



The Economic Impact of the Human Services Sector in Southern Illinois



October 2018

Executive Summary

Human services play an intrinsic role in fostering potential by providing an infrastructure of well-being that supports all members of society. The sector helps build thriving communities by providing services and resources that promote healthy growth and development at every phase of life. These services include job training and workforce development; health and mental health services; support for people with physical and mental disabilities; early childhood and after school programs; and support for older adults, to name a few. Human services directly impact the well-being of our communities and also have an important economic impact on the communities they serve. The purpose of this study is to evaluate the impact of 30 human service organizations located in Illinois Senate Districts (SD) 58 and 59 on the Southern Illinois economy for fiscal year 2017, including the individual impact on each district and the Delta Region.

Economic impact models are utilized to identify the overall impact of an economic event on a specific geography. In this case, the event is the presence of the human service sector; the geography is defined as SD 58 and 59 in Southern Illinois. By providing an initial input factor, such as the number of jobs, salaries, sales and other factors, a model can estimate the direct, indirect and induced impacts on the local economy. Direct impacts result from the human service organizations' spending in the region, including purchases at office supply stores and print shops, maintenance services, etc. Indirect impacts are the result of business-to-business spending, i.e. as the direct effects are spent, the recipient business will increase their activity by buying more goods and hiring more people. Induced impacts are generated by human service employees who spend their earnings on the purchase of local goods, such as groceries, gasoline, retail goods and services.

Illinois Partners for Human Service has modeled the impact of the human service sector on the Southern Illinois economy utilizing EMSI Business Analyst software. Together, the 30 participating organizations employ 2,417 people and generate \$135,714,632 in economic output. Initial, direct, indirect and induced economic impacts support a total of 3,109 jobs and generate \$173,714,729 of economic output, as detailed in Table 1.

Table 1. Economic Impact of Human Services in Southern Illinois SD 58 and 59

	Jobs	Economic Output
Initial Impact	2,417	\$135,714,632
Direct Impact	227	\$12,214,317
Indirect Impact	60	\$2,714,293
Induced Impact	405	\$23,071,487
Total Impact	3,109	\$173,714,729

Using the data collected, the Return on Investment was also calculated. For every \$1.00 in funding the sector receives, they return \$1.43 in net economic output to the community.

Human services provide access and opportunity to help our communities thrive. Moreover, the sector makes significant contributions to the local economy by sustaining jobs and sales in the community.

Data Collection and Analysis

Human service organizations throughout Southern Illinois were invited to participate in this Economic Impact Study. Data, including revenue by source, salaries paid, and number of employees, was collected from 30 organizations via Survey Monkey. Data was aggregated for use in EMSI, an Input-Output Economic model, and for the analysis presented in this report. EMSI’s model is based on geographically specific data obtained from a variety of sources including the Census Bureau, the Bureau of Economic Analysis, Illinois Department of Employment Security data and Oak Ridge National Labs.

EMSI estimated that the 30 human service organizations surveyed produce an economic ripple on their communities that sustain an additional 692 jobs for a total of 3,109 jobs created by the sector. Moreover, the analysis shows that the estimated economic output attributed to human services increases from \$135,714,632 (initial impact) to \$173,714,729 (total impact), highlighting an increase of \$38 million (Tables 1 and 2). These economic ripples are caused by direct impacts from business-to-business spending (office supplies, cleaning services, maintenance, etc.), indirect impacts from the recipient business buying more goods and hiring more employees, and induced impacts from employees spending their earnings on local groceries, retail, gasoline, services, etc.

EMSI also estimated the number of jobs by industry that result from the activity of human service organizations in Southern Illinois. There are 20 categories of jobs impacted and sustained by the presence of human services in the region, including health care; real estate; accommodations and food service; professional, scientific, and technical services; and retail (see Table 3).

Table 2. Effect of Human Services in SD 58 and 59 in Terms of Jobs and Dollars Sustained

Senate Districts 58 & 59		
	Jobs	Economic Output
Initial Impact	2,417	\$135,714,632
Total Impact	3,109	\$173,714,729
Change in Impact	692	\$38,000,097

Table 3. Distribution of Jobs Sustained by Human Services in SD 58 and 59 by Sector

Distribution of Jobs Sustained by Human Services in Senate Districts 58 and 59 by Industry	
Health Care and Social Assistance	2,327
Other Services (except Public Administration)	260
Real Estate and Rental and Leasing	106
Accommodation and Food Services	85
Administrative and Support and Waste Management and Remediation Services	80
Professional, Scientific, and Technical Services	46
Retail Trade	45

Finance and Insurance	45
Government	28
Educational Services	18
Construction	15
Arts, Entertainment, and Recreation	14
Transportation and Warehousing	13
Wholesale Trade	9
Information	6
Manufacturing	5
Agriculture, Forestry, Fishing and Hunting	3
Utilities	2
Mining, Quarrying, and Oil and Gas Extraction	1
Management of Companies and Enterprises	1
Total	3,109

Regional Analysis

Taking a closer look at the regions within Southern Illinois, SD 58 reported less than half of the jobs reported in SD 59 (Table 4) and nearly half of the economic output (Table 5). It’s important to note that organizations were separated into regions based on the location of their administrative offices. Many organizations provide services in several counties and some serve all 19 counties in SD 58 and 59: Alexander, Franklin, Gallatin, Hamilton, Hardin, Jackson, Jefferson, Johnson, Massac, Monroe, Perry, Pope, Pulaski, Randolph, Saline, St. Clair, Union, Washington, and Williamson. Having multi-county services defined by one address could potentially skew the region-specific data. Most organizations surveyed operate wholly within SD 58 & 59, meaning that nearly all of the combined data was captured, not lost or skewed because of boundary limitations applied to the study.

The Delta Region comprises 16 counties within SD 58 and 59, including all of the counties listed above except Monroe, St. Clair, and Washington. The Delta Region is fairly comparable to the combined SD 58 and 59 data since it represents nearly the same area.

Table 4. Contribution of Human Services for Sustaining Jobs in Southern Illinois by Region

Jobs			
	SD 58	SD 59	Delta Region
Initial Impact	755	1,662	2,060
Direct Impact	68	164	193
Indirect Impact	17	44	50
Induced Impact	106	312	334
Total Impact	946	2,181	2,637
Change in Impact	191	519	577

Table 5. Economic Contribution of Human Services in Southern Illinois by Region

Economic Output			
	SD 58	SD 59	Delta Region
Initial Impact	\$45,196,659	\$89,666,323	\$113,908,818
Direct Impact	\$4,067,699	\$8,966,632	\$10,251,794
Indirect Impact	\$903,933	\$2,689,990	\$2,278,176
Induced Impact	\$6,327,532	\$17,036,601	\$19,364,499
Total Impact	\$56,495,824	\$118,359,546	\$145,803,287
Change in Impact	\$11,299,165	\$28,751,876	\$31,894,469

Both SD 58 and 59 rely heavily on state funding (Table 6 and 7), which accounts for a majority of their funding; 68% for SD 58 and 74% for SD 59. SD 59 receives more federal funding than SD 58 (12% vs. 3%), while SD 58 receives more “Other Revenue” (i.e. Fees for Services, Private Contracts, Interest, Rental, etc.) than SD 59 (19% vs. 7%).

Table 6. Aggregate Funding Data from Human Service Organizations Surveyed

	SD 58 & 59	SD 58	SD 59	Delta Region
	30 Organizations	15 Organizations	15 Organizations	25 Organizations
Revenue from Federal Government (\$)	\$12,671,567	\$1,500,567	\$10,319,350	\$10,929,589
Revenue from State Government (\$)	\$97,234,907	\$30,702,840	\$66,532,067	\$82,158,571
Revenue from Local Government (\$)	\$6,604,059	\$3,355,509	\$3,248,550	\$4,968,059
Revenue from Contributed Income (\$)	\$1,509,722	\$700,707	\$809,015	\$1,117,972
Revenue from Local Funds and Grants (\$)	\$3,285,204	\$572,026	\$2,713,178	\$2,871,478
Other Revenue (\$)	\$14,409,173	\$8,365,010	\$6,044,163	\$11,863,149
Total Operating Revenue (\$)	\$135,714,632	\$45,196,659	\$89,666,323	\$113,908,818

Table 7. Aggregate Funding Data From Human Service Organizations Surveyed as a Percentage of Total Revenue

	SD 58 & 59	SD 58	SD 59	Delta Region
	30 Organizations	15 Organizations	15 Organizations	25 Organizations
Percent of Total Revenue from Federal Government	9.3%	3.3%	11.5%	9.6%
Percent of Total Revenue from State Government	71.6%	67.9%	74.2%	72.1%
Percent of Total Revenue from Local Government	4.9%	7.4%	3.6%	4.4%
Percent of Total Revenue from Contributed Income	1.1%	1.6%	0.9%	1.0%
Percent of Total Revenue from Local Funds and Grants	2.4%	1.3%	3.0%	2.5%
Percent of Total Revenue from Other Sources (\$)	10.6%	18.5%	6.7%	10.4%

Return on Investment

The 30 human service organizations surveyed received a total of \$116,510,533 in federal, state, and local government funding. An additional \$4,794,926 was received from local grants and contributed income.

For every \$1 of funding received, these organizations return \$1.43 in net economic output for the community. The Return on Investment (ROI) for each region is shown in Table 8.

Table 8. Return on Investment for SD 58 and 59, including Subgroups

Return on Investment	
Senate Districts 58 & 59	\$1.43
Senate District 58	\$1.53
Senate District 59	\$1.42
Delta Region	\$1.43

Conclusion

Human services are an integral part of every community, providing skills, resources, and opportunities that promote well-being throughout the community. This study shows that their business operations also make significant contributions to the local economy by sustaining jobs and sales in the community.

Acknowledgements

Illinois Partners for Human Service thanks the organizations listed in Table 9 for participating in this research. We are grateful for your efforts and trust. Consulting was generously provided by Jim Runyon of Easter Seals of Central Illinois, Kim Cornwell of EPIC, and Josh Wright of EMSI.

Table 9. Participating Organizations

Caritas Family Solutions
Centerstone of Illinois
CHESI
Child Care Resource and Referral-John A Logan College
Egyptian Health Department
Family Counseling Center Alternatives, Inc.
Family Counseling Center, Inc.
Five Star Industries, Inc.
Franklin-Williamson Child Advocacy Center
Franklin-Williamson Bi-County Health Department
Good Samaritan Ministries
Human Service Center of Southern Metro East
Human Support Services
Jackson County Health Department
LINC, Inc.
Lutheran Social Services of Illinois
Massac County Drug Awareness Coalition
Monroe County Health Department
Perry-Jackson Child Advocacy Center
Randolph County Health Department
Rides Mass Transit District
Southern Illinois Center for Independent Living
Southern Seven Health Department
Specialized Training for Adult Rehabilitation
Spero Family Services
St. Clair County Health Department
The Fellowship House
The Night's Shield
Two Rivers Child Advocacy Center
Union County Counseling Services, Inc.

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