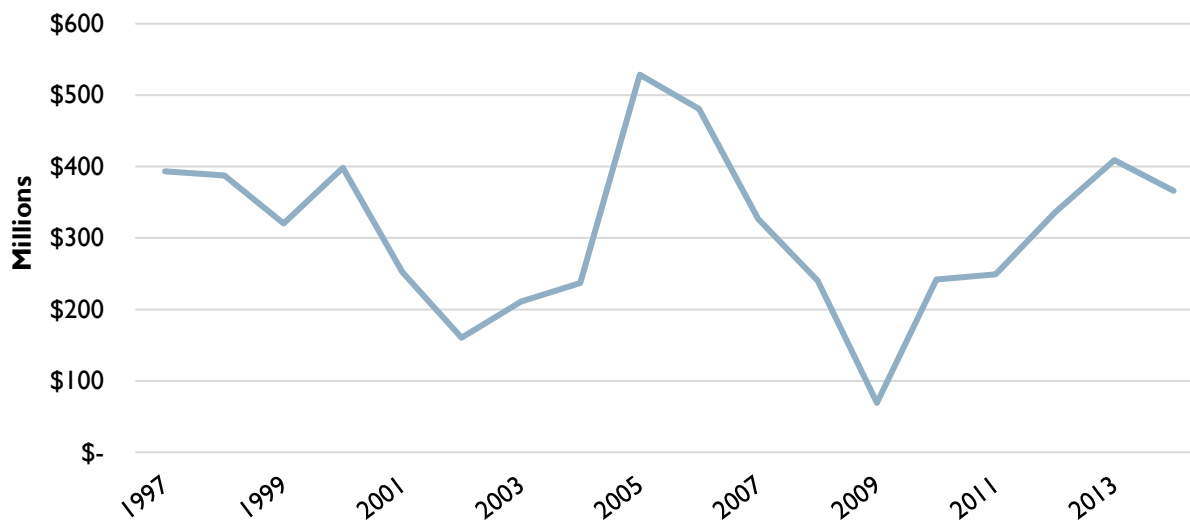
The income reliance ratio for public charities differs by nonprofit field, as shown in Figure 15. Program income is especially important for the health field because organizations such as hospitals gain most of their income in payment for medical services. However, the other main nonprofit fields also earn significant amounts of their revenue through program income. In fact, 49% of revenue in human services, the field with the most organizations, comes from program income.

Figure 15**Income Reliance Ratios by Field***Source: NCCS Core Files, 2014.*

Private Foundation Revenue Is More Volatile

While public charities in Louisiana have seen consistent growth, revenue for private foundations has been more volatile, as shown in Figure 16. Foundations often make money from investments, so it is not surprising that national economic events, such as recessions in the early 2000s and the Great Recession affected revenue for these organizations. This responsiveness to economic events is discussed more in the Areas of Concern section of this report.

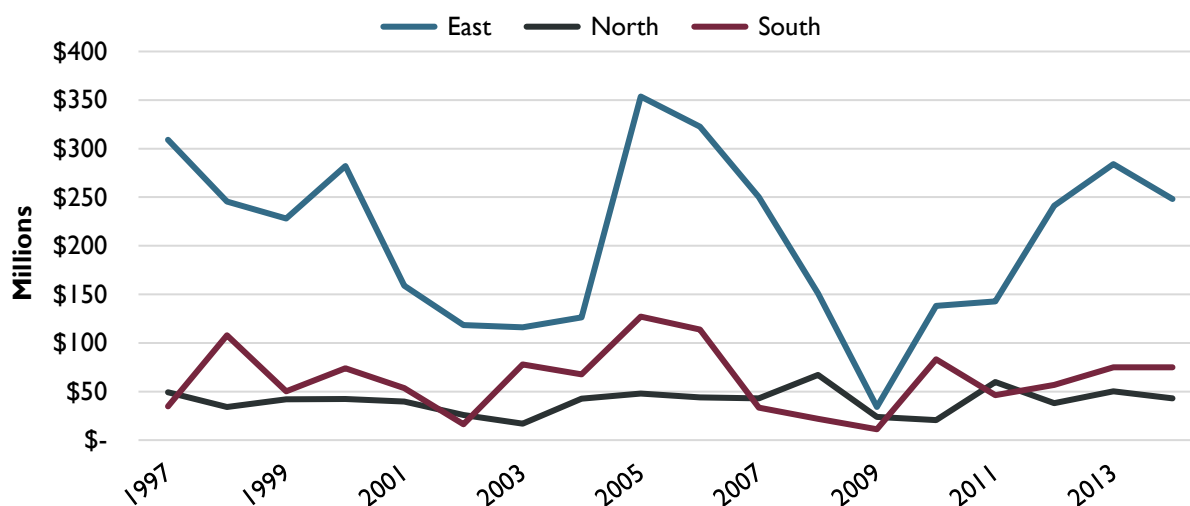
Figure 16 Louisiana Private Foundation Revenue



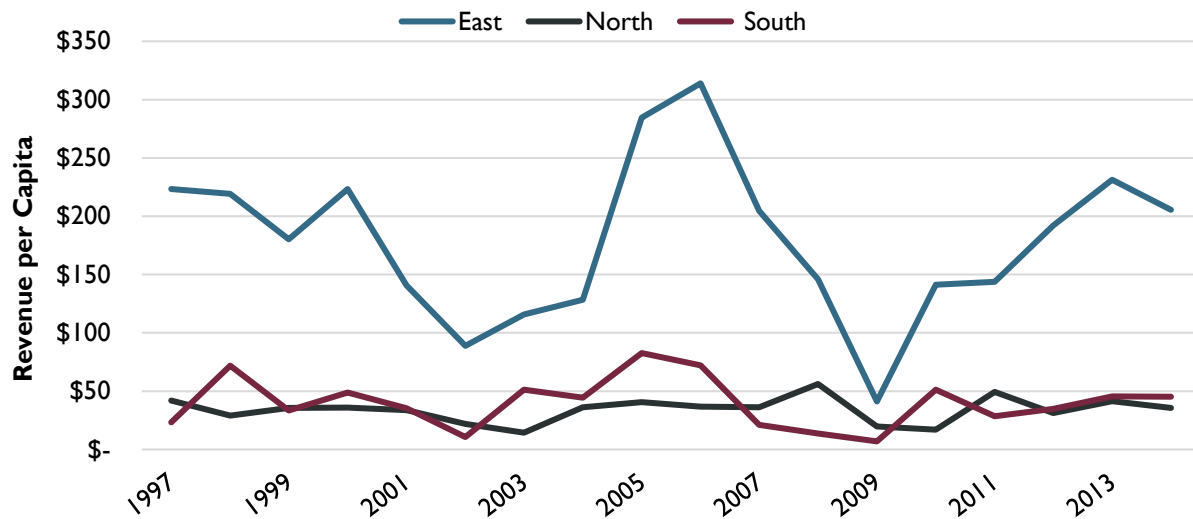
Source: NCCS Core Files, 1997-2014. Adjusted for inflation.

As with public charities, the East leads the regions in terms of private foundation revenue, as shown in Figure 17, and this difference holds up even after controlling for population, as shown in Figure 18.

Figure 17 Private Foundation Revenue by Region



Source: NCCS Core Files, 1997-2014. Adjusted for inflation.

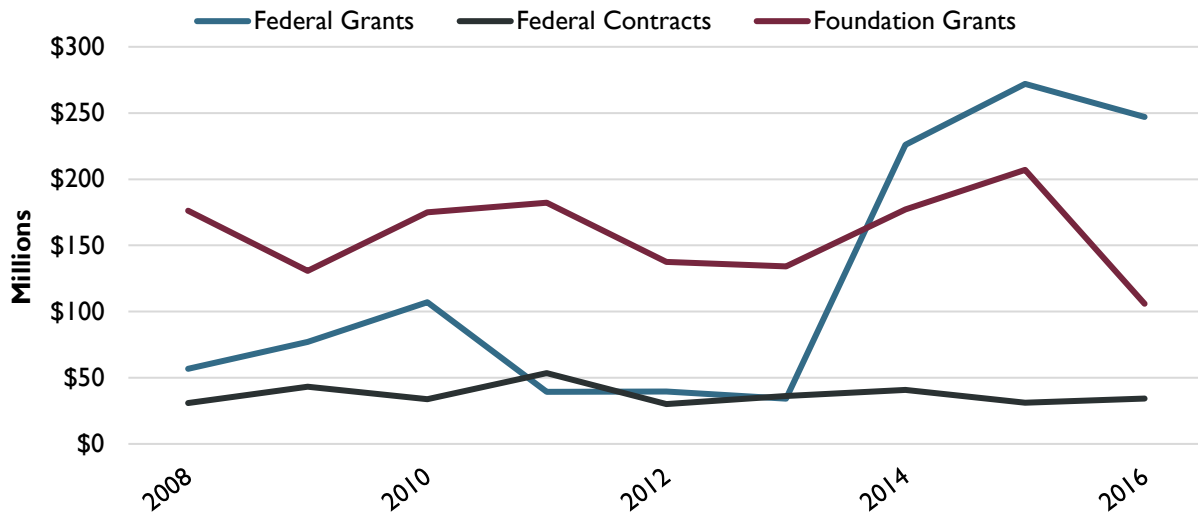
Figure 18**Private Foundation Revenue per Capita by Region**

Source: NCCS Core Files, 1997-2014. Adjusted for inflation.

Nonprofits Draw in Grants and Contracts

Two sources of revenue for nonprofits are federal and foundation money. Federal money comes to nonprofits in terms of both grants and contracts, and foundations give grants to Louisiana organizations. While grants are given to allow a nonprofit to pursue a particular program or for general support, contracts represent an agreement between a nonprofit and the federal government to complete a particular service.

Figure 19 highlights these grant and contract funding sources. The funding spike in federal grants between 2013 and 2014 is due to a large increase in U.S. Department of Health and Human Services (HHS) grants during that period of time. As these HHS grants are fairly recent, it is unclear if the funding will remain stable over time. A change in HHS grant funding does have the potential to affect the stability of grant and contract revenues for Louisiana nonprofits in the future and may indicate a potential area of concern for the overall stability of nonprofit revenues.

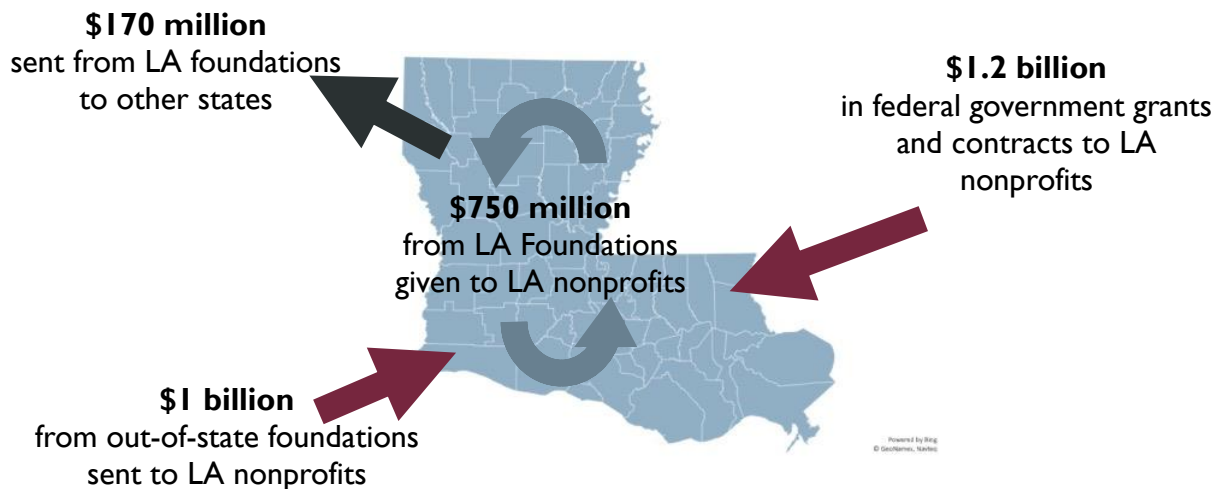
Figure 19**Grants and Contracts (Government and Private Foundations)**

Sources: Foundation Center, 2008-2016. Legacy.usaspending.gov. Adjusted for inflation.

In terms of both federal money and foundation grants, Louisiana nonprofits successfully draw in money from out-of-state. While Louisiana foundations consistently award Louisiana nonprofits a large share of their own grant funding,

Louisiana nonprofits are successful in pulling in resources from the federal government and foundations in other states (Figure 20). Out-of-state grants and contracts are a significant resource for nonprofit organizations within the state.

Louisiana foundations gave \$750 million in grants to Louisiana nonprofits from 2008-2015.

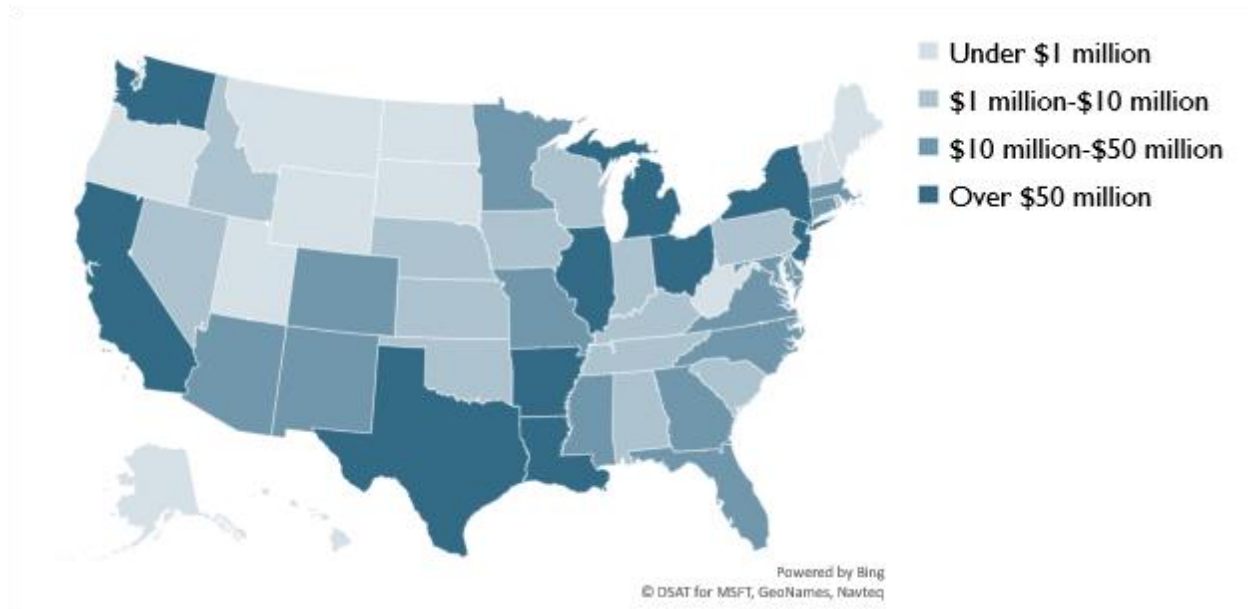
Figure 20**Grant Money Flowing into Louisiana (2008-2015)**

Sources: Foundation Center, 2008-2016. Legacy.usaspending.gov. Adjusted for inflation.

From 2003 to 2017, foundations from all 50 states and the District of Columbia gave grants to Louisiana nonprofits. While Louisiana itself was the largest source of foundation grants, giving \$1.2 billion over this time period, several other states also sent significant amounts including \$347 million from New York and \$181 million from Michigan. The amounts given by all states can be seen in Figure 21 below.

Figure 21

Sources of Foundation Grants for Louisiana Nonprofits (2003 -2017)



Source: Foundation Center, 2003-2017. Adjusted for inflation.

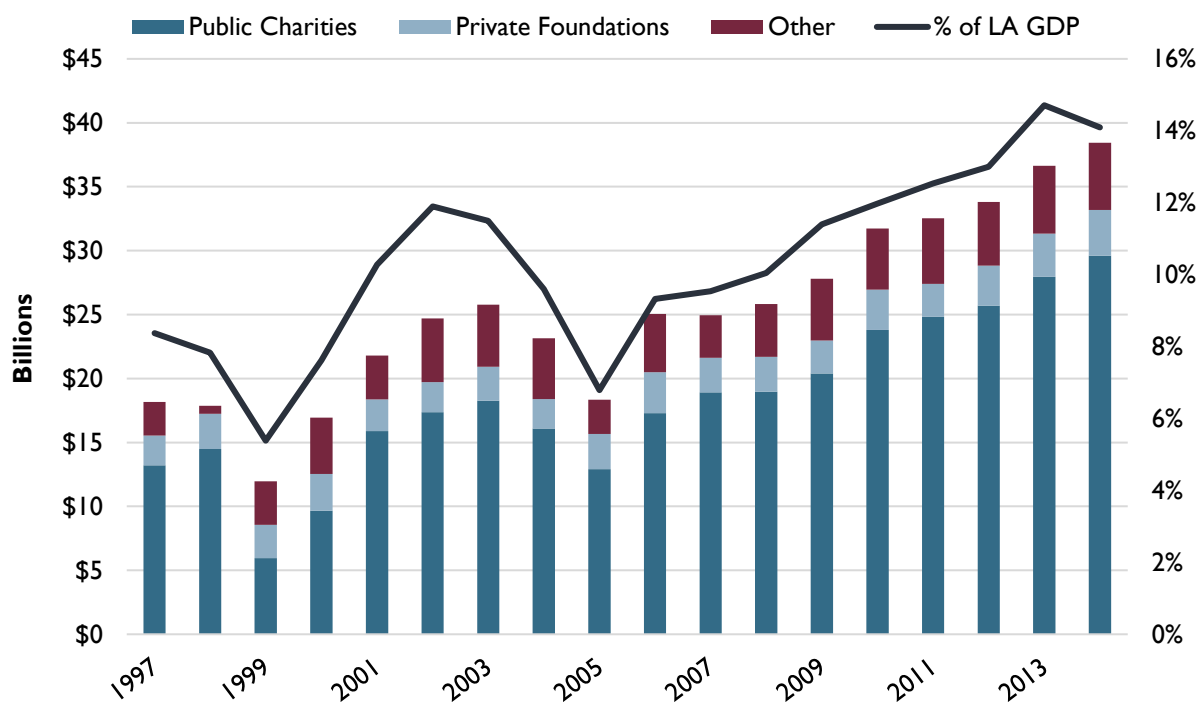
Overall, Louisiana nonprofits generate a large amount of revenue from in-state sources, foundations in other states, and the federal government, which they can then use to provide services to the state.

Assets

Many nonprofit organizations have assets that allow them to be financially stable and plan for the future. Nonprofit assets may include cash, savings, inventories for sale or use, land, and other investments. These assets can allow nonprofits to store wealth for use in the future. Therefore, measuring these assets can give an idea of the size of the nonprofit sector in economic terms and provide an indicator of how the sector has changed and how it stacks up within the overall economy. In Louisiana, nonprofit wealth in terms of assets has grown over time. Figure 22 below shows how nonprofits in Louisiana have increased their assets from around \$18 billion in 1997 to \$38 billion in 2014 after controlling for inflation, which represents an increase of 112%. This increase has been driven primarily by the growth in assets of public charities in the sector. Private foundations and other organization types have also seen their assets grow, but to a lesser extent.

Louisiana nonprofit assets have increased from \$18 billion in 1997 to \$38 billion in 2014.

Figure 22 Statewide Nonprofit Assets as a Percentage of GDP



Source: NCCS Core Files, 1997-2014. Adjusted for inflation.

Nonprofit assets in Louisiana have not only grown, but they have grown faster than the state's GDP. In 1997, nonprofit assets were equivalent to 8% of the state's GDP, while in 2014 that figure was 14%. Nonprofits are becoming an increasingly large sector in terms of their financial size in the state from 1997 to 2014.

Figure 22 also highlights that nonprofit assets have not grown stably over time. In a pattern seen in several financial measurements, assets dropped around 1999 during a major financial event and 2005 when Hurricane Katrina struck the state. A full

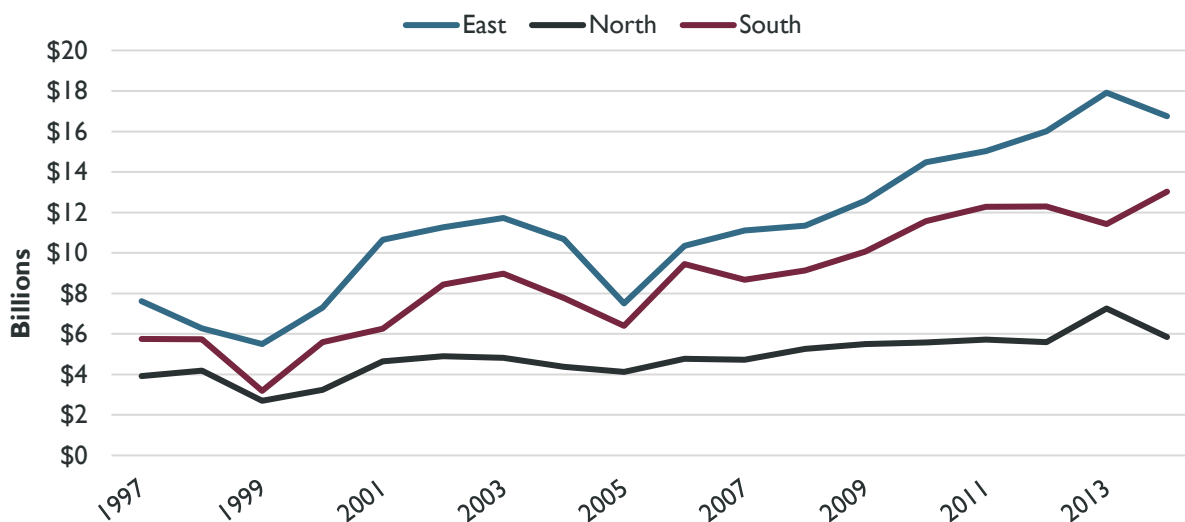
In 2014, nonprofit assets were equivalent to 14% of Louisiana's GDP.

explanation of nonprofits' reactions to natural and economic events is provided in the Areas of Concern section of this report.

The three regions of Louisiana also show differences in the levels of nonprofit assets. While all regions have seen growth in assets over time, as shown in Figure 23, the East has seen the largest growth and the gap in total assets has widened, particularly between the East and North regions. These differences persist even after controlling for different regional populations, as seen in Figure 24. In fact, during this period the East saw its per capita assets grow by 117%, while the South saw 104% growth, and the North had its per capita assets grow by 44%. For a detailed discussion of the implications of regional differences in nonprofit resources, see the Areas of Concern section later in this report.

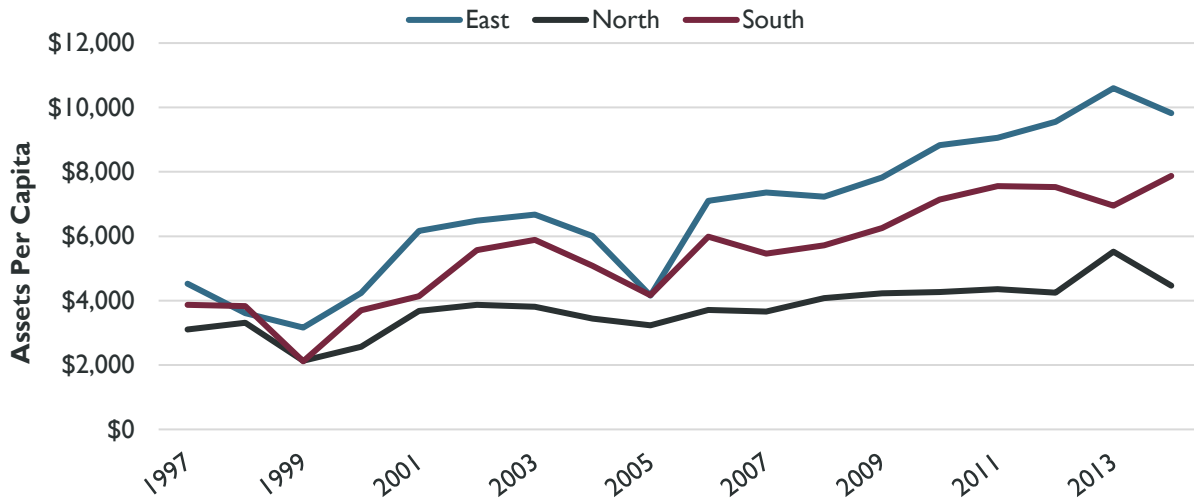
Per capita assets have increased by 117% in the East and by 104% in the South, while the North has grown by only 44%.

Figure 23 Nonprofit Assets by Region



Source: NCCS Business Master File, 1997-2014. Adjusted for inflation.

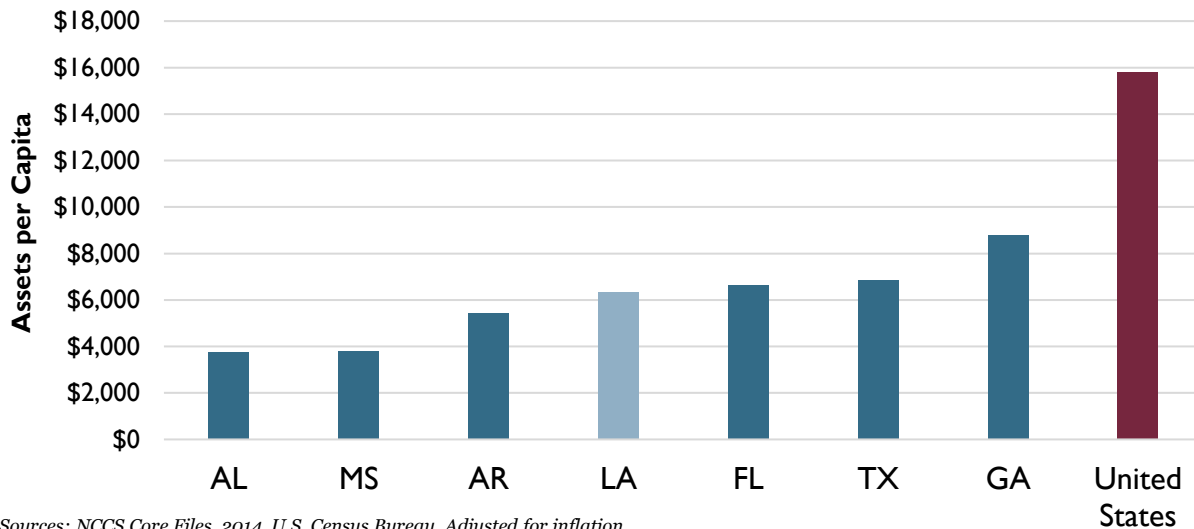
Figure 24 Assets per Capita by Region



Sources: NCCS Business Master File, 1997-2014. U.S. Census Bureau. Adjusted for inflation.

Overall, the value of nonprofit assets shows the importance of the sector in Louisiana and its growth relative to the state's economy. Nonprofit assets provide a picture of their value in the state and their importance to the state economy. Although nonprofits clearly play a large role in Louisiana in comparison to the state economy, Louisiana nonprofits have fewer assets per capita than the nation as a whole. Figure 25 compares the 2014 assets per capita of public charities in Louisiana, the United States, and several states in the Southeast. This highlights that while Louisiana nonprofits are in the middle of the pack regionally, Southeast states lag behind the national average in terms of per capita assets. This is an important signal that the nonprofit sector is not as strong in Louisiana as in other parts of the country.

Figure 25 Nonprofit Assets per Capita (2014)

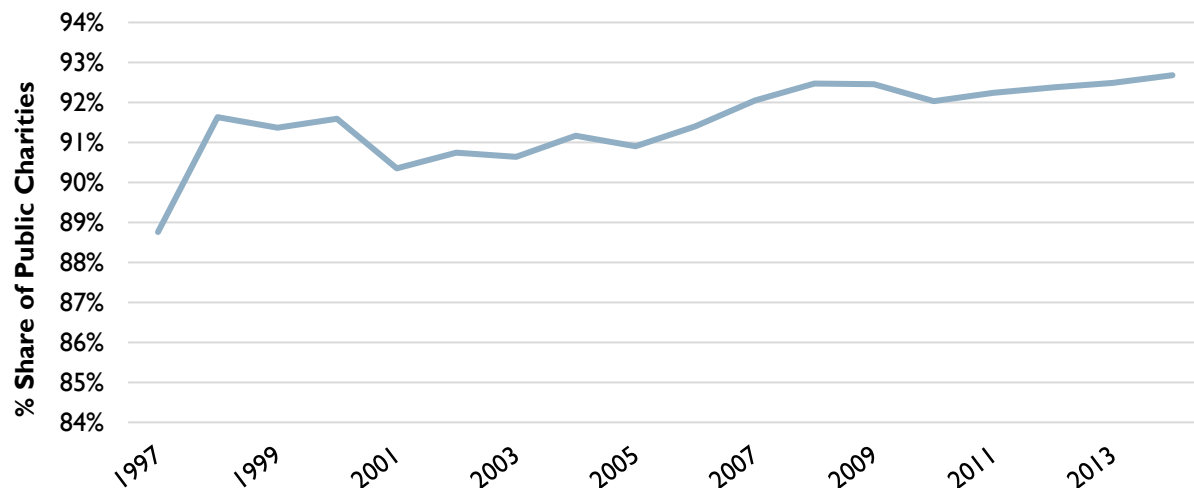


Sources: NCCS Core Files, 2014. U.S. Census Bureau. Adjusted for inflation.

Public Charities with Assets Exceeding Liabilities

One way to look at the financial health of the sector is to compare nonprofit assets to liabilities. The debt-to-asset ratio is a way to measure the percentage of public charities that have assets exceeding liabilities in a given time period. This measure is useful in showing how many nonprofits have solid long-term financial measures. Figure 26 shows this long-term fiscal health measurement, from 1997 to 2014, and how it has improved over time, despite economic conditions or natural disaster events.

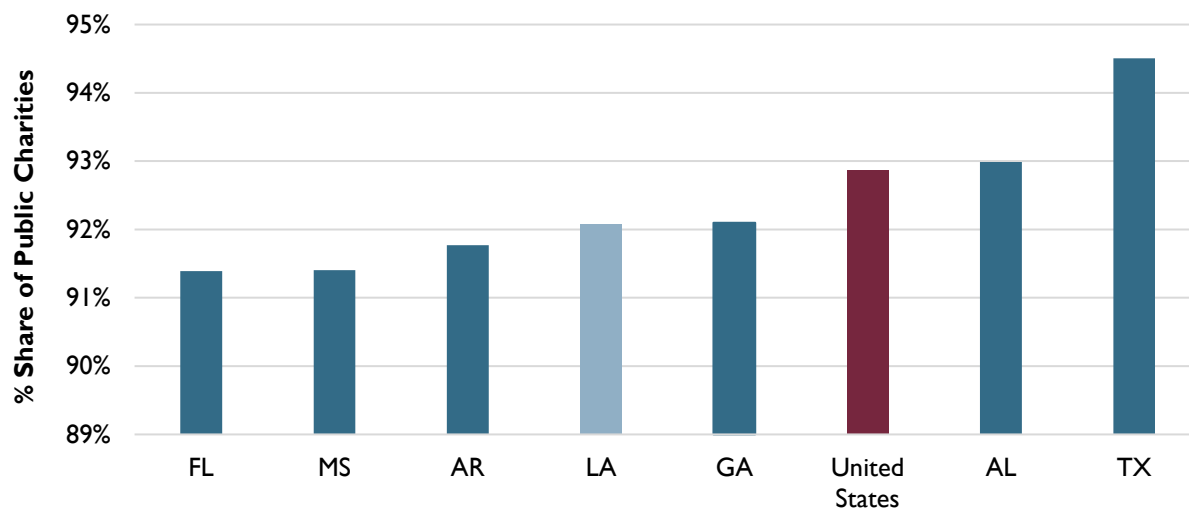
Figure 26 Public Charities with Assets Exceeding Liabilities



Source: NCCS Core Files, 1997-2014.

Louisiana ranks in the middle of the pack in comparison to other states on this measure, and just under the national average of the percent of charities with assets exceeding liabilities, as seen in Figure 27. This shows a fairly positive position overall for the long-term health of public charities in the state.

Figure 27 Public Charities with Assets Exceeding Liabilities (2014)



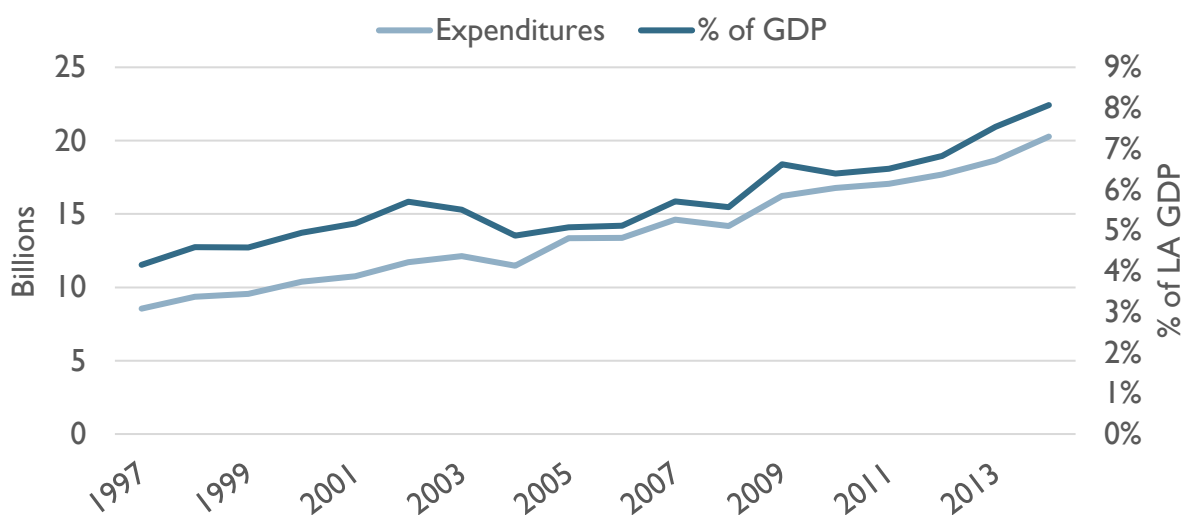
Source: NCCS Core Files, 2014.

Money Spent

A common misperception is that nonprofit organizations are a small part of the state economy. However, a look at nonprofit spending in the state indicates that nonprofits are a significant part of the state's economy. Expenditures represent a crucial portion of the nonprofit resource flow as they show how nonprofits put the money they earned back into the Louisiana economy.

Nonprofit spending has shown steady growth over the past 20 years for public charities, as shown in Figures 28, 29, and 30.⁸ Expenditures were equal to 8% of the state GDP in 2014, with \$20 billion total. Figure 28 shows a growth rate of 137% from 1997 to 2014, indicating that public charity expenditures have grown faster than the rest of the state's economy and are becoming an increasingly important part of the state.

Figure 28 Louisiana Public Charity Expenditures

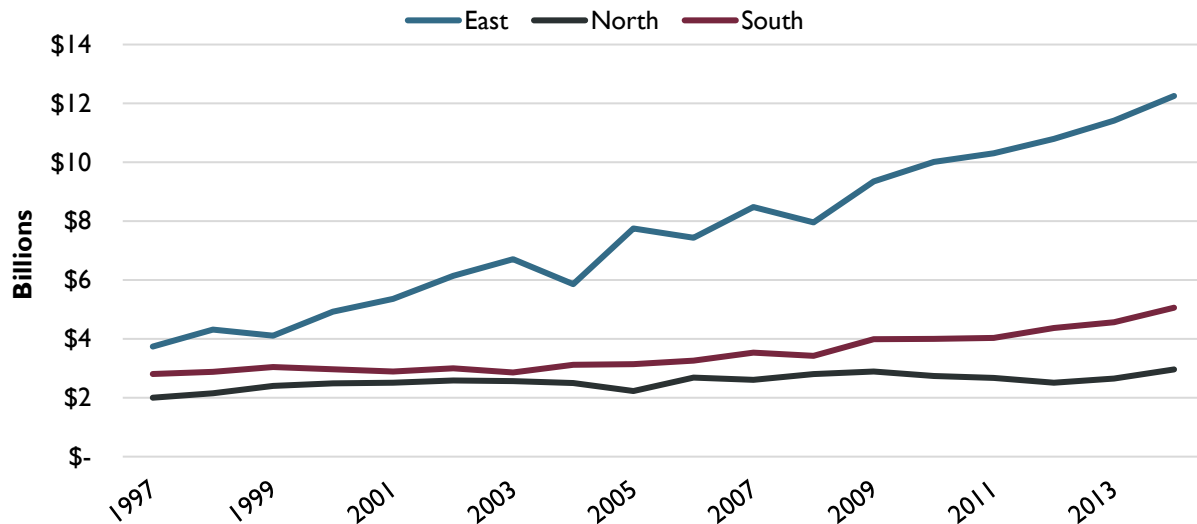


Source: NCCS Core Files, 1997-2014. FRED Economic Data. Adjusted for inflation.

⁸ For Figures 28, 29, and 30, data from NCCS Core Files was supplemented with 990 data from Guidestar for 2005 and 2007 and imputed data for 2011 as described in footnote 5.

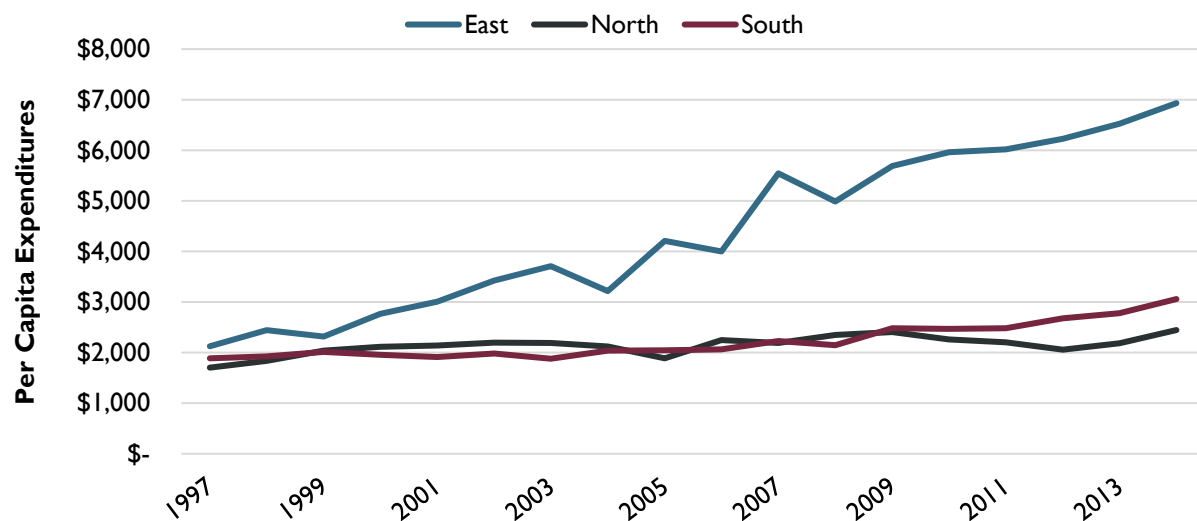
When comparing the three regions of Louisiana, as shown in Figures 29 and 30, it is evident that the East region drives the pattern of expenditures for the entire state. This pattern is also reflected after controlling for population, shown in Figure 30.

Figure 29 Public Charity Expenditures by Region



Source: NCCS Core Files, 1997-2014. Adjusted for inflation.

Figure 30 Public Charity Expenditures per Capita by Region

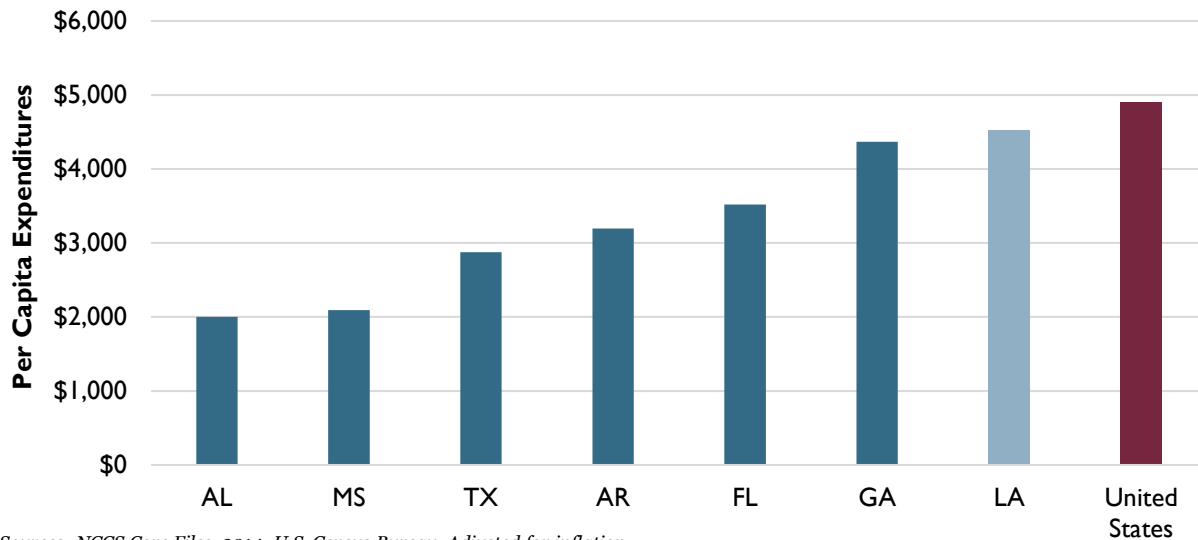


Sources: NCCS Core Files, 1997-2014. U.S. Census Bureau. Adjusted for inflation.

Compared to national data, Louisiana is just under the average of expenditures per capita. However, in comparison to other Southeast states (Figure 31), Louisiana ranks

highest in expenditures per capita. This shows the importance of nonprofits to the state and their economic importance in comparison to other states in the region.

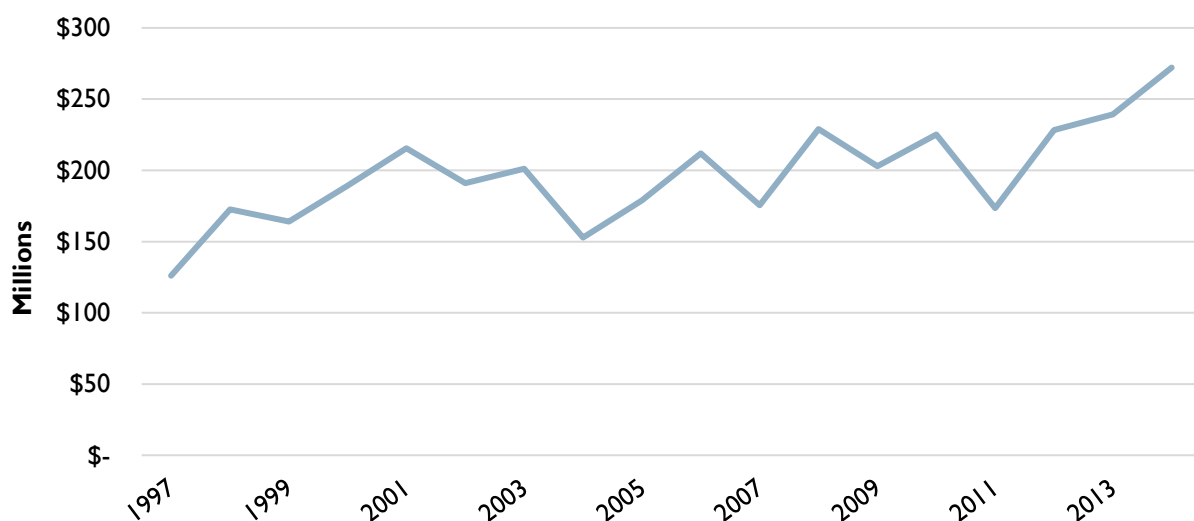
Figure 31 Public Charity Expenditures per Capita (2014)



Private Foundation Expenditures

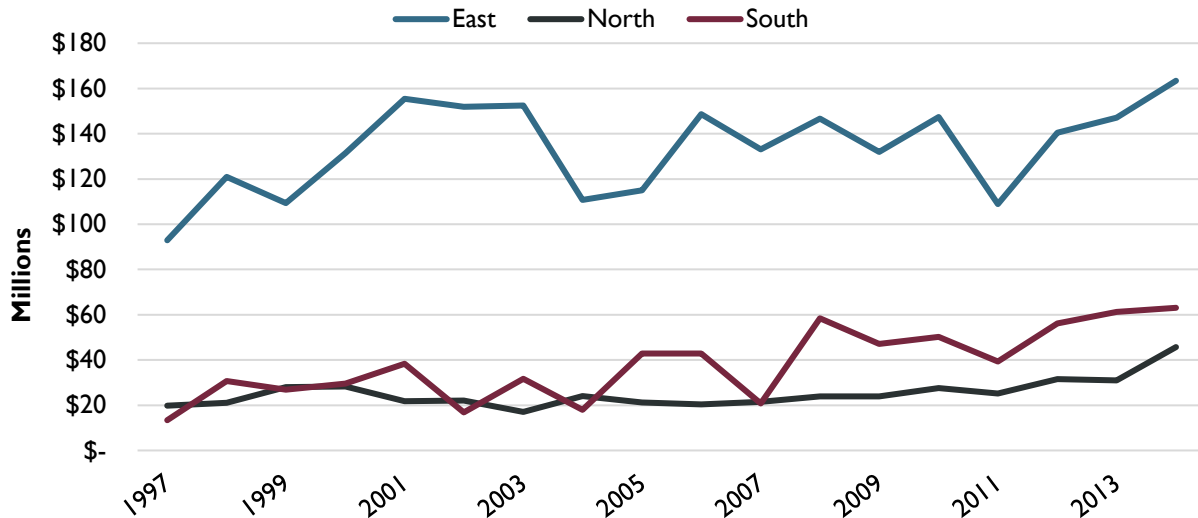
Like public charities, private foundations in the state have also seen expenditure growth over time, as shown in Figure 32. While private foundations have significantly lower expenditures than public charities, they still play an important role in the nonprofit sector as they support other organizations. From 1997 to 2014, private foundations in the state have increased their expenditures by 116%.

Figure 32 Louisiana Private Foundation Expenditures



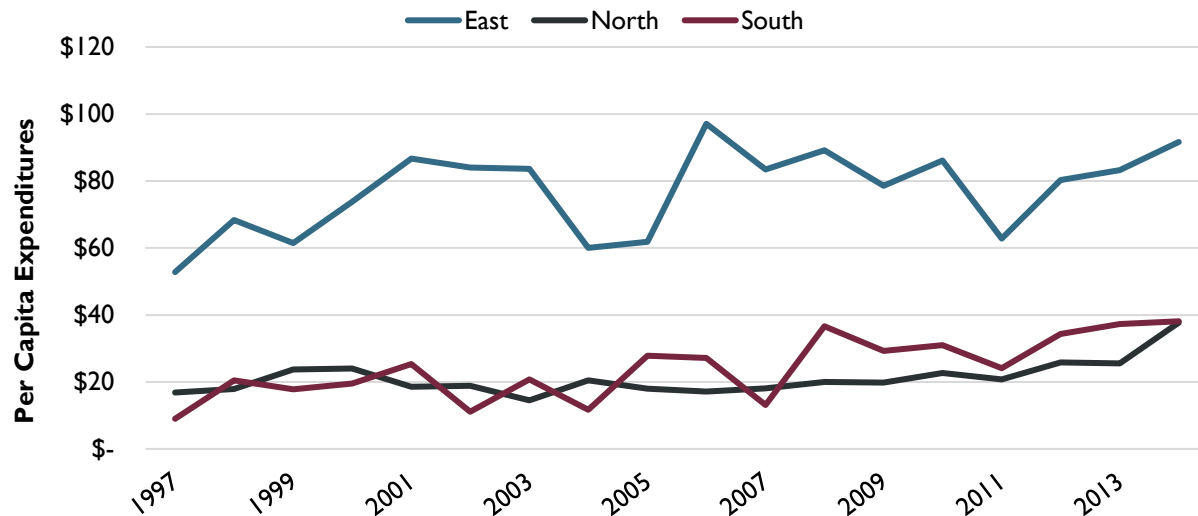
Once foundation expenditures are separated by region, as shown in Figures 33 and 34, it becomes clear that the East is responsible for the majority of foundation expenditures, even after controlling for population (Figure 34).

Figure 33 Private Foundation Expenditures by Region



Source: NCCS Core Files, 1997-2014. Adjusted for inflation.

Figure 34 Private Foundation Expenditures per Capita by Region

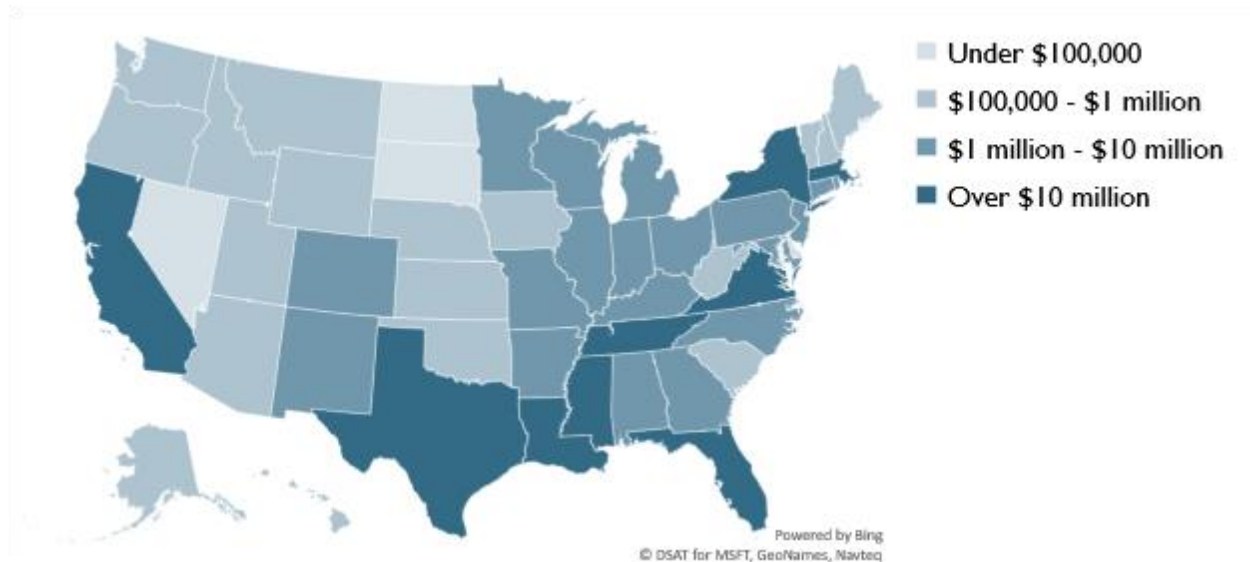


Sources: NCCS Core Files, 1997-2014. U.S. Census Bureau. Adjusted for inflation.

A large portion of foundation expenditures include grants given to other organizations. While a majority of these stay within the state as shown in Figure 20, other states also benefit from Louisiana foundation grants. Figure 35 shows that the other states that gain the most grants from Louisiana include nearby states like Texas, which received \$57 million between 2003 and 2017, as well as New York, which received \$36 million, and Florida, which received \$33 million in this time period.

Figure 35

States Receiving Louisiana Foundation Grants (2003-2017)



Source: Foundation Center, 2003-2017. Adjusted for inflation.

Nonprofits Are a Major Source of Employment

One of the most important ways nonprofits contribute to the economy is through spending on employees. Employment and compensation of employees is another area that has shown growth over the past 20 years. For the entire state of Louisiana, one out of every 10 workers is employed in the nonprofit sector. This translates to over

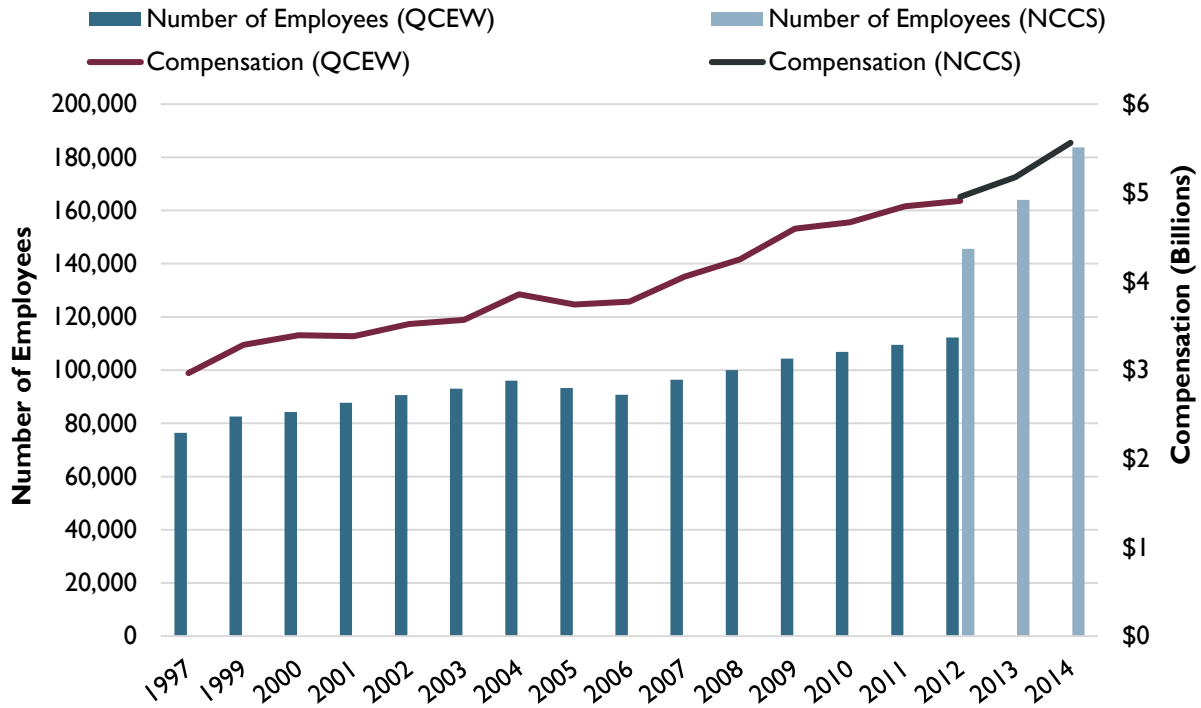
1 out of every 10 workers in Louisiana is employed by the nonprofit sector.

180,000 jobs within the sector in 2014 as shown in Figure 36.⁹ This is higher than several other industries like transportation and food preparation/serving which employ 7% and 9% of the workforce respectively.¹⁰ Nonprofit employees were paid over \$5 billion in 2014.

⁹ Because there was not employment data available for the full time period from a single source, data from QCEW and NCCS Core Files was used. Both data sources were available in 2012. While the compensation estimates were very similar, Core Files had significantly more employees.

¹⁰ These data come from the Bureau of Labor and Statistics.

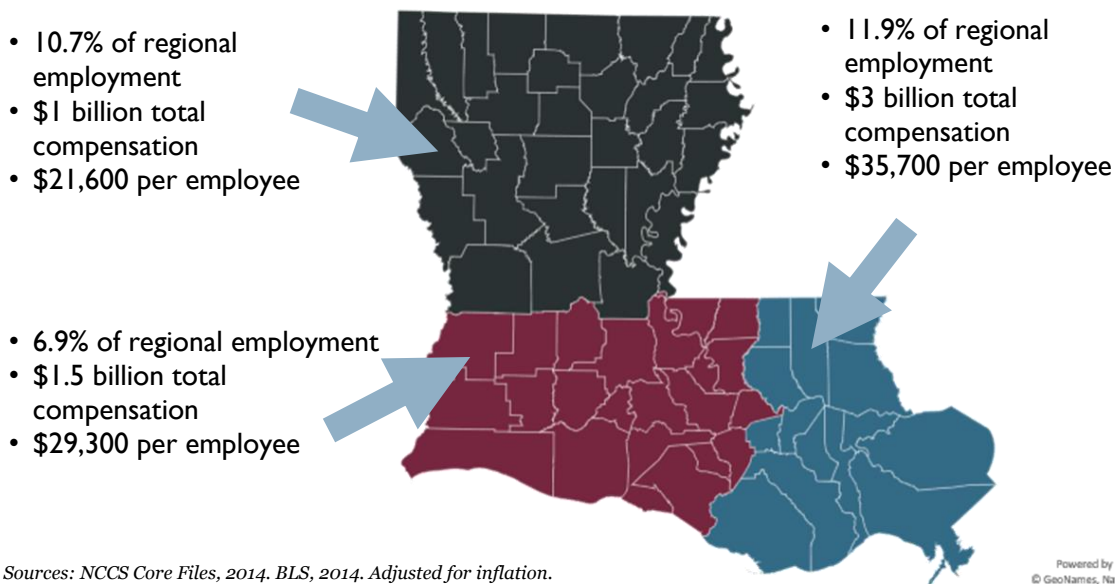
Figure 36 Nonprofit Employment and Compensation



Sources: QCEW data from Johns Hopkins, 1997-2007. BLS, 2007-2012. NCCS Core Files, 2012-2014. Adjusted for inflation.

The nonprofit sector is a major employer across all three regions of Louisiana. As shown in Figure 37, the East region shows the greatest percentage of the workforce employed in public charities and the highest average salary per employee.

Figure 37 Employment and Compensation by Region



Sources: NCCS Core Files, 2014. BLS, 2014. Adjusted for inflation.

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Summary of Nonprofit Resource Flows

The Louisiana nonprofit sector is an important part of the state's economy, as demonstrated by its large resource flows. Nonprofits in the state demonstrate strong growth and an important economic role. Key findings include:

- Public charity revenue has increased by 122% from 1997 to 2014, and in 2014, 80% of that revenue came from program income.
- Nonprofits brought in \$1 billion in grants from out-of-state foundations from 2008 to 2015 and \$1.2 billion in grants and contracts from the federal government during that time period.
- Nonprofits held \$38 billion in assets in 2014, which represents a growth of 112% from 1997.
- Public charity expenditures were \$20 billion in 2014, which is equivalent to 8% of the state GDP. These expenditures grew by 137% from 1997 to 2014.
- 1 out of every 10 workers in Louisiana was employed by the nonprofit sector in 2014, which translates to over 180,000 jobs.

Total Economic Contributions

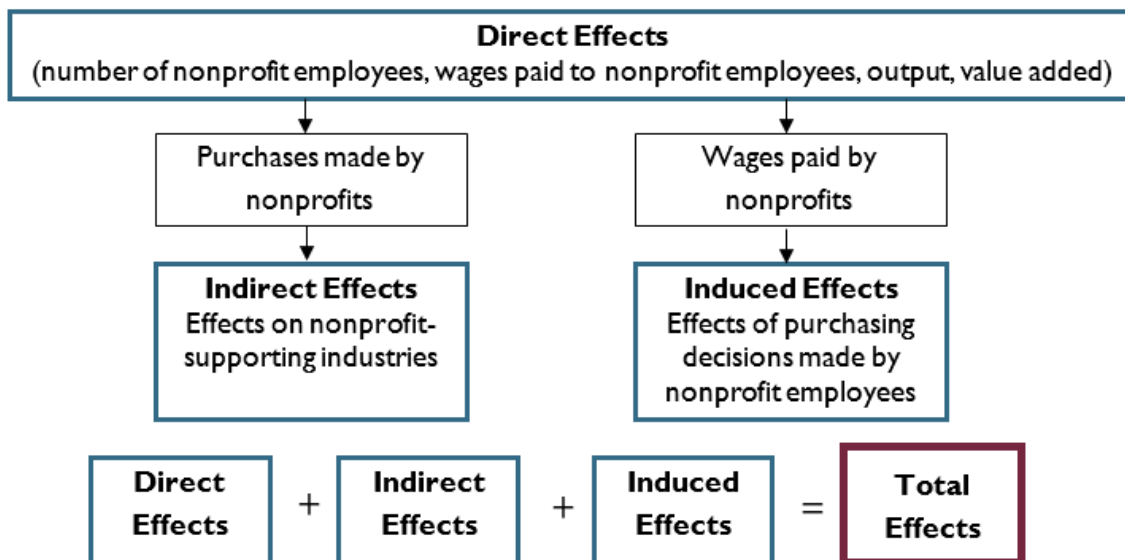
Louisiana nonprofits interact with other actors in the broader economy by purchasing and producing goods and services and paying wages to employees. Every dollar spent by a nonprofit becomes income to either a vendor, another organization, or an employee, which creates ripple effects in the broader economy through direct, indirect, and induced contributions.

An input-output analysis captures this rippling effect for public charities in Louisiana for 2014, the most recent year for which

complete data are available. Based on the principle that one sector's input is another sector's output, Figure 38 shows how the IMPLAN software works to calculate the total effect of any sector or activity on the broader economy. For a fuller explanation of the methodology for calculating economic contributions, see Appendix A.

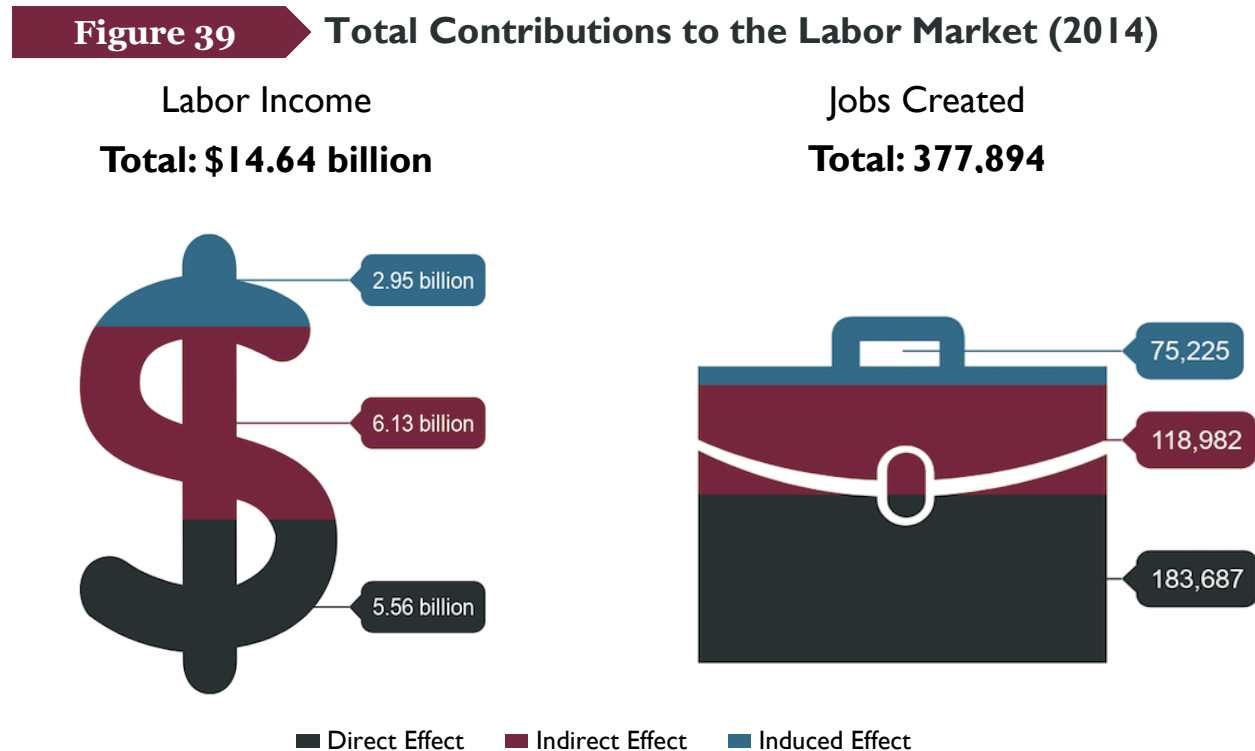
The direct spending of the nonprofit sector creates ripple effects in the economy.

Figure 38 Input-output Model



A Key Player in the Louisiana Economy

The Louisiana nonprofit sector contributes significantly to the state's economy through its employment as well as its interaction with other sectors. Public charities, the largest group of organizations in the sector, directly spent \$5.56 billion on wages of 183,687 employees in 2014. Figure 39 summarizes the ripple effect of these expenditures.



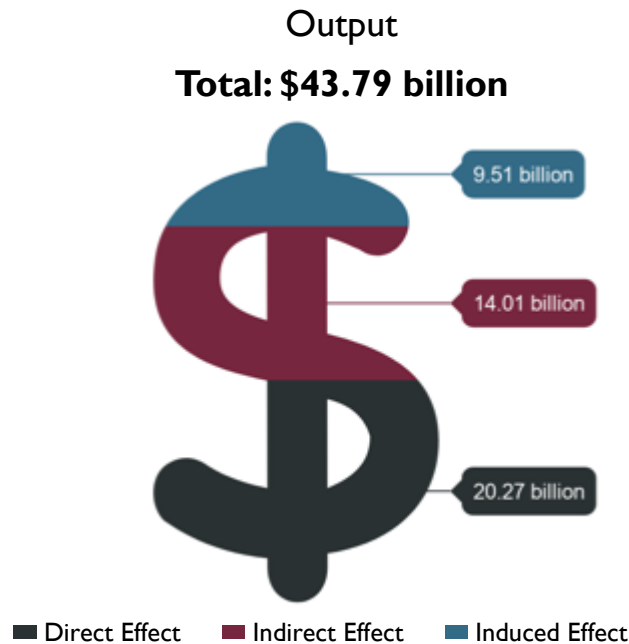
Sources: IMPLAN Online. NCCS Core Files, 2014. Adjusted for inflation.

These direct contributions then rippled through Louisiana's economy and created indirect contributions of \$6.13 billion in wages and 118,982 employees and induced contributions of \$2.95 billion and 75,225 employees. This means the direct contributions of the sector supported an additional \$9.08 billion in wages and an additional 194,207 jobs in the state. In other words, for every \$100 spent by nonprofits on employee wages, an additional \$163 in employee wages were created; 100 nonprofit jobs supported an additional 106 jobs in the Louisiana economy in 2014.

An additional \$163 in wages was created for each \$100 spent by the nonprofit sector on wages and an additional 106 jobs were supported for every 100 nonprofit jobs.

Through its activities, the nonprofit sector supports other sectors as they produce goods and services. The final dollar value of this support for other sectors can be represented as total output of the sector, oftentimes measured by expenditures, as illustrated in Figure 40.

Figure 40 Total Contributions to the Economy (2014)



*Sources: IMPLAN Online. NCCS Core Files, 2014.
Adjusted for inflation.*

The final dollar value of the goods and services generated due to the sector's activity was estimated to be \$43.79 billion, which was equivalent to approximately 16% of the state GDP for the same year.¹¹ This indicates that for every \$100 in direct spending by the nonprofit sector, an additional \$116 of activity was generated in the Louisiana economy in 2014.

¹¹ FRED Economic Data, 2014. Available at <https://fred.stlouisfed.org/series/LANGSP>



Areas of Concern

Although the sector has seen significant growth over the last 20 years, some trends in the data could be of concern. Nonprofits are not equally distributed across the state, with uneven numbers both regionally and by parish. In addition, the nonprofit sector shows a youth that is concerning, as well as an uneven distribution of the resources among fields. Volunteering shows both a downward trend and a concentration of volunteers in religious organizations. Finally, private foundations in the nonprofit sector are quite volatile in response to economic events, creating concern for sustainability and recovery.

The Unequal Distribution of Nonprofits: Regional and Parish Disparities

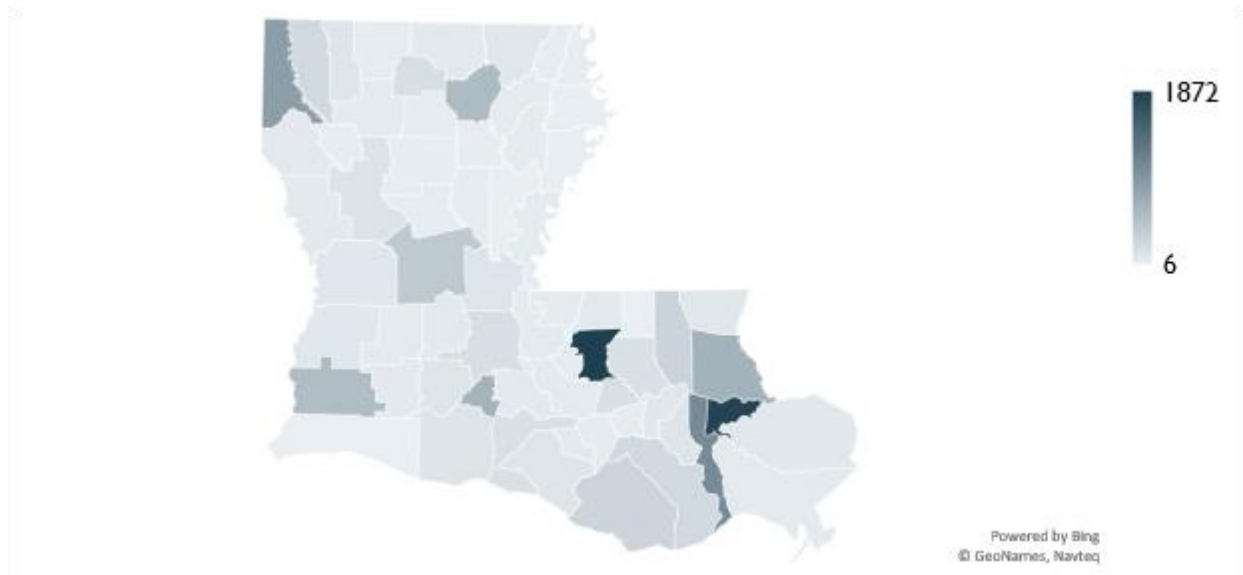
The first area of concern is in the unequal distribution of nonprofit organizations across the state. For the year 2014, the number of nonprofit organizations was broken down three ways: statewide, regionally, and by parish. While the number of organizations in each region was relatively similar (seen in Figure 41), when broken down by parish, there are stark differences between metropolitan and non-metropolitan areas. The parishes with the largest number of registered nonprofit organizations in 2014 were East Baton Rouge and Orleans parishes with 1,872 and 1,826 respectively, as shown in Figure 41. The parish with the third most nonprofits was Jefferson Parish with 1,058 registered organizations, showing a significant drop off from the top two. On the lowest end was St. Helena Parish with only six registered nonprofit organizations.

These differences are also found when the number of nonprofit organizations is controlled for population. The density measures show the number of nonprofit organizations per 1,000 people. Although the North region has seen the most growth since 1997, the density across regions was relatively similar from 1997 through 2014. However, the density difference between individual parishes is quite stark. East Baton Rouge and Orleans parishes have densities more than 8 times that of the parish with the lowest nonprofit density, as shown in Figure 42.

The East Baton Rouge and Orleans parishes have densities 8 times that of the parish with the lowest nonprofit density.

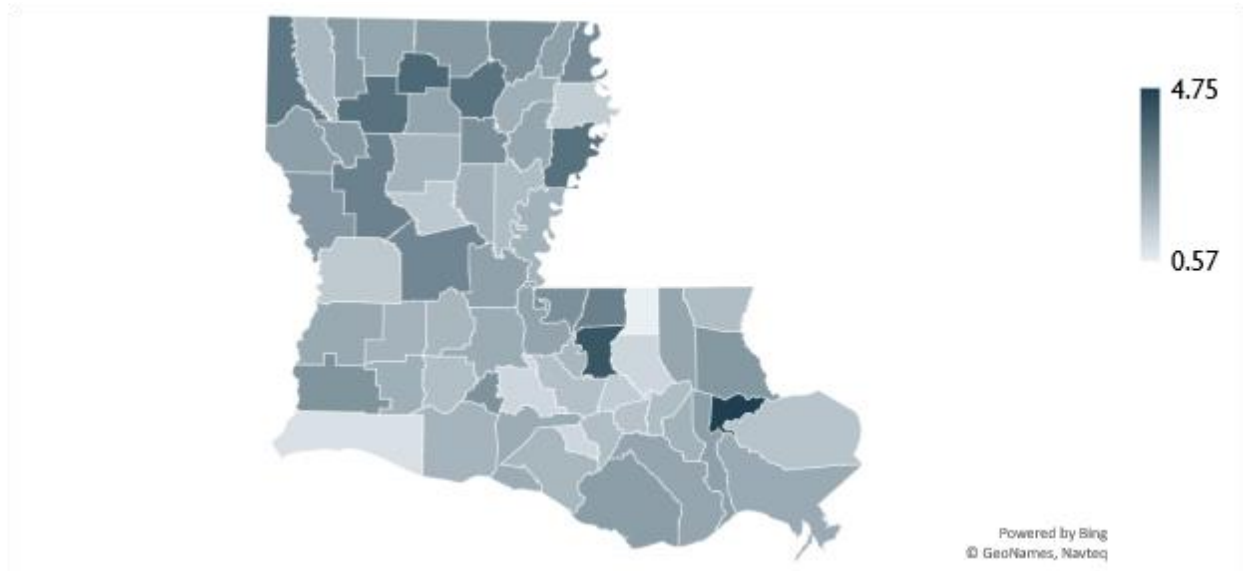
These regional and parish differences in the number of nonprofit organizations indicates that nonprofits are clustering around metropolitan areas. This unequal distribution, even after controlling for population, could suggest that some rural counties are underserved. If not all people in the state have equal access to nonprofits and their services, this may represent an important challenge for the state.

Figure 41 Nonprofit Organizations by Parish (2014)



Sources: NCCS Business Master File, 2014. U.S. Census Bureau.

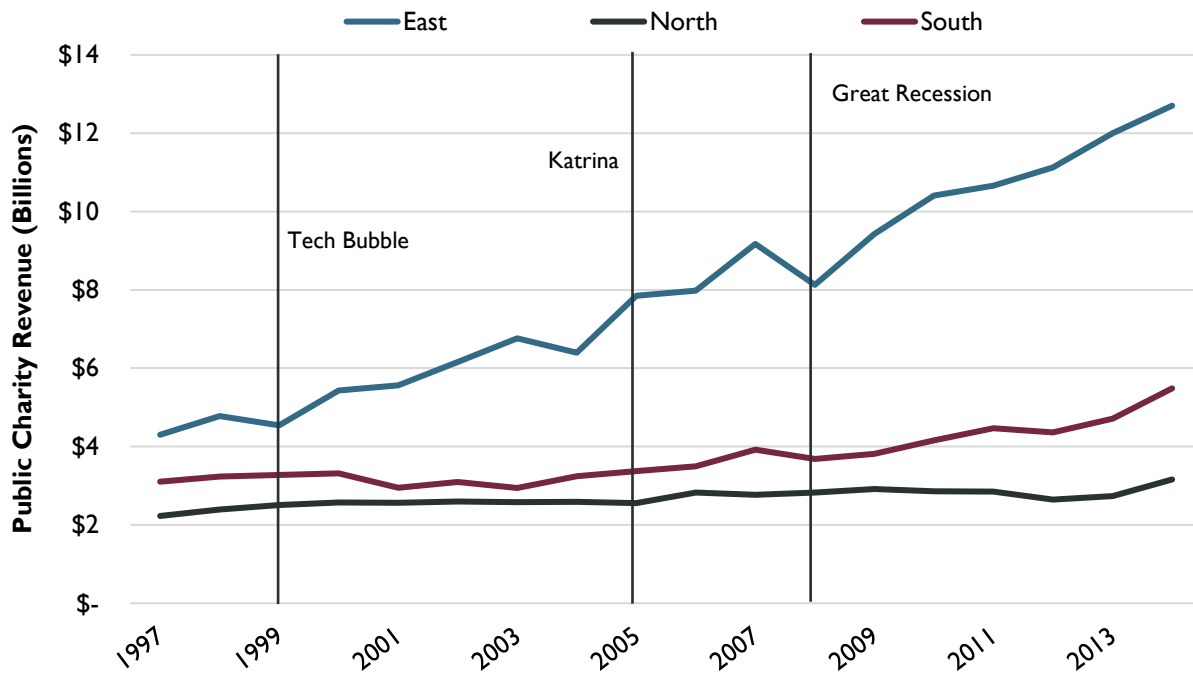
Figure 42 Nonprofit Density by Parish (2014)



Sources: NCCS Business Master File, 2014. U.S. Census Bureau.

There are also regional disparities found in the growth of public charity measurements over time. Figure 43¹² reveals a concern related to the widening disparity between the East region and the North and South. For public charity revenues, from 1997 to 2014, the East region experienced a growth rate of 195%, while the South grew only 77% over the same amount of time, and the North grew only 42%. Similarly, for public charity expenditures from 1997 to 2014, the East's growth rate was 228%, the South's was 80%, and the North's was 48% (Figure 29).

Figure 43 Public Charity Revenue by Region



Source: NCCS Core Files, 1997-2014. Adjusted for inflation.

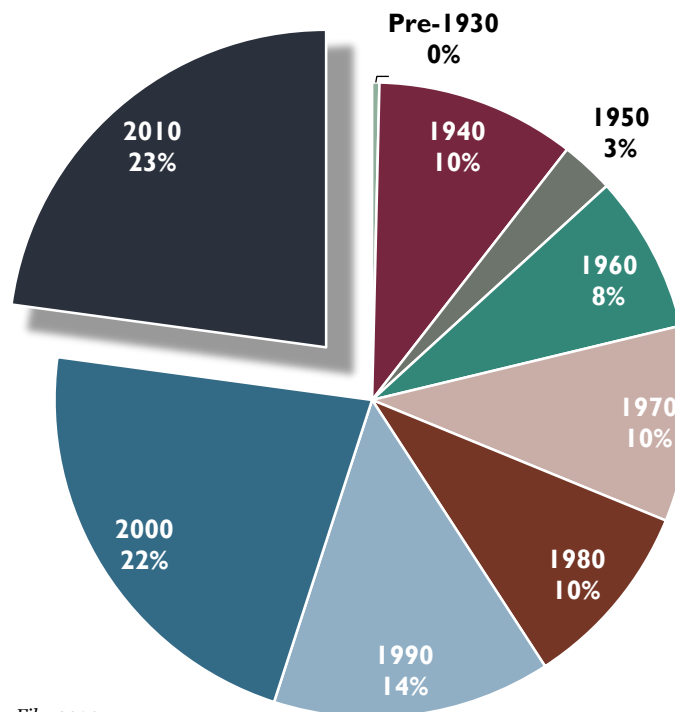
¹² Data from NCCS Core Files was supplemented with 990 data from Guidestar for 2005 and 2007 and imputed data for 2011 as described in footnote 5.

The Sector is Young

The age of the sector also represents a potential concern. Consistent with the rapid growth in the number of nonprofits in the state, the founding year of all registered nonprofit organizations in the state in 2014 shows that the sector is quite young. 45% of organizations were founded after the year 2000, and 23% were founded after 2010 as highlighted in Figure 44. Over time, the median age of nonprofit organizations has decreased in all regions and the state as a whole, as shown in Figure 45.

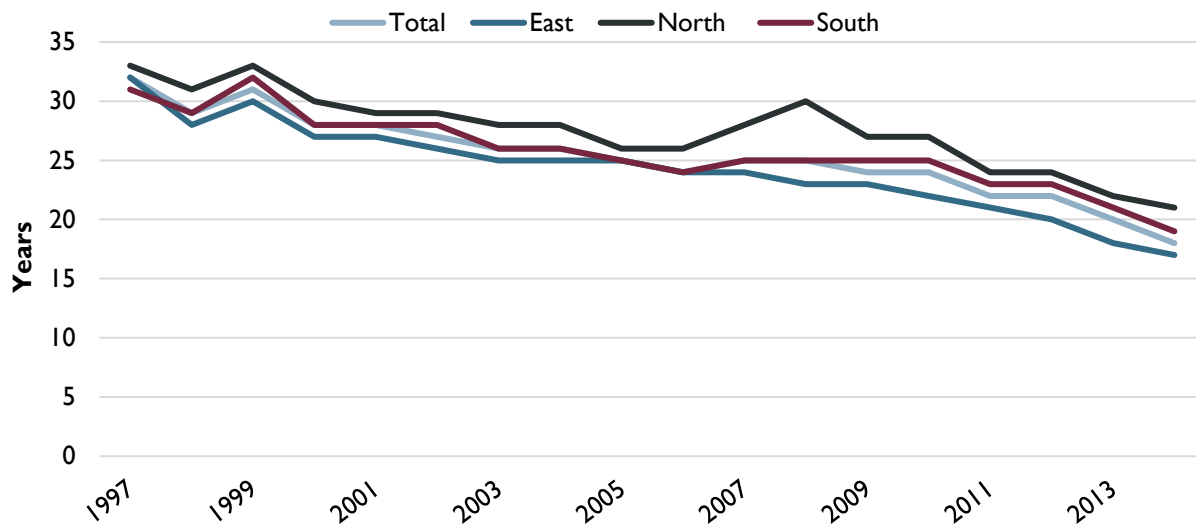
45% of Louisiana nonprofit organizations were founded after 2000 and 23% were founded after 2010.

Figure 44 Founding Decade of Louisiana Nonprofits (2014)



Source: NCCS Business Master File, 2014.

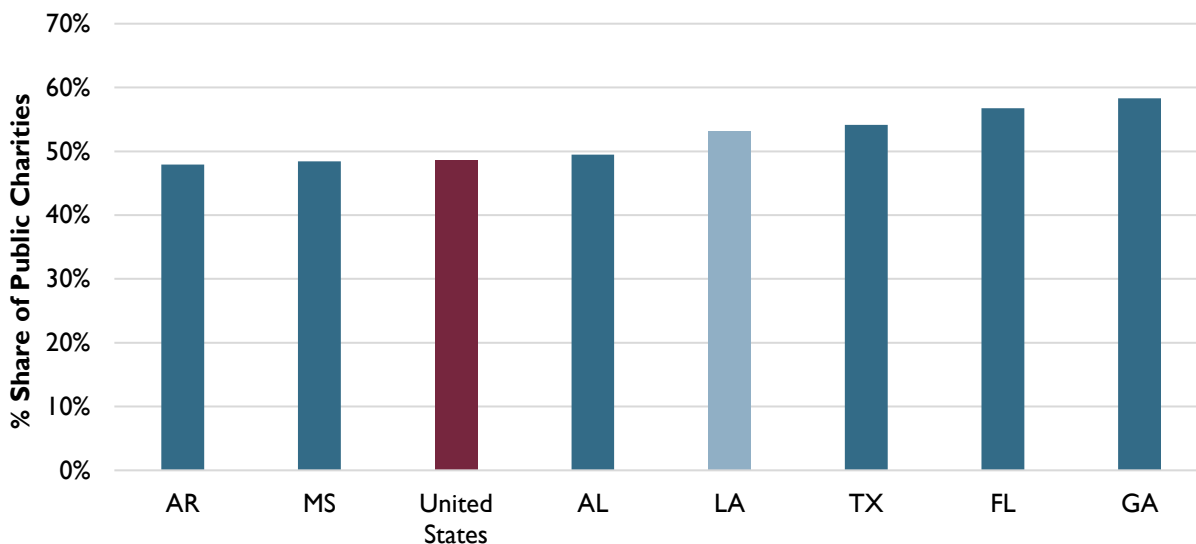
Figure 45 Median Age of Louisiana Nonprofit Organizations



Source: NCCS Business Master File, 1997-2014.

Additionally, Louisiana has a larger proportion of nonprofits founded after 2000 than the nation as a whole, as shown in Figure 46. Within the Southeast, the youth of Louisiana nonprofits is fairly typical. The youth of the sector raises concerns about the sustainability of these younger organizations and their capacity to respond to community needs. It may also suggest increased competition within the sector and a need for greater collaboration. Nonprofit organizations that help build capacity for other organizations may be important to the long-term sustainability of the sector.

Figure 46 Percentage of Public Charities Founded After 2000



Source: NCCS Core Files, 2014.

Concentration of Resources

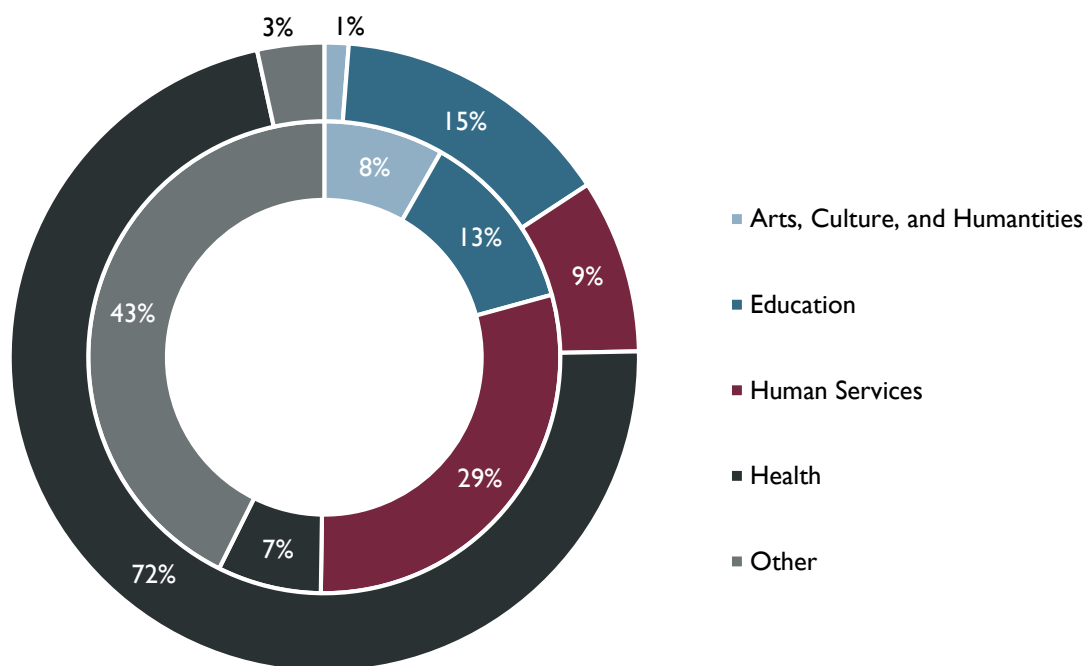
Resources are distributed unequally in the different nonprofit fields, as shown in Figure 47. The health field, which includes hospitals, consists of 7% of the organizations in the sector yet brings in 72% of the revenue. In contrast, the human services field makes up 29% of nonprofit organizations and only yields 9% of the revenue. A majority of the revenue coming into the nonprofit sector is generated by health care organizations.

Organizations other than health nonprofits may receive less funding and could potentially be struggling to access resources. The distribution of resources also indicates that the economic strength of the sector depends on the health field and will continue to be dependent on the field in the future.

The health field comprises 7% of the total organizations in the nonprofit sector yet brings in 72% of revenue.

Figure 47

Louisiana Nonprofit Revenue by Field (2014)



Sources: NCCS Business Master File, 2014.
NCCS Core Files, 2014. Adjusted for inflation.

Inner Ring - Percentage of Total Number of Organizations
Outer Ring - Percentage of Total Revenue

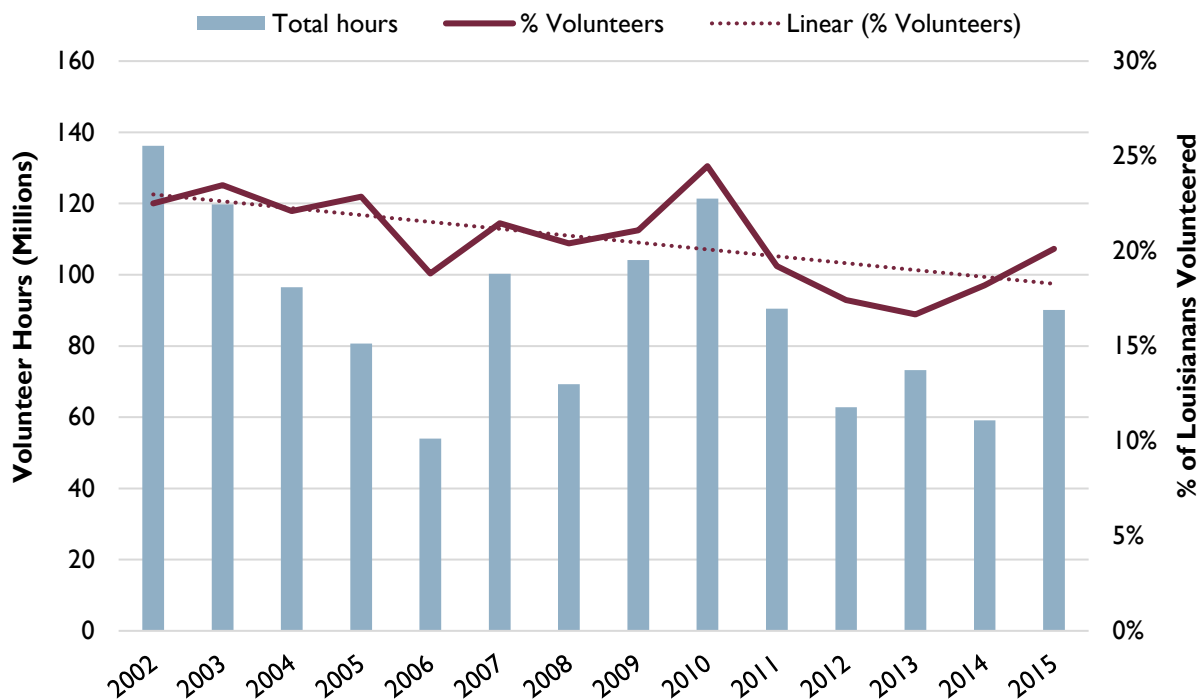
Volunteering is on a Downward Trend

Another area of concern is the amount of volunteering in the state. Nonprofit organizations are often heavily reliant on volunteer labor. When looking at results of a representative survey of the state, volunteering rates, hours volunteered, and the number of people that volunteer are declining, as highlighted in Figure 48.

In 2015, the national average for the percentage of people volunteering was about 25% compared to 20% of Louisianans. According to the Corporation for National and Community Service, Louisiana ranked 51st out of 50 states and Washington, D.C. in its percentage of people in the state who volunteer compared to the total population.¹³

Louisiana ranks 51st out of 50 states and Washington D.C. in its percentage of volunteers compared to the state's total population.

Figure 48 Louisiana Volunteering Over Time

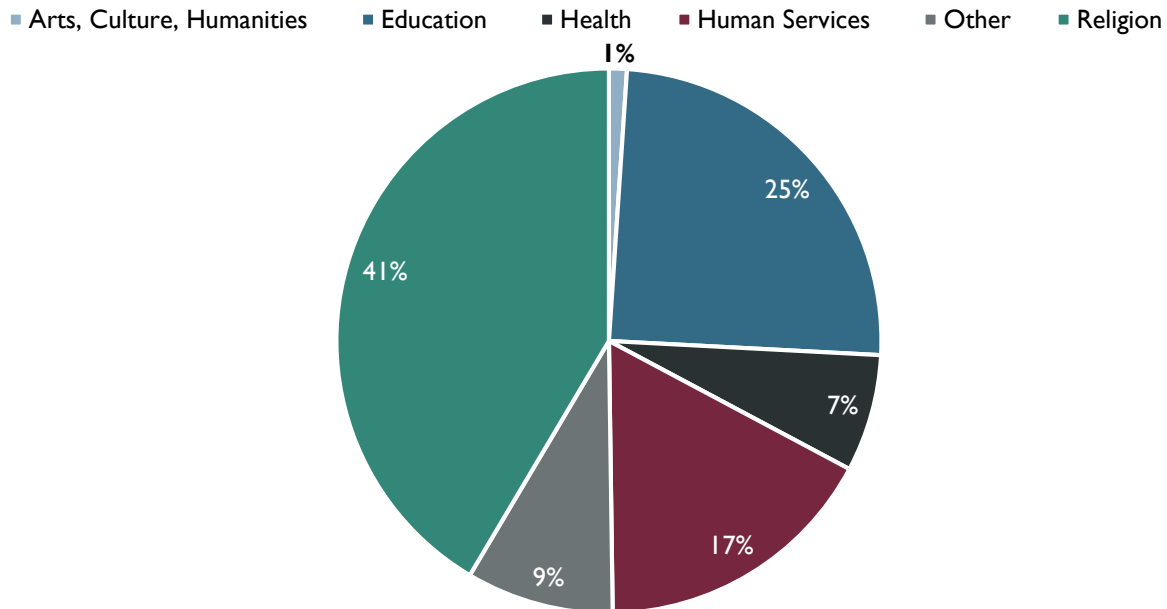


Source: Current Population Survey Volunteer Supplement, 2002-2015.

¹³ Available at <https://www.nationalservice.gov/vcla>.

Additionally, of the people who volunteered in Louisiana from 2002 to 2015, 41% of them volunteered for religious organizations, as shown in Figure 49. This is a concern as a concentration in just one type of nonprofit organization suggests that other nonprofits could have a difficult time securing volunteers.

Figure 49 Volunteering by Field in Louisiana (2002-2015)

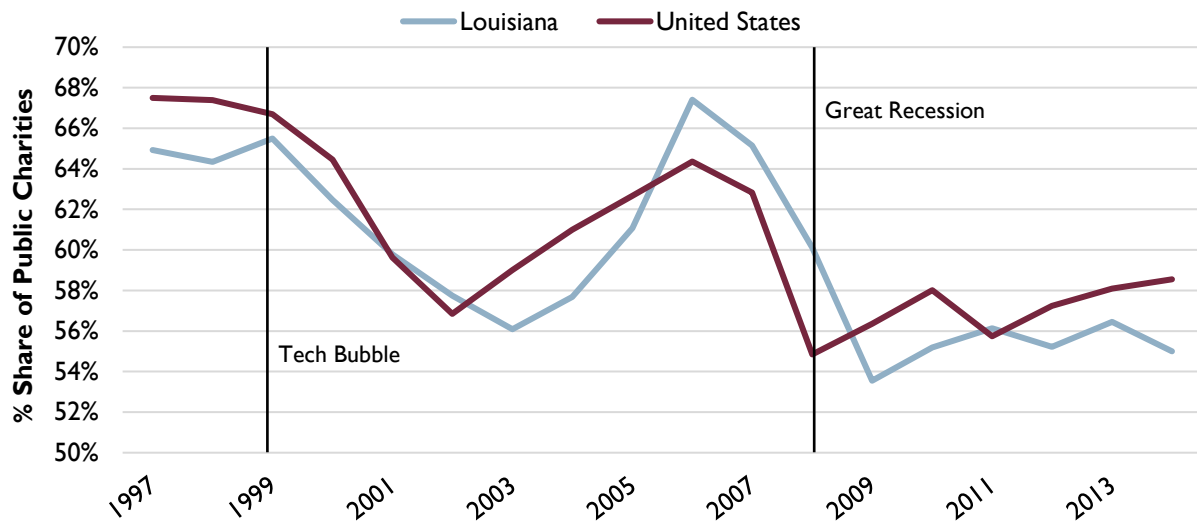


Source: Current Population Survey Volunteer Supplement, 2002-2015.

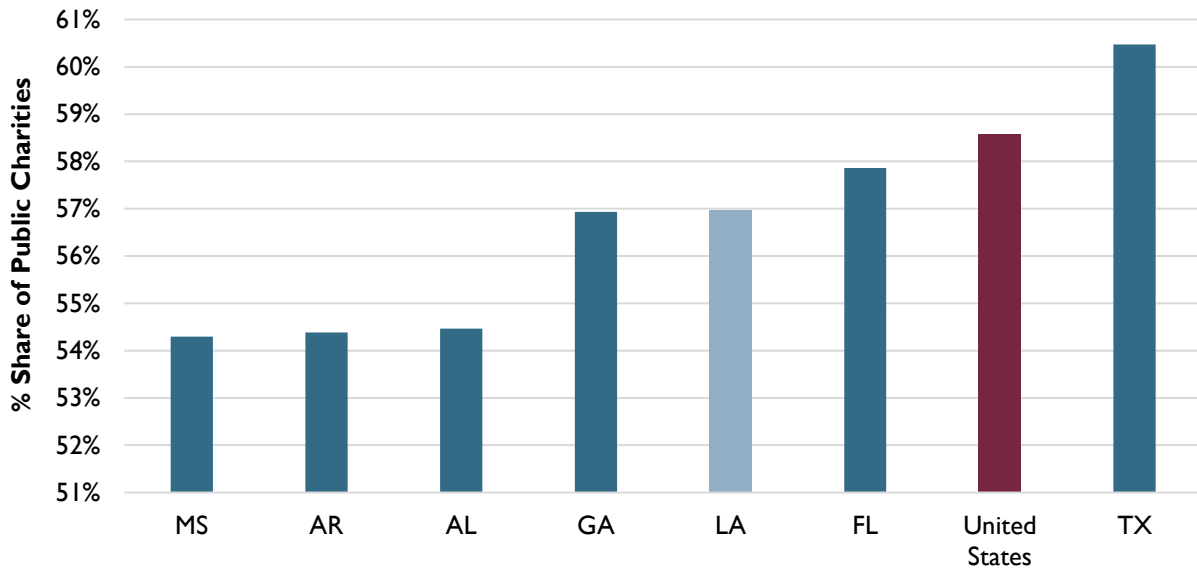
Overall, the downward trend and low ranking of volunteerism in the state indicates that volunteers are not being fully utilized by the sector. This represents a concern as nonprofits depend on volunteers for many of their activities.

Volatility of the Sector

During times of economic crisis or natural disaster, many people expect nonprofits to step up to help the community. However, nonprofits may have a hard time doing this due to how volatile they are in response to events affecting the economy including the bursting of the Tech Bubble and the Great Recession. Figure 50 shows net positive income, a short term fiscal health measure of the percentage of public charities in the state with revenues that exceed expenses. Following the Tech Bubble burst and the Great Recession, the percentage of nonprofits with net positive income decreased. In fact, this measure has not recovered after the Great Recession, which is a concern for the sector in both Louisiana and the nation as a whole. Louisiana has a similar proportion of nonprofits with net positive income as Georgia, and ranks higher than Arkansas, Alabama, and Mississippi, as shown in Figure 51. However, the state falls slightly below the national percentage in 2014.

Figure 50**Public Charity Positive Net Income**

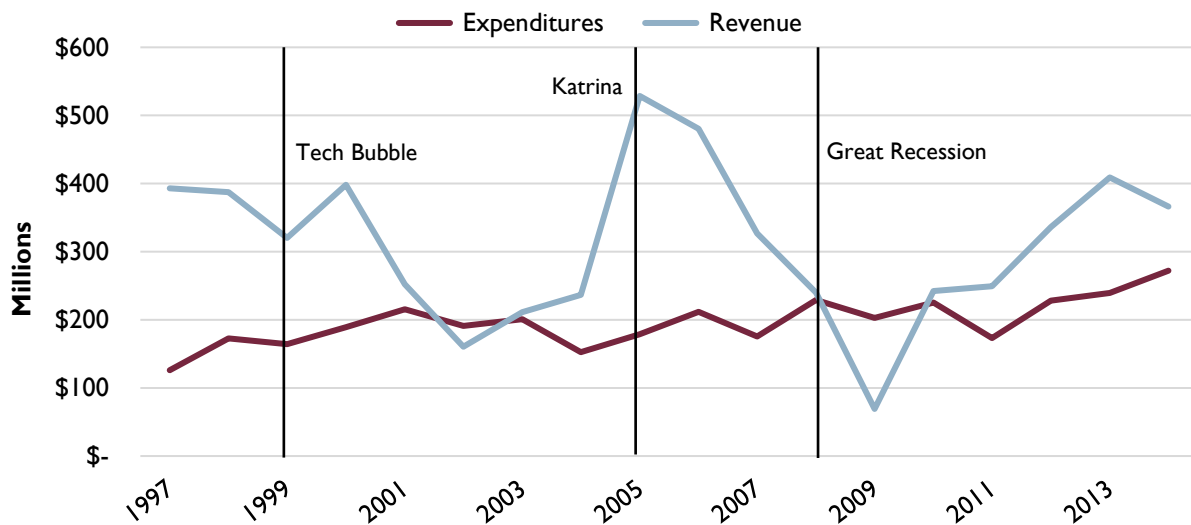
Source: NCCS Core Files, 1997-2014. Adjusted for inflation.

Figure 51**Public Charities with Net Positive Income (2014)**

Source: NCCS Core Files, 2014. Adjusted for inflation.

A similar concern can be found in private foundation revenue. The statewide trend for private foundation revenue shows a similar pattern to positive net income, with high volatility around the Tech Bubble and the Great Recession, as seen in Figure 52. Additionally, in 2002 and 2009, towards the end of both economic events, private foundations operated at a loss, with expenditures greater than revenues. Over time, private foundation expenditures remained fairly stable in comparison to revenue, indicating that such foundations do not adjust their expenditures even when earning significantly less.

Figure 52 Louisiana Private Foundation Revenue & Expenses



Source: NCCS Core Files, 1997-2014. Adjusted for inflation.

Summary of Areas of Concern

The Louisiana nonprofit sector is growing; however, there are a few areas that are of concern for the future of the sector:

- There is an unequal distribution of nonprofits across the state, as well as widening disparities between regions and parishes.
- The sector is quite young, which causes concerns for sustainability.
- The amount of revenue brought in by nonprofit fields is disproportionate to the percentage of organizations within each field, with the health sector driving most of the sector's revenue.
- Volunteering is in a downward trend in Louisiana and ranks last in national comparisons.
- Private foundation revenue and public charity positive net income are volatile around major economic events.



Implications

The nonprofit sector is growing rapidly and makes considerable contributions to the Louisiana economy through the rippling effect of nonprofit expenditures and employment. However, several trends and patterns in the sector suggest that LANO and other nonprofit capacity building organizations have crucial roles to play in supporting the continued development of a vibrant nonprofit sector, particularly in the four areas discussed below.

Capacity Building Across Regions

There are significant differences between the three regions, especially between the East and the others. The widening resource gap can be seen in public charity revenues and expenditures, as well as in private foundations. The regional differences suggest the need for additional capacity building in the outlying areas. In addition, the growing concentration of nonprofits in the major metropolitan areas of Baton Rouge and New Orleans contribute to the resource gap. They also show the potential for leaving behind the more rural areas of the state, which could lead to less service provision in those areas, creating gaps in service delivery across the state.

Support for Young Organizations

Another area of focus is the age of the sector. The sector is incredibly young, with nearly a quarter of nonprofit organizations being founded just in the period from 2010-2014, the latest year with accurate data. Nearly half of Louisiana nonprofits were founded after 2000, and the median age of the nonprofit sector sits at just 18 years statewide. The youth of nonprofits suggests a need for stability and assistance in order for the sector to continue its growth in the future. Younger organizations are more vulnerable to economic uncertainty, making the need for guidance and coordination with the more established organizations even more crucial to their continued operation. Without this coordination, there is a potential for either gaps or duplication in service delivery.

Careful Analysis by Field

The resources of the sector are concentrated in the health field, with the gap between fields widening year by year. While the health field accounts for less than a tenth of nonprofit organizations in the state, it is responsible for over two-thirds of the total revenue, nearly five times as much as the next closest field of education. The trends that are seen in the health field also reflect the patterns observed in the statewide analysis, suggesting that health organizations consistently have a massive impact on the sector as a whole. The massive resources in the health field also the need for caution when making sweeping statements about the financial size or capacity sector, as the health field could be covering up some issues in the other fields.

Good Fiscal Management Practices

Finally, the sector's response to economic events, reliance on outside grants, and reliance on earned income suggest the need for continued attention to good fiscal management practices. Economic events such as the Tech Bubble burst and the Great Recession coincided with a decrease in resources within the sector, especially in the East. While the sector has shown resilience during these events in certain aspects, there is some evidence that the sector has not yet recovered fully from the most recent

economic recession. This slow recovery suggests a need for improved resilience in the sector, so that not only do nonprofits reduce the drop off that comes immediately following these events, but they are also able to bounce back and recover even more quickly afterwards.

The sector also relies heavily on grants from outside of Louisiana. Federal and non-Louisiana foundation grants contribute more than double the money contributed by Louisiana foundations, at a rate of \$2.2 billion to \$750 million. While this does mean that the nonprofit sector is bringing in significant amounts of money from outside of the state, this reliance on out-of-state resources can be a cause for concern.

The sector as a whole also relies on earned income, as opposed to contributions, especially in the health and education fields. In 2014, 80% of the sector's total revenue came from program income. However, earned income can be more vulnerable to market fluctuations. This indicates a need for organizations to continue practicing good fiscal management and ensure long-term resilience and sustainability.

Appendix A: Background & Methodology

Project Background

In partnership with the Louisiana Association of Nonprofit Organizations (LANO), the Bush School of Government and Public Service capstone team analyzed the economic contributions of the Louisiana nonprofit sector. To craft a substantial analysis of the sector, the team followed the process illustrated in Figure A1, arriving at a methodology involving:

1. A descriptive analysis measuring changes and growth over time, and
2. An input-output analysis measuring economic effects of the sector.

Figure A1 Process Map



About the Research Design: Defining Economic Contribution and How It Is Measured

During the literature review process, the Bush School capstone team found that it would be important to make a distinction between economic impact and economic contribution. Many publications, particularly nonprofit sector reports, applied the term “impact” incorrectly or used it interchangeably with “contribution” and similar words. However, impact and contribution are different concepts. *Impact analysis* is conducted to determine the marginal effects of a new event, project, or change to the economy. On the other hand, analyses that try to illuminate the role of an existing sector in the overall economy based on its size and transactions with other sectors are *contribution analyses*. With these distinctions in mind, the LANO capstone team determined that a contribution analysis was the appropriate type.

Researchers measure economic contributions and impacts using various approaches, including analysis of the size of a sector, cost-benefit and social return on investment analyses, and economic models. This report incorporates an analysis of the size of the sector, viewed through several lenses, including number, age, and types of nonprofits; fiscal measures; and employment measures. The most common way of measuring economic contribution is with an input-output model, which is a type of economic model. Input-output models can estimate how one sector, industry, or organization’s economic activities flow into other parts of the local economy, to include the direct contributions of the sector’s production (e.g. purchases and wages paid to sector employees) and the indirect and induced effects that result from that spending. The

effects are often communicated by showing how much additional money or jobs that a dollar amount spent by one sector generates for other sectors. Multipliers are used to calculate effects and must be specific to the region that is being studied. Although this model is not suitable for longitudinal analysis, it has become widely used due to the availability of tools that have increased the ease of its application, such as RIMS II and IMPLAN, which was used for this analysis.¹⁴ The methodology for this project is described in further detail in the Input-Output Analysis section below.

This project's design was informed by a literature review and interviews with 15 stakeholders who work in and interact with the Louisiana nonprofit sector. Interviewees included leaders and staff from nonprofit organizations, foundations, and business and government organizations. Interviewees were asked about what they would want to know about the sector, the potential value of an impact report, regional differences affecting the sector, and data sources.

Some themes emerged from the interviews. Interviewees expressed interest in learning more about:

- Nonprofit sector contributions to employment,
- Beneficiaries of the sector,
- Whether nonprofits activities reflect their missions,
- The financial status of the sector,
- Returns on investment for contributors,
- Gaps in service provision, and
- Differences between nonprofits in rural and urban areas.

Scope of Research: Time Frame, Regions, and Organization Types

The capstone team conducted a longitudinal descriptive analysis to see changes in sector size and scope occurring over time. Because seven different data sources were used, there was some variation in the availability of data by year. As such, the analysis used the longest periods allowed by each data source, going as far back as 1997.

When appropriate, the capstone team conducted regional analysis. The state was divided into three regions, each of which includes one of the state's major cities—the North region with Shreveport; the South region with Baton Rouge; and the East region with New Orleans. Using these regions allows the analysis to differentiate between the

¹⁴ Pleeter, Saul. "Methodologies of economic impact analysis: An overview." In *Economic impact analysis: Methodology and applications*, pp. 7-31.

Springer, Dordrecht, 1980; Watson, Philip, Joshua Wilson, Dawn Thilmany, and Susan Winter.

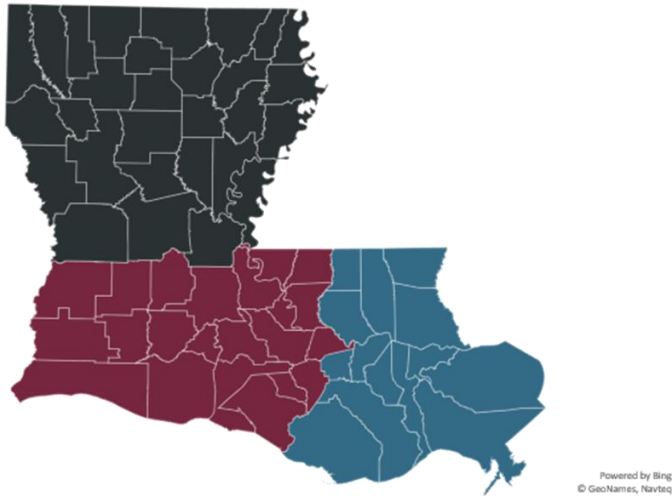
"Determining economic contributions and impacts: What is the difference and why do we care." *Journal of Regional Analysis and Policy* 37, no. 2 (2007): 140-146.

Weisbrod, Glen, and Burton Weisbrod. "Measuring economic impacts of projects and programs." *Economic Development Research Group* 10 (1997): 1-11.

Zeuli, Kimberly, and Steven Deller. "Measuring the local economic impact of cooperatives." *Journal of Rural Cooperation* 35, no. 1 (2007): 1.

various cultures in Louisiana, especially between large cities like New Orleans, and more rural areas in the northern part of the state. The regions are illustrated in Figure A2.

Figure A2 **Regions of Louisiana**



This report focuses largely on the economic contributions of 501(c)(3) public charities and private foundations that registered with the Internal Revenue Service (IRS) and filed IRS 990 forms during the period studied. Out-of-state foundation grants and federal grants and contracts are also examined as well as other categories of nonprofits when the data was available. Key measures were also analyzed on a national level and compared to other states in the Southeast (Florida, Georgia, Alabama, Mississippi, Arkansas, and Texas).

Data Sources and Measures

The analysis for this project relies heavily on data from the National Center for Charitable Statistics (NCCS). The NCCS Core Files and Business Master Files (BMFs):

- Compile all the information contained on the IRS Form 990 and, as such, provide the most complete information for many aspects of nonprofit organizations, including location, type, age, financial characteristics, and income sources, all of which were incorporated into this analysis.
- Are frequently used in other studies of this kind.¹⁵

¹⁵ Alliance for Nonprofit Excellence. “Inside the Mid-south Nonprofit Sector.” 2014. Accessed May 5, 2018. <https://www.councilofnonprofits.org/sites/default/files/documents/Sector-Report-2014-0409.pdf>. Brown, William; Jo, Suyeon; and Andersson, Fredrik O. “Texas Nonprofit Sector: Describing the Size and Scope.” September 2013. Accessed May 5, 2018.

<http://bush.tamu.edu/nonprofit/research/Texas%20Nonprofit%20Sector%20final.pdf>.

California Association of Nonprofits. “Causes Count: The Economic Power of California’s Nonprofit Sector.” 2014. Accessed May 5, 2018. <http://www.calnonprofits.org/images/downloads/causes-count-808.pdf>;

Word, Jessica K.A.; Lim, Jaewon; Servino, Carol; and Lange, Kenneth. “Nonprofit Organizations and the Nevada Economy: An Analysis of the Employment, Economic Impact, and Scope of the Nonprofit Sector in Nevada.” September 2014. Accessed May 5, 2018.

https://digitalscholarship.unlv.edu/cgi/viewcontent.cgi?article=1002&context=lincy_publications.

Wyoming Nonprofit Network. “Wyoming’s Nonprofit Sector.” June 2016. Accessed May 5, 2018.

<https://wynonprofit.org/resources/Documents/WNN%20NP%20Sector%20Report%20Electronic%20Version%20Resized%202016.pdf>.

Employment data is drawn from a few sources for this report:

- The Bureau of Labor Statistics' (BLS) Quarterly Census of Employment and Wages (QCEW) program (also referred to as ES-202 data)
- The Johns Hopkins Nonprofit Works (JHNPW) Database also based on QCEW data
- NCCS Core Files

QCEW data are based on quarterly surveys of employers that use unemployment insurance, and as such does not include all employers, particularly religious organizations, which do not have to maintain unemployment insurance. The QCEW counts the number of filled jobs and wages, including benefits.¹⁶ These data were available for 1997 to 2012, excluding 1998, through BLS and JHNPW. Core Files were used to supplement the QCEW data to provide an analysis for the period from 2012 to 2014.

The specific data sources and measures used in this analysis for Louisiana nonprofits are described in detail in Tables A1 and A2. Other important characteristics of the data and analysis include:

- The analysis includes measures of size, fiscal health and sustainability, income from grants and contracts, and labor. These measures were selected based on a review of similar nonprofit sector reports and consideration of LANO's needs and the limitations of the data available for the project.
- The scope of analysis varied for each measure. State-level analysis was used for each measure while a regional, field-level, and national-level analysis was incorporated where relevant.
- Nonprofit fields are based on the National Taxonomy of Exempt Entities (NTEE) codes provided in the data. A five-category system was used; the categories are arts, culture, and entertainment; health; education; human services; and "other," which consists of many relatively small nonprofit fields, including religious organizations.
- Federal grants and contracts and private foundation grants are examined in this report, using data from USASpending and the Foundation Center respectively. Data on state grants and contracts was not available.
- Data from the U.S. Census Bureau, Federal Reserve Economic Data, and the BLS was utilized to account for population measures, Gross Domestic Product (GDP), and inflation.
- All dollar values have been converted to 2017 dollars.

¹⁶ Salamon, Lester M. and & Sokolowski, S. Wojciech. "Nonprofit Organizations: New Insights from QCEW Data." 2005.
Word, Lim, Servino, and Lange. "Nonprofit Organizations and the Nevada Economy."

Table A1**Overview of Sources for Louisiana Data**

Data Source	Years	Notes	Website
National Center for Charitable Statistics (NCCS) Business Master Files (BMF)	1997-2014	BMF files capture more organizations than Core files, but they do not offer as many financial variables	http://nccs-data.urban.org/index.php
National Center for Charitable Statistics Core Files	1997-2014	Core files were separated by organization type, so separate Core data was pulled for public charities and private foundations.	http://nccs-data.urban.org/index.php
Foundation Center	2001-2017	Foundation Center files were separated by funding source including location, grant recipient including location, and grant amount. Data was drawn in December 2017 before the website's redesign in 2018.	http://foundationcenter.org/
USASpending	2008-2017	The data were drawn from the old feature of the website in January 2018 before it was redesigned in March 2018.	http://legacy.usaspending.gov
Johns Hopkins Nonprofit Works Database	1997-2006	JHNPW only offers a statewide industry breakdown and does not include 1998. It relies on QCEW data analyzed by Johns Hopkins.	https://ccss.jhu.edu/research-projects/nonprofit-economic-data/nonprofit-works/
Quarterly Census on Employment and Wages (QCEW)	2007-2012	The Bureau of Labor Statistics released data for nonprofit employment based on QCEW data for 2007-2012.	https://www.bls.gov/cew/
Current Population Survey Volunteer Supplement	2002-2015	The CPS Volunteer Supplement is based on a representative sample of the state population.	https://catalog.data.gov/dataset/current-population-survey-volunteers-supplement

Table A2 **Measurements of Interest**

Measurement	Definition	Data Source	Scope of Application
SIZE			
Number of Organizations	Total count of nonprofits	NCCS BMFs	Statewide and by region
Nonprofit Density	Number of nonprofits per 1,000 people	NCCS BMFs	Statewide and by region By parish
Expenditures	Total amount spent by nonprofits	NCCS Core Files	Statewide and by region
Assets	Total amount of assets held at end of year	NCCS BMFs	Statewide and by region
Nonprofit Field Sizes	Breakdown of number of nonprofits and revenue by field using NTEE codes	Field breakdown from NCCS BMFs Revenue from NCCS Core Files	Statewide
FISCAL HEALTH AND SUSTAINABILITY			
Assets Exceeding Liabilities	Percent of nonprofits with more assets than debts	NCCS Core Files	Statewide and by region
Positive Net Income	Percent of nonprofits with more revenue than expenditures	NCCS Core Files	Statewide and by region
Income Reliance Ratio	Breakdown of sources of revenue for nonprofits (program services, contributions, other)	NCCS Core Files	Statewide and by field
Age of Nonprofit	Years since rule date, or when nonprofit was registered	NCCS BMFs	Statewide

GRANTS AND CONTRACTS

Federal Grants and Contracts Received	Total amount of federal money awarded to Louisiana nonprofits	USASpending	Statewide
Foundation Grants Received	Total amount of money given to Louisiana nonprofits from out-of-state foundations	Foundation Center	Statewide
Foundations Grants Given	Total amount of grants given by Louisiana foundations	Foundation Center	Statewide

LABOR

Number of Employees	Number of people employed by Louisiana nonprofits	QCEW data and Johns Hopkins Nonprofit data NCCS Core Files	Statewide and by region
Employment Wages	Average and total wages for nonprofit employees	QCEW data and Johns Hopkins Nonprofit data NCCS Core Files	Statewide and by region
Number of Volunteers	Estimated volunteer rates in the state	Current Population Survey Volunteer Supplement	Statewide
Volunteer Hours	Estimated volunteer hours and their worth	Current Population Survey Volunteer Supplement	Statewide

Data Cleaning

Each data source was cleaned prior to analysis:

- Some duplicate entries were discovered within fiscal years. Duplicates were removed.
- Entries with negative assets were changed to zero assets.
- The NCCS Core Files were discovered to have missing financial data for some organizations with revenues greater than \$25 million. When discovered this data was replaced with information from IRS 990 forms located on the GuideStar website or imputed with an average from the year prior to and the year after the missing data.

- Some Foundation Center data did not include locations for grant recipients. When discovered, the appropriate recipients or grant maker locations were manually input.
- Grants to and from government entities including federal agencies and public universities were removed from Foundation Center data to ensure all recipients were Louisiana nonprofits and government grantors were not double counted.

Input-Output Analysis

IMPLAN Online, an input-output data analysis program, was used to determine the total economic contributions of the Louisiana nonprofit sector in terms of employment, labor income, value added, and output on a statewide basis for 2014, the most recent year for which complete data is available. Input-output analysis uses three types of economic effects (also visualized in Figure A3):

- Direct effects are initial spending by the sector on economy through the purchase of goods and services from vendors and employee wages.
- Indirect effects are changes in inter-sector purchases due to nonprofit sector's demand of goods and services.
- Induced effects reflect changes in household spending as income increases due to increased spending by the nonprofit sector on employee wages.

IMPLAN, a subscription-based online tool, is commonly used for nonprofit sector analyses.¹⁷ The underlying framework of IMPLAN contains input-output tables that show how different industries interact with each other through purchasing for all industries in a selected region (in this case the entire state of Louisiana) and uses this information to calculate the indirect and induced effects based on the direct effects (inputs) entered by the user.

The direct effects used for this report were calculated based on total public charity wages, employment, and expenditures for the year 2014. The data for the input-output model were drawn from the NCCS Core files for public charities.

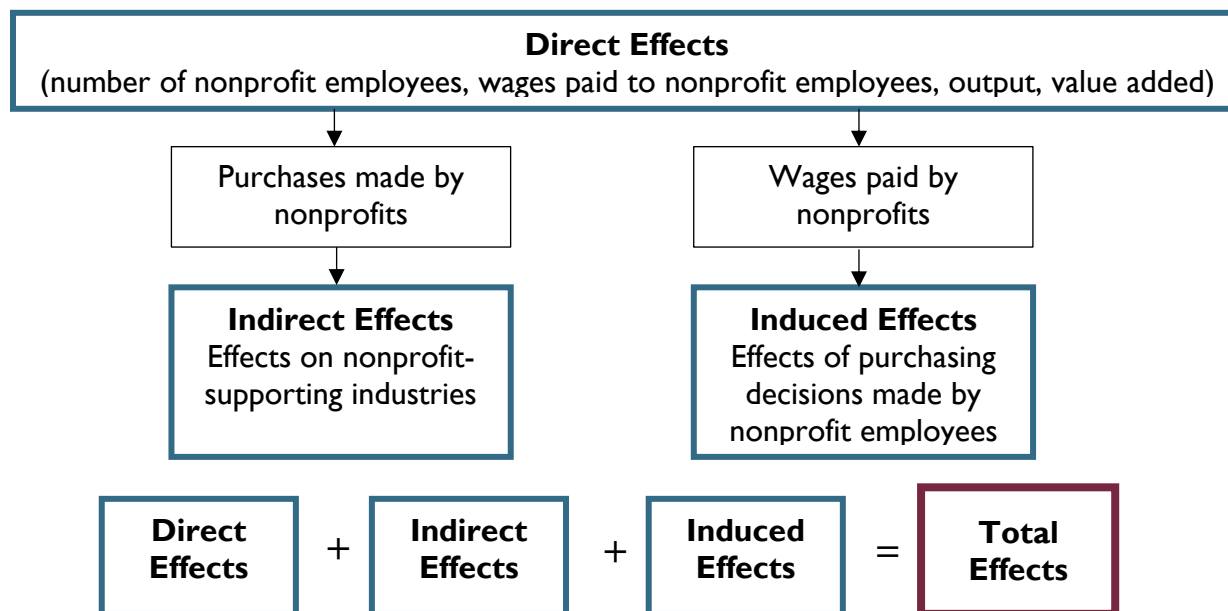
Using the direct effects, IMPLAN calculated the indirect and induced effects of the nonprofit sector in Louisiana for labor income, employment, value added, and output separately. For each category, the direct, indirect, and induced effects are added together to obtain total effects or, in other words, contributions to the state economy. Figure A3 shows how the input-output model works to calculate total effects.

One drawback of the IMPLAN software for analyses of the nonprofit sector is that the NTEE codes used to categorize nonprofit fields do not directly match the IMPLAN classification of industries. However, IMPLAN provides a crosswalk to match its codes with the North American Industry Classification System (NAICS). Thus, to properly input the corresponding values of nonprofit subfields into the modeling, the capstone

¹⁷ A full description of IMPLAN is available at <http://implan.com/>. For other analyses using IMPLAN, see California Association of Nonprofits, 2014; Word, Lim, and Servino, 2014; and New England Foundation for the Arts 2011.

team first converted the nonprofit NTEE codes to NAICS codes and then matched those with the IMPLAN industry codes.

Figure A3 Input-output Model



Limitations

Types of organizations included: One limitation of this study relates to the availability of data. The NCCS data files exclude certain types of nonprofits, such as religious organizations and those that are not required to register with the IRS. It is important to note the following:

- Religious organizations are not required to register with the IRS (although some do);
- Non-religious organizations with less than \$5,000 in gross receipts are not required to register with the IRS;
- Prior to 2008, non-religious organizations with less than \$25,000 in gross receipts were not required to file the IRS Form 990. In 2008, this minimum was increased to \$50,000; and
- Many organizations exist under other 501(c) categories.

While there are inherent weaknesses in the NCCS data, we believe this is the best available data and still provides the most complete picture of the nonprofit sector. Inevitably, there will be some nonprofit organizations which are not included in the study. As a result, the exclusion of such groups can affect the outcomes of the analysis.

Years analyzed: There are also limitations to the years for which data are available, with more recent years for several data sources appearing to be incomplete. For most parts of this analysis, only data up to 2014 are used. In the NCCS Core and BMF data, a considerable drop in the number of observations recorded between 2014 and 2015 was observed as well as an even larger drop from 2015 to 2016. Because of this, several parts

of the analysis only go up to 2014 in an attempt to provide the most accurate information. A similar issue occurred in other data sources, resulting in varying years of analysis. The IMPLAN analysis was based on 2014 data for this reason as well.

IMPLAN Limitations: Given the cost of the IMPLAN software and in order to avoid double-counting the economic effects across regions, the capstone team chose to focus the input-output portion of the study at the state level instead of the regional level. In addition, the types of analyses utilized do not capture social impact, such as benefits provided and organization performance.

Employment data sources: Due to a lack of information from individual sources, a combination of sources was used to estimate employment and compensation. This may mean there are inconsistencies in the data and analysis. Employment and compensation numbers were obtained from JHNPW, BLS, and NCCS. While the total compensation numbers are consistent across sources, there is a noticeable jump in employment numbers between the BLS and NCCS in 2012.

Data Accuracy: The analysis for this project was limited by the available data, which were discovered to have some inconsistencies. Each data source was cleaned and inconsistencies were corrected to the extent possible when discovered.