

Johns Hopkins Center for Civil Society Studies

THE 2019 NONPROFIT EMPLOYMENT REPORT

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• INTRODUCTION •

This report presents new data on employment and wages in private, nonprofit establishments in the United States from 2007 through 2016, with a special focus on how nonprofit employment fared during the post-recessionary period from 2012-2016.¹

This report comes at a crucial time both for the nation and for the nonprofit sector given important policy changes and challenges facing the sector. In particular, the Federal Tax Cut and Jobs Act passed in December 2017 included several items that could have a negative effect on nonprofits' ability to generate private donations. For example, by greatly expanding the standard deduction available to individuals, the tax bill will eliminate the tax incentives for giving for millions of taxpayers. According to one analysis: "this change is projected to shrink charitable giving to nonprofits by \$13 billion or more each year, leading to the potential elimination of 220,000 to 264,000 nonprofit jobs."² Similarly, by doubling the exemption from taxes on estates from \$11 million to \$22 million, the 2017 tax bill will likely reduce the incentives for high-net-worth individuals to form charitable foundations or dedicate a portion of their estates to charity upon their death. This, in turn, will further weaken a long-standing American ideal of avoiding the creation of an aristocracy of wealth that perpetuates itself across generations. These changes come on top of recent shifts in the form of government support to nonprofits from producer-side subsidies to consumer-side subsidies such as vouchers and tax credits, which have further complicated the survival prospects for nonprofits by encouraging for-profit firms, with their superior access to investment capital, to enter, and ultimately dominate, fields in which nonprofit providers formerly held sway.³

Against this backdrop, information of the sort presented here can be of enormous importance to sector leaders, government policy-makers, and citizens at large. What these data show, among other things, is that nonprofit organizations are a far more sizable economic force in this country than is commonly appreciated. They employ millions of people, generate huge wage payments that in turn lead to substantial income and sale tax revenues for state and federal governments, and save governments further costs through programs that reduce the incidence of a wide variety of social ills, from drug addiction to crime, and spousal abuse.

The report is based on the unique and powerful body of data generated through the Quarterly Census of Employment and Wages (QCEW), which is operated by state Labor Market Information agencies (e.g., the Department of Labor in New York or Maryland Department of Labor, Licensing, and Regulation) and overseen at the federal level by the U.S. Bureau of Labor Statistics (BLS). QCEW is an administrative data-set collected by states as a part of the federal Unemployment Insurance (UI) program and draws

¹For the purpose of this report, "nonprofit establishments" are defined as entities exempted from income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC). Included are private, nonprofit hospitals, higher education institutions, day care centers, nursing homes, social service agencies, museums, orchestras and other cultural institutions, environmental organizations, advocacy groups, clinics, and other similar organizations.

²National Council of Nonprofits, "Tax Cuts and Jobs Act H.R.1: Nonprofit Analysis of the Final Tax Law," Updated April 5, 2018. Available at: <https://www.councilofnonprofits.org/sites/default/files/documents/tax-bill-summary-chart.pdf>.

³Lester M. Salamon, *The Resilient Sector Revisited: The New Challenge to Nonprofit America* (Second Ed.). (Washington, D.C.: Brookings Institution Press 2015).

on the quarterly surveys of workplaces that state employment security offices have conducted since the 1930s. Under federal law, all nonprofit places of employment with four or more employees are required to participate in the unemployment insurance system. However, 22 states also extend this requirement to places of employment with one or more employees. Although the program does not cover self-employed and family workers, QCEW data encompass approximately 97% of nonfarm employment, providing a virtual census of employees and their wages as well as the most complete universe of employment and wage data, by industry, at the State, regional, and county levels. In terms of nonprofit employment, the exclusion of religious organizations as well as entities with less than four employees limits the coverage somewhat; however, religious organizations may elect to be covered by the unemployment insurance program and those that do are covered in the data. At this time the exact number of employees in tax-exempt establishments not covered by QCEW is not known, but we estimate it to be no more than 3% of total employment in the nonprofit sector.

The QCEW database has several advantages over alternative record systems available to track nonprofit employment. Primary among these are: (a) nearly complete coverage of all nonprofit establishments in the U.S.; (b) the use of the establishment, instead of the organization, as the unit of observation, which allows pinpointing the exact location of the workers; (c) month-to-month and year-to-year records of the number of people employed, and the average wages paid, by these establishments, broken down by major fields and states; and (d) timely availability of the data. See **Appendix A** for greater detail about the QCEW and the methodology used for this report.

BLS does not routinely separate data on nonprofit organizations from data on private business enterprises and report on them separately. For this report, BLS undertook a special tabulation of employment in nonprofit establishments using a technique initially developed by scholars at the Johns Hopkins Center for Civil Society Studies. We are deeply grateful to the Charles Stewart Mott Foundation, which provided the financial support that made this special tabulation possible, and to David Talan and his colleagues at the Bureau of Labor Statistics, who carried out the tabulation.

The data reported here cover the 2016 reporting year, the latest year for which such tabulations are available. BLS staff are already at work on a similar tabulation covering the 2017 reporting year as of this writing.

To further explore the data covered in this report, as well as previous years' data going back to 1991, visit **Nonprofit Works—An Interactive Database on the Nonprofit Economy**, developed by the Johns Hopkins Center for Civil Society Studies with support from the Charles Stewart Mott Foundation. The database can be accessed at: ccss.jhu.edu/nonprofit-works.

● KEY FINDINGS ●

① A MAJOR ECONOMIC FORCE

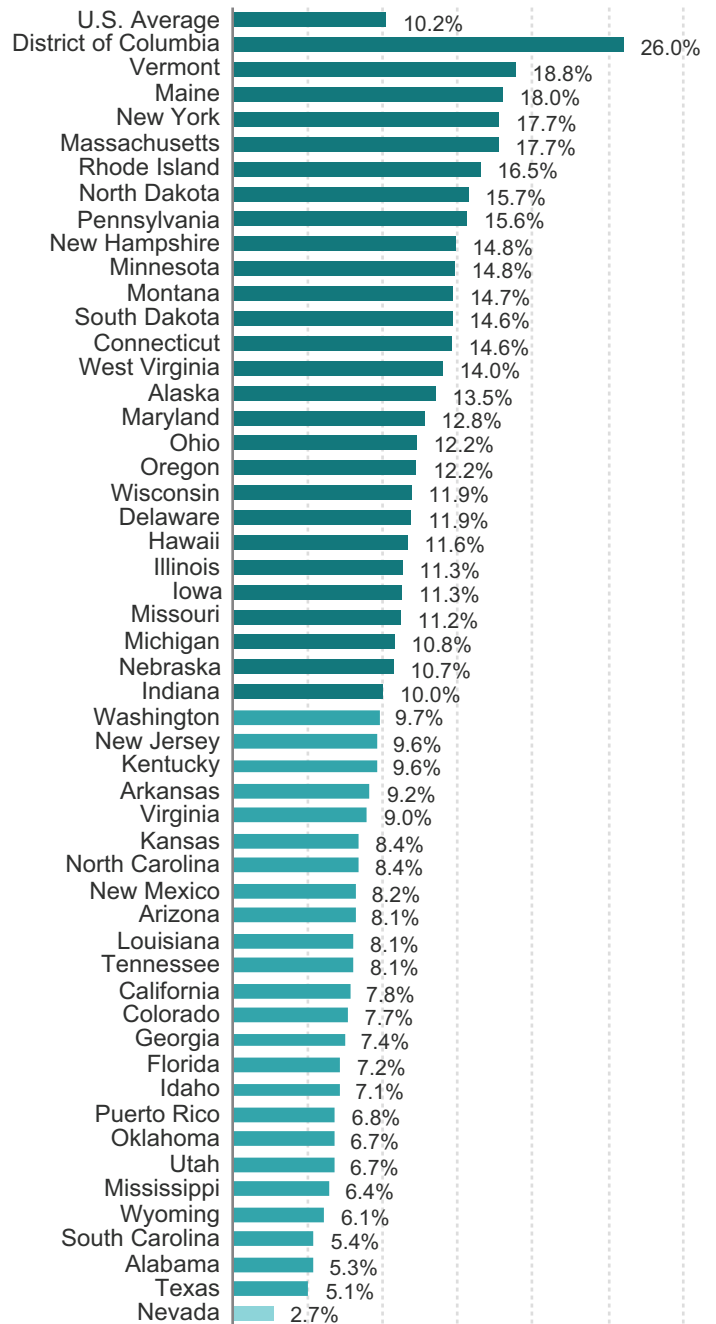
Economists regularly consider any industry or economic sector that employs 5% of a country's workforce to be a "major" industry or sector. It is therefore notable that the 12.3 million paid workers employed by U.S. nonprofit establishments as of 2016 accounted for a substantial 10.2% of the total U.S. private workforce. In half the states, moreover, nonprofit jobs account for over 10% of all private jobs, and in 10 states they account for 15% or more, including states as diverse as Pennsylvania, North Dakota, Maine, and Minnesota, as shown in **Figure 1**.

In general, nonprofits comprise an above average share of the private workforce in the Northeast and mid-Atlantic regions and a below-average share in the West and the Southeast. In particular:

- ➔ Of the 25 states above the national average, 10 are located in the Northeast or Mid-Atlantic, 10 are in the Midwest, four are in the West, and only one is in the Southeast.
- ➔ Of the 10 states with the lowest nonprofit share of the private workforce, half are in the West, four are in the Southeast, and one (Oklahoma) is in the Midwest.

For the first time, we are able to examine nonprofit employment data from the U.S. territory of Puerto Rico—a timely development in light of the recent environmental and humanitarian disaster brought about by Hurricane Maria. At **6.8% of private employment**, Puerto Rico's nonprofit sector is quite small compared to the national average of 10.2%. Given the important role that nonprofits play in disaster relief and recovery, social service and health care delivery, and humanitarian aid, this lack of established local nonprofit presence may very well have negatively impacted emergency response and the subsequent recovery efforts.

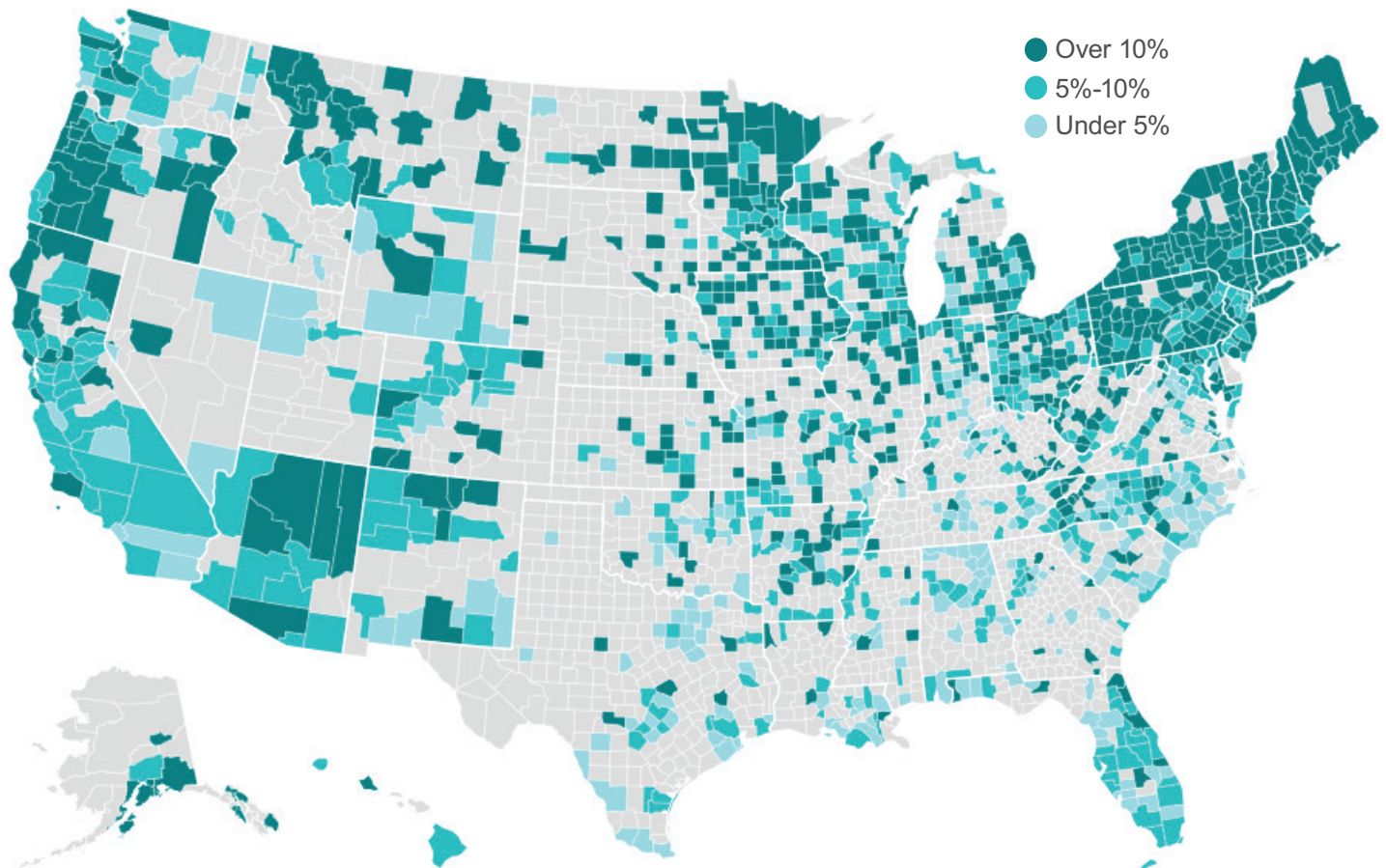
Figure 1. Nonprofit share of private employment, by state and territory, 2016



Nonprofit share of private employment

An even clearer picture of the relative position of nonprofit organizations vis-à-vis overall private employment can be gained by examining this relationship at the county level. This is done in **Figure 2**, which shows that nonprofits represented over 10% of total private employment in nearly half (48.4%) of the 1377 counties for which county-level data are available. In another 34% of these counties, nonprofits represented between 5 and 10% of private employment, and in only 18% of the counties was it under 5%. Furthermore, the heavy presence of nonprofit employment in the Northeast, Mid-Atlantic, and Midwest regions shows up especially vividly in these county level figures.

Figure 2. Nonprofit share of total private employment by county, 2016



Note: Data are not available for greyed-out counties due to BLS disclosure limitations. See Appendix A for more information on BLS disclosure rules.

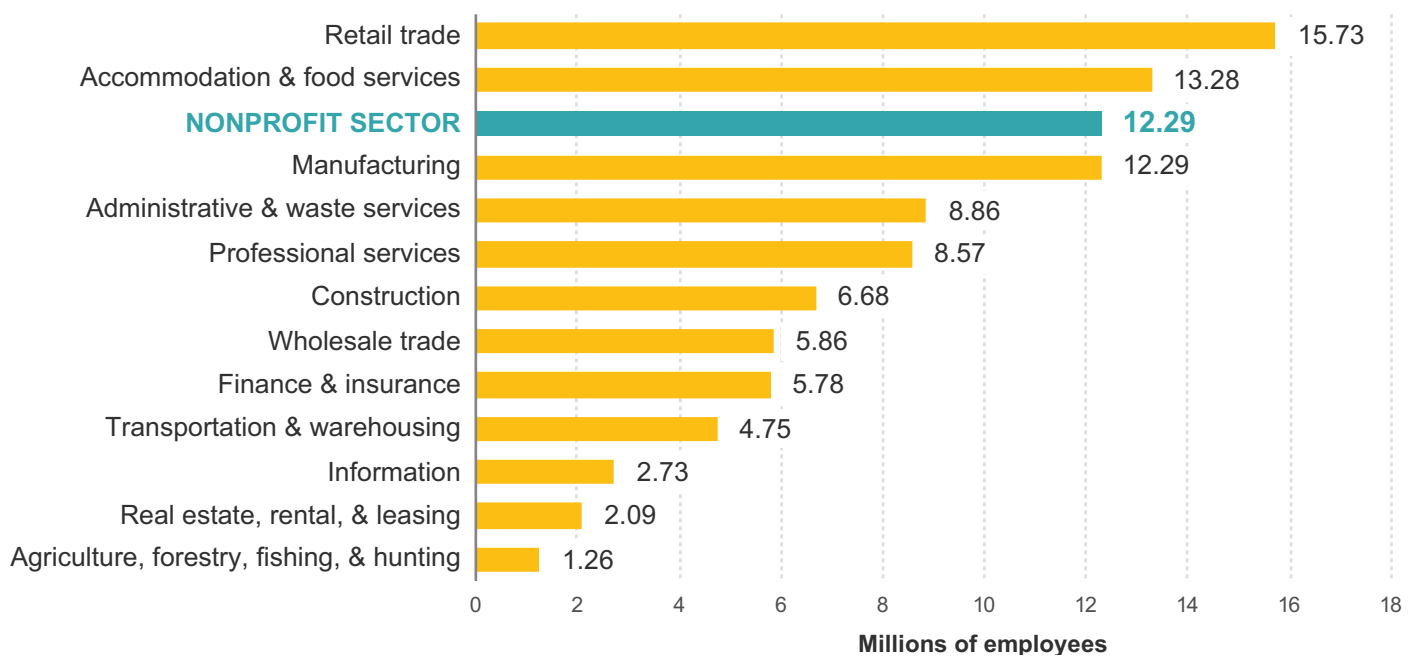
② THE THIRD LARGEST WORKFORCE

Not only is the nonprofit workforce sizable when compared to all private employment, but its considerable scale is even more clearly apparent when compared to that of the 18 different “industries” into which statisticians divide the American economy. As **Figure 3** reveals, when viewed this way it becomes clear that U.S. nonprofits employed the third largest workforce of any U.S. industry in 2016, behind only retail trade and accommodation and food service, and on a par with manufacturing. The nonprofit sector has held this third highest position among U.S. industries for well over a decade, though this is the first year in which it came very close to edging out manufacturing.

With **12.3 million paid workers**, nonprofits thus employ more workers than a number of major U.S. industries. In particular, it employs:

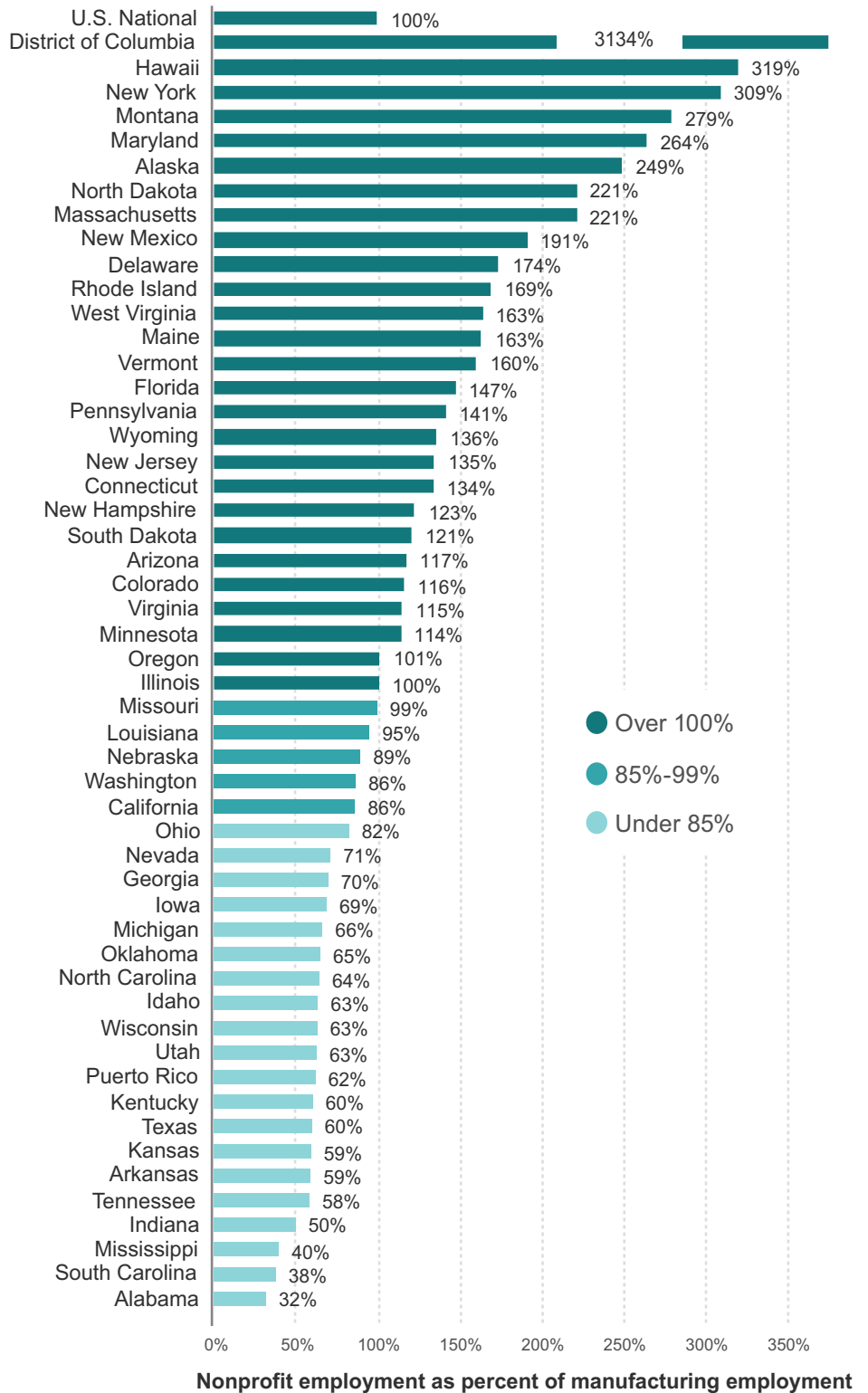
- ➔ **Twice as many workers** as the nation’s **transportation, wholesale trade, and finance and insurance industries.**
- ➔ **80% more workers** than the nation’s **construction industry.**
- ➔ About **25% more workers** than the nation’s **professional, scientific, and technical services and administrative support and waste management industries.**
- ➔ Over **five and a half times more workers** than the nation’s **real estate industry.**

Figure 3. Employment in nonprofits vs. key industries, 2016



Since the manufacturing sector is often seen as a bellwether for the health and vitality of a region's economy, it is especially revealing to note the number of states in which nonprofit employment is not only on a par with manufacturing employment, but actually exceeds it. This relationship is highlighted in **Figure 4**, which reveals that **nonprofits employ more workers than manufacturing in 26 states**, including states as diverse as South Dakota, West Virginia, Pennsylvania, and Hawaii. In a further 5 states, nonprofits represent over 85% of total manufacturing employment. The District of Columbia, where nonprofits represent 3134% of total manufacturing employment, is, for obvious reasons, just an outlier, but one that fits a widespread pattern.

Figure 4. Nonprofit employment as a percent of manufacturing employment, by state and territory, 2016

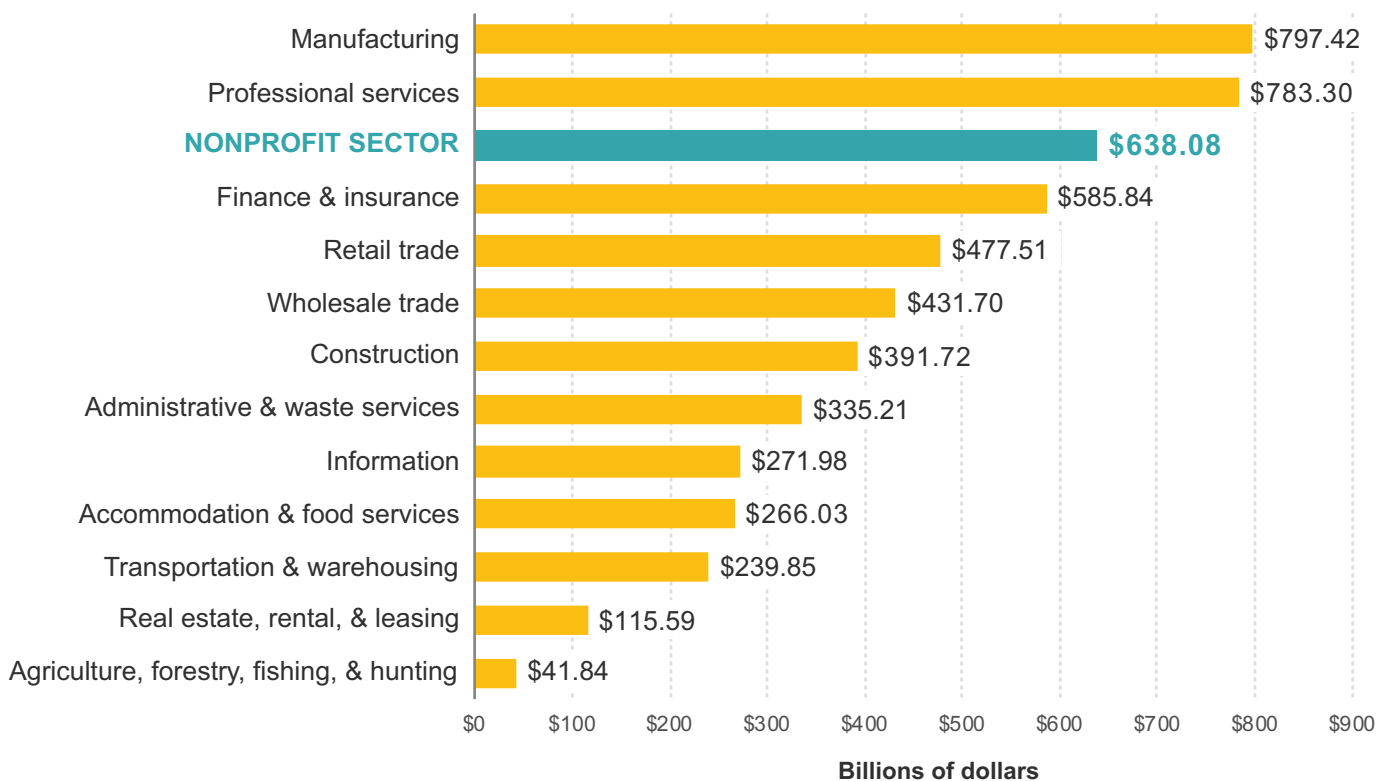


③ A MAJOR INCOME GENERATOR

Reflecting its considerable size, the nonprofit sector is the third largest generator of payroll income in the United States, behind only professional services and manufacturing, as shown in **Figure 5**. The **\$638 billion in wages** paid by this sector in 2016 thus represents:

- **Over 30% more** than the wages paid by the nation's **retail trade industry** (the largest industry in terms of overall employment).
- **Over 60% more** than the payroll of the U.S. **construction industry**.
- **Over 130% more** than the wages paid by the nation's **accommodation and food service** and **information industries**.
- **Over four and a half times** the wages paid by the nation's **real estate industry**; and
- **Over fourteen times** the payroll of the nation's **agriculture industry**.

Figure 5. Total annual wages paid by nonprofits vs. key U.S. industries, 2016 (billions)

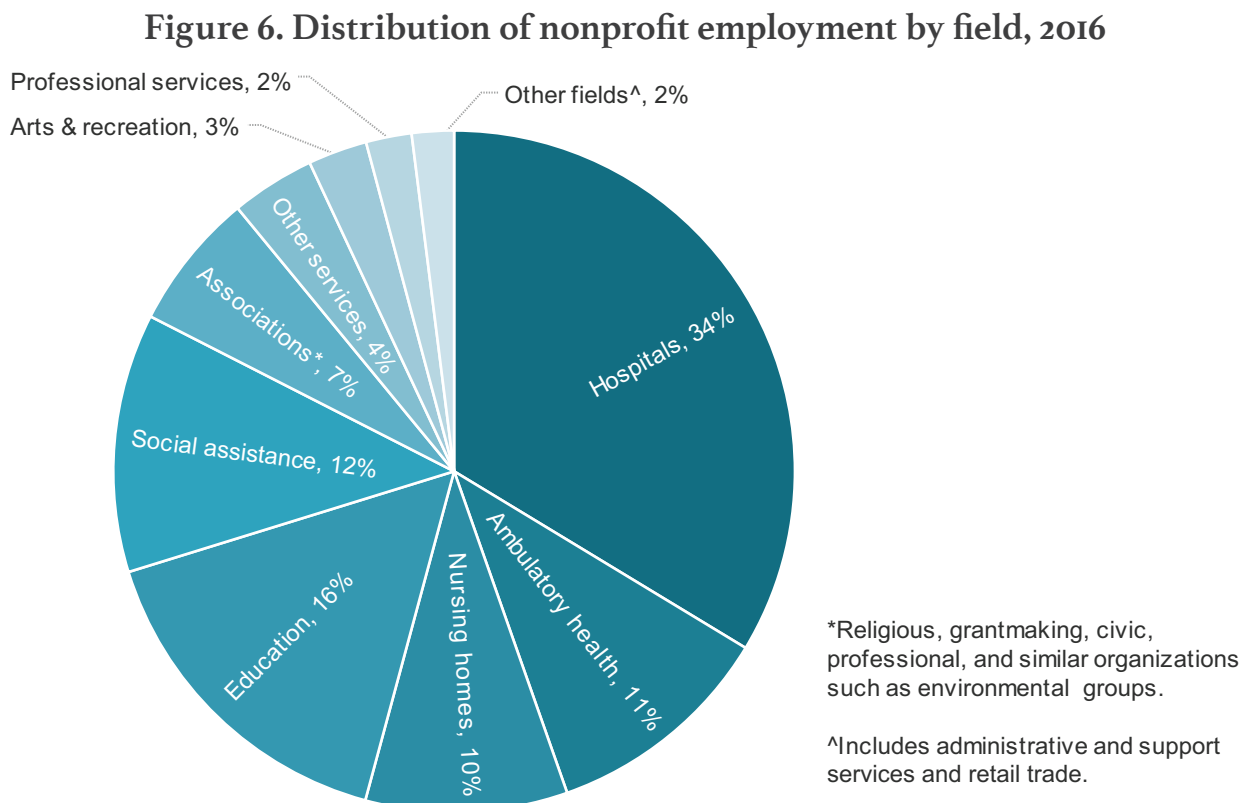


4 A DIVERSE SECTOR—PRESENT IN A WIDE ARRAY OF FIELDS

Nonprofit organizations are engaged in a bewildering variety of fields, ranging from arts and recreation to social services and environment. Even within some of the major categories, significant variations exist. Thus, health care embraces major hospitals, small clinics, and several types of nursing homes. Social assistance covers sizable individual and family service agencies and small homeless shelters, food pantries, and day care centers, to name just a few.

To make sense of this enormous variety, however, it is useful to zero in on three major blocks of activity that together account for the vast majority (81%) of U.S. nonprofit jobs: i.e., health care, education, and social assistance. More specifically, as **Figure 6** shows:

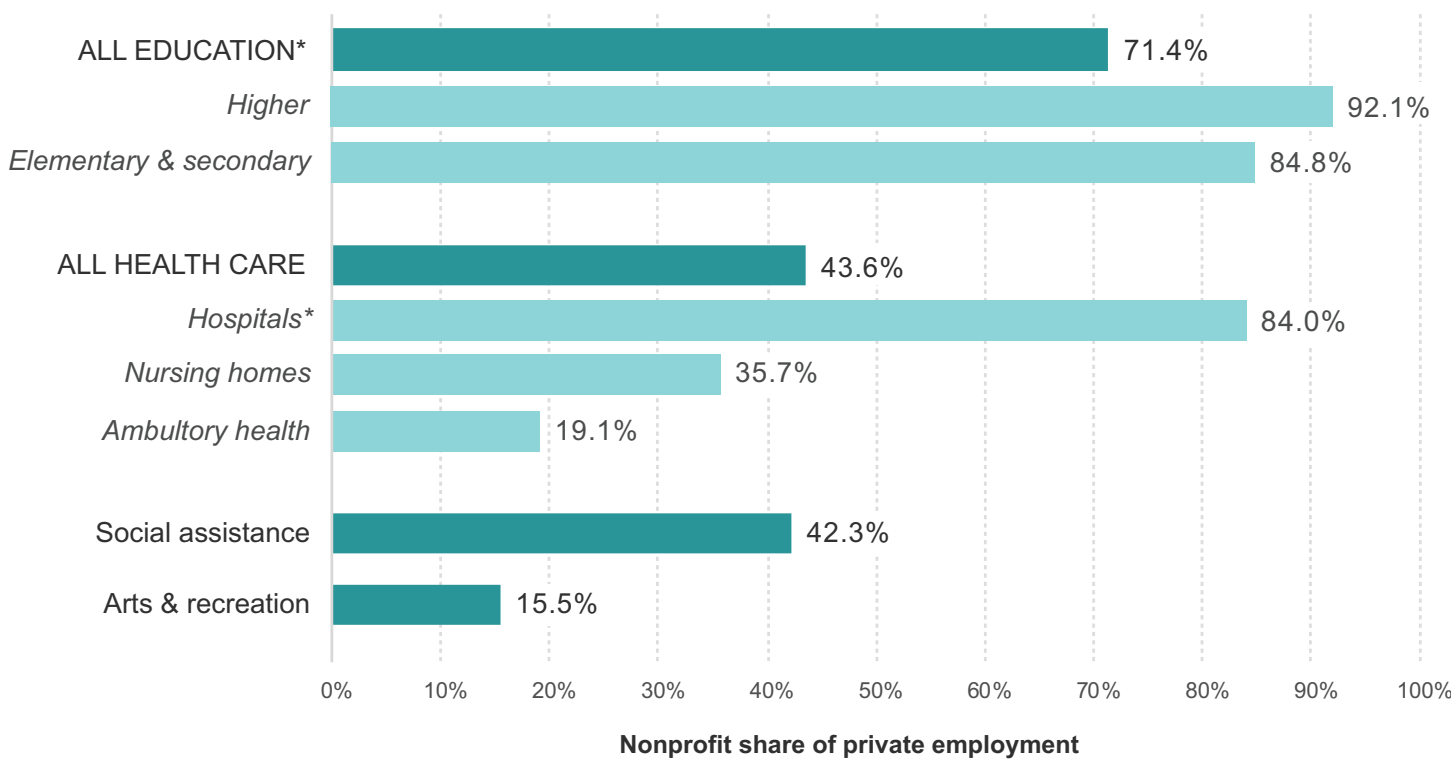
- ➔ **Over half (55%)** of all nonprofit jobs in the U.S. are in the **health care field**. Hospitals account for the bulk of these jobs, employing 34% of the nation's total nonprofit workforce, or roughly 1 out of every 3 nonprofit workers. Health clinics and nursing homes account for the additional 21%.
- ➔ **Fourteen percent** of all nonprofit jobs in the U.S. are in **educational services**, including private elementary and secondary schools, colleges, universities, and other educational facilities.
- ➔ **Twelve percent** of all nonprofit jobs in the U.S. are in **social assistance**. This includes employment in individual and family services, community food services, housing services, vocational rehabilitation, and child day care.



As might be expected, in the fields in which nonprofits concentrate they constitute an especially large share of private employment. Thus, as **Figure 7** shows, nonprofits account for:

- ➔ Nearly three quarters (71%) of the nation's private employment in education (though this figure is closer to 16% when account is taken of employment in public educational institutions).
- ➔ Over 42% of private employment in social assistance.
- ➔ Over 43% of private employment in health services, including:
 - 84% of private employment in hospitals.⁴
 - Over a third of private employment in nursing homes.
 - Nearly 20% of private employment in ambulatory health care.⁵

Figure 7. Nonprofit share of private employment, by selected field, 2016



*Excludes employment in government-operated institutions.

⁴ With public hospitals included as well, nonprofits account for 66% of total hospital employment.

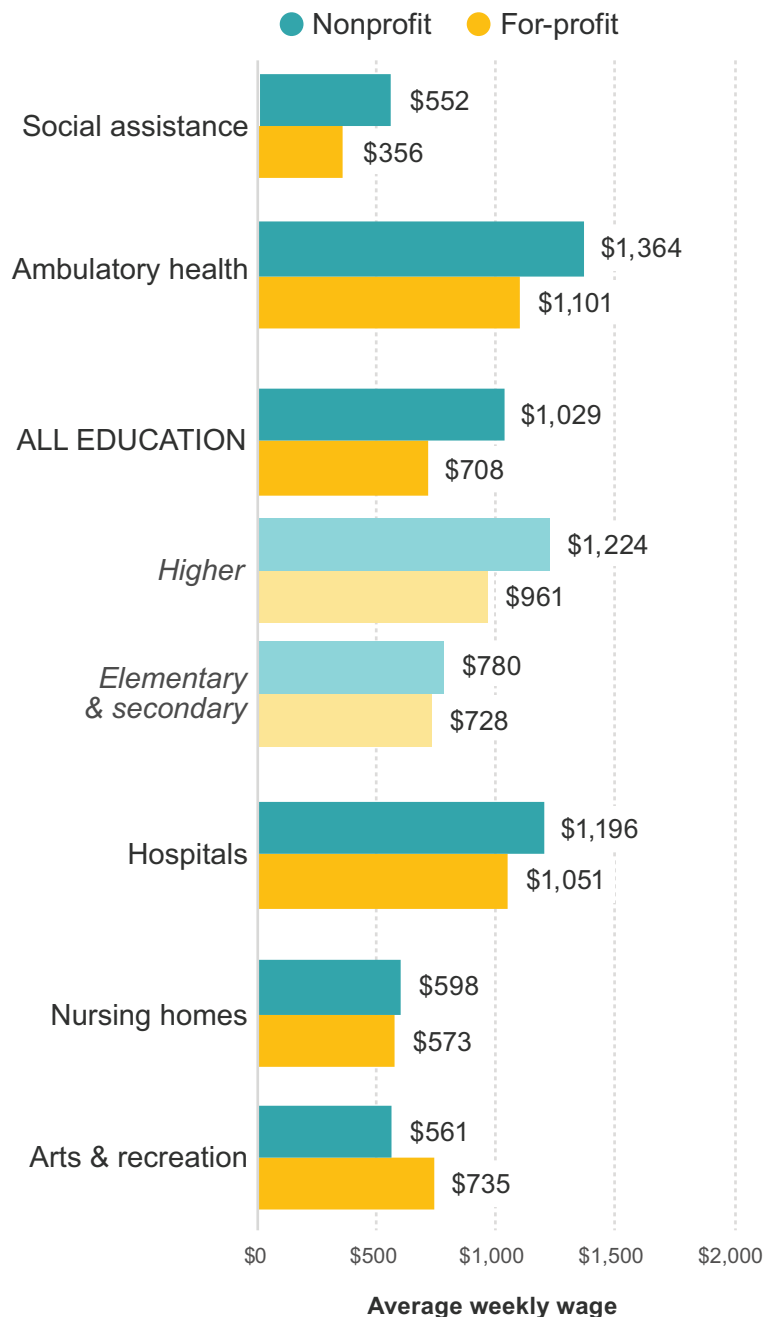
⁵ This figure likely understates the nonprofit role in this field because it compares nonprofit employment in what are mostly clinics and home health organizations to for-profit employment that includes all offices of private doctors and dentists.

5 HIGHER AVERAGE WAGES IN MOST FIELDS

Nonprofits are frequently thought to pay lower salaries than are available from private, for-profit businesses. As **Figure 8** shows, however, this widespread assumption does not find support in the data. To the contrary, in all but three of the industries in which nonprofits concentrate, they also tend to pay somewhat higher average weekly wages than for-profit enterprises operating in the same fields. This provides further evidence of the value of nonprofits not only as sources of employment, but also as generators of competitive wages. In particular:

- ➔ **Nonprofit social assistance organizations** pay **55% more** than for-profits operating in the same field.
- ➔ **Nonprofit educational institutions** pay on average **45% more** than for-profit educational institutions. This includes an average of 7% more in elementary and secondary schools and 27% more in colleges, universities, and professional schools.
- ➔ **Nonprofit ambulatory health care organizations** pay **24% more** on average than for-profits in that field.
- ➔ **Nonprofit hospital** weekly wages exceed those of for-profits by **14%**.
- ➔ **Nonprofit nursing homes** pay an average of **4% more** than for-profit homes.
- ➔ In only three of the major fields in which nonprofits operate do for-profit firms pay higher average weekly wages than nonprofits, but these are all non-human service fields and the special case of the arts.

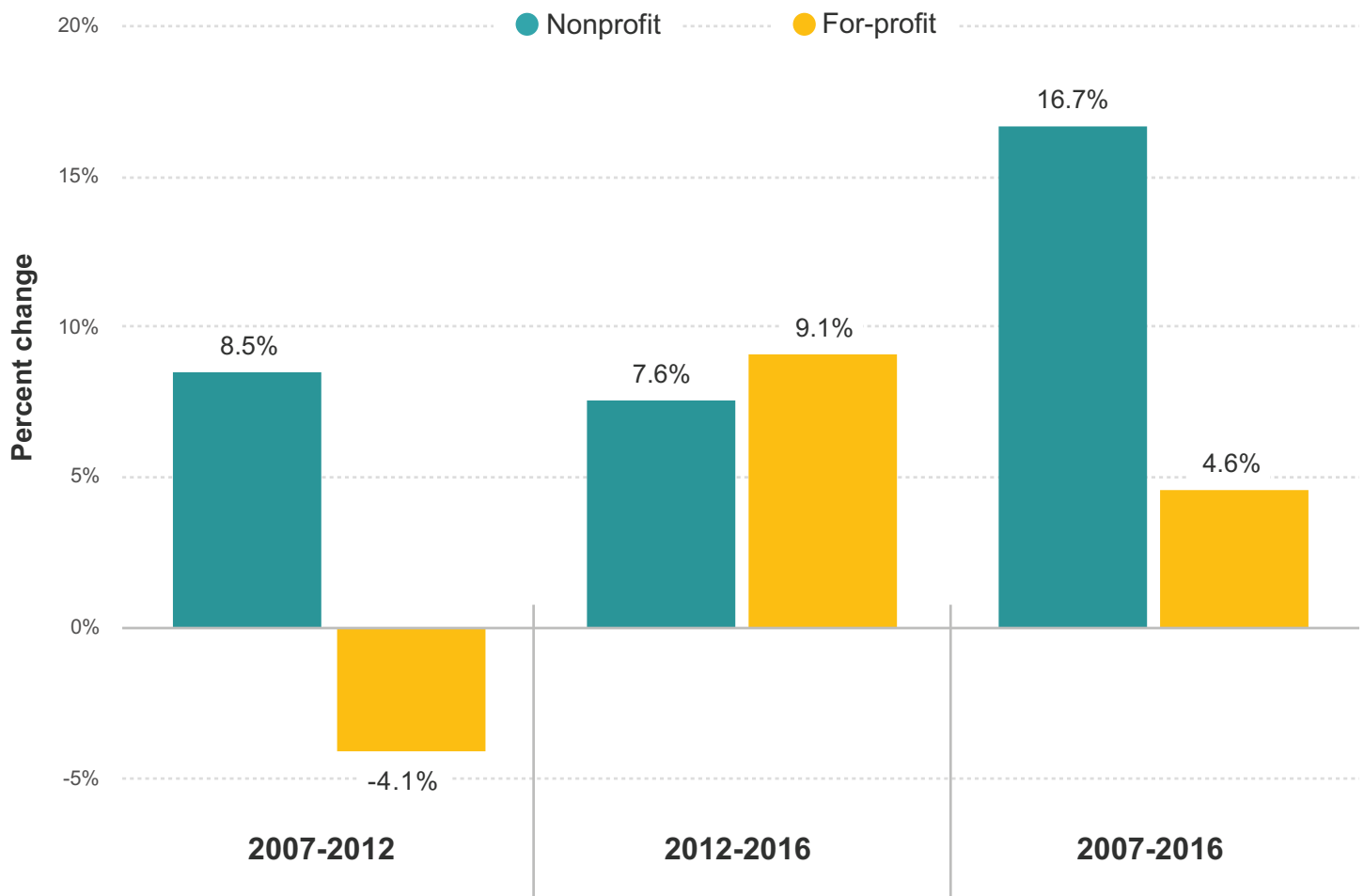
Figure 8. Nonprofit vs. for-profit average weekly wages, selected fields, 2016



⑥ A RELIABLE CONTRIBUTOR TO JOB GROWTH

As **Figure 9** shows, the nonprofit sector saw significant growth over the period 2007 to 2016, increasing its workforce by a total of 16.7%. Especially notable was the growth during the recessionary period following the 2007-08 financial crisis. During this 2007-2012 period, nonprofits boosted their employment by 8.5% while for-profit businesses reduced employment by an aggregate total of 4.1%—a loss of more than 4 million jobs.⁶ This likely reflects the combination of the counter-cyclical programs already on the federal government’s books and the passage of the Affordable Care Act, which pumped additional support into the health care arena, where nonprofits are especially active. For-profits recovered significantly in the latter portion of this 10-year period, but nonprofits continued to grow their employment base as well. As a result, over the entire 2007 to 2016 period nonprofits outpaced for-profit job growth by a factor of almost four times (16.7% vs. 4.6%).

Figure 9. Employment growth rate, nonprofit vs. for-profit, 2007-2012, 2012-16, 2007-16



⁶ See: Lester M. Salamon, Stephanie L. Geller, and S. Wojciech Sokolowski, “Holding the Fort: Nonprofit Employment During a Decade of Turmoil,” *Nonprofit Economic Bulletin No. 39*, Johns Hopkins Center for Civil Society Studies, 2012. Available at: <http://ccss.jhu.edu/publications-findings/?did=369>.

This pattern of vigorous nonprofit job growth through the recession period of 2007-12 was evident in virtually every state, moreover, as shown in **Table 1**. In fact, in 23 of the states the growth of nonprofit jobs during this period exceeded 10%. Included here were states such as Maryland, Virginia, and Delaware where nonprofit jobs were already quite substantial, as well as states such as Georgia, Arkansas, and Idaho, where their presence is more limited. What is more, this growth was widely sustained during the subsequent post-recession period of 2012-2016. As a consequence, 19 states recorded a nonprofit employment growth rate of 20% or more over the full decade from 2007-2016, and an additional 13 states recorded increases of 15-19% during this same extended period.

7 NONPROFIT MARKET SHARE: A MIXED BAG

While nonprofits exceeded the employment growth rate of the for-profit sector overall, a different picture is evident in many fields that nonprofits have long dominated. In particular, for-profit employment in a number of traditional nonprofit fields grew faster than nonprofit employment. In other words, the counter-cyclical social policies that sustained nonprofit employment growth during this period also attracted for-profit growth in these same fields. Thus:

- ➔ While nonprofit employment in the **nursing and residential care field** grew by 4.1% between 2007 and 2012, for-profit employment in this field grew by nearly 11%.
- ➔ In the **hospital field**, for-profit employment growth outpaced nonprofit employment growth 10.2% to 5.3%.
- ➔ In **social assistance**, for-profit employment growth outpaced nonprofit growth roughly 20% to 8.4%.
- ➔ And in the **education field**, the for-profit edge was 25% to barely 10%.

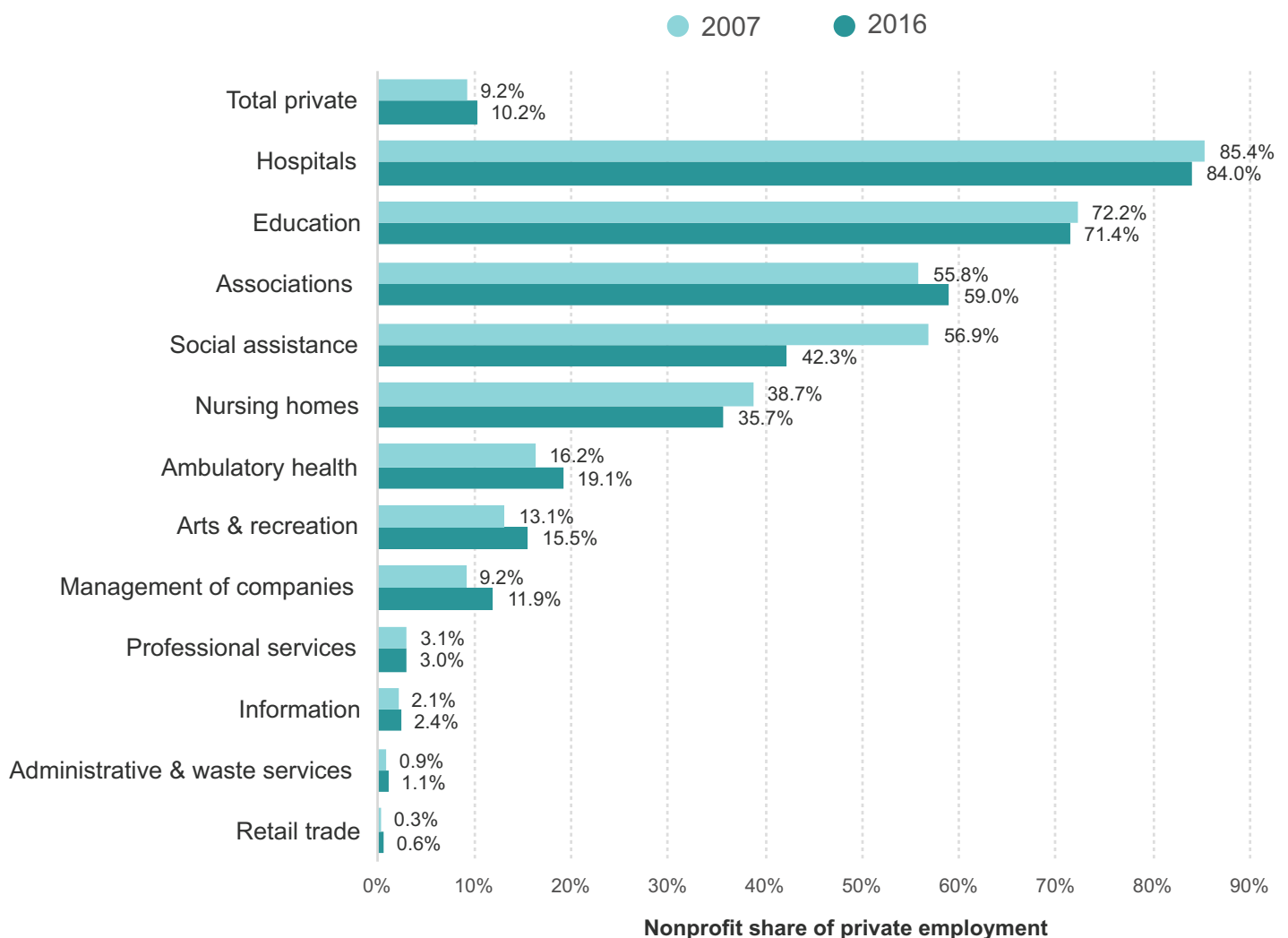
Table 1. Nonprofit employment growth rates, 2007-2012, 2012-2016, 2007-2016

	2007-2012	2012-2016	2007-2016
National	8.5%	7.6%	16.7%
Alabama	5.6%	7.4%	11.3%
Alaska	16.3%	14.6%	20.2%
Arizona	16.1%	7.4%	30.3%
Arkansas	10.2%	6.6%	17.4%
California	10.0%	9.9%	18.2%
Colorado	14.4%	13.1%	29.4%
Connecticut	9.6%	5.3%	14.8%
Delaware	14.7%	7.1%	27.5%
District of Columbia	11.1%	8.1%	18.9%
Florida	9.1%	5.9%	22.0%
Georgia	10.1%	13.2%	24.6%
Hawaii	6.2%	6.4%	15.1%
Idaho	18.9%	5.4%	36.7%
Illinois	6.2%	5.6%	11.7%
Indiana	12.1%	3.7%	18.7%
Iowa	5.4%	11.5%	8.5%
Kansas	6.7%	8.8%	7.3%
Kentucky	11.8%	7.6%	20.3%
Louisiana	16.6%	12.2%	33.6%
Maine	7.9%	6.4%	14.3%
Maryland	10.0%	-3.5%	12.1%
Massachusetts	5.9%	6.8%	14.5%
Michigan	1.0%	6.3%	4.7%
Minnesota	9.1%	5.9%	19.9%
Mississippi	9.5%	4.6%	15.7%
Missouri	9.2%	8.5%	16.3%
Montana	11.2%	5.6%	17.7%
Nebraska	7.4%	13.3%	13.8%
Nevada	10.9%	4.7%	29.1%
New Hampshire	7.6%	5.8%	16.8%
New Jersey	3.7%	9.5%	6.8%
New Mexico	7.2%	1.2%	12.2%
New York	5.6%	1.8%	12.3%
North Carolina	15.8%	2.9%	21.9%
North Dakota	15.3%	15.0%	23.2%
Ohio	6.7%	3.0%	15.9%
Oklahoma	9.6%	5.9%	16.7%
Oregon	9.5%	8.4%	24.0%
Pennsylvania	5.5%	16.6%	7.4%
Puerto Rico	4.9%	14.7%	6.1%
Rhode Island	0.0%	-0.4%	-3.5%
South Carolina	15.2%	11.1%	28.3%
South Dakota	14.8%	0.5%	21.2%
Tennessee	6.4%	8.6%	14.3%
Texas	13.2%	11.8%	26.1%
Utah	14.7%	3.3%	33.8%
Vermont	9.7%	1.9%	19.4%
Virginia	12.3%	5.2%	23.0%
Washington	13.7%	6.6%	30.4%
West Virginia	9.7%	16.4%	16.6%
Wisconsin	8.0%	11.4%	11.8%
Wyoming	4.1%	3.5%	3.7%

As a consequence, in a number of the most significant of these fields, for-profits continued to cut into the nonprofit market share. In particular, as shown in **Figure 10**:

- ➔ In **nursing and residential care facilities**, nonprofit employment went from 38.7% of all private employment in 2007 down to 35.7% in 2016.
- ➔ In **hospitals**, it went from 85.4% in 2007 to 84.0% in 2016.
- ➔ In **education**, it declined from 72.2% in 2007 to 71.4% in 2016.
- ➔ And most significantly in **social assistance**, it dropped from 56.9% to 42.3%.

Figure 10. Change in nonprofit share of private employment, by industry, 2007 vs. 2016



In short, while the data demonstrate the resilience of the nonprofit sector in the face of tough economic circumstances they also demonstrate the increasingly competitive environment in which nonprofits are having to operate.

● CONCLUSION ●

The data presented in this report demonstrate that the nonprofit sector is not only a significant employer, but also a significant contributor to employment growth even in recessionary periods of the sort that occurred in the wake of the 2007 financial crisis. This resilience is due in important part to the overall shift in America toward a service economy, demographic trends such as the aging of the population and the expanded female participation in the labor force that are boosting demand for the kinds of services that nonprofits have traditionally provided, the expansion of government funding for many of these services, and the counter-cyclical nature of many of the government “safety net” programs, which causes funding to expand when recessionary pressures disrupt normal sources of revenue.

However, nonprofits are not the only institutions benefiting from these trends. To the contrary, for-profit firms have increasingly entered these service fields as well. The fact that government has shifted from producer-side subsidies such as grants to consumer-side subsidies such as tax expenditures and vouchers has intensified this trend by channeling increasing shares of government support through the market, where for-profits have inherent advantages. For-profits also benefit from their superior access to investment capital through the issuance of stock, which gives them an edge in responding quickly to increases in demand occasioned by new or expanded governmental support. In addition, for-profits are less held back than are nonprofits by mission-related constraints on the types of clients they should primarily serve, giving them greater access to paying customers. The upshot has been an uneven playing field for nonprofit providers and a resulting steady loss of nonprofit market share even as the overall scale of nonprofit employment has increased.

While competition certainly has its place in this field as in many others, the competition needs to be on a level playing field, particularly given the special contributions that nonprofits have been found to make in devising innovative forms of service, serving more disadvantaged clients, and staying the course even when economic circumstances turn sour. These findings therefore have significant practical implications for both nonprofit stakeholders and policy makers. In the first place, they demonstrate the significant job creation potential of the nonprofit sector, especially during recessions, and therefore highlight the need to keep this sector’s potentials in view as national and regional efforts to boost job growth are put in place. Among other things, these findings demonstrate why job promotion efforts that operate exclusively through the income tax mechanism are insufficient because they discriminate against this important set of job-creators for which income tax incentives have little effect. So, too, government contracting regimes that select providers of government-funded services purely on the basis of the lowest unit cost of services can inadvertently squeeze out some of the major features that make nonprofits special, such as their community-building activities and their charity care. Finally, expanded efforts are needed to overcome the structural impediment that nonprofits face in raising capital due to the prohibitions that bar them from sharing profits with investors and therefore prevent their access to equity finance through the issuance of shares. Expanded interest subsidies and loan guarantees are among the interventions that can help in this area.

Despite the growth of the for-profit presence in many traditional nonprofit fields, the nonprofit sector remains a crucially important provider. To date, the sector has shown remarkable resilience in the face of significant economic pressures and competitive challenges. With public funding under siege and private resources strained, however, the nonprofit job engine is under increasing pressure, with clear evidence of loss of market share in crucial fields. If evidence of the sort provided here can call attention both to the strengths that this sector has displayed and some of the challenges it now faces, it will have served its purpose well.

APPENDIX A: METHODOLOGY

Quarterly Census of Employment and Wages (QCEW)

The data on IRS Section 501c(3) tax exempt entities reported here come from the Quarterly Census of Employment and Wages (QCEW), which is administered by state Labor Market Information agencies under the supervision of the Bureau of Labor Statistics (BLS) in the U.S. Department of Labor. QCEW is an administrative dataset collected by states as a part of the federal Unemployment Insurance (UI) program and draws on the quarterly surveys of workplaces that state employment security offices have conducted since the 1930s. Under federal law, all nonprofit places of employment with four or more employees are required to participate in the unemployment insurance system. However, 22 states also extend this requirement to places of employment with one or more employees.

The principal exclusions from the QCEW dataset vary by state and include employees of religious organizations, railroad workers, small-scale agriculture workers, self-employed workers, domestic service workers, crew members on small vessels, state and local government elected officials, and insurance and real estate agents who receive payment solely by commission. However, QCEW data encompass approximately 97% of nonfarm employment—providing a virtual census of employees and their wages as well as the most complete universe of employment and wage data, by industry, at the State, regional, and county levels. In terms of nonprofit employment, the exclusion of religious organizations as well as entities with less than four employees is the most significant; however, religious organizations may elect to be covered by the unemployment insurance program and those that do are covered in the data. At this time the exact number of employees in tax-exempt establishments not covered by QCEW is not known, but we estimate it to be no more than 3% of total employment in the nonprofit sector.

Finding Nonprofits in the QCEW

While nonprofit places of employment have long been covered by the QCEW surveys, the data generated by these surveys have never broken out the nonprofit employment separately from the for-profit employment. As a consequence, the nonprofit sector has essentially been buried in the data. To remedy this, the Johns Hopkins Center for Civil Society Studies' Nonprofit Economic Data Project developed a methodology for identifying nonprofit employers in the QCEW micro-data by record matching with the publicly available register of tax exempt entities maintained by the Internal Revenue Service (IRS). The nonprofit micro-data were subsequently aggregated by county and fields of activity to meet the federal disclosure rules mandated by law to protect the confidentiality of company specific information.

The result is the most accurate and up-to-date picture of nonprofit employment yet available. This is so because the QCEW data have a number of critical advantages over other data sources available to shed light on nonprofit employment trends. In particular, these data:

- Are collected every quarter;
- Are closely monitored and verified for accuracy by the Labor Market Information offices of state Employment Security agencies and the federal Bureau of Labor Statistics;
- Are collected at the establishment level rather than the organization level, which is important to avoid distortions otherwise caused by the existence of multipurpose and multi-location organizations;

- Cover employment and wages, which is especially relevant for gauging the operations of labor-intensive entities such as nonprofits;
- Are comprehensive, covering about 97% of all nonprofit employment;
- Classify the results using a classification structure that is widely used in other official economic data series, thus facilitating cross-sector comparisons; and
- Cover for-profit and government places of employment in the same data system, which facilitates systematic comparisons among the sectors, a matter of increasing importance.

In 2014, BLS started releasing its own generated nonprofit data on a 5-year cycle at the national and state level but not the county level, following a methodology of record matching similar to that pioneered by the Johns Hopkins researchers. However, BLS improved that methodology by adding organizations called “reimbursables” that were not included in the IRS business register. Reimbursables are organizations that under state unemployment laws are not required to pay unemployment insurance contributions each quarter, but rather are allowed to reimburse the unemployment insurance system when a claim is made. Most states will restrict such units to 501(c)3 nonprofits. The QCEW micro data include information on reimbursables. The 2016 data utilized in this report were the result of a special tabulation produced by the BLS thanks to funding support provided by the Charles Stewart Mott Foundation, and included county-level data. More information, including the full data tables on nonprofit employment and wages, are available from the BLS at: bls.gov/bdm/nonprofits/nonprofits.htm.

Data Limitations and Suppression

The primary limitation of the nonprofit employment data come from the federally mandated disclosure rules that require suppression of statistical information that allows the identification of single institutional units. This suppression is applied at the industry level. In practice, this suppression can take two forms. First, the so-called “primary suppression” is applied when aggregates contain fewer than 3 units or when a single unit exceeds 80% of the aggregate total. Due to the large number of nonprofit aggregates in these data, the primary suppression rules that guided the data assembly by JHU researchers are somewhat stricter and require at least 10 units per aggregate and a maximum 75% of the aggregate total per single unit. In addition, the so-called “secondary suppression” must be applied if the value of the non-disclosable aggregate can be calculated from the disclosed values (e.g. by subtraction); when this is the case, the disclosure of additional aggregates must also be suppressed to eliminate this possibility.

For the purpose of this report, we focus on the “charitable” portion of the nonprofit sector because this is the portion that most people have in mind when they think about the nonprofit sector. This includes all organizations registered with the U.S. Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code, which embraces private not-for-profit hospitals, clinics, colleges, universities, elementary schools, social service agencies, day care centers, orchestras, museums, theaters, environmental organizations, homeless shelters, soup kitchens and many more.

For more information about the methodology used to produce this report please contact ccss@jhu.edu or the BLS Business Employment Dynamics [information line](#) (available via the BLS link above).

ABOUT THE JOHNS HOPKINS CENTER FOR CIVIL SOCIETY STUDIES

The [Johns Hopkins Center for Civil Society Studies](#) is a leading source of ground-breaking research and knowledge about the nonprofit sector, social investing, and the tools of government. Working in collaboration with governments, international organizations, investment innovators, and colleagues around the world, the Center encourages the use of this knowledge to strengthen and mobilize the capabilities and resources of the public, nonprofit, and for-profit sectors to address the complex problems that face the world today. The Center conducts research and educational programs that seek to improve current understanding, analyze emerging trends, and promote promising innovations in the ways that government, civil society, and business can collaborate to address social and environmental challenges.

ABOUT THE NONPROFIT ECONOMIC DATA PROJECT (NED)

Nonprofit organizations are facing increased pressures in states and localities throughout the United States, but the nonprofit sector's ability to respond to these pressures has been limited by a lack of timely information about how prevailing economic realities are affecting the sector. The [Johns Hopkins Nonprofit Economic Data Project](#) (NED) is helping to tackle this problem by charting economic trends in the nonprofit sector, and producing cutting-edge reports on key components of the nonprofit economy in regions and states across the country. Tapping a wide assortment of the best data sources available, the Center's NED reports cover nonprofit employment, revenues, expenditures, assets, philanthropic resources, and volunteering for the sector as a whole and in particular fields, such as health, education, social services, and arts and culture. They also document changes over time and reveal how nonprofits stack up in comparison to for-profit organizations overall and in key nonprofit fields. Over [40 such reports](#) have been prepared, making it possible for nonprofit leaders to put their sector on the mental maps of policy-makers, the media, the sector itself, and citizens at large. For information on how you can commission a report on the nonprofit economy in your state or region, contact chelsea.newhouse@jhu.edu.

ABOUT NONPROFIT WORKS (ccss.jhu.edu/nonprofit-works)

To broaden access to these data, with support from the Charles Stewart Mott Foundation, the Johns Hopkins Center for Civil Society Studies has developed [Nonprofit Works—An Interactive Database on the Nonprofit Economy](#), to bring solid data on nonprofit employment, establishments, and wages to every nonprofit, foundation, umbrella organization, and government agency in the country. Nonprofit Works data are available at the national, state, and major county levels and can be sorted by field. Users can compare nonprofit employment and wage levels in their own state or county to those in other regions, and can do so by field and sub-field. In addition, comparisons can be drawn between nonprofit and for-profit firms in the same fields and assessments undertaken to gauge the adequacy of nonprofit capacity in relation to levels of community need. While users can access Nonprofit Works directly at ccss.jhu.edu/nonprofit-works to create tables and figures suitable for use in their own reports, full analytical reports can also be commissioned from the Center. For information on how to arrange for analytical reports on the nonprofit sector in your region or field drawing on Nonprofit Works data, please contact chelsea.newhouse@jhu.edu.



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