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HUNT INSTITUTE
FOR GLOBAL COMPETITIVENESS

**ECONOMIC IMPACTS OF THE OPPORTUNITY CENTER
FOR THE HOMELESS:
OPERATING EXPENSES IN EL PASO, TEXAS**

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Introduction

The Hunt Institute for Global Competitiveness at The University of Texas at El Paso (UTEP) has conducted an economic impact analysis of the Opportunity Center for the Homeless in El Paso, TX. This non-profit organization, established on January 23rd, 1994, supports homeless to move beyond their condition if they are capable or protects them if they cannot improve their condition in society because of emotional or psychological disorders. The Opportunity Center for the Homeless consists of four homeless shelters (men, women, families, and elderly female) and six residential centers for the elderly, single women, mentally ill, veterans, and men and women in school/work programs. The Opportunity Center for the Homeless provides services to homeless persons 24 hours per day, 365 days per year without distinction of race, ethnic origin, language spoken, or religious beliefs, and regardless of mental, drug, and alcohol problems. Over the course of a year the Opportunity Center for the Homeless serves over 120,000 meals, and provides over 100,000 evenings of lodging, counseling for over 2000 men, women, and youth, and transitions over 1000 individuals into work, training, and school programs.

During 2016, the Opportunity Center for the Homeless in El Paso, TX reported 89 employees (including part-time and full time) within the four homeless shelters, the six residential centers, and the administration building. With an operating budget of over \$2.5 million, the Opportunity Center for the Homeless constitutes a relevant economic force in El Paso. Estimates presented in this report were calculated using data on annual operating expenses and personnel salaries for the year 2016, provided by the Opportunity Center for the Homeless.

Methodology

To estimate the economic impact of the Opportunity Center for the Homeless in El Paso County, a modeling technique known as Input-Output (I-O) analysis is utilized. I-O analysis illustrates how industries and institutions are linked by the intermediate inputs they provide one another to produce the final output in a given economy. For example, in order to produce a good or provide a service, an industry or institution requires materials, products and services from other supplier industries or institutions. Similarly, these supplier industries require materials, products and services to produce the intermediate inputs that will be used for the provision of the final product or service. Essentially, an I-O model captures all rounds of inter-industry/institutional relationships that make up the production processes of industries in a given economy.¹ Therefore, an I-O model can be used to estimate the regional effects of a particular change or shock to that region's economy.

¹ Miernyk, W. H. (1965). Elements of Input-Output Analysis. New York: Random House.

The I-O model chosen for this study is the IMPLAN or IMPact analysis for PLANing system, which is widely accepted and extensively used by numerous public and private organizations to conduct economic impact studies.² Similar to traditional regional economic modeling techniques, IMPLAN employs a top-down approach, using national data as a control total for state data, and state data, in turn, is used as a control total for county data. In addition to being flexible and relatively easy to modify, IMPLAN explicitly breaks out impacts into three types of effects measured by its multipliers, making this an attractive I-O software package. The three types of effects measured by the IMPLAN multipliers used in this report include direct, indirect, and induced:

Direct Effect refers to the initial change in demand resulting from a change in expenditures or employment.

Indirect Effect represents all changes in regional industry activity, such as an increase in production and employment that result from the direct effect.

Induced Effect measures the impact of household spending within a region due to changes in labor income or compensation received by workers and business proprietors for both the directly and indirectly impacted regional industries.

IMPLAN provides information and impact results for three key regional economic variables: output, employment, and labor income. Each of these variables is defined below:

Employment represents the average annual jobs within a sector and consists of both full-time and part-time positions.

Labor Income represents the sum of compensation paid to workers as well as business proprietors. This value includes employer paid benefits and payroll taxes, in addition to wages and salaries. Note that when interpreting the results of this study, labor income and output should not be summed, as labor income is a component of the output value.

Output represents the total value of industry production or the value of all goods and services produced within the region's economy. Output is an overall measure of economic activity and is the sum of income paid to all factors of production as well as all inter-industry purchases.

Data

The IMPLAN model requires some basic data in order to estimate the total (direct + indirect + induced) impacts of the Opportunity Center for the Homeless activities on output, employment, and labor income in El Paso County. The analysis was conducted using data from the *Profit and Loss* report, January through December 2016 provided by the Opportunity Center for the Homeless. The Personnel expense figure includes wages, salaries, and stipends, as well as paid benefits for each employee. A summary of the total expense data during 2016 is presented in Table 1.

² IMPLAN Group, LLC, IMPLAN System (data and software), 16740 Birkdale Commons Parkway, Suite 206, Huntersville, NC 28078
www.IMPLAN.com

Table 1. Summary Data.

| | Jan-Dec 2016 |
|--|-----------------------|
| Expenses | |
| Personnel | \$1,664,063.85 |
| Property Expenses | \$197,431.37 |
| Utilities | \$164,882.74 |
| Van & Auto Expenses | \$27,678.94 |
| Casualty Liability and CEO Life Insurance Company | \$13,540.37 |
| Bk Serv Chrg & Admin Fees | \$45.00 |
| Telephone, Cable TV, Internet & Computer Maintenance | \$44,417.65 |
| Postage and Locker Rental | \$3,775.62 |
| Copier Leasing Maint Contract | \$15,202.68 |
| Event Costs and Fund Raising Cost | \$13,448.55 |
| Office Supplies | \$15,844.08 |
| Advertising | \$765.56 |
| Professional Development, Staff Educ Material & Training | \$2,077.00 |
| Employee background check | \$56.00 |
| Contract Labor and Contra Wages | \$70,920.22 |
| Fees, Licenses, Prof. Taxes | \$99,457.98 |
| Equipment Purchase | \$7,411.01 |
| Staff Travel Expense | \$7,617.63 |
| Depretiation | \$190,448.95 |
| Program | \$42,309.89 |
| Food | \$74,967.09 |
| Administration | \$22,992.89 |
| Indirect Costs Expense | \$56,028.77 |
| Miscellaneous | \$110.00 |
| Service Contract Expense | \$5,998.94 |
| Legal Expense | \$1,817.50 |
| Reconciliation Discrepancies | (\$2,396.79) |
| Total Expense | \$2,740,913.51 |

Source: The Opportunity Center for the Homeless.

Economic Impact Findings

The economic impact results of the Opportunity Center for the Homeless Operating Cost are presented in Table 2. All dollar impact values, based on 2016 expense report data, are adjusted for inflation to 2017 dollars. Operating Cost represents personnel and all operating expenses combined. The direct impact of salaries and operating expenses are multiplied into \$3.7 million of output or business volume. In terms of employment, 104 jobs would be supported by the Opportunity Center for the Homeless operating activities.

Table 2. The Opportunity Center for the Homeless in El Paso, TX (Operating Cost).

| | Employment | Labor Income | Output |
|-----------------|------------|--------------|-------------|
| Direct Effect | 92 | \$126,740 | \$2,239,601 |
| Indirect Effect | 1 | \$44,044 | \$139,404 |
| Induced Effect | 11 | \$406,109 | \$1,357,479 |
| Total Effect | 104 | \$576,893 | \$3,736,484 |

Source: The Hunt Institute for Global Competitiveness.

Conclusion

The overall economic benefits derived from the Opportunity Center for the Homeless' activities are substantial to the local economy. The impacts on business volume (output) and labor income resulting from this organization's activities are approximately \$3.7 million and over \$0.5 million, respectively, with 104 total jobs. These impacts along with the unreimbursed care, and uncompensated charity care that the Opportunity Center for the Homeless provides regularly are tangible evidence of the value of this organization to El Paso County, Texas.

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