

Table of Contents

Executive Summary..... 2

Introduction 5

Methodology..... 5

 Input Activities..... 8

Analysis 10

 Pathfinder Services, Inc..... 11

 LaCasa 15

 South Bend Heritage Foundation 19

 Three NWOs – Aggregate Data 23

Attachment One Sources of Data 27

Attachment Two Industry Benchmarks 28

Endnotes 29

Economic Impacts of Three Indiana NeighborWorks® Organizations: 2009-2013

Executive Summary

This report estimates the types and ranges of statewide economic impacts produced by three NeighborWorks organizations in Indiana for the years 2008-2013. These economic impacts include direct, indirect, and induced effects. In addition, the data are used to calculate multipliers that may make the results more easily understood and applied to policy decisions.

The three organizations studied were:

- Pathfinder Services, Inc. – Huntington
- La Casa, Inc. – Goshen
- South Bend Heritage Foundation, Inc. – South Bend

Impacts are statewide impacts. In other words, while each organization clearly has economic impacts beyond its primary service area, and beyond the state border, we focus on identifying statewide impacts. The results, therefore are an underestimation of total regional and national impacts, in that the economic “leakage” outside state borders are not accounted for.

We use the IMPLAN (IMpact analysis for PLANning) model for our calculations of economic impact. IMPLAN is an input-output (I/O) type econometric model. In general, these models focus on the interactions among the sectors in the economy that are affected by spending. I/O models are the ones most frequently used for calculating economic impacts associated with spending events.

IMPLAN models several kinds of economic impacts. Definitions are included in the body of the report: *Direct Effect, Indirect Effect, Induced Effect, Total Effect, Employment, Labor income, Value added and Output.*

Below, are the sum of impacts for all three NWOs, from 2009-2013.

2009-2013 Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	2,364	128,246,436	126,348,187	292,053,772
Indirect Effect	880	36,770,912	60,709,352	112,203,676
Induced Effect	1,107	44,481,080	86,158,163	143,640,958
Total Effect	4,352	209,498,430	273,215,703	547,898,404

Economic Impacts of Three Indiana NeighborWorks® Organizations: 2009-2013

Next, we show the sum of the top business sectors affected by the activities.

Sector	Description	Employment	Labor Income	Value Added	Output
37	Construction of new residential permanent site single- and multi-family structures	842.1	50,494,752	55,186,931	160,472,287
424	Grantmaking, giving, and social advocacy organizations	1,377.80	73,046,755	58,387,894	109,979,437
360	Real estate establishments	164.7	2,147,581	18,483,889	23,343,506
413	Food services and drinking places	177.2	3,399,282	4,919,672	9,445,780
397	Private hospitals	68.6	4,389,727	4,800,949	8,975,282
394	Offices of physicians, dentists, and other health practitioners	61.6	5,587,622	5,721,672	8,357,839
40	Maintenance and repair construction of residential structures	54	2,787,253	3,476,882	8,159,563
319	Wholesale trade businesses	36.5	2,608,103	4,453,571	7,041,597
356	Securities, commodity contracts, investments, and related activities	44.2	1,524,779	1,423,808	6,252,053
320	Retail Stores - Motor vehicle and parts	41	1,909,328	2,415,720	3,465,976
38	Construction of other new residential structures	19.2	1,126,003	1,155,584	3,207,978
393	Other private educational services	14.3	375,700	464,325	724,765
382	Employment services	6.9	197,157	224,242	269,564
329	Retail Stores - General merchandise	3.6	92,376	154,221	195,252
324	Retail Stores - Food and beverage	2.8	81,868	113,305	160,265

Economic Impacts of Three Indiana NeighborWorks® Organizations: 2009-2013

Finally, we report the tax impact of the three organization from 2009-2013.

Description	Employee Compensation	Proprietor Income	Indirect Business Tax	Households	Corporations
Total State and Local Tax	182,527	-	15,466,537	5,651,328	318,042
Total Federal Tax	19,769,974	928,918	2,180,827	11,962,791	3,031,524

The above impacts can be used, along with the sum of the NWO annual operating budgets, summed for 2009-2013, to derive multipliers, which are shown below.

	<i>multiplier</i>
Total Economic Output/Total Annual Budget	\$3.86
Total Annual Budget/Total Jobs	\$33,277
Total Tax Revenue/Total Annual Budget	\$.53

- *Total Economic Output/Total Annual Budget*
five year sum of total economic output for all impacts divided by five year sum of annual operating budgets

The multiplier above can be read as the total economic output for every \$1 of NWO annual budget.

- *Total Annual Budget/Total Jobs*
five year sum of annual operating budgets divided by five year sum of total full and part time permanent and temporary jobs

This multiplier can be read as the dollars of an annual budget associated with one job.

- *Total Tax Revenue/Total Annual Budget*
five year sum of total tax revenue divided by five year sum of annual operating budgets

This multiplier can be read as total federal state and local taxes collected for each dollar of a NWO operating budget

During the period 2009-2013 the three NWOs have been responsible for over \$547.9 million in economic activity as a result of their operations. \$292.1 million of this was a direct effect, \$112.2 million an indirect effect and \$143.6 million was an induced effect. On an annual basis, the organizations sustain over 870 jobs (4352/5).

Introduction

This report estimates the types and ranges of economic impacts¹ produced by three NeighborWorks organizations in Indiana for the years 2009-2013. These economic impacts include direct, indirect, and induced effects. In addition, the data are used to calculate multipliers that may make the results more easily understood and applied to policy decisions.

NeighborWorks is a national network of 235 independent, community-based nonprofit organizations serving more than 4,500 communities nationwide. The three organizations combined conduct a spectrum of community economic development activities ranging from foreclosure counseling to affordable housing development. The three organizations studied were:

- Pathfinder Services, Inc. – Huntington
- La Casa, Inc. – Goshen
- South Bend Heritage Foundation – South Bend

This report:

1. develops and reports a methodology, explaining the input/output effects and multiplier concept, definitions, and data sources
2. provides annual and five-year budget and activity summaries for each NeighborWorks organization (NWO)
3. calculates total economic output generated by the business unit and by the total of primary activities
4. calculates the number of jobs generated (part-time and full-time, temporary and permanent, salary and fee-based) resulting from NWO operations and activities
5. calculates the amount of tax revenue² (federal, state and local) generated by the activities on an individual organization basis and the five organization total
6. calculates the multipliers of:
 - a. total impact
 - b. job creation
 - c. tax revenue - federal, state and local
7. quantifies, through the multipliers, the incremental impact of each additional dollar invested in a NWO

The main body of the report deals with top level output (5 year summaries). The **Appendix** provides additional details for each organization by year and in aggregate.

Methodology

We use the IMPLAN³ (IMpact analysis for PLANning) model for our calculations of economic impact. IMPLAN is an input-output (I/O) type econometric model. In general, these models focus on the interactions among the sectors in the economy that are affected by spending. I/O models are the ones most frequently used for calculating economic impacts associated with spending events.⁴

Economic impact analysis involves applying a final demand change to a predictive economic input-output model,⁵ and then analyzing the resulting changes in the economy. A concise definition of impact analysis is: an assessment of change in overall economic activity as a result of some change in one or several economic activities.

In practice, economic impact analysis can mean many different things. It might measure the impacts of a new factory moving into an area. It might involve estimating the local impacts of a professional football team moving into an area or the effects of tourist spending. Governments use impact analysis for policy decisions and planning. Researchers use impact analysis to study relationships of different elements in an economy. An impact analysis begins by converting a topic of concern (or project) to a set of economic issues and actors (those involved with the impact). For example, our project might be the preservation of an endangered species. This might translate to the economic issues: withdrawal of natural resources from economic development, encouragement of recreational and educational uses of the land, and the development of an administrative and research structure to preserve and enhance the species. Once the issues have been identified, the actors involved can be identified and their actions converted to a set of expenditures. These expenditures are the initial changes that stimulate further economic activity. The actions and the economic activity they stimulate are the impact.

Changing demand in a business sector, e.g., construction or rehabilitation, causes the sector producing the good (output) to purchase inputs from other industrial sectors. These sectors, in turn, purchase labor as an additional input. Workers use wages to purchase goods and services from other sectors of the economy. The initial expenditures create a ripple, or a multiplier effect throughout the economy. IMPLAN uses 440 economic sectors as a basis for analysis.

IMPLAN models several kinds of economic impacts:

- The *Direct Effect* consists of production changes associated with changes in demand for the good itself- it is an initial impact on the economy.
- The *Indirect Effect* is the secondary impact caused by changing input needs of directly affected industries. For example, building homes requires the purchase of lumber, cement, and architectural services. These transactions are captured within the indirect effect.
- The *Induced Effect* is the impact caused by household change in spending due to additional employment caused by direct and indirect effects. For example, as construction workers are paid, they will use that money to shop at the grocery store or buy clothing. These transactions are captured within the induced effect.
- The *Total Effect* is the sum of all of the above effects.

For each type of effect, modeling outputs are further categorized into:

Economic Impacts of Three Indiana NeighborWorks® Organizations: 2009-2013

- *Employment*, which does not distinguish between full and part time jobs.
- *Labor income*, the sum of employee compensation and proprietor income.
- *Value added*, meaning payments made by industry to workers, interest, profits and indirect business taxes. (Labor income is a sub-category of value added).
- *Output*, the total economic activity generated by the project. Output equals value added plus intermediate outlays (which are the goods and services purchased during the project).

Statewide impact statements are based upon statewide economic data. Aggregate impact statements are the sum of the individual organizational impacts. The sources of data used in the IMPLAN model are provided in **Attachment One**.

We use 2012 statewide IMPLAN data for Indiana, which is the most recent data set. All results are reported in 2013 dollars. Appropriate deflators are used for all prior years.

Input Activities

Each NWO may perform a different set of activities. Activities groupings may overlap. Our goal was to define these activities, determine the dollar level to be used as inputs and then calculate the outputs. We break down the activities/inputs into three classes.

Class One Inputs

These are the activities associated with the expenses of each organization.

We model NWO activities using a national and state set of data from similar businesses. Different businesses have different spending patterns and, despite the uniqueness of many NWOs, their activities can be patterned against similar business sectors. Generally, NWOs in this report are providing services or facilitating the provision of services, so output is modeled upon service provision companies/social advocacy groups. However, some of the groups may run real estate management divisions, so this part of their business is modeled after real estate management firms. In order to determine the breakdown, we looked at the annual operating statements and broke down business line expenses accordingly.

Class Two Inputs

These are activities associated with the types of community development operations the NWOs are engaged in. These activities cause events to happen, which will have their own impacts. For these activities, each NWO submitted detailed breakdowns of dollar levels. The Class Two inputs used in the analyses are provided below with a methodology for deriving the dollar input.

Homes Saved

The method we use to calculate the economic impact of one saved home is as follows: first, we assume that 20% of families who vacate a foreclosed upon home leave the area.⁶ This represents a loss of household income and the spending patterns associated with the income. Second, we use the median family income of those households whose homes were saved, provided by the NWO or estimated as noted in the endnotes. We multiply the number of homes saved by .20 by median family income, to arrive at a dollar figure that represents the amount of family income/purchase power retained in the community as a result of a home being saved.

Loans

These activities are modeled as consumer financing. We calculate only costs associated with the provision of loans (mostly home mortgages) as provided by the NWO or estimated as described in the endnotes.

Real Estate Management

These activities are modeled as real estate establishment business activity.

Real Estate Development

Total development cost less estimate for cost of land (when provided). Single and multi-family construction is included as part of this category.

Capital Improvements

Dollar value used as input. Modeled as repair and maintenance of residential structures.

Other Potential Inputs

These are activities that NWOs engage in, and results that are more difficult to quantify in terms of dollars. One can place many of these activities on some spectrum of social impact. Few, if any, of these activities lend themselves to deriving a dollar input, given the data collection methodologies of the organizations. Many could be quantified if different information were collected from program recipients. This includes credit counseling, some aspects of foreclosure prevention and other associated activities provided by NWOs.

At this point, we will want to discuss the sale of a home, as some NWOs are engaged in activities that lead to a home sale. The sale of a home is an asset transfer, and little economic impact is associated with the direct sale. Essentially, the bulk of the impact associated with the home has been created when the home was built. Once built, transferring the asset from one owner to the next is paperwork, not wealth creation. There are minor effects, such as real estate commissions, deed recording, etc., but these are nominal at best. Neighborhood stabilization effects, both social and economic, resulting from the sale of a home are real, but an in-depth analysis is beyond the scope of this report.

The above statements are not intended to discount the value of home sales. From the NWO perspective, they facilitate the flow of capital into the community for the transaction, either directly, or through subsidy and education – these effects are more difficult to quantify, as discussed above.⁷

Analysis

In this section we begin our analysis. The analysis follows the progression listed below.

1. Annual operating and activities budgets are presented. This information comes from audits from 2009-2012 and end of fiscal year statements for 2013. The lines of business are either those presented in the audit or further broken down based on correspondence where the NWO classified their lines of business in a different way than the auditors.
2. 2009-2013 summary analysis results are shown.
 - a. impact is shown by
 - direct effect
 - indirect effect
 - induced effect
 - jobs created (full and part time, temporary and permanent)
 - sectors affected (top 10 sectors affected by organization and activities impacts).
 - tax effects and breakout

Notes

1. The report tables show job numbers in aggregate; that is for the five year period. It would not be accurate to say, for instance, using Pathfinder Services as an example on the top of Page 12, organization produced 1,800 jobs as a result of its activities. It would be accurate to say that this organization contributed on average 360 (1800/5) jobs on an annual basis. These are temporary and permanent, full and part time jobs. This is an important distinction.
2. The **Appendix** provides this information by Class One and Class Two impacts, by year, by organization.

Economic Impacts of Three Indiana NeighborWorks® Organizations: 2009-2013

Pathfinder Services, Inc.

- *Direct Effect* consists of production changes associated with changes in demand for the good itself - it is an initial impact on the economy.
- *Indirect Effect* is the secondary impact caused by changing input needs of directly affected industries. For example, building homes requires the purchase of lumber, cement, and architectural services. These transactions are captured within the indirect effect.
- *Induced Effect* is the impact caused by household change in spending due to additional employment caused by direct and indirect effects. For example, as construction workers are paid, they will use that money to shop at the grocery store or buy clothing. These transactions are captured within the induced effect. *Total Effect* is the sum of all of the above effects.
- *Employment*, full and part time, temporary and full time jobs.
- *Labor income*, the sum of employee compensation and proprietor income.
- *Value added*, meaning payments made by industry to workers, interest, profits and indirect business taxes. (Labor income is a sub-category of value added).
- *Output*, the total economic activity generated by the project. Output equals value added plus intermediate outlays (which are the goods and services purchased during the project).

Input 2009-2013

Expense numbers for Pathfinder Services, Inc. are shown below. Outputs are reported in 2013 dollars. The table below are annual operating budget numbers.

Pathfinder Services	2009	2010	2011	2012	2013
services provision ⁸	13,881,712	13,448,770	13,465,718	14,227,990	13,694,948
management & general	1,702,849	1,872,270	1,618,408	1,942,363	2,022,404

The next table shows Class Two activities, or dollar values associated with the activities performed by the organization.

Pathfinder Services	2009	2010	2011	2012	2013
rehabilitation	741,869	686,963	781,994	164,317	147,659
capital improvements	299,026	1,307,253	1,345,710	774,913	637,387
mortgage associated costs ⁹	90,350	248,950	95,550	75,440	67,600
homes saved ¹⁰	1,745,784	4,100,707	2,208,708	1,514,515	967,824
EITC returned via VITA ¹¹		135,800	211,339	365,746	529,944
single family home construction ¹²	76,807,370	23,736,172	14,668,606	11,817,344	12,846,284

Economic Impacts of Three Indiana NeighborWorks® Organizations: 2009-2013

Impact (2009-2013)

Sum of Impacts¹³

Pathfinder Services

2009-2013 Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	1,805	100,661,879	95,151,419	230,498,478
Indirect Effect	712	29,894,790	49,141,117	91,267,926
Induced Effect	879	35,315,377	68,402,668	114,035,334
Total Effect	3,397	165,872,047	212,695,205	435,801,737

Top 10 Sectors Affected (2009-2013)

The economic activities of Pathfinder Services are spread out among the many sectors where the organization operates. The top ten sectors for the study period are shown below with the associated employment and dollar impacts.

Sector	Description	Employment	Labor Income	Value Added	Output
37	Construction of new residential permanent site single- and multi-family structures	747.2	44,803,571	48,966,902	142,385,717
424	Grantmaking, giving, and social advocacy organizations	1,009.10	53,500,554	42,764,181	80,550,612
360	Real estate establishments	74.3	969,016	8,340,165	10,532,886
413	Food services and drinking places	139.5	2,676,504	3,873,620	7,437,356
40	Maintenance and repair construction of residential structures	48.8	2,520,214	3,143,771	7,377,817
397	Private hospitals	54.5	3,485,689	3,812,222	7,126,875
319	Wholesale trade businesses	36.5	2,608,103	4,453,571	7,041,597
394	Offices of physicians, dentists, and other health practitioners	50.9	4,620,442	4,731,289	6,911,153
356	Securities, commodity contracts, investments, and related activities	34.2	1,180,317	1,102,156	4,839,655
320	Retail Stores - Motor vehicle and parts	41	1,909,328	2,415,720	3,465,976

Economic Impacts of Three Indiana NeighborWorks® Organizations: 2009-2013

Tax Impact (2009-2013)

Tax impacts are associated with the economic activities of Pathfinder Services. The 2009-2013 summary tax outputs are shown in the table below.

Description	Employee Compensation	Proprietor Income	Indirect Business Tax	Households	Corporations
Total State and Local Tax	143,528	-	11,990,870	4,476,621	228,792
Total Federal Tax	15,545,907	772,093	1,690,747	9,476,158	2,180,802

Multipliers

Pathfinder Services Five Year Summary	multiplier
Total Economic Output/Total Annual Budget	\$5.6
Total Annual Budget/Total Jobs	\$22,925 ¹⁴
Total Tax Revenue/Total Annual Budget	\$0.60

- *Total Economic Output/Total Annual Budget*
five year sum of total economic output for all impacts divided by five year sum of annual operating budgets

The multiplier above can be read as the total economic output for every \$1 of NWO annual budget.

- *Total Annual Budget/Total Jobs*
five year sum of annual operating budgets divided by five year sum of total full and part time permanent and temporary jobs

This multiplier can be read as the dollars of an annual budget associated with one job.

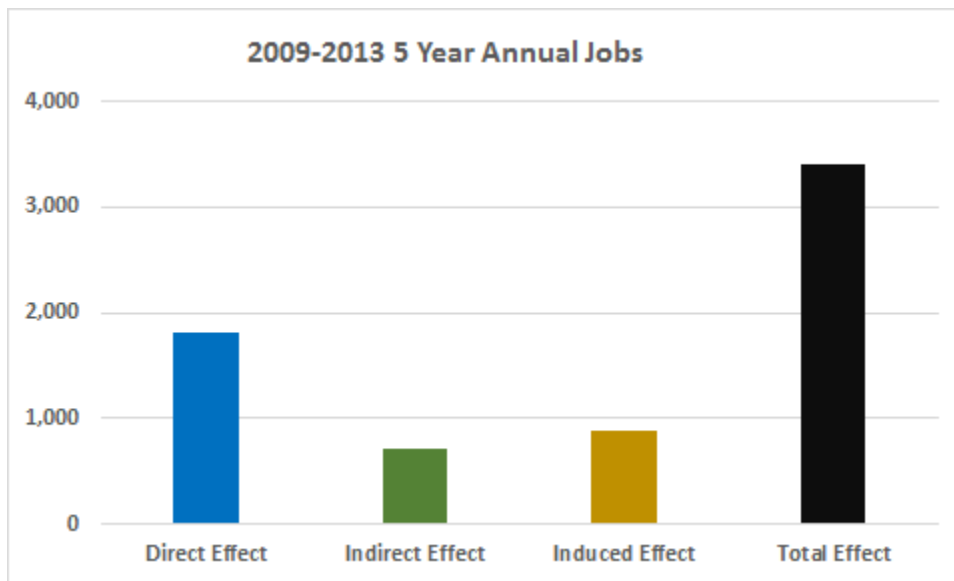
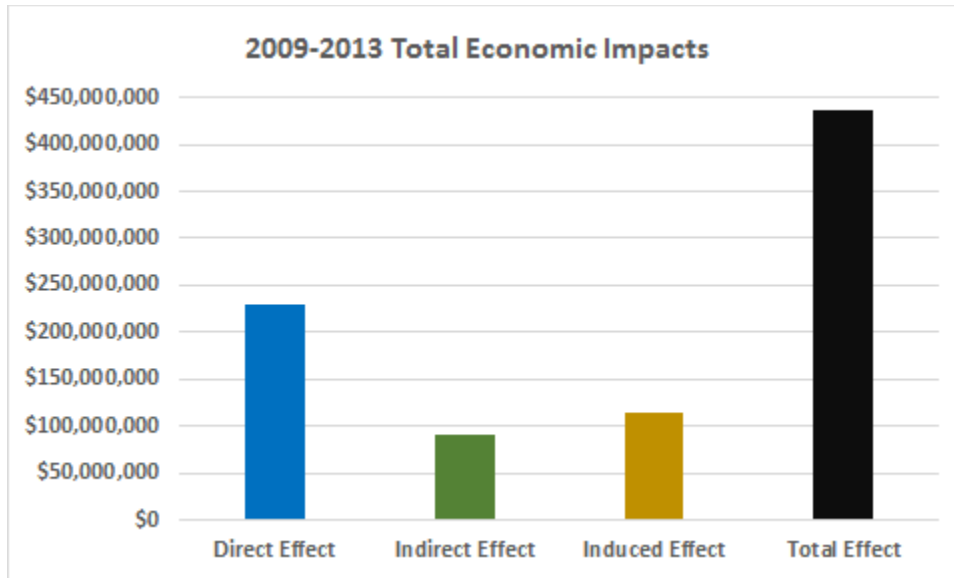
- *Total Tax Revenue/Total Annual Budget*
five year sum of total tax revenue divided by five year sum of annual operating budgets

This multiplier can be read as total federal state and local taxes collected for each dollar of a NWO operating budget.

Summary

During the period 2009-2013 Pathfinder Services has been responsible for approximately \$435.8 million in economic activity as a result of its operations. \$230.5 million of this amount was a direct effect, \$91.3 million an indirect effect and \$114 million was an induced effect. On an annual basis, the organization sustains over 679 jobs.

Economic Impacts of Three Indiana NeighborWorks® Organizations: 2009-2013



Economic Impacts of Three Indiana NeighborWorks® Organizations: 2009-2013

LaCasa

- *Direct Effect* consists of production changes associated with changes in demand for the good itself: it is an initial impact on the economy.
- *Indirect Effect* is the secondary impact caused by changing input needs of directly affected industries. For example, building homes requires the purchase of lumber, cement, and architectural services. These transactions are captured within the indirect effect.
- *Induced Effect* is the impact caused by household change in spending due to additional employment caused by direct and indirect effects. For example, as construction workers are paid, they will use that money to shop at the grocery store or buy clothing. These transactions are captured within the induced effect.
- *Total Effect* is the sum of all of the above effects.
- *Employment*, full and part time, temporary and full time jobs.
- *Labor income*, the sum of employee compensation and proprietor income.
- *Value added*, meaning payments made by industry to workers, interest, profits and indirect business taxes. (Labor income is a sub-category of value added).
- *Output*, the total economic activity generated by the project. Output equals value added plus intermediate outlays (which are the goods and services purchased during the project).

Input 2009-2013

Expense numbers for LaCasa are shown below. Outputs are reported in 2013 dollars. The table below are annual operating budget numbers.

LaCasa	2009	2010	2011	2012	2013
management & general	1,407,638	1,170,103	989,083	1,128,347	1,009,191
real estate development	658,078	1,375,807	856,967	530,052	370,864
asset management	543,643	597,993	523,125	723,132	449,266

The next table shows Class Two activities, or dollar values associated with the activities performed by the organization.

LaCasa	2009	2010	2011	2012	2013
capital improvements	289,192	218,597	88,984	78,429	46,777
r.e. development (less TDC)	423,057	983,938	2,599,748	1,359,754	2,254,782
mortgage associated costs ¹⁵	20,623	11,879	1,720	-	5,476
homes saved ¹⁶	565,000	400,000	300,000	340,000	545,000

Economic Impacts of Three Indiana NeighborWorks® Organizations: 2009-2013

Impact (2009-2013)

Sum of Impacts

LaCasa

2009-2013 Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	169	7,245,420	11,642,932	21,354,789
Indirect Effect	52	2,154,435	3,707,573	6,691,354
Induced Effect	75	3,009,345	5,821,922	9,696,181
Total Effect	296	12,409,200	21,172,428	37,742,323

Top 10 Sectors Affected (2009-2013)

The economic activities of LaCasa are spread out among the many sectors where the organization operates. The top ten sectors for the study period are shown below with the associated employment and dollar impacts.

Sector	Description	Employment	Labor Income	Value Added	Output
424	Grantmaking, giving, and social advocacy organizations	74.2	3,932,673	3,143,473	5,921,046
360	Real estate establishments	56.6	737,418	6,346,839	8,015,493
37	Construction of new residential permanent site single- and multi-family structures	40.4	2,421,053	2,646,027	7,694,106
413	Food services and drinking places	11.7	223,795	323,891	621,872
40	Maintenance and repair construction of residential structures	5.2	267,039	333,111	781,746
397	Private hospitals	4.7	300,141	328,258	613,672
394	Offices of physicians, dentists, and other health practitioners	4.4	397,855	407,400	595,103
329	Retail Stores - General merchandise	3.6	92,376	154,221	195,252
393	Other private educational services	2.9	76,861	94,992	148,273
324	Retail Stores - Food and beverage	2.8	81,868	113,305	160,265

Economic Impacts of Three Indiana NeighborWorks® Organizations: 2009-2013

Tax Impact (2009-2013)

Tax impacts are associated with the economic activities of LaCasa. The 2009-2013 summary tax outputs are shown in the table below.

Description	Employee Compensation	Proprietor Income	Indirect Business Tax	Households	Corporations
Total State and Local Tax	10,717	-	1,469,712	334,951	48,920
Total Federal Tax	1,160,741	58,541	207,234	709,028	466,297

Multipliers

LaCasa	multiplier
Total Economic Output/Total Annual Budget	\$3.06
Total Annual Budget/Total Jobs	\$41,667 ¹⁷
Total Tax Revenue/Total Annual Budget	\$.36

- *Total Economic Output/Total Annual Budget*
five year sum of total economic output for all impacts divided by five year sum of annual operating budgets

The multiplier above can be read as the total economic output for every \$1 of NWO annual budget.

- *Total Annual Budget/Total Jobs*
five year sum of annual operating budgets divided by five year sum of total full and part time permanent and temporary jobs

This multiplier can be read as the dollars of an annual budget associated with one job.

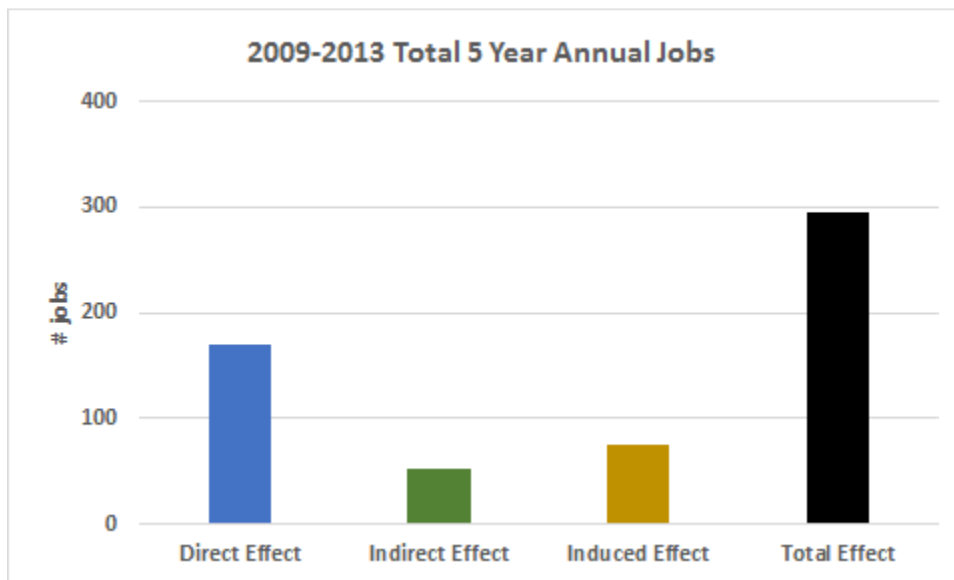
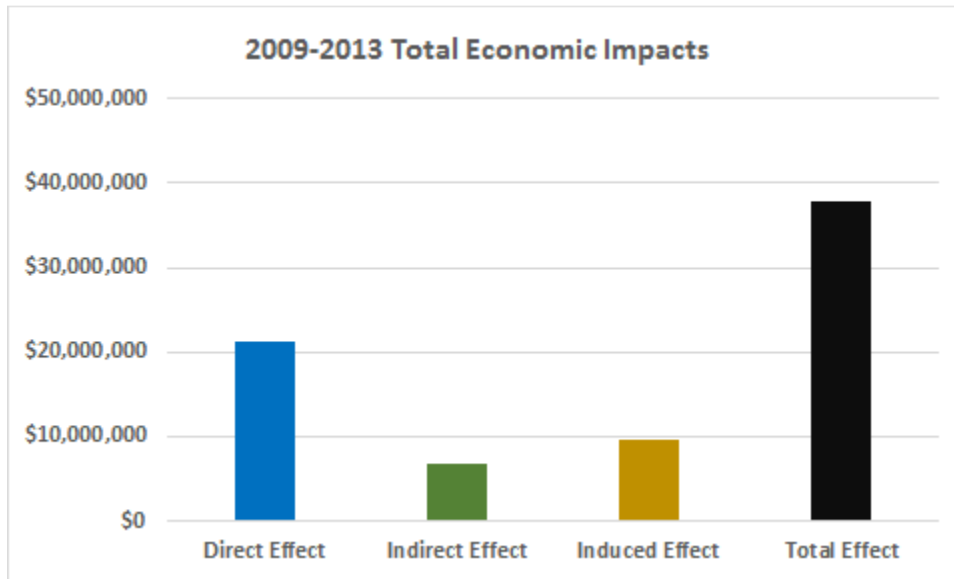
- *Total Tax Revenue/Total Annual Budget*
five year sum of total tax revenue divided by five year sum of annual operating budgets

This multiplier can be read as total federal state and local taxes collected for each dollar of a NWO operating budget.

Summary

During the period 2009-2013 LaCasa has been responsible for approximately \$37.7 million in economic activity as a result of its operations. 21.4 million of this amount was a direct effect, \$6.7 million an indirect effect and \$9.7 million was an induced effect. On an annual basis, the organization sustains over 59 jobs.

Economic Impacts of Three Indiana NeighborWorks® Organizations: 2009-2013



Economic Impacts of Three Indiana NeighborWorks® Organizations: 2009-2013

South Bend Heritage Foundation

- *Direct Effect* consists of production changes associated with changes in demand for the good itself: it is an initial impact on the economy.
- *Indirect Effect* is the secondary impact caused by changing input needs of directly affected industries. For example, building homes requires the purchase of lumber, cement, and architectural services. These transactions are captured within the indirect effect.
- *Induced Effect* is the impact caused by household change in spending due to additional employment caused by direct and indirect effects. For example, as construction workers are paid, they will use that money to shop at the grocery store or buy clothing. These transactions are captured within the induced effect.
- *Total Effect* is the sum of all of the above effects.
- *Employment*, full and part time, temporary and full time jobs.
- *Labor income*, the sum of employee compensation and proprietor income.
- *Value added*, meaning payments made by industry to workers, interest, profits and indirect business taxes. (Labor income is a sub-category of value added).
- *Output*, the total economic activity generated by the project. Output equals value added plus intermediate outlays (which are the goods and services purchased during the project).

Input 2009-2013¹⁸

Expense numbers for South Bend Heritage Foundation are shown below. Outputs are reported in 2013 dollars. The table below are annual operating budget numbers.

SBHF	2009	2010	2011	2012	2013
management & general	3,175,903	3,559,015	4,594,892	7,117,293	4,386,992

The next table shows Class Two activities, or dollar values associated with the activities performed by the organization.

SBHF	2009	2010	2011	2012	2013
multi family development homes saved ¹⁹	75,000	5,993,322	4,130,970	65,000	3,207,978
capital improvements	25,540	120,000	85,000	115,382	75,000
asset management	460,463	17,280	80,454	529,135	106,224
		473,417	543,130		697,355

Economic Impacts of Three Indiana NeighborWorks® Organizations: 2009-2013

Impact (2009-2013)

Sum of Impacts

SBHF

2009-2013 Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	389.6	20,339,137	19,553,836	40,200,505
Indirect Effect	116.2	4,721,687	7,860,662	14,244,396
Induced Effect	153.2	6,156,358	11,933,573	19,909,443
Total Effect	658.9	31,217,183	39,348,070	74,354,344

Top 10 Sectors Affected (2009-2013)

The economic activities of South Bend Heritage Foundation are spread out among the many sectors where the organization operates. The top ten sectors for the study period are shown below with the associated employment and dollar impacts.

Sector	Description	Employment	Labor Income	Value Added	Output
424	Grantmaking, giving, and social advocacy organizations	294.5	15,613,528	12,480,240	23,507,779
37	Construction of new residential permanent site single- and multi-family structures	54.5	3,270,128	3,574,002	10,392,464
360	Real estate establishments	33.8	441,147	3,796,885	4,795,127
413	Food services and drinking places	26	498,983	722,161	1,386,552
38	Construction of other new residential structures	19.2	1,126,003	1,155,584	3,207,978
393	Other private educational services	11.4	298,839	369,333	576,492
356	Securities, commodity contracts, investments, and related activities	10	344,462	321,652	1,412,398
397	Private hospitals	9.4	603,897	660,469	1,234,735
382	Employment services	6.9	197,157	224,242	269,564
394	Offices of physicians, dentists, and other health practitioners	6.3	569,325	582,983	851,583

Economic Impacts of Three Indiana NeighborWorks® Organizations: 2009-2013

Tax Impact (2009-2013)

Tax impacts are associated with the economic activities of South Bend Heritage Foundation. The 2009-2013 summary tax outputs are shown in the table below.

Description	Employee Compensation	Proprietor Income	Indirect Business Tax	Households	Corporations
Total State and Local Tax	28,282	-	2,005,955	839,756	40,330
Total Federal Tax	3,063,326	98,284	282,846	1,777,605	384,425

Multipliers

SBHF	multiplier
Total Economic Output/Total Annual Budget	\$3.26
Total Annual Budget/Total Jobs	\$34,655 ²⁰
Total Tax Revenue/Total Annual Budget	\$.37

- *Total Economic Output/Total Annual Budget*
five year sum of total economic output for all impacts divided by five year sum of annual operating budgets

The multiplier above can be read as the total economic output for every \$1 of NWO annual budget.

- *Total Annual Budget/Total Jobs*
five year sum of annual operating budgets divided by five year sum of total full and part time permanent and temporary jobs

This multiplier can be read as the dollars of an annual budget associated with one job.

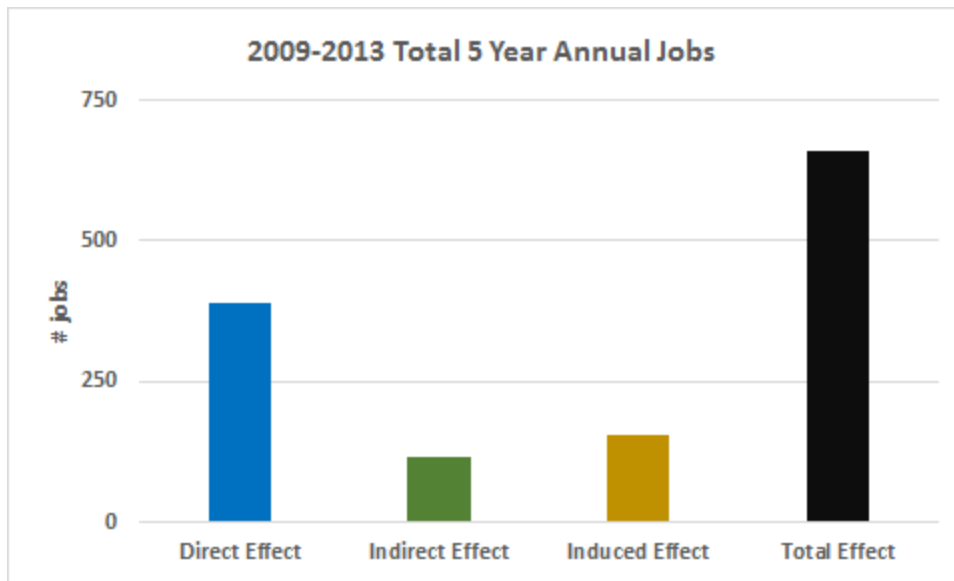
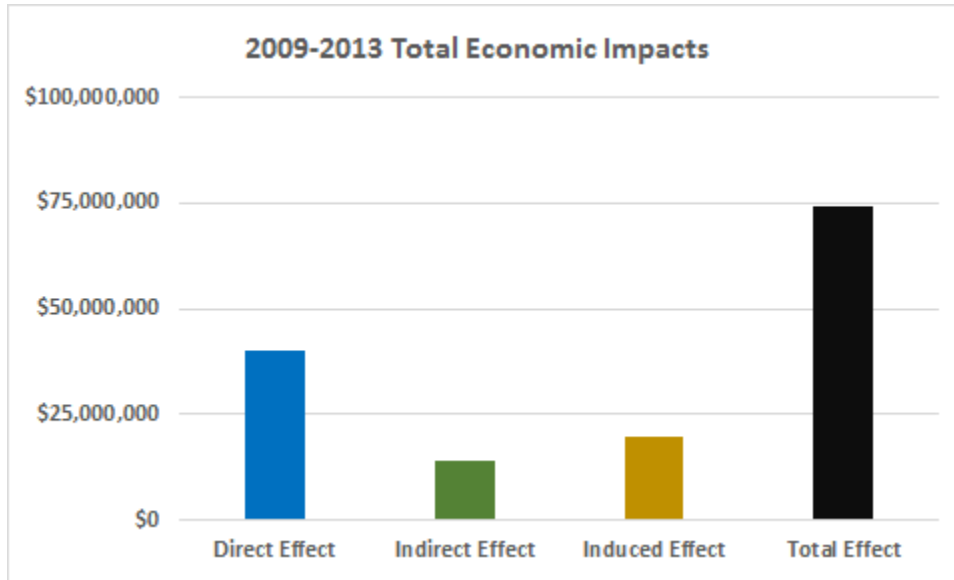
- *Total Tax Revenue/Total Annual Budget*
five year sum of total tax revenue divided by five year sum of annual operating budgets

This multiplier can be read as total federal state and local taxes collected for each dollar of a NWO operating budget.

Summary

During the period 2009-2013 South Bend Heritage Foundation has been responsible for over \$74.4 million in economic activity as a result of its operations. \$40.2 million of this amount was a direct effect, \$14.2 million an indirect effect and \$19.9 million was an induced effect. On an annual basis, the organization sustains over 131 jobs.

Economic Impacts of Three Indiana NeighborWorks® Organizations: 2009-2013



Economic Impacts of Three Indiana NeighborWorks® Organizations: 2009-2013

Three NWOs – Aggregate Data Impact (2009-2013)

Sum of Impacts

2009-2013 Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	2,364	128,246,436	126,348,187	292,053,772
Indirect Effect	880	36,770,912	60,709,352	112,203,676
Induced Effect	1,107	44,481,080	86,158,163	143,640,958
Total Effect	4,352	209,498,430	273,215,703	547,898,404

Top Sectors Affected (2009-2013)

The economic activities are spread out among the many sectors where the organizations operate. The top sectors for the study period are shown below with the associated employment and dollar impacts.

Sector	Description	Employment	Labor Income	Value Added	Output
37	Construction of new residential permanent site single- and multi-family structures	842.1	50,494,752	55,186,931	160,472,287
424	Grantmaking, giving, and social advocacy organizations	1,377.80	73,046,755	58,387,894	109,979,437
360	Real estate establishments	164.7	2,147,581	18,483,889	23,343,506
413	Food services and drinking places	177.2	3,399,282	4,919,672	9,445,780
397	Private hospitals	68.6	4,389,727	4,800,949	8,975,282
394	Offices of physicians, dentists, and other health practitioners	61.6	5,587,622	5,721,672	8,357,839
40	Maintenance and repair construction of residential structures	54	2,787,253	3,476,882	8,159,563
319	Wholesale trade businesses	36.5	2,608,103	4,453,571	7,041,597
356	Securities, commodity contracts, investments, and related activities	44.2	1,524,779	1,423,808	6,252,053
320	Retail Stores - Motor vehicle and parts	41	1,909,328	2,415,720	3,465,976
38	Construction of other new residential structures	19.2	1,126,003	1,155,584	3,207,978
393	Other private educational services	14.3	375,700	464,325	724,765
382	Employment services	6.9	197,157	224,242	269,564
329	Retail Stores - General merchandise	3.6	92,376	154,221	195,252
324	Retail Stores - Food and beverage	2.8	81,868	113,305	160,265

Economic Impacts of Three Indiana NeighborWorks® Organizations: 2009-2013

Tax Impact (2009-2013)

The 2009-2013 summary tax outputs are shown in the table below.

Description	Employee Compensation	Proprietor Income	Indirect Business Tax	Households	Corporations
Total State and Local Tax	182,527	-	15,466,537	5,651,328	318,042
Total Federal Tax	19,769,974	928,918	2,180,827	11,962,791	3,031,524

Multipliers

3 NWOs aggregate (2009-2013)	multiplier
Total Economic Output/Total Annual Budget	\$3.86
Total Annual Budget/Total Jobs	\$33,277
Total Tax Revenue/Total Annual Budget	\$.53

- *Total Economic Output/Total Annual Budget*
five year sum of total economic output for all impacts divided by five year sum of annual operating budgets

The multiplier above can be read as the total economic output for every \$1 of NWO annual budget.

- *Total Annual Budget/Total Jobs*
five year sum of annual operating budgets divided by five year sum of total full and part time permanent and temporary jobs

This multiplier can be read as the dollars of an annual budget associated with one job.

- *Total Tax Revenue/Total Annual Budget*
five year sum of total tax revenue divided by five year sum of annual operating budgets

This multiplier can be read as total federal state and local taxes collected for each dollar of a NWO operating budget. It's the total of the 9 NOW operating budgets?

Summary

During the period 2009-2013 the three NWOs have been responsible for over \$547.9 million in economic activity as a result of their operations. \$292.1 million of this was a direct effect, \$112.2 million an indirect effect and \$146.6 million was an induced effect. On an annual basis, The organizations sustain over 870 jobs.

Multiplier Summary

Multipliers can be used as a shorthand for discussing economic impacts. We calculate these multipliers below.

Economic Impacts of Three Indiana NeighborWorks® Organizations: 2009-2013

The multipliers below are calculated as follows:

- *Total Economic Output/Total Annual Budget*
five year sum of total economic output for the Class One and Class Two impacts divided by five year sum of annual operating budgets

The multiplier above can be read as the total economic output for every \$1 of NWO annual budget.

- *Total Annual Budget/Total Jobs*
five year sum of annual operating budgets divided by five year sum of total full and part time permanent and temporary jobs

This multiplier can be read as the dollars of an annual budget associated with one job.

- *Total Tax Revenue/Total Annual Budget*
five year sum of total tax revenue divided by five year sum of annual operating budgets

This multiplier can be read as total federal state and local taxes collected for each dollar of a NWO operating budget.

Pathfinder Services

Five Year Summary	<i>multiplier</i>
Total Economic Output/Total Annual Budget	\$5.6
Total Annual Budget/Total Jobs	\$22,925
Total Tax Revenue/Total Annual Budget	\$0.60

LaCasa

Five Year Summary	<i>multiplier</i>
Total Economic Output/Total Annual Budget	\$3.06
Total Annual Budget/Total Jobs	\$41,667
Total Tax Revenue/Total Annual Budget	\$.36

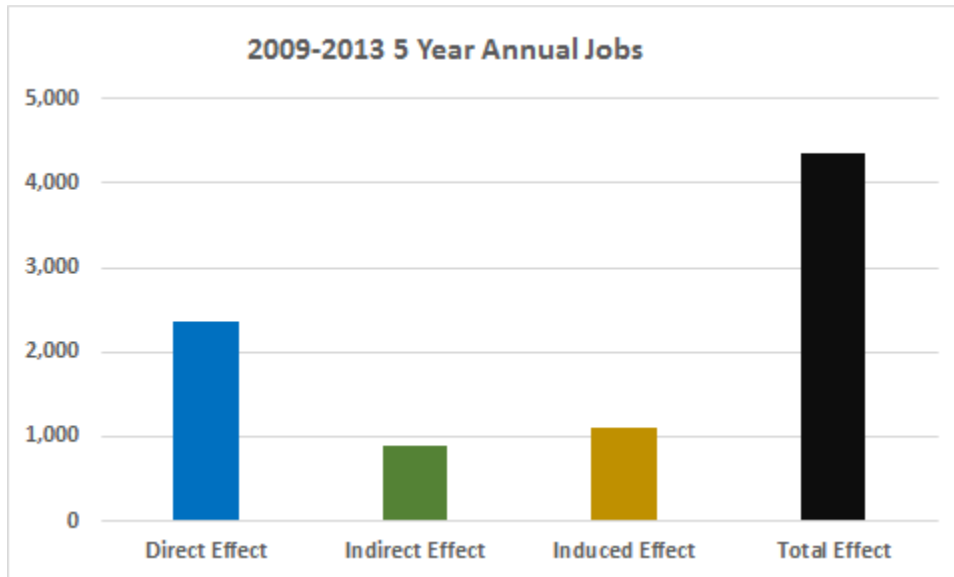
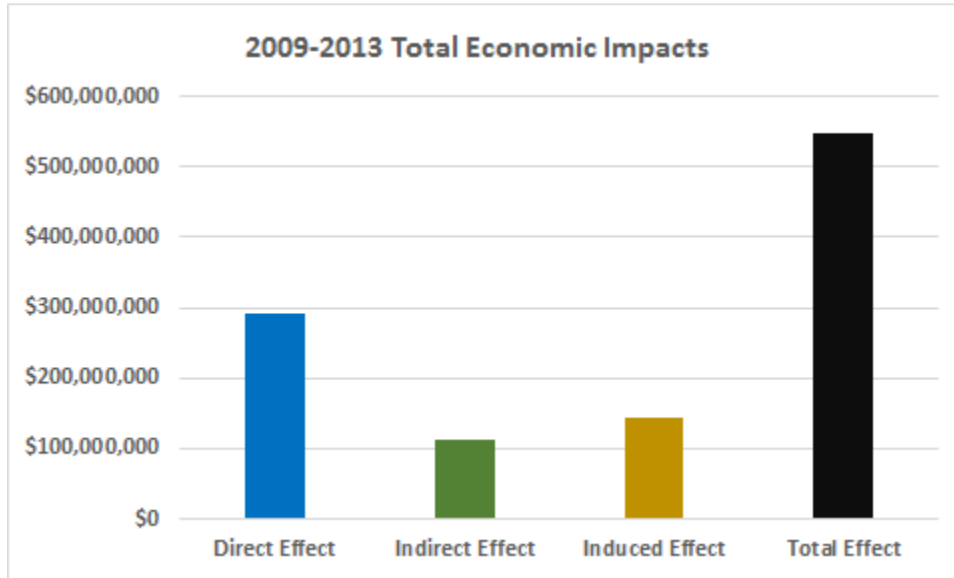
South Bend Heritage Foundation

Five Year Summary	<i>multiplier</i>
Total Economic Output/Total Annual Budget	\$3.26
Total Annual Budget/Total Jobs	\$34,655
Total Tax Revenue/Total Annual Budget	\$.37

Economic Impacts of Three Indiana NeighborWorks® Organizations: 2009-2013

Three NWO Organizations

Five Year Summary	multiplier
Total Economic Output/Total Annual Budget	\$3.86
Total Annual Budget/Total Jobs	\$33,277
Total Tax Revenue/Total Annual Budget	\$.53



Attachment One Sources of Data

- US Bureau of Economic Analysis Benchmark I/O Accounts of the US
- US Bureau of Economic Analysis Output Estimates
- US Bureau of Economic Analysis REIS Program
- US Bureau of Labor Statistics Covered Employment and Wages (ES202) Program
- US Bureau of Labor Statistics Consumer Expenditure Survey
- US Census Bureau County Business Patterns
- US Census Bureau Decennial Census and Population Surveys
- US Census Bureau Economic Censuses and Surveys
- US Department of Agriculture Crop and Livestock Statistics
- US Geological Survey

Attachment Two Industry Benchmarks

Below, we show comparative industry multipliers. These can be used to benchmark each organization and all organizations.

construction of single & multi-family homes	<i>multiplier</i>
Total Economic Output/Total Annual Budget	2.2
Total Annual Budget/Total Jobs	\$59,172
Total Tax Revenue/Total Annual Budget	\$0.25

construction other residential structures	<i>multiplier</i>
Total Economic Output/Total Annual Budget	2.2
Total Annual Budget/Total Jobs	\$58,140
Total Tax Revenue/Total Annual Budget	\$0.21

maintenance & repair of residential structures	<i>multiplier</i>
Total Economic Output/Total Annual Budget	2.3
Total Annual Budget/Total Jobs	\$49,504
Total Tax Revenue/Total Annual Budget	\$0.24

real estate establishments	<i>multiplier</i>
Total Economic Output/Total Annual Budget	2.3
Total Annual Budget/Total Jobs	\$43,478
Total Tax Revenue/Total Annual Budget	\$0.44

social advocacy organizations	<i>multiplier</i>
Total Economic Output/Total Annual Budget	2.4
Total Annual Budget/Total Jobs	\$41,841
Total Tax Revenue/Total Annual Budget	\$0.24

Endnotes

¹ The accuracy of all dollar amounts shown can be interpreted as follows: for each sector analyzed, the impacts are calculated based on the average results of the IMPLAN I/O model. There may be variation within each sector. As an example, if an impact is calculated for rehabilitation of single family homes, this impact is based on the total dollar value of the economic impact produced by rehabilitation of single family homes in the state divided by the total rehabilitation of single family homes input. This multiplier is applied to the dollar amount of this activity conducted by the organization. As such, there may be variation, however given a large enough sample, the variation will tend towards \$0.

² Tax revenue assumes NWO does not pay tax on corporate profits. Corporate profit taxes reported are for indirect and induced effects only.

³ For a more detailed description of the IMPLAN model, see http://implan.com/v3/index.php?option=com_kb&task=article&article=108&Itemid=166.

⁴ The seminal text for I/O models and their explanation is Wassily W. Leontief, *Input-Output Economics, 2nd ed.*, New York: Oxford University Press, 1986.

⁵ Much of this section is taken from IMPLAN Manual, vol.2, 3rd edition, 2000.

⁶ See Molloy, Raven and Shan, Hui: *The Post-Foreclosure Experience of U.S. Households*, Federal Reserve Board of Governors, May, 2011. Note that in this study the authors determined that one of 5 households leave the county, not the state. We assume that these families leave the service area of the individual NWO, so the NWO is responsible for maintaining the household income in the service area. However, this may not roll up to the state level; so, aggregate household income retained in the state is most likely an overestimate, while household income retained in the service area of the individual NWO is an accurate representation within the constraints of the model assumptions..

⁷ Some areas where data could and should be collected in order to determine an economic impact include: homeownership classes, education outcomes such as debt reduction, neighborhood stability; neighborhood social stability, e.g., less use of public services such as police and fire. A follow up project would include analyzing all data collected by each organization, the assigning of each data source to an economic impact or activity and, once an impact can be identified, the development of data intake forms to collect the impact data.

⁸ Modeled as Sector 424, Social Services Agencies

⁹ Closing costs associated with transaction. Total sales price equals \$100,114,793 (2009-2013).

¹⁰ See explanation at the beginning of this report for the methodology used in calculating these numbers.

¹¹ Modeled as change in household income \$15,000-\$25,000 income pattern..

¹² Pathfinder provided these mortgage amounts to buyer of newly constructed single family homes. We assume the mortgage amount equals the development cost.

¹³ Jobs are summed up for 5 years for Class One and Class Two.

¹⁴ This can be read as follows: "A Pathfinder Services operating expenditure of \$114,627 sustains one job for 1 year".

¹⁵ For this calculation we used an estimate – we took 2% of the mortgage amounts originated and used that number as the basis for input to Sector 360, Real Estate Establishments.

¹⁶ For input for this calculation, we used a median income of \$25,000.

¹⁷ This can be read as follows: "A LaCasa operating expenditure of \$208,333 sustains one job for 1 year".

¹⁸ For 2009-2012, we use audited expense numbers. For 2013, we used numbers supplied by SBHF via email, February 14, 2014.

¹⁹ For input for this calculation, we used a median income of \$25,000. Actual reported incomes, in general are higher, and the output more than likely underestimates household income impact.

²⁰ This can be read as follows: "A SBHF operating expenditure of \$173,275 sustains one job for 1 year".