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FOR HEALTHY LIVING
FOR SOCIAL RESPONSIBILITY**

THE ECONOMIC IMPACT OF MS GULF COAST YMCA



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INTRODUCTION

PURPOSE OF THIS STUDY

This study provides description and data regarding the *MS Gulf Coast YMCA's* overall impact on spending, savings, jobs, and tax revenues in order to identify economic benefits that the Y offers to its community. It is intended to make business, government, community leaders, and the general public more aware of the Y's overall contributions. Nonetheless, the report does not provide a detailed accounting of the Y's many programs, activities, and community involvement; rather it presents a data-driven analysis of the organization's direct and indirect economic benefits.

STUDY METHODOLOGY

This study takes a conservative approach; that is, economic impacts are understated rather than overstated. For example, the Y's direct contributions to Social Security, Unemployment Compensation, and Workers Compensation are not included in governmental revenue calculations. Similarly, because the impact of non-payroll spending varies widely by supplier, these data are not included in indirect economic benefit estimates. Further, this study does not use an economic impact "multiplier" that many such studies use that can double or triple the overall impact numbers.

Information was obtained from a variety of sources. The latest annual financial report of the YMCA of the USA provides internal Y-related numbers. This report also uses economic data from major governmental sources, including the U.S. Department of Commerce's Bureau of Economic Analysis, the U.S. Department of Labor's Bureau

of Labor Statistics, and the Congressional Budget Office. The data used is the most recent available, as of February 2015.

In order to help keep the narrative text more readable, the report presents the more technical explanations in the "Appendix" section.

YMCA BACKGROUND

Our Mission: To put Christian principles into practice through programs that build healthy spirit, mind and body for all.

The MS Gulf Coast YMCA was established in 1975. The YMCA serves a 7-county area to include, Harrison, Hancock, Greene, Pearl River, Jackson, George and Stone.

As of June 30, 2019, the YMCA has 3,686 membership units with 9,367 members. YMCA's are one of the leading childcare providers in this country providing a safe environment while parents have the opportunity to work. In 2018, the Before Care and Afterschool served 456 children, and the Summer Camp served 395 children. Participants for Before Care and Afterschool are between the ages 5 to 12. In 2018, the Preschool was licensed for 60 children ages 1 year to 5 years old.

The YMCA has been collaborating with DMR to provide swimming lessons for 3rd graders. We have provided swim lessons to these over 12,000 students to date. In addition, lifeguards are provided for Ship Island from Memorial Day to Labor Day in conjunction with the National Park Service.

The Y wants to create open doors for everyone to be able to participate through scholarship assistance and subsidies so that anyone desiring a Y experience may do so. The Y earns its charitable

tax-exempt status every day, and, in doing so, we relieve the burden of the government through our mission of putting Christian principles into practice through programs that build a healthy spirit mind, and body for all. In 2018 the YMCA, in conjunction with donors, served 504 children and families by providing \$138,000 in scholarships to subsidize the payments for childcare, health and wellness payments, and additional programs offered by the YMCA.

YMCA MAGNITUDE

The MS Gulf Coast YMCA provides childcare, preschool, youth sports, community outreach, and membership for health and wellness programs.

| | |
|-----------------------------------|-------------|
| 2018 Membership Income | \$1,464,022 |
| 2018 Childcare/Preschool Income | \$1,068,633 |
| 2018 Donation/Fund Raising Income | \$ 193,770 |
| 2018 Volunteers | 266 |

ECONOMIC IMPACTS

BUSINESS IMPACTS

The *MS Gulf Coast YMCA's* compensation (in wages and salaries) to employees totals \$2,070,820. In addition, the Y spends a significant amount on suppliers and other businesses that, in turn, compensate their own employees. It is estimated that the combination of the Y's direct compensation to its employees and the indirect compensation to the employees of its suppliers totals \$2,545,456.

Furthermore, employee wages and salaries are spent in a way that results in a significant positive impact to local businesses and the economy. The following table provides the Y's spending impacts for each key sector of the economy based on the typical state-level consumer spending patterns of the Y's employees and the employees of its suppliers (after accounting for personal savings and income taxes):

| Spending Impacts | |
|------------------------------|-----------|
| CATEGORY | |
| Housing and Utilities | \$294,873 |
| Medical Care | \$365,567 |
| Food/Beverages | \$285,372 |
| Transportation | \$134,646 |
| Financial Services/Insurance | \$143,871 |
| Furniture/Appliances | \$53,808 |
| Motor Vehicles | \$77,917 |
| Clothing/Accessories | \$65,057 |
| Recreation | \$83,668 |
| Other Goods | \$232,738 |
| Other Services | \$125,513 |

The largest beneficiary of YMCA-related spending is the *Medical Care* sector (\$365,567) followed closely by the Housing and Utilities sector

(\$294,873) and the Food/Beverages sector (\$285,372). These three categories account for (51%) of the Y's spending impact.

SAVINGS IMPACTS

In addition to supporting the spending of the Y's employees and the employees of its suppliers – which in turn support local businesses – a percentage of employees' salaries is retained for personal savings. Based on the national average, the Y's employees and the employees of its suppliers save an estimated \$95,992 of the salaries and wages they directly and indirectly receive from the Y.

TAX REVENUES

YMCAs are classified as not-for-profit, charitable (501c3) organizations; thus, they are exempt from U.S. income tax on revenues related to their mission. Additionally, MS Gulf Coast YMCA is exempt from state income tax and are exempt from local property taxes as long as the YMCA is not a 3rd party owner due to a lease. However, as a result of their operations, Y's directly and indirectly account for a very substantial amount of tax revenues that go to federal, state, and local governments.

The Y's compensation to its employees and to the employees of companies and organizations supplying goods and services to the Y results in an estimated \$237,593 in federal income and payroll taxes. In addition, the Y's compensation accounts for \$44,829 in state/local income taxes (paid by the Y's and its suppliers' employees), as well as \$131,716 in state/local sales taxes (based on the spending of its suppliers' employees). As the table below indicates, the Y's activities generate an estimated \$414,138 in federal income/payroll taxes, state/local income taxes, and state/local sales taxes.

| TAX REVENUES GENERATED | | | |
|---------------------------------|-----------------|------------|-------------------|
| Federal Income/Payroll Taxes | Personal | | \$237,593 |
| State/Local Taxes | Personal Income | | \$ 44,829 |
| State/Local Taxes | | | \$131,716 |
| Total Revenues | Estimate | Tax | \$ 414,138 |

JOB IMPACTS

The *MS Gulf Coast YMCA* has a total employment of 342 jobs, equating to approximately 70 full-time equivalent employees (combining full-time and part-time employees). Further, the Y is responsible for supporting many additional jobs based on the \$358,251 it spends on goods and services from suppliers. It is estimated that these purchases support at least 17 additional jobs (See Appendix for details of this estimate).

Thus, the Y, directly and indirectly, accounts for at least 87 jobs in the local economy.

OTHER COMMUNITY BENEFITS

OUR CAUSE/IMPACT

We know that lasting personal and social change comes about when we all work together. That's why, at *the Y*, strengthening community is *our cause*. Every day, we work side-by-side with *our* neighbors to

make sure that everyone, regardless of age, income or background, has *the* opportunity to learn, grow and thrive.

OUR AREAS OF FOCUS

YOUTH DEVELOPMENT

Nurturing the potential of every child and teen.

We believe that all kids deserve the opportunity to discover who they are and what they can achieve. Through the Y, thousands of youth cultivate the values, skills and relationships that lead to positive behaviors, better health and educational achievement.

HEALTHY LIVING

Improving the nation's health and well-being.

The Y brings families closer together, encourages good health and fosters connections through fitness, sports, fun and shared interests. As a result, thousands of youth, adults and families on the Gulf Coast receive the support, guidance and resources needed to achieve greater health and well-being.

We help individuals and families build and maintain healthy habits for spirit, mind and body in their everyday lives. By helping kids, adults, families, and seniors improve their health and well-being, we build a stronger community every day.

SOCIAL RESPONSIBILITY

Giving back and providing support to our neighbors.

The Mississippi Gulf Coast YMCA has been listening and responding to our communities' most critical social needs since 1975. Thanks to community partners and thousands of volunteers who devote their time, talent and financial support, the Y is able to provide access to life-changing programs and give thousands in our community the chance to learn, grow and thrive.

APPENDIX

BUSINESS IMPACTS

In order to estimate the impact of the spending of Y employees and those of its suppliers, state-level figures were used as the basis for local estimates. The primary source for these estimates was the U.S. Department of Commerce's "Personal Consumption Expenditures," (PCE) which measure state-by-state consumer expenditures on goods and services.¹ This provided a basis to estimate how the Y's employees and those of its suppliers spend their income in major sectors of the economy.²

The following is a brief summary of the broad categories used to estimate "spending impacts"; however, because spending patterns vary widely, summaries do not disaggregate all potential expenditures within each category.³

¹ More specifically, these estimates rely on the October 2018 release of the "Personal Consumption Expenditures by State, 1997-2017 (Prototype Estimates)." Bureau of Economic Analysis, U.S. Department of Commerce. August 7, 2014.
<https://www.bea.gov/news/2018/personal-consumption-expenditures-state-2017>

² We note that the PCE is not a perfect measure of household spending, as it incorporates spending by both households and "third-party payers on behalf of households, such as employer-paid health insurance and medical care financed through government programs..." However, unlike other mainstream measures of consumer spending – such as the Bureau of Labor Statistics' "Consumer Expenditure Survey" – the PCE data provide a comparable measure of consumer expenditures across individual states. See: Bureau of Economic Analysis. "Chapter 5: Personal Consumption Expenditures." NIPA Handbook. p. 5-2.
<https://www.bea.gov/sites/default/files/methodologies/nipa-handbook-all-chapters.pdf>

³ Additional details on the types of spending comprising individual categories are available from the BEA's national-level PCE data. Note that the BEA reports expenditures according to more detailed categories for the national level than the state level. See: "Table 2.4.5 Personal Consumption Expenditures by Type of Product." Bureau of Economic Analysis, U.S. Department of Commerce. August 5, 2014.
<http://www.bea.gov/iTable/iTable.cfm?reqid=9&step=1&acrdn=2#reqid=9&step=3&isuri=1&903=70>

- ♦ **Housing and Utilities:** includes expenditures for both owner- and tenant-occupied housing, electricity, natural gas, water, and sewer.
- ♦ **Medical Care:** includes expenditures for physicians, dentists, other medical professional services (e.g., paramedical services, etc.), hospitals, and nursing homes.
- ♦ **Food/Beverages:** includes expenditures for food and beverages purchased for home consumption, as well as food and beverages purchased at restaurants and other eating establishments.
- ♦ **Motor Vehicles:** includes expenditures for new and used autos and other vehicles, plus parts and accessories.
- ♦ **Clothing/Accessories:** includes expenditures for garments and footwear.
- ♦ **Furniture/Appliances:** includes expenditures for furniture, appliances, glassware/tableware/ utensils, and household and garden tools/equipment.
- ♦ **Transportation:** includes expenditures for mass transit, taxicabs, rail, bus, airline, gasoline, and vehicle maintenance/repair services.
- ♦ **Financial Services/Insurance:** includes expenditures for services from banks and other financial institutions, as well as insurance (e.g., life, household, and vehicle).
- ♦ **Recreation:** includes expenditures for video/media equipment, sporting equipment, recreational vehicles, musical instruments, motion pictures, theater, spectator sports, parks, and museums.
- ♦ **Other Goods:** includes expenditures for durable goods (e.g., jewelry and watches, therapeutic appliances, educational books, luggage, telephone equipment) as well as nondurable goods

(e.g., includes pharmaceutical products, household supplies, personal care products, and magazines/newspapers/stationery).

- ♦ **Other Services:** includes expenditures for communication services (telecomm, postal/delivery, internet), education services (higher education, K-12 education), personal care/clothing services, social services/religious activities, and household maintenance.

Since it was not feasible to compile salary and wage data for the Y's many suppliers, indirect compensation was estimated using calculations from the Federal Reserve Bank of St. Louis, which incorporate U.S. Department of Commerce data. These calculations show that in 2014, employee salary and wages accounted for 42.57 percent of U.S. Gross Domestic Product (GDP).⁴ This percentage was applied to the Y's payments to suppliers to arrive at \$474,636 in wages and salaries that the Y indirectly supports.

Further, in order to develop a more conservative estimate of business impacts, estimates of federal income and payroll taxes, state/local income taxes, and personal savings were removed from the salaries of the Y's employees and the employees of its suppliers prior to calculating spending impacts. See below for additional discussion of tax and savings estimates.

TAX IMPACTS

State/local sales tax revenue estimates are based on the latest available figures from the Tax Foundation, a nonpartisan tax research

⁴ "Graph: Compensation of Employees: Wages & Salary Accruals/Gross Domestic Product." Federal Reserve Bank of St. Louis. February 3, 2015.
<http://research.stlouisfed.org/fred2/graph/?g=2Xa#>

organization. The Tax Foundation reports combined sales tax rates (as of July, 1, 2014) for each state, representing the state sales tax rate plus the state's average local tax rate.⁵

State/local income taxes are based on the Institute on Taxation and Economic Policy's (ITEP) January 2015 estimates of the effective state/local (if applicable) personal income tax rate paid by the middle quintile of households (based on income).⁶ Due to wide variations in state income tax policies for taxpayers 65 and older, ITEP makes these calculations according to the effective tax rate of individuals and couples below the age of 65 ("non-elderly taxpayers").⁷

Federal tax estimates are based on information from the Congressional Budget Office (CBO). A November 2014 CBO report projects the average federal tax rate (representing individual income taxes, payroll taxes, corporate income taxes, and excise taxes) by household income group for 2013 (using 2011 data – the most recent year available). The average federal tax rate for the middle quintile of households is estimated at 12.3 percent.⁸ In order to isolate the impact of income and payroll taxes (i.e., those taxes levied on individuals' salaries and wages), we deducted the CBO's average corporate income tax (0.8 percent) and excise tax (0.9 percent) rate estimates from the average

⁵ "State and Local Sales Tax Rates Midyear 2014." Tax Foundation. March 18, 2014.
<http://taxfoundation.org/article/state-and-local-sales-tax-rates-midyear-2014>

⁶ Available beginning on p. 29 of "Who Pays? A Distributional Analysis of the Tax Systems in All 50 States – Fifth Edition." Institute on Taxation & Economic Policy. January 2015.
<http://www.itep.org/pdf/whopaysreport.pdf>

⁷ Ibid., p. 19.

⁸ "The Distribution of Household Income and Federal Taxes, 2015." Congressional Budget Office. <https://www.cbo.gov/publication/54646>

federal tax rate (12.3 percent), yielding an average federal income and payroll tax rate for the middle quintile of households of 10.6 percent.⁹

To estimate tax impacts, federal, state, and local tax rates were applied to the direct and indirect wage and salary amounts that the Y generated. In order to develop a more conservative estimate of business impacts, federal income and payroll as well as state/local income taxes (where applicable) were removed *prior* to applying the PCE-based spending pattern. Further, state/local sales taxes were calculated based on wage and salary amounts *after* removing income/payroll taxes and personal savings.

SAVINGS IMPACTS

The impact on personal savings was estimated using the U.S. Department of Commerce's most recent personal saving rate. As of December 2014, this figure was 4.9 percent of personal disposable income.¹⁰ Once again, this percentage was applied to Y-generated direct and indirect wage and salary amounts to estimate the organization's impact on personal savings.

⁹ [1] In creating its 2013 estimates, the CBO applied changes to individual income and payroll tax laws for 2013 and did not incorporate "any changes to corporate income taxes or excise taxes." Ibid., p. 16.

[2] Average federal corporate income and excise tax rates are available through supplemental data tables published by the CBO. See: "The Distribution of Household Income and Federal Taxes, 2011 – Supplemental Data." Congressional Budget Office. November 2014. http://www.cbo.gov/sites/default/files/cbofiles/attachments/49440-Distribution-of-Income-Taxes_Supplemental_0.xlsx

¹⁰ "Personal Income and Outlays, December 2014." Bureau of Economic Analysis, US Department of Commerce. February 2, 2015. <http://www.bea.gov/newsreleases/national/pi/pinewsrelease.htm>

JOB IMPACTS

The job impact figure was estimated using data from the U.S. Department of Labor. The most recent release from the Department's Occupational Employment Statistics (OES) program provides median annual wages in Mississippi as of May 2018.¹¹ The state median wage was then applied to the \$670,088 in wages and salaries paid by the Y's suppliers to arrive at a total of 17 additional jobs that the Y supports, for a total job impact of 87 jobs in the MS Gulf Coast region.

¹¹ "OES Data – May 2018." Bureau of Labor Statistics, US Department of Labor. April 2, 2019.
https://www.bls.gov/oes/current/oes_ms.htm#00-0000