



arc Thrift Stores
&
Arc of Colorado
Economic Impact Assessment



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Contributors

This is a study analyzing the economic impact of arc Thrift Stores of Colorado and The Arc of Colorado. It is a combination of the knowledge and research gathered throughout University of Denver BUS-4600-22 capstone course with support from University of Denver faculty and staff. A note of special thanks to contributions and guidance from Bud Bilanich, PHD Adjunct Faculty, and Jack Strauss, PHD Professor; Miller Chair of Applied Economics. Additional thanks for the support of arc Thrift Stores' Lloyd Lewis, president and CEO since December 2005 and Bruce Stahlman, CFO as well as The Arc of Colorado Executive Director Christiano Sosa.



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Terms and Definitions

RIMS II	The Regional Input-Output Modeling System (RIMS II), a regional economic model, is a tool used by investors, planners, and elected officials to objectively assess the potential economic impacts of various projects.
Direct Impact	A measure of the total amount of additional expenditure within the Front Range region of Colorado, which can be directly attributed to arc Thrift Stores.
Indirect Impact	Changes in sales, income, or employment within the region in backward linked industries supplying goods and services to arc Thrift Stores.
Induced Impact	Increases in sales within the region from spending earned because of arc Thrift Stores (e.g., employment, job placement, etc.).
Total Effect	Sum of direct, indirect and induced impacts.
Multipliers	Measure the total change throughout the economy from one-unit change for a given sector.
Type I Multipliers	Include direct or initial spending as well as indirect spending that occurs in a given sector.
Type II Multipliers	Include the same effects as Type I multipliers with the added impact of induced effects.



Executive Summary

The Daniels School of Business at the University of Denver has produced this study as a portion of PMBA Capstone course BUS-4600-22. As an economic impact assessment of arc Thrift Stores (“Company”), this study shows the general nature of key areas of arc’s economic contribution to the state of Colorado.

This study demonstrates the far reaching and vast impact of arc Thrift Stores throughout Colorado. The impact delivered by the Company has grown dramatically over the last 14 years and is expected to continue to grow in the future. The result of the research associated with this project includes details from arc Thrift Stores vast community-based projects that impact individuals with intellectual and developmental disabilities as well as other vulnerable communities throughout the state, including multiple charitable organizations. Further, the impact associated with the growth of the Company under the leadership of CEO Lloyd Lewis and the legislative measures directly impacting the community through the work of the Arc of Colorado suggest an economic impact of \$2.3 billion.



Introduction

arc Thrift Stores is a vital component of the regional economy as evidenced by the impact it has had over the last 14 years. The mission of the arc Thrift Stores is:

We are a non-profit organization operating 30 locations in Metro Denver, Fort Collins, Greeley, Loveland, Colorado Springs and Pueblo. The proceeds generated through the sale of gently used clothing and household items at arc Thrift Stores are distributed throughout Colorado to the Arc Chapters, the Association for Community Living (“ACL”) and Advocacy Denver. The mission of the Company is to enhance the lives of individuals with intellectual / developmental disabilities (“I/DD”) and their families by providing funding to support the Arc and ACL Chapters across Colorado and Advocacy Denver. We believe that all people with I/DD should have the opportunity to decide how they live, learn, work and play.

This study will show that the impact of arc Thrift Stores goes beyond helping individuals, affecting communities and regional businesses, thus strengthening the local economy. The University of Denver, under the sponsorship of arc Thrift Stores has produced this assessment of the organization’s impact on the regional economy.



The purpose of this study was to answer the following questions:

1. What is arc Thrift's impact on the individuals, communities, and businesses of the region?
2. How has arc Thrift's impact grown under the leadership of its CEO Lloyd Lewis and the new team he installed beginning in 2005?
3. What impact has The Arc of Colorado-supported legislation had on the local economy?

To answer these questions, the University of Denver team utilized literature resources as well as data obtained directly from Arc of Colorado and arc Thrift Stores and various other sources. Study findings show a considerable impact on the regional economy from the activities of arc Thrift Stores.

The rest of the report will proceed as follows. The second section will introduce the literature sources and methods used within this report. The third section presents an in-depth look at arc Thrift Stores and its economic impact. A conclusion follows.



Goals and Methodology

Scope

This economic impact assessment aims to examine the economic impact of the major business units, business functions, and charitable programs and communities supported by arc Thrift Stores. The chart below summarizes these impacts:

ECONOMIC IMPACT

	<u>\$ MILLIONS</u>			<u>\$ MILLIONS</u>	
	<u>2005-2019</u>	<u>2019</u>		<u>2005-2019</u>	<u>2019</u>
Business Revenue	1,616	178	} Payroll & Benefits	700	78
Direct	796	87		Direct	430
Indirect & Induced	820	90	Indirect & Induced	270	30
Sales & Property Taxes	144	14			
Direct	71	7			
Indirect & Induced	73	7			
Capital Expenditures	51	6			
Direct	25	3			
Indirect & Induced	26	3			
Charity/social programs (1)	322	40			
Direct	161	20			
Indirect & Induced	161	20			
Other Community Benefits (2)	202	122			
Direct	186	120			
Indirect & Induced	16	2			
TOTAL	2,335	359			



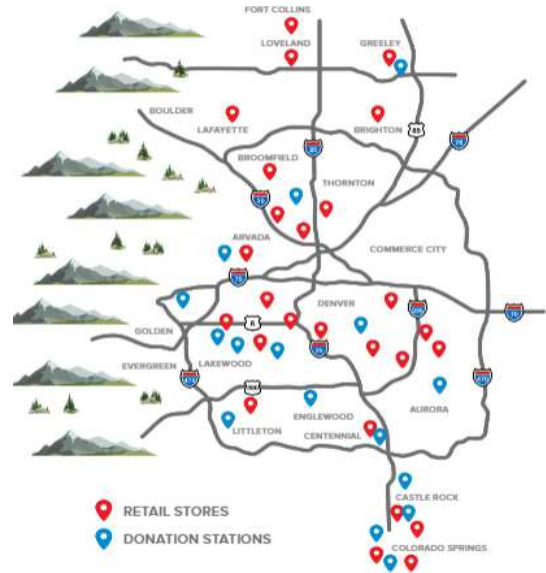
ECONOMIC IMPACT

	<u>\$ MILLIONS</u>			<u>\$ MILLIONS</u>	
	<u>2005-2019</u>	<u>2019</u>		<u>2005-2019</u>	<u>2019</u>
(1)			(2)		
Arc advocacy programs	195	24	State expenditures	118	112
Direct	91	11	Scrap and recycled goods	37	4
Indirect	104	13	Volunteerism	15	2
Charitable vehicle donations	79	9	Earned media	12	2
Direct	37	4	Direct	7	1
Indirect	42	5	Indirect	5	1
I/DD employment	39	5	Store vouchers to persons in n	11	2
Direct	24	3	Direct	5	1
Indirect	15	2	Indirect	6	1
Ability Connections (former CP Colorado)	6	1	Food drive	9	0
Alternate sourcing payments (to other charities)	3	1	Direct	4	0
			Indirect	5	0
TOTAL	322	40	TOTAL	202	122

GRAND TOTAL arc Thrift Stores ECONOMIC IMPACT SINCE 2005 - \$2.3 BILLION



The region impacted by arc Thrift Stores includes the entire state of Colorado, which overlaps The Arc of Colorado’s sphere of influence and the 15 local Arc Chapters serving over 9,000 individuals in designated geographical areas. As a limitation of this assessment, impact beyond the state of Colorado is not examined.





Definition and Methodology of Impact

Economic impact refers to the impact on the local economy through activities originating with arc Thrift Stores including all revenue and expenditures by the Company and the ripple effect of economic activities originated by arc Thrift Stores. To calculate the total economic impact from activities originating with the Company, the total direct economic impact is estimated followed by an approximation of indirect and induced impact utilizing the Regional Input-Output Modeling System II (RIMS II) multipliers developed by the Bureau of Economic Analysis of the U.S. Department of Commerce. The multipliers utilized are specific by geographic location. They are industry and regionally significant. The multipliers in effect demonstrate the total added value throughout the delivery of goods and services by arc Thrift Stores, along with the value created in the pursuit of supporting the Company. The idea behind the results of RIMS II is that an initial change in economic activity results in other rounds of spending – as an example, opening new stores leads to increased rental payments to landlords and increased customer traffic in existing shopping centers and resulting incremental revenue to other retail tenants. Additionally, advocacy for employment of persons with I/DD leads to more independent living opportunities and self-support resulting in increased earnings capacity and spending on consumer items including entertainment, dining, etc.



Characteristics of arc Thrift Store's Business

Retail Stores

arc Thrift Stores operates 30 stores across the Front Range. Since 2005, arc Thrift Stores has opened 13 new stores with many winning awards for best thrift store in their respective areas.

- Estimated for 2019: \$87 million dollars in retail store sales and revenue received from the community.
 - Estimated 2019 economic impact from retail store sales and revenue is calculated to be \$178 million total.
- 2005 to 2019 direct retail store sales totaled \$796 million.
 - The cumulative economic impact, from 2005 to 2019, is calculated to be \$1,616 million.
- Estimated 2019 operational expenses are \$77 million returned to the community, and approximately \$704 million from 2005 through 2019 (*includes cost of goods sold, employee expenses, controllable Opex and non-controllable Opex*)

Tax

- arc Thrift Stores estimates it will collect and remit approximately \$6 million in State and local Sales Taxes in 2019.
 - From 2005 through 2019, arc Thrift Stores collected and paid \$58 million in Sales Taxes.
- arc Thrift Stores estimates it will pay \$1 million in Property Taxes in 2019.



- From 2005 through 2019, arc Thrift paid \$13 million in Property Taxes

Employment – Including Payroll and Benefits

arc Thrift Stores provides employment opportunities to people with a wide range of skills including persons with intellectual and developmental disabilities (“I/DD”). As of 2019, the Company employed over 300 employees with disabilities out of its total workforce of 1,750 employees. Employee benefits include payroll, health and dental insurance, workers comp, 401(k) match, bonuses and many other additional benefits.

- Since 2005, the Company has contributed \$430 million in direct employee expenses.
 - 2019 employees’ direct expenses are estimated to be \$48 million (*excluding contract labor & other employee expenses*).
 - 2019’s employment of persons with disabilities direct expenses are estimated at \$3 million and approximately \$24 million since 2005.
- Over the last 14 years, the region has experienced a total economic impact of \$700 million because of the employee expenses paid out by arc Thrift Stores.



Funding of Arc Advocacy Programs

arc Thrift Stores provides funding to Colorado Arc Advocacy Chapters throughout the state. Arc Advocacy Chapters assist individuals with I/DD secure employment, housing, medical services, legal advice and educational services consistent with legal mandates.

- From 2005 through 2018, \$80 million has been funded to the advocacy chapters.
- The 2019 estimate is almost \$11 million, bringing the cumulative total over \$91 million for 2005 through 2019.

Annual Gala

arc Thrift Stores annual fundraising Gala was created to celebrate the accomplishments of employees with disabilities as “Heroes of the Year.”

- Since 2005, the annual gala has raised \$3 million.





Media Coverage

arc Thrift Stores leverages media coverage as a way of promoting awareness of the brand and mission. The Company has received extensive coverage from local newspapers and broadcast television. They also maintain a strong presence on social media with Twitter, Facebook and Instagram.

	Broadcast • NBC • ABC • Fox
	Print • Denver Post • Colorado Springs Gazette
	Social • Facebook – 40,743 follows • Twitter - 2,221 followers • Instagram - 1653 followers

- Earned media coverage of over \$7 million dollars since 2005 including 2019 estimates.
 - The total economic impact of this coverage equates to \$12 million over 14 years.
- Advertising expenses total \$16 million since 2005 including 2019 estimates.

Food Drive

arc Thrift Stores and Volunteers of America have partnered for 19 years to combat hunger through their Feed Colorado campaign. One of the major charities supported in this manner is Meals on Wheel whose mission is to deliver meals to food insecure seniors in their homes.



- Since 2005, Feed Colorado provided 3.3 million pounds of food valued at over \$4 million to Volunteers of America and the food pantries they support.



Auto Donation Program

The Vehicles for Charity car donation program supports hundreds of charities across the US including many prominent public TV and radio stations such as Colorado Public Radio. The program has provided individuals with an option of donating a car instead of selling it and receiving a tax deduction for their charitable support.

- Since 2005, the program has provided \$37 million in direct economic benefit.

Store Vouchers

The Company provides shopping vouchers to assist individuals and families with emergencies and economic struggles. This includes victims of Colorado wildfires and floods and many other individuals in need.

- Since 2005, arc Thrift Stores has directly provided \$5 million in vouchers to Coloradans in need.

Scrap and Recycled Goods

Between their many programs geared towards Recycling and Donating, arc Thrift Stores has distributed nearly a billion pounds of donations not sold in stores to support all the Company's I/DD programs for Coloradans as well as for use across the world, including South America, Africa, India and Pakistan.

- Nearly 950 million pounds recycled since 2005.
- Since 2005, this program has provided an economic benefit of \$37 million in the form of landfill savings to cities and municipalities across Colorado.



Alternative Donation Sourcing

arc Thrift helps other local nonprofits produce creative fundraising and donation drive opportunities. They have worked with charities such as the Girl Scouts of America, Jeffco School District, Special Olympics, The Cystic Fibrosis foundation among many others.

- Since its inception, 48 million pounds of donations have been collected.
- Between 2005 and 2019, \$3 million of charitable funding has been collected.
- An additional \$200,000 in 2019 is estimated to bring the total to over \$3 million.

Support of Ability Connections

Formerly known as Cerebral Palsy of Colorado, Ability Connections provides Coloradans with developmental disabilities a variety of early childhood, education, employment and other support.

- Since 2005, \$6 million has been provided to fund the program.



Economic Assessment of arc Thrift Stores of Colorado

Revenue

	2019*		Total
	Direct	Indirect and Induced	
Retail Store Revenue	87	90	178

*in millions

	2005-2019*		Total
	Direct	Indirect and Induced	
Retail Store Revenue	796	820	1,616

Wages and Salary

	2019*		Total
	Direct	Indirect and Induced	
Wages and Salary	48	30	78

	2005-2019*		Total
	Direct	Indirect and Induced	
Wages and Salary	430	270	700



Tax

	2019*		
	Direct	Indirect and Induced	Total
Sales Tax & Property Tax	7	7	14

	2005-2019*		
	Direct	Indirect and Induced	Total
Sales Tax & Property Tax	71	73	144



Economic Impact of The Arc of Colorado

The Arc of Colorado was founded in 1954, to help change the public’s perception of children with intellectual disability and to educate parents and others regarding the potential of people with intellectual and developmental disabilities. Today, the organization provides systems change and individual advocacy for children and adults with intellectual and developmental disabilities (I/DD) residing in Colorado and their families. It works on legislative education for sound public policy in all executive branches of Colorado state government. Additionally, The Arc of Colorado provides information and referral, support to 15 local chapters, community education, support services in areas not served by a local chapter, and capacity building of self-advocacy groups statewide. The organization is supported primarily through arc Thrift Store funding.

Impact of Fiscal Notes

For purposes of this Economic Impact Assessment, the bills analyzed most accurately represented the state of intellectual and developmental disability related legislation with regards to The Arc of Colorado’s public policy agenda. On average, the organization supports or strongly supports 35 to 45 bills annually. Since 2016, The Arc of Colorado has identified 56 pieces of legislation that is has sponsored or strongly supported through lobbying and education efforts. Each of these bills have been signed by the Governor. This includes 35 House Bills and 21 Senate Bills. The subset of 19 bills below represent major initiatives of the organization and resulted in \$118 million in State Expenditures to improve the lives of individuals with I/DD.



- In FY 2016-2017, the Arc of Colorado supported three bills that accounted for \$1 million in State Expenditures.
- In FY 2017-2018, the Arc of Colorado supported five bills that accounted for \$5 million in State Expenditures.
- In FY 2018-2019, the Arc of Colorado has supported six bills that accounted for over \$33 million in State Expenditures.
- For FY 2019-2020, the Arc of Colorado is supporting four bills that will account for over \$79 million in State Expenditures.
- As of now, FY 2020-2021, the Arc of Colorado supported 1 bill that will account for \$1 million in State Expenditures.



Summary of Findings

Profile of arc Thrift Stores

- arc Thrift Stores as of 2019:
 - Operate 30 retail locations across the Front Range of Colorado, a **75%** increase vs. 2005.
 - Direct cumulative revenue since 2005 is \$797 million which has resulted in **\$1.6 billion** in total economic impact. Currently employs over 1,750 associates, a **250%** increase from 2005; 306 I/DD individuals, a **2,000%** increase from 2005. Direct cumulative employee expenses are \$430 million and resulted in a total economic impact of **\$700 million**.
 - In 2019, arc Thrift Stores is expecting to fund an additional \$10 million to the 15 Colorado Arc Advocacy Chapters. This will bring arc Thrift Stores cumulative contribution to the Arc Advocacy Chapters since 2005 to **\$91 million**.
 - Since 2005, arc Thrift Stores has helped to successfully recycle over 1 billion pounds of waste and donations. This equates to **\$37 million** worth of landfill savings to cities and municipalities through recycled waste and donations.
- **Estimated economic impact for the period 2005-2019 is \$2.3 billion.**



In conclusion, arc Thrift Stores of Colorado is a very strong performing organization that greatly contributes to the economy of Colorado. The Company has experienced significant growth under the leadership of Lloyd Lewis and his Executive team. This growth has not only made an impact on the Company and its employees, but it has had a major impact on the individuals, communities and businesses that arc Thrift Stores interacts with. arc Thrift Stores has made, and will continue to make, a vital and substantial contribution to the State's robust economic profile.



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