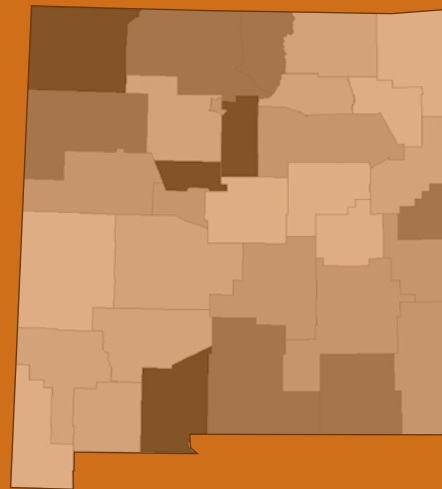


# The Economic Impact of Nonprofit Organizations in New Mexico

2006  
January

University of New Mexico  
Bureau of Business and  
Economic Research



## Sponsored by

NGO-New Mexico,

The New Mexico Nonprofit Association  
New Mexico Association of Grantmakers

## Underwritten by

The Daniels Fund

Health Insurance Alliance

PNM

Qwest

Santa Fe Community Foundation

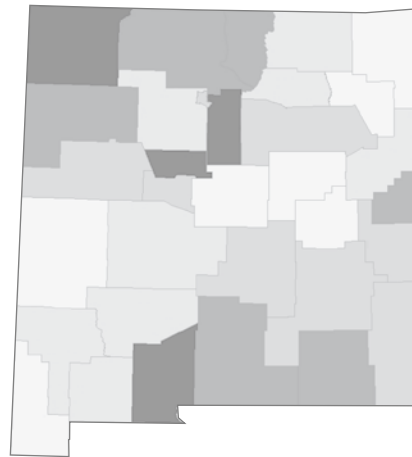
United Way of Santa Fe County

# The Economic Impact of Nonprofit Organizations in New Mexico

2006  
January

by Dr. Jeffrey Mitchell

University of New Mexico  
Bureau of Business and  
Economic Research



with Preamble by

NGO-New Mexico,

The New Mexico Nonprofit Association  
New Mexico Association of Grantmakers

# Table of Contents

Acknowledgments	1
Preamble	2
Key Findings	4
Introduction	5
Detailed Findings	6
The Economic Contribution of Nonprofit Businesses to New Mexico's Economy	6
Nonprofit Wage Rates	7
Nonprofit Organizations Bring Outside Funds into the New Mexico Economy	8
New Mexico's Nonprofits by Sector	9
New Mexico's Nonprofit Organizations by County	10
Conclusion	13
Appendix A: Source of Data and Coverage within the Nonprofit Sector	14
Appendix B: Detailed Tables	16

# Acknowledgments

I would like to thank Dr. M. Carlota Baca and Marylee McInnes of the New Mexico Association of Grantmakers and Anne Hays Egan of NGO New Mexico for their initiative and support for this important work. This project would never have happened were it not for their commitment and effort.

The methodology and organization of this study borrows from Nonprofit Employment Data Project of the Center for Civil Society Studies at the Johns Hopkins University Institute for Policy Studies. The purpose in using the CCSS format is to allow for comparability of this report with similar state-level reports produced by the Center. Other Nonprofit Employment Data Project reports by CCSS can be found at: <http://www.jhu.edu/~ccss/research/employ.html>

I would like to thank Michelle Doran of the New Mexico Department of Labor for facilitating access to ES-202 data that is the principal source of information for this analysis. Thanks also to the staff of the Registrar of Charitable Organizations of the New Mexico Attorney General's Office, including Christine Turner, Leah Quesada and Kathy Lucero, for help in gaining access to the list of the state's charitable organizations.

Finally and as always, it would not be possible to accomplish this or any other work without the support of my fellow members of the UNM-BBER staff. In this case, thanks to Jeremy Cooke and Xaing (Judy) Li for their help with the data; to Molly Bleecker for editorial support; to the esteemed Dr. Michael Byrnes for his help with the otherwise insurmountable administrative challenges; and, of course, Dr. Lee Reynis, our always supportive Director.

Jeffrey Mitchell

# Preamble

This is the first time that a Report has assembled research on the nonprofit sector and its economic contributions to New Mexico. In the recent past, we saw a similar study pertaining solely to the arts and cultural industries in Santa Fe County, sponsored by the McCune Charitable Foundation, the Azalea Foundation and the Burnett Foundation. The findings of that study, prepared by the Bureau of Business of Economic Research at UNM, persuaded us that a similar study on the economic impact of the statewide nonprofit sector would be illuminating.

Trying to determine the number of nonprofit organizations in the state of New Mexico is an exercise fraught with peril. We have learned that it is similarly fraught in other states, and for the same reasons.

According to the National Center for Charitable Statistics (NCCS) of the Urban Institute, there are 6,556 nonprofits in New Mexico that have incorporated and received 501(c)3 status from the IRS. These represent the largest universe of reported nonprofits in the state. According to the New Mexico Attorney General's Office, there are about 4,200 of them registered with the State, but this number is unreliable because it includes out-of-state fundraisers who must also register. According to the NCCS, there are 2,614 nonprofits that filed the 990 Tax Form in 2005.

We know that many organizations receive a 501(c)3 status from the Internal Revenue Service and then may operate for only a short time. Others are active only sporadically or may be tied to one specific project that has been accomplished. Other nonprofits may have no paid employees, depending solely on volunteers, and thus are beneath the Department of Labor's radar. And yet still others may accomplish their work and stay under the radar by virtue of their small budgets. (Nonprofits with annual income under \$25,000 do not need to file tax 990 forms.)

So it is not an easy thing to count New Mexico's nonprofits. However, it may not be as important as calculating the impact of those we do know about. We know that nonprofits run the gamut from barn theatres to scientific research institutes, from rural animal shelters to private prep schools, from baroque chamber music ensembles to refuges for battered families. There is simply no one unifying characteristic other than the notion that all such organizations work "for the common good," are held by the public trust and not by owners, are managed by governing boards, and have missions that include care for the needy, education, civic and social improvement, and even artistic entertainment. As you read through this report prepared by the Bureau of Business and Economic Research (BBER) at the University of New Mexico, bear in mind that this is a very conservative "count" of nonprofits in our State. BBER has kept the count to 1,913, a smaller universe certainly, but in keeping with its filter and numerous well-reasoned exclusions. What most interests us is nonprofit employment and wages and what larger inferences we can make about them to New Mexico's economy.

An important fact about nonprofits is that, to a major extent, the assets or income of these nonprofit organizations are donated—by individuals, by philanthropic foundations, and even in some cases, conferred by government contract. By and large, nonprofits tend to tread gently on their communities: they do not require huge tax or real estate incentives to get them to locate where they have. They do not hold their communities hostage to special considerations for them to remain. They tend to spring up where they're needed, remain where they're welcome, and fade away when they have finished their work or performed it poorly.

In most cases, this sector mirrors the business sector where survival depends on providing a needed service and keen management of the enterprise. But here there is no profit motive, no owner or shareholder to enrich, no tangible product whose price is determined by demand. For example, a hospice provider may deliver individual day-to-day care for only a few terminally ill individuals at any one time, but this market place does not have to be concerned with *per unit cost*. It's a provision of care that a civil society has decided is important.

Some nonprofits do their work because the government can't do it and the business

community won't. For example, counseling for the victims of abuse and violence is costly and it will never be a profitable business venture. Similarly, it's not a suitable task for government civil service workers. It is specialized, difficult, discrete, and requires technical training. There is a good reason why government doesn't do it: government simply can't touch the nonprofit sector in terms of efficiency and effectiveness. There's a reason why the private business sector doesn't do it: there is little or no profit to be made. Thus, the *third*-nonprofit-sector takes up this work.

We know that at the very least, the nonprofit sector employs over 44,000 people in New Mexico and that those employees are paying income taxes, buying groceries, paying rent and mortgages, contributing to local gross receipts taxes, and spreading their money around to babysitters and furniture stores. Their nonprofit employers are paying payroll taxes and employee health insurance, and spending assets on stationery, heat and office supplies, and liability and workers' compensation insurance.

Perhaps the least documented fact about nonprofits is that they are channeling volunteer work, uncompensated labor that benefits their communities. How do you assign a dollar value to a volunteer peeling potatoes in a charity soup kitchen? You don't. But it has a value, even if it is undocumented. How do you assign a dollar value to a volunteer planning a fundraising gala? You don't. It is uncounted.

Some of the yield of this volunteer work can be seen in the cash proceeds raised by car washes and high-end auctions of valuable art, bake sales and cocktail parties, lectures and poetry readings, even 6K runs and glamorous fundraising dinners. We even know of one equine rescue shelter that sells paintings done by a horse named Jake! Nonprofits raise money to underwrite the work that a community thinks is important to its existence and its civility. In many, many cases, that work is volunteer and thus invisible on any ledger and undocumented in any audit.

If we look at the population of employable adults in a state with less than two million people, the employment of 44,000 people is significant and the impact is a real one. The most important page in this report is the one, entitled "Key Findings." The rest of the report will provide empirical support for those findings as well as some more detailed data of interest to the Legislature and the for-profit sector.

There is inestimable value in looking at the nonprofit sector's economic impact in our State and we hope that this Report will be the first such study that assists our Legislature to craft important and relevant public policy vis à vis the nonprofit arena. We trust that it will help the nonprofit sector take pride in its importance and stimulate the sector to monitor threats to its integrity. We know that it will help our government leaders recognize the financial efficiency and agility of the sector. Finally, we hope that this report will provoke people to think, from time to time, about what our communities would be like without these services.

At the end of the study, Appendix A, you will find described the parts of the nonprofit sector that were *not* counted in this Study. While this may seem rather exclusionary, we wish this first study of the economic impact of nonprofits to be a terse and unassailable one in terms of its reliability. Future such studies will amplify this one and we hope to do one every three or four years.

We are grateful to the Bureau of Business and Economic Research at the University of New Mexico for the difficult and painstaking work that made this Report possible, with special thanks to Dr. Jeffrey Mitchell, Research Scientist, and Dr. Lee Reynis, Executive Director.

<p>M. Carlota Baca, Ph.D. Executive Director New Mexico Assn. of Grantmakers P.O. Box 9280 Santa Fe, NM 87504 mcbaca@nmag.org 505.995.0933</p>	<p>Anne Hays Egan, Consultant NGO-New Mexico New Ventures Consulting 18 Frasco Road Santa Fe, NM 87505 aegan@cybermesa.com 505.466.0326</p>	<p>Dolores E. Roybal, Ph.D. Executive Director NGO-New Mexico P.O. Box 5398 Santa Fe, NM 87502 droybal@ngonm.org 505.466.3540</p>
--	---	---

# Key Findings

1. The nonprofit sector is a major economic force in New Mexico, employing more than 1 out of 20 paid workers – more than twice as many as the New Mexico state government, more than in manufacturing, more than in agriculture, mining, oil & gas and utilities combined, and almost four times the number in the State’s real estate industry.
2. New Mexico’s nonprofit sector pays well. The 44,321 employees of nonprofit organizations in New Mexico earned more than \$1.2 billion in wages in 2003, with an average annual wage of \$27,867. The average annual wage is only 6.5% lower than the state average, and is 66% higher than the combined average of retail, accommodations and food services, which are among the largest sectors of the state’s economy.
3. Nonprofit organizations contribute significantly to the growth of New Mexico’s economy by attracting out-of-state funds. These out-of-state funds create 16,984 jobs and \$468 million in wages and salary payments that would otherwise not exist in New Mexico. This economic impact is greater than either the entire University of New Mexico system or Intel.
4. Almost half of all nonprofit employment is in the health care sector, and another 25% is in social services. Educational organizations employ 11% of the total and cooperatively-owned nonprofit businesses, mainly credit unions and rural utilities, account for an additional 5%.
5. The largest concentration of nonprofit employment is in Bernalillo and Santa Fe counties, but a large number of nonprofit jobs are also found in many smaller counties. 28 of the state’s 33 counties have more than 100 nonprofit jobs, and 17 have more than 500.

Nonprofit organizations make a substantial contribution to the quality of life and economic well-being of New Mexicans. These organizations provide health care, social and educational services, advocate for social and environmental change, support businesses and communities, conduct research, support the arts and other cultural activities, and provide credit and basic utilities where the market does not.

Far from offering a full account of the contribution of nonprofit organizations to the state, this report surveys the direct and indirect impact of employment and wages of these organizations on New Mexico's economy. There are three reasons to focus on employment in the study of the economic impact of nonprofit organizations. First, as this study reveals, nonprofit organizations are mainly engaged in provision of services, which depends heavily on employment. Second, focusing on employment more accurately measures the economic impact than the alternative method of tracking financial flows because the latter method is subject to double counting as funds pass through grantmakers to the service providers. Finally, to date, analysis of the nonprofit sector, including a number of state-level studies conducted by the Center for Civil Society Studies at Johns Hopkins University, has focused on employment impacts. By utilizing a similar methodology, this study offers comparability to these other studies, therefore making it possible to compare New Mexico's nonprofit sector to that of other states.

This report provides information on and analysis of the size, composition and geographic distribution of paid employment by the nonprofit sector in New Mexico for the year 2003. The report utilizes data collected by the New Mexico Department of Labor under the national ES-202 labor market information program, for use in the administration of the unemployment insurance program<sup>1</sup>. These data are compiled from quarterly reports submitted by employers in compliance with U.S. and New Mexico law.

For the purposes of this report, nonprofit organizations are identified as businesses that have received exemption from federal income tax under Section 501(c), including 501(c)(3) and any of 25 other subsections of the 1986 Internal Revenue Code. Tax-exempt organizations are identified by matching Federal Employer Identification Numbers (FEINs) of firms in the New Mexico ES-202 system, compiled in the Exempt Organization Master File (EOMF) with the FEINs of firms that have registered with the IRS for tax-exempt status.

Tax-exempt organizations include private not-for-profit hospitals, clinics, colleges, elementary schools, social service agencies, day care centers, orchestras, museums, theaters, homeless shelters, soup kitchens, and many more. In addition, this report includes a number of cooperatively-owned, not-for-profit businesses, including primarily credit unions, rural utility cooperatives and member-owned retail outlets.

Excluded, notably, are religious organizations, as they are not required by law to register with the I.R.S. and therefore receive only minimal coverage in this report. Also excluded are state-supported universities, nonprofits with budgets less than \$25,000 and nonprofits with no paid staff. All employees of the Los Alamos National Laboratory are also excluded, as it was managed in the 2003 study year by the University of California, a public institution that is registered outside of New Mexico. (Further information on data sources and definitions of nonprofit organizations is provided in Appendix A.)

## 1. The Economic Contribution of Nonprofit Businesses to New Mexico's Economy

The nonprofit sector, including private hospitals and health care providers, day care centers, social service providers, private colleges and K-12 educational institutions, museums, theatres, advocacy, civic and professional organizations, and cooperatively owned utilities and financial institutions, contributes significantly to New Mexico's economy, notably through employment and payroll.

### Employment

The nonprofit sector employed 44,321 workers in 2003, or 5.8% of all employment in New Mexico. Table 1 shows the number of organizations, employment and wages of the state's nonprofit sector, by county. (Tables B.1, B.2 and B.3, in Appendix B provide details on these data according to sector.)

Table 1: New Mexico's Nonprofit Sector, 2003

	Nonprofit Organizations	Nonprofit Employment	Nonprofit Wages (000s)		Nonprofit Organizations	Nonprofit Employment	Nonprofit Wages (000s)
Bernalillo	606	15,801	481,829	Mora	13	180	4,052
Catron	5	38	577	Otero	46	1,307	32,230
Chaves	61	695	11,834	Quay	17	208	5,816
Cibola	29	783	21,232	Rio Arriba	53	1,363	37,867
Colfax	34	263	5,563	Roosevelt	14	412	9,954
Curry	36	1,346	36,003	San Juan	76	2,672	80,333
De Baca	4	22	764	San Miguel	29	567	15,135
Dona Ana	123	3,333	82,880	Sandoval	35	372	9,289
Eddy	63	1,617	30,707	Santa Fe	281	6,168	192,943
Grant	36	376	5,348	Sierra	16	270	4,880
Guadalupe	15	77	1,692	Socorro	13	304	9,318
Harding	4	7	130	Taos	65	1,258	32,431
Hidalgo	6	107	3,032	Torrance	6	107	4,036
Lea	47	973	21,748	Union	9	74	1,262
Lincoln	29	586	18,166	Valencia	33	585	11,241
Los Alamos	41	562	10,517				
Luna	23	199	3,877				
McKinley	45	1,690	48,379	Grand Total	1,913	44,321	1,235,064

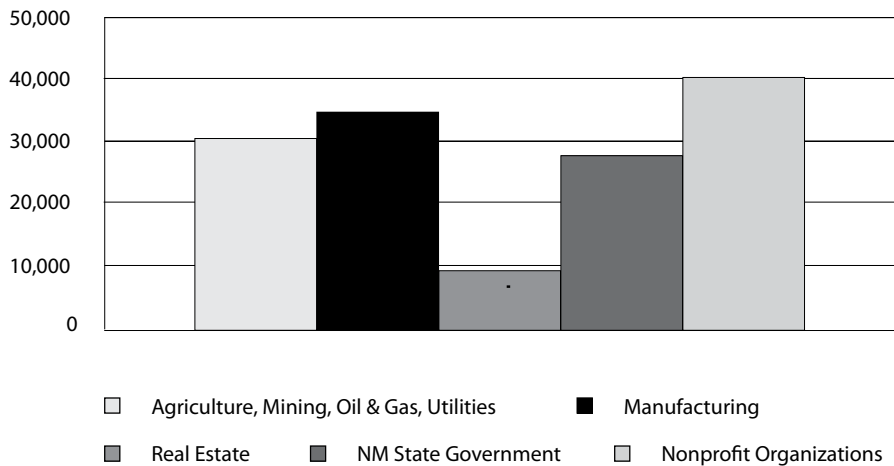
Source: NMDOL, ES-202; calculations by BBER, 2005.

The nonprofit sector is a major economic force in New Mexico, employing more than 1 out of 20 paid workers – more than twice as many as the New Mexico state government, more than in manufacturing, more than in agriculture, mining, oil & gas and utilities combined, and almost four times the number in the State's real estate industry.

Figure 1 compares employment in the nonprofit sector to other leading sectors of New Mexico's economy. These data underline the significance of the nonprofit sector in creating employment.

- New Mexico state government, minus the state's higher educational institutions, employed 67% as many workers (29,638).
- Manufacturing employed 83% as many workers (36,820).
- Agriculture, forestry, fishing & hunting, mining and utilities together employed 76% as many workers – (13,203, 14,678 and 6,007) respectively.
- Real estate employed 25% as many workers (11,226).

Figure 1: Employment in New Mexico's Nonprofit Sector in Comparison to Selected Industries, 2003



Source: NMDOL, ES-202; calculations by BBER, 2005; source for NM State Government is the U.S. Census Bureau 'State Government Employment and Payroll' series, for March 2003.

## Payroll

Nonprofit organizations paid \$1.235 billion in wages and salaries in 2003. This accounts for 5.4% of all wage and salary payments in New Mexico. By comparison:

- New Mexico state government payroll was only 42% as large (\$522.4 million).
- Accommodations and food services, one of the largest sectors of the state economy with employment almost twice the level of the nonprofit sector, paid only 74% as much in wages & salaries (\$920 million).

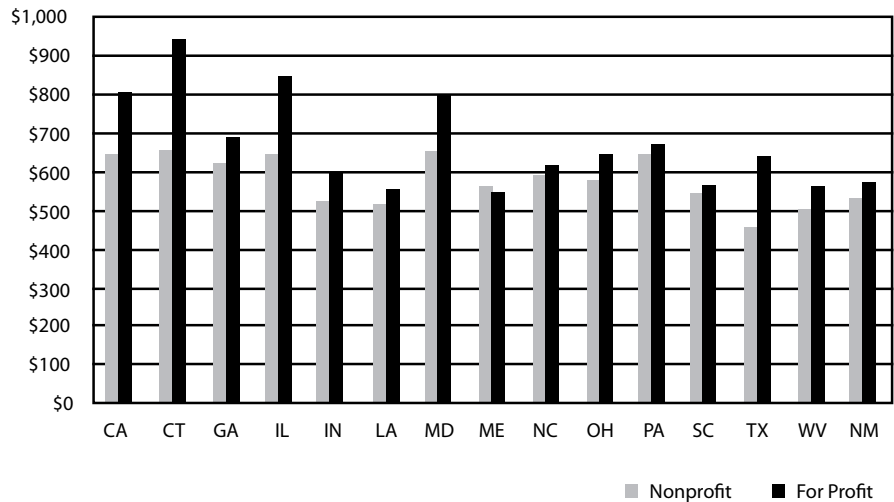
## 2. Nonprofit Wage Rates

By national standards, New Mexico's nonprofit sector pays well. Figure 2 provides a comparison of nonprofit and for profit wage rates for selected states, including New Mexico.

- New Mexico nonprofit organizations paid an average weekly wage of \$536, slightly below an average of \$582 among 14 states studied by the Johns Hopkins University Nonprofit Employment Project.
- New Mexico's nonprofits pay wages that are 93.7% the for-profit rate of \$572. By comparison, nonprofits in the 14 other states paid on average only 87% of for-profit rates. In large part, the high relative wages paid by the nonprofit sector reflect very low wage rates paid by New Mexico's for-profit businesses.

The 44,321 employees of nonprofit organizations in New Mexico earned more than \$1.2 billion in wages in 2003, with an average annual wage of \$27,867.

Figure 2: Weekly Wages for Nonprofit and for Profit Businesses for Selected States, 2003



Source: Johns Hopkins Nonprofit Employment Data Project; New Mexico data by UNM-BBER.

### 3. Nonprofit Organizations Bring Outside Funds into the New Mexico Economy

Nonprofit organizations contribute significantly to the growth of New Mexico’s economy by attracting out-of-state funds. These out-of-state funds create 16,984 jobs and \$468 million in wages and salary payments that would otherwise not exist in New Mexico.

The most important measures of the contribution of businesses to the growth and vitality of New Mexico’s economy are their capacity to attract funds from outside the state to finance economic activities, and the extent to which these activities create additional opportunities within the state economy. In these regards, the contribution of nonprofit organizations to the New Mexico economy is substantial.

#### Attracting Out-of-State funds

According to a survey conducted by BBER, 24% of funding for New Mexico’s nonprofit organizations originates outside the state. The share of out-of-state funding varies by subsector among nonprofits, from only 5% for educational institutions to 15% for social services to 26% for health services to almost 30% for social advocacy groups. Overall, these funds directly contribute:

- \$812.2 million in revenues for New Mexico businesses.
- 9,968 jobs for New Mexico workers.
- \$292.3 million in wages & salaries for these workers.

Significantly, because these activities are funded by out-of-state monies, they represent net growth to the state economy – these activities would not exist in New Mexico were it not for the capacity of nonprofit organizations to attract these funds to the state.

#### Multiplier effect of nonprofit expenditures

As mainly local, service-oriented businesses, a large percentage of expenditures of nonprofit organizations tend to remain within the state economy, generating indirect and induced impacts, as the money is recycled within the community.

The impacts include employment, wages and salaries, and revenues (or output) to local business. According to standard definitions, direct effects are the jobs, wages, salaries, and revenues of New Mexico’s nonprofit organizations that are funded by out-of-state monies. Indirect effects are the result of spending within the local economy by suppliers and vendors to nonprofit businesses. Induced effects result from the expenditure of wages within the local economy, including those of individuals employed directly by the nonprofit businesses as well as those employed by vendors to these businesses. The economic multiplier, equal to the total impact divided by the direct impact, is a measure of the additional activity associated with indirect and induced effects. In general, industries that pay high wages and that purchase goods and services produced locally have high multipliers. Table 2 is a summary of direct, indirect and induced impacts of expenditures by nonprofit organizations of funds that originate outside New Mexico.

- Expenditures by employees and vendors of nonprofit organizations create an additional 7,608 jobs. This employment multiplier of 1.76 (17,577 total jobs divided by 9,968 direct jobs) exceeds that of most sectors of the state economy. This reflects the local orientation of nonprofit businesses.
- Similarly, expenditures by employees and vendors of nonprofit organizations generate an additional \$177.8 million in earnings for New Mexico workers, with a multiplier effect of 1.61.

**Table 2: Economic Impacts of Nonprofit Organizations in New Mexico, 2003**

	Direct	Indirect	Induced	Total	Multiplier
Output <sup>1,2</sup>	\$812,207	\$335,556	\$278,028	\$1,425,791	1.76
Employment <sup>2</sup>	9,968	3,937	3,672	17,577	1.76
Compensation <sup>1,2</sup>	\$292,255	\$96,152	\$81,672	\$470,080	1.61

<sup>1</sup> Impacts in 2003 Dollars (000s)

<sup>2</sup> Supported by out-of-state funds

Source: BBER's analysis of NMDOL ES-202 data using Implan Pro 2.0

UNM Bureau of Business and Economic Research, 2005

#### 4. New Mexico’s Nonprofits by Sector

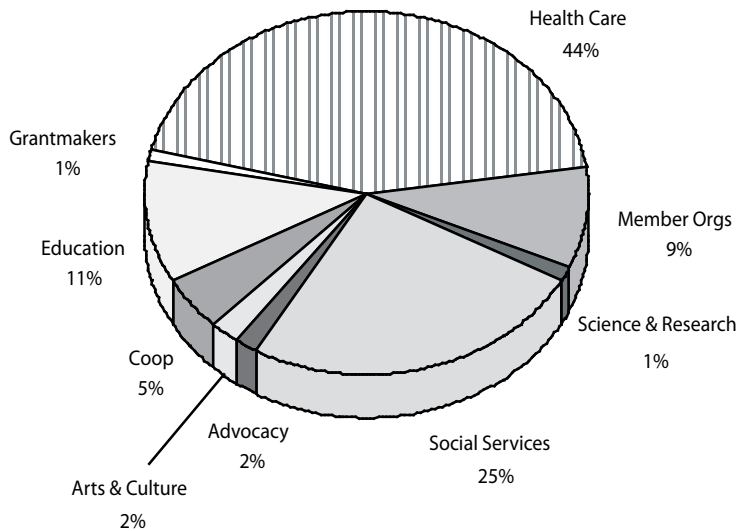
Nonprofit organizations in New Mexico are primarily engaged in health and social services, and secondarily in cooperatively-owned businesses, education, advocacy and other membership organizations. Figure 3 shows nonprofit employment in New Mexico by sector.

- 44% of all nonprofit jobs (19,497) and 55% of nonprofit wage & salary payments (\$675.6 million) in New Mexico are in health services; nearly two-thirds of health service jobs and three-quarters of health service wages are in the hospital subsector. Presbyterian Healthcare Services, including Presbyterian hospitals, accounts for the majority of the employment and wages in the hospital subsector.
- 25% of nonprofit employment and 17% of wages and salaries are in

the field of social services, which includes child services and day care, elder care, emergency services such as food banks and shelters, and animal humane societies. Wage rates in this sector are low (\$358 per week), but are comparable to pay scales in the for-profit social service sector.

- Educational services, which include private primary and secondary schools and colleges, account for 10.8% of jobs and 10.4% of wages in the nonprofit sector; membership organizations, which include business, civic and community groups and labor unions, contribute an additional 8.9% of jobs and 6.0% of wages in the sector.
- New Mexico has a large share of cooperatively-owned businesses, including primarily rural utility cooperatives (electricity, water and communications) and credit unions. The preponderance of such organizations is at least partly attributable to the state’s low population density, where the provision of rural services and credit are not profitable for large centralized systems. These businesses account for 4.7% of nonprofit jobs and 5.5% of nonprofit wages.

Figure 3: Employment in Non Profit Organizations in New Mexico, by Sector, 2003



Source: NMDOL, ES-202; calculations by BBER, 2005.

- Grantmakers, science & research organizations (excluding LANL), advocacy organizations, and arts & cultural organizations account for 1.0% to 2.3% of nonprofit employment. Grantmakers and science & research organizations offer wages well above average for the nonprofit sector, while wages in advocacy and arts & cultural organizations are lower than the nonprofit average rate.

### 5. New Mexico’s Nonprofit Organizations by County

Nonprofit employment is concentrated in the Albuquerque and Santa Fe metropolitan areas, and to a lesser extent in other New Mexican urban areas, while less populated and typically poorer counties account for a relatively small number of nonprofit jobs. Figure 4 is a map of New Mexico counties, indicating employment by the nonprofit sector for each county. (Tables B.1, B.2 and B.3, in Appendix B at the end of this report, show the number of nonprofit

organizations, jobs and wages by sector for each of New Mexico's 33 counties.)

- 35.7% of nonprofit jobs and 39% of nonprofit wages & salaries are in Bernalillo County; an additional 13.9% of jobs and 15.6% of nonprofit salaries are in Santa Fe County.

Figure 4: Nonprofit Total Employment by County, 2003



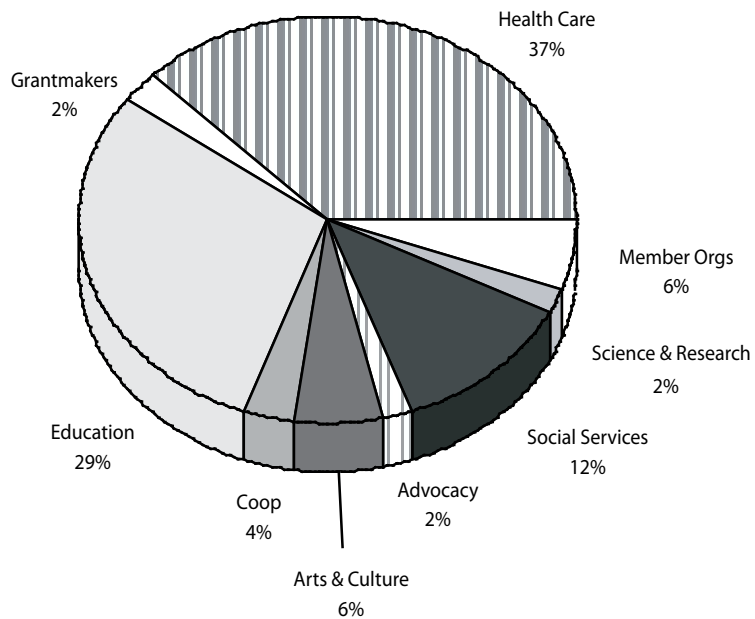
Source: NMDOL, ES-202; calculations by BBER, 2005.

- The pattern of nonprofit employment by sector in Albuquerque is similar to the statewide pattern, in part reflecting the predominance of the metropolitan area in the overall numbers. In Santa Fe, however, the sectoral distribution diverges significantly from the statewide pattern, as shown in Figure 5.1. The representation of educational services, arts & cultural organizations and grantmakers is more than twice the statewide average (29.3%, 5.8% and 2.5%, respectively), while shares of all other sectors, most notably social services and, somewhat surprisingly, membership organizations, are below the statewide averages.
- Other counties with significant nonprofit presence are those with large urban populations, including Dona Ana (Las Cruces), San Juan (Farmington), McKinley (Gallup) and Eddy (Carlsbad and Artesia).
- By contrast, the presence of nonprofits is relatively limited in the state's least

populated counties. While the six most populous counties in New Mexico have on average 25.3 nonprofit employees per 1,000 persons, the six least populous counties have only 16.1 nonprofit employees for the same 1,000 persons. Further, a disproportionate share of nonprofit employees in rural counties is employed by cooperatively-owned utilities, which provide services that are commercially provided in urban areas. When these nonprofit jobs are excluded, the disparity is greater.

- Independent of population differences, nonprofit jobs are more common in New Mexico's wealthier counties. A correlation between income per capita and nonprofit jobs per 1,000 persons for the 33 counties is positive and significant to a 95% confidence level, indicating that higher incomes are associated with a greater presence of nonprofit employment. The suggestion is that nonprofits, at least as measured by employment, are not serving to reallocate resources to economically more stressed counties; instead, they serve communities best able to afford them.

Figure 5: Employment in Non Profit Organizations in Santa Fe, by Sector, 2003



Source: NMDOL, ES-202; calculations by BBER, 2005.

# Conclusion

While the public has come to recognize the significant contribution of nonprofit organizations to the quality of life in New Mexico in the areas of health care, education, social services, arts & culture and others, few recognize the importance of the nonprofit sectors as a source of employment and wages.

In New Mexico, the nonprofit sector is directly responsible for more jobs than manufacturing, and pays more in wages and salaries than accommodation and food service industries combined. Further, nonprofit organizations contribute to the growth and vitality of New Mexico's economy by attracting funds to the state, creating employment, wages and salaries and profits without competing with other entities for the state's private and public dollars.

Given the size and impact of the sector, the failure to recognize fully the substantial role of nonprofit organizations in employment and wages is unfortunate. The sector is often overlooked in the formulation of economic development as well as education and employee training policy, limiting opportunities for the expansion of the sector and the broadening of its impact on the balance of the state economy. The purpose of this report is to help illuminate the economic importance of this sector so that it might be given the attention it deserves in future policy formulation.

## Appendix A: Source of Data and Coverage Within the Nonprofit Sector

The source of employment and wage data used in this study is the Covered Employment and Wages Program, jointly operated by the US Bureau of Labor Statistics and State Employment Security Agencies. The program, commonly known as the ES-202 program, provides comprehensive wage and employment information by establishment for employees covered by state Unemployment Insurance (UI) laws and federal workers covered by the Unemployment Compensation for Federal Employees Program. The data on state-insured workers are compiled from quarterly contribution reports submitted by employers subject to New Mexico law. Employment data pertaining to the federal government are obtained from similarly required reports submitted by the various government installations in New Mexico.

Nationally, approximately 98 percent of all wage and salary civilian workers are included in the ES-202 program. Those excluded from the program include self-employed and family workers, employees of religious organizations, railroad workers, small-scale agriculture, domestic service, crewmembers on small vessels, state and local government elected officials, and insurance and real estate agents who receive payment solely by commission. Within the non-profit sector, the most significant exclusions are religious organizations. These organizations may elect UI coverage, and would therefore be included in the data, but in New Mexico few such organizations have elected coverage. By IRS regulation, self-employed workers cannot claim nonprofit status, and their exclusion from the ES-202 program dataset does not affect the completeness of coverage.

ES-202 employment data measures the number of employees for the pay period that includes the 12th day of each month as reported by the employer. Both part-time and full-time employees are included in the data set. If a person holds two jobs, that person is counted twice in the data set. Wages are reported quarterly, and include bonuses, stock options, the cash value of meals and lodging, and tips and other gratuities. In this report, data is annualized for analysis. Employment is the average of the 12 monthly reportings, and wages is the total of the four quarterly reports.

Nonprofit organizations were identified as those that have been granted exemption from the federal income tax under Section 501(c)(3) or any of 25 other subsections of the 1986 Internal Revenue Code. The employment data for nonprofit organizations were identified by matching the Federal Employer Identification Numbers (FEINs) of firms in the New Mexico ES-202 system with the FEINs of firms that have registered with the IRS for tax-exempt status. New Mexico tax-exempt firms were identified using the Exempt Organization Master File (EOMF), which is a listing of all organizations exempt from taxation under section 501(c) of the Internal Revenue Code. The file is cumulative; information on new organizations is added to the file on an ongoing basis and an effort is made to delete defunct organizations. The file includes the name, address, and zip code of the organization, the Federal Employer Identification Number, and the exact Internal Revenue Code subsection under which the organization has claimed tax exemption. By matching the FEINs in the EOMF with those on the ES-202 data set, it is possible to identify all nonprofit entities in the state registered with the IRS, including not only the 501(c)(3)s, the so-called “charitable” portion of the tax-exempt universe, but other types of tax-exempt organizations as well, such as social clubs, trade associations, civic organizations, and cooperatively-owned businesses.

This study covers the 2003 calendar year, the most recent year for which complete data is available.

## **Organizations Excluded from this Analysis**

As described, this study includes only private tax-exempt organizations with receipts of \$25,000 or more with employees in New Mexico. To be explicit, this analysis does *not* include any of the following:

- Public sector entities, including federal, state, county and municipal governments; public universities, colleges and technical institutes; public hospitals and medical centers, including UNM's Health Sciences Center; and public enterprises, such as water services and aviation facilities managed under Albuquerque's Enterprise Funds.
- Religious organizations, which are not required to file with the I.R.S. for 501(c) tax-exempt status. Under this grouping, organizations such as religious schools, Salvation Army, Goodwill Industries and other charitable institutions administered by religious organizations are exempt.
- Los Alamos National Laboratories, which operates under the University of California's tax-exempt status.

## **Other Measures of Nonprofit Activities in New Mexico**

There are several other sources of information on nonprofit organizations in New Mexico, each using a unique and non-comparable methodology. The office of New Mexico's Attorney General maintains a Registry of Charitable Organizations that operate in the state. The purpose of the registry is to provide the Attorney General with information needed to oversee charities that operate or solicit contributions in the state; to provide information and assistance to individuals who serve as directors, officers, volunteers, fundraisers, accountants and attorneys for charitable organizations; and to provide the public with certain information on registered charities and their professional fundraisers. The registry includes more than 4,200 organizations, and does not include most religious and educational organizations. The list is significantly larger than that used in this study for three principal reasons. First, the Attorney General's list includes 1,711 organizations (or 40% of the total) that are located outside the state. The principal function of these organizations in New Mexico is fundraising, and thus these organizations have a negative economic impact in the state. Second, the Attorney General's registry includes a large but undetermined number of organizations without employees, who are, therefore, not included in the ES-202 database that is the basis of this study. Finally, the registry includes an undetermined number of organizations no longer active in the state. A small random phone survey indicated that as many as one-quarter of the organizations included in the Attorney General's registry were no longer in operation.

The National Center for Charitable Statistics (NCCS) at the Urban Institute provides access to a list of organizations that have received 501(c) (tax-exempt) status by the Internal Revenue Service. According to NCCS, there are 6,556 organizations located in New Mexico with tax-exempt status. The NCCS database also identifies 2,614 tax-exempt organizations in New Mexico that have filed IRS forms 990 (including 990-EZ and 990-PF). Religious organizations and organizations with less than \$25,000 in gross receipts are not required to file 990 forms (although they may opt to file for disclosure purposes), thus accounting for the substantial difference between the 6,556 tax exempt organizations and the 2,614 organizations filing 990 forms with the IRS. The number of tax-exempt organizations filing 990 forms is greater than the 1,913 included in this study because not all organizations that file 990 forms have employees covered by the Unemployment Insurance (ES-202) program.

# Appendix B: Detailed Tables

Table B.1  
Nonprofit Organizations by County and Sector, in New Mexico, 2003.

	Population	Per Capita Income (000s)	Advocacy	Arts & Culture	Education	Grantmakers	Health Care	Member Orgs	Science & Research	Social Services	Coop Owned	Grand Total
Bernalillo	582,461	\$30,064	38	38	57	30	55	179	12	180	17	606
Catron	3,453	\$16,303	1				1	1		2		5
Chaves	61,393	\$21,714	2	2	2	6	7	19		18	5	61
Cibola	27,261	\$16,926	1	1	4		5	5		12	1	29
Colfax	13,938	\$22,496	1	2	3		2	11		11	4	34
Curry	45,175	\$24,721	2	1		1	5	11		13	3	36
De Baca	2,089	\$21,449					1			1	2	4
Dona Ana	182,551	\$20,756	7	7	10	2	14	27	3	41	12	123
Eddy	51,418	\$24,628	3	1	1	2	11	19		14	12	63
Grant	29,842	\$19,190	4		5		3	10		13	1	36
Guadalupe	4,653	\$14,455		1	1		2	3		3	5	15
Harding	758	\$18,632					2	3		2		4
Hidalgo	5,255	\$17,370					1			5		6
Lea	55,774	\$22,544	3		3	2	2	17		14	6	47
Lincoln	20,316	\$20,976	2	5		1	9	4		3	5	29
Los Alamos	18,711	\$48,541	2	7	1	6	6	14		7	4	41
Luna	25,692	\$17,145	1				1	6		13	2	23
McKinley	72,614	\$16,437	2	1	3	1	12	7		14	5	45
Mora	5,257	\$15,867			1	1	3			4	4	13
Otero	62,058	\$19,831	1	2	2	4	5	10	2	15	6	46
Quay	9,637	\$19,812					6	5		2	4	17
Rio Arriba	40,850	\$20,720	3	2	8	1	11	8		16	4	53
Roosevelt	18,247	\$23,484			1		3	2		4	4	14
San Juan	98,794	\$25,523	2	2	3	1	7	22		26	13	76
San Miguel	122,457	\$21,124			3		7	7		10	2	29
Sandoval	29,517	\$19,956	2	2	2		4	5		13	7	35
Santa Fe	136,694	\$32,378	18	35	43	28	27	49	8	59	14	281
Sierra	13,113	\$18,295		1			3	5		6	1	16
Socorro	18,178	\$18,695	1		1		4	2		3	2	13
Taos	31,190	\$21,694	5	9	5	4	9	6	1	21	5	65
Torrance	16,830	\$20,190					2			2	2	6
Union	3,852	\$26,372	2	2	1			2		3	1	9
Valencia	68,534	\$21,756	1	1	1		4	9		16	2	33
<b>Grand Total</b>	<b>1,878,562</b>	<b>24,995.41</b>	<b>100</b>	<b>122</b>	<b>161</b>	<b>84</b>	<b>234</b>	<b>465</b>	<b>26</b>	<b>566</b>	<b>155</b>	<b>1,913</b>

Note: Totals may not sum due to rounding. Source: NMDOL, ES-202; calculations by BBER, 2005.

Table B.2  
Nonprofit Employment by County and Sector, in New Mexico, 2003.

	Total Employment	Advocacy	Arts & Culture	Education	Grantmakers	Health Care	Member Orgs	Science & Research	Social Services	Coop Owned	Grand Total
Bernalillo	309,805	286	337	1,596	185	6,774	1,733	386	4,060	445	15,801
Catron	599	19				11	2		6		38
Chaves	21,109	14	20	10	25	123	149		334	21	695
Cibola	8,150	2	3	176		176	253		127	47	783
Colfax	5,703	3	3	30		65	48		89	24	263
Curry	15,132	22	61		2	779	79		373	30	1,346
De Baca	514					14			1	7	22
Dona Ana	61,333	52	19	123	3	1,537	193	15	1,345	47	3,333
Eddy	19,684	12	2	1	3	815	190		483	113	1,617
Grant	9,145	19		71		30	43		210	3	376
Guadalupe	1,227		5	4		31	4		13	20	77
Harding	166					4			3		7
Hidalgo	1,688					77			30		107
Lea	22,570	6		223	13	169	120		264	178	973
Lincoln	6,760	8	78		1	358	14		69	58	586
Los Alamos	9,139	23	41	8		168	176		65	81	562
Luna	7,951	5				21	47		93	32	199
McKinley	21,111	6	4	132	3	983	39		424	100	1,690
Mora	886			1	14	98			16	51	180
Otero	17,158		6	157	10	707	105	5	299	17	1,307
Quay	2,809					143	20		36	9	208
Rio Arriba	11,476	30	15	60	16	711	36		367	129	1,363
Roosevelt	6,645			2		149	9		177	75	412
San Juan	24,710	44	16	234	7	1,651	196		445	79	2,672
San Miguel	44,915			120		318	24		99	6	567
Sandoval	8,925	12	6	11		100	33		172	38	372
Santa Fe	60,200	118	358	1,804	152	2,325	341	118	736	217	6,168
Sierra	2,760		3			141	41		68	17	270
Socorro	4,989	3		3		214	7		38	39	304
Taos	10,710	25	46	21	31	723	22	3	279	109	1,258
Torrance	3,431					14			12	81	107
Union	1,385		3	1			4		49	18	74
Valencia	13,718		4	2		67	30		477	6	585
<b>Grand Total</b>	<b>736,501</b>	<b>708</b>	<b>1,030</b>	<b>4,790</b>	<b>464</b>	<b>19,497</b>	<b>3,955</b>	<b>526</b>	<b>11,256</b>	<b>2,095</b>	<b>44,321</b>

Note: Totals may not sum due to rounding. Source: NMDOL, ES-202; calculations by BBER, 2005.

Table B.3

## Nonprofit Wages by County and Sector, in New Mexico, 2003 (\$000s).

	Population	Per Capita Income (000s)	Advocacy	Arts & Culture	Education	Grantmakers	Health Care	Member Orgs	Science & Research	Social Services	Coop Owned	Grand Total
Bernalillo	582,461	\$30,064	8,276	6,398	46,798	5,608	259,914	39,358	16,783	85,781	12,913	481,829
Catron	3,453	\$16,303	164	0	0	0	297	13	0	103	0	577
Chaves	61,393	\$21,714	215	228	133	485	2,696	2,093	0	5,586	397	11,834
Cibola	27,261	\$16,926	88	17	5,144	0	5,797	6,042	0	2,218	1,926	21,232
Colfax	13,938	\$22,496	41	42	958	0	1,663	507	0	1,624	729	5,563
Curry	45,175	\$24,721	453	209	0	46	26,743	540	0	6,891	1,122	36,003
De Baca	2,089	\$21,449	0	0	0	0	487	0	0	10	267	764
Dona Ana	182,551	\$20,756	836	302	2,921	74	52,858	2,357	338	22,210	983	82,880
Eddy	51,418	\$24,628	534	12	12	53	16,023	2,187	0	8,090	3,796	30,707
Grant	29,842	\$19,190	371	0	1,064	0	946	486	0	2,446	35	5,348
Guadalupe	4,653	\$14,455	0	20	42	0	840	49	0	210	532	1,692
Harding	758	\$18,632	0	0	0	0	87	0	0	43	0	130
Hidalgo	5,255	\$17,370	0	0	0	0	2,594	0	0	438	0	3,032
Lea	55,774	\$22,544	68	0	4,325	773	1,971	1,788	0	5,203	7,619	21,748
Lincoln	20,316	\$20,976	125	1,405	0	82	12,355	263	0	1,548	2,389	18,166
Los Alamos	18,711	\$48,541	609	663	136	0	3,991	1,794	0	990	2,334	10,517
Luna	25,692	\$17,145	50	0	0	0	658	430	0	1,388	1,352	3,877
McKinley	72,614	\$16,437	89	91	3,682	49	34,395	366	0	7,140	2,566	48,379
Mora	5,257	\$15,867	0	0	7	432	1,628	0	0	270	1,716	4,052
Otero	62,058	\$19,831	0	48	4,657	287	20,869	910	70	5,027	360	32,230
Quay	9,637	\$19,812	0	0	0	0	4,633	170	0	768	246	5,816
Rio Arriba	40,850	\$20,720	672	361	1,275	368	23,658	588	0	6,202	4,742	37,867
Roosevelt	18,247	\$23,484	0	0	12	0	5,006	87	0	2,125	2,725	9,954
San Juan	98,794	\$25,523	881	388	6,498	190	61,062	2,840	0	6,402	2,072	80,333
San Miguel	122,457	\$21,124	0	0	3,609	0	9,788	187	0	1,405	146	15,135
Sandoval	29,517	\$19,956	339	151	255	0	3,420	429	0	3,670	1,025	9,289
Santa Fe	136,694	\$32,378	3,398	9,570	46,305	6,435	88,143	8,812	7,294	16,429	6,557	192,943
Sierra	13,113	\$18,295	0	19	0	0	3,082	253	0	948	579	4,880
Socorro	18,178	\$18,695	59	0	11	0	7,367	108	0	534	1,239	9,318
Taos	31,190	\$21,694	775	962	304	832	20,508	511	58	4,864	3,618	32,431
Torrance	16,830	\$20,190	0	0	0	0	305	0	0	141	3,589	4,036
Union	3,852	\$26,372	0	23	6	0	0	50	0	535	647	1,262
Valencia	68,534	\$21,756	0	64	27	0	1,776	713	0	8,520	142	11,241
<b>Grand Total</b>	<b>1,878,562</b>	<b>24,995,41</b>	<b>18,043</b>	<b>20,972</b>	<b>128,181</b>	<b>15,714</b>	<b>675,560</b>	<b>73,931</b>	<b>24,544</b>	<b>209,756</b>	<b>68,362</b>	<b>1,235,064</b>

Note: Totals may not sum due to rounding. Source: NMDOL, ES-202; calculations by BBER, 2005.  
(Footnotes) 1 BBER has access to this data through a confidentiality agreement with the New Mexico Department of Labor.