

# 2013 Minnesota Nonprofit Economy Update

## Growth, Contractions and Changes...

Note: The figures on this page include nonprofit hospitals, colleges and universities, because these very large employers can overshadow economic activity in the rest of the nonprofit sector. The second page shows these same figures, but removes nonprofit hospitals, colleges and universities.

### Figure 1: Nonprofit Employers

The overall number of nonprofit employers in Minnesota has been falling in recent years, with fewer than 3,600 employers in 2012. However, a single employer may operate more than one location in the state. Minnesota's nonprofit sector has been growing as the number of nonprofit locations has increased by 7 percent since the last recession ended in 2009.

There are always changes occurring within the sector. Each year, a number of nonprofits merge, some dissolve and new organizations start up – reflecting normal churning in a healthy and dynamic section of the economy. While substantial numbers of organizations are incorporated each year (including 3,479 in 2012), most are small, all-volunteer initiatives that may never grow to have employees or be required to file financial information with the state or IRS.

### Figure 2: Nonprofit Employment

Nonprofit organizations play an important role in Minnesota's communities – providing vital services, employing local residents and improving the quality of life. During the Great Recession and the prolonged recovery that has followed, nonprofit employers have been an important source of stable employment. Between 2007 and 2012, Minnesota businesses saw employment fall by 3 percent, while the nonprofit workforce grew by nearly 9 percent.

#### Nonprofit Employment Shows Strong Growth Past Recession

	2007	2012	Change
<b>For-Profit</b>	2,037,578	1,972,514	-3.2 percent
<b>Government</b>	370,775	368,157	-0.7 percent
<b>Nonprofit</b>	279,828	304,236	8.7 percent
<b>Total</b>	2,688,181	2,644,909	-1.6 percent

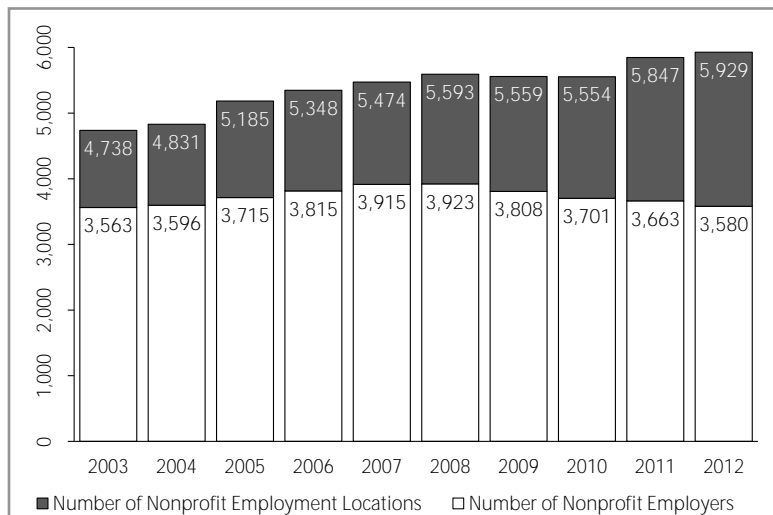
During this period of time, growth in nonprofit employment was strongest among social service providers and civic organizations. Some nonprofit industries, such as child care and social advocacy, did see a decline in employment.

### Figure 3: Nonprofit Compensation

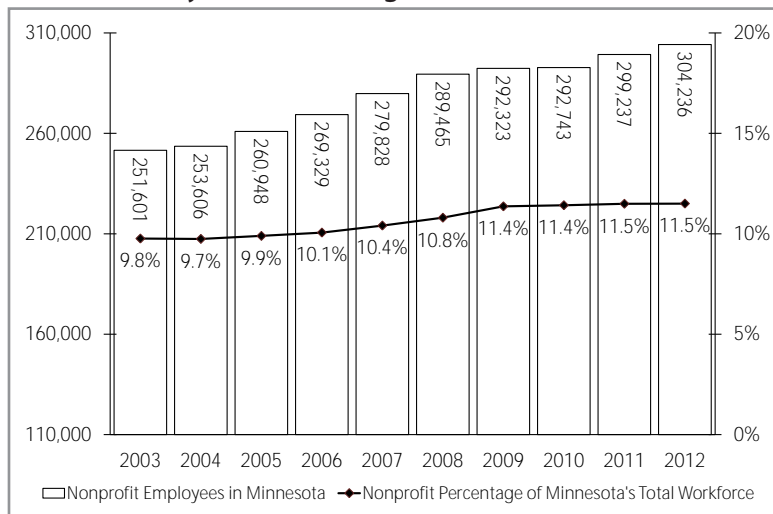
Over time, nonprofit average weekly wages have been closing the gap with average weekly wages for for-profit and government employees. In 2003, average weekly wages in the nonprofit sector were 12 percent below for-profit wages. By 2012, nonprofit wages rose to within 2 percent of for-profit wages.

Average weekly wages in the nonprofit sector are highest in the health care industry, and the lowest for vocational rehabilitation services, child care providers and civic organizations.

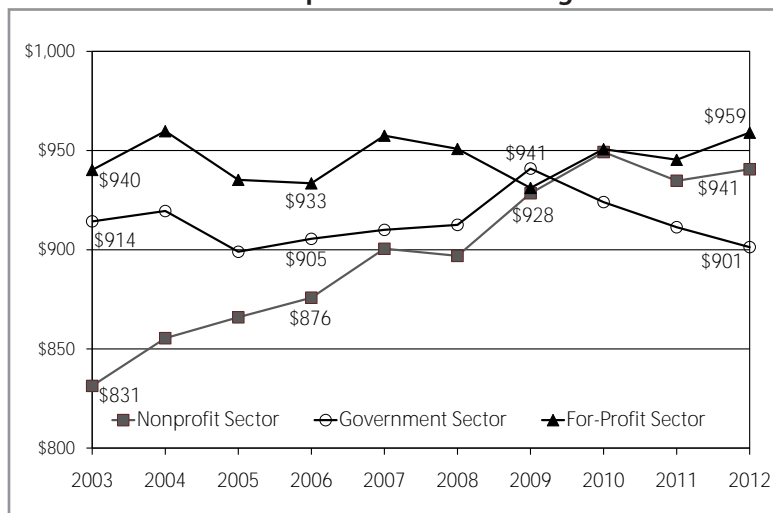
**Figure 1: Number of Nonprofit Employers Reduced in Minnesota, but More Nonprofit Employment Locations**



**Figure 2: Nonprofit Employment in Minnesota Shows Slow, Steady Growth Through The Great Recession**



**Figure 3: Nonprofit Average Weekly Wages Close Gap With For-Profit Wages**



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Note: The figures on this page exclude nonprofit hospitals, colleges and universities. These very large employers can overshadow economic activity in the rest of the nonprofit sector. The first page shows these same figures, but includes nonprofit hospitals, colleges and universities.

**Figure 4: Nonprofit Employers (Excludes Hospitals & Higher Education)**

To better understand how the nonprofit sector has fared over the last decade, it can be helpful to remove hospitals, colleges and universities from the analysis. The economic activity of hospitals and higher education institutions can dominate the picture and hide interesting trends in the rest of the nonprofit sector.

Hospitals and higher education institutions account for just 3 percent of all nonprofit employers and nonprofit employment locations in Minnesota. So, even after removing them, the number of nonprofit employment locations in the state continues to show a strong 7 percent increase since the last recession ended in 2009.

**Figure 5: Nonprofit Employment (Excludes Hospitals & Higher Education)**

Hospitals, colleges and universities are large institutions that account for a significant share of the nonprofit workforce in Minnesota. In 2012, hospitals accounted for one-third of all nonprofit employment and higher education accounted for another 5 percent. These institutions, however, have experienced slow growth since 2007, with employment increasing an average of just 1 percent per year.

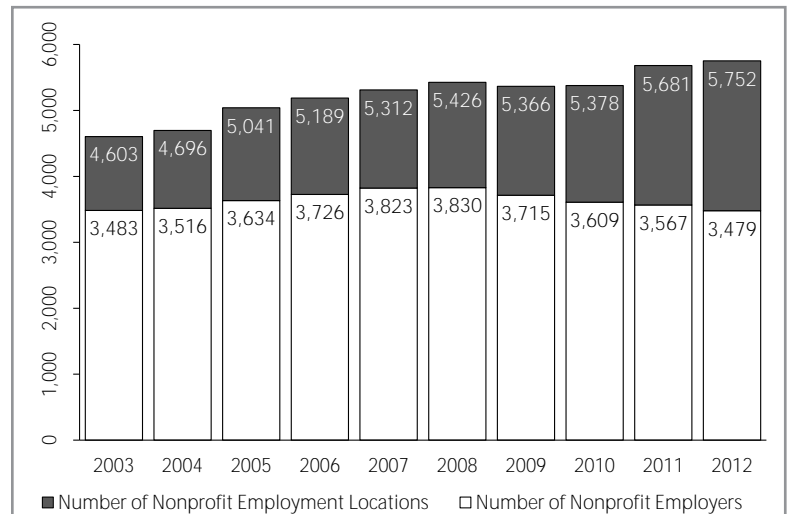
Once hospitals, colleges and universities are removed from the analysis, nonprofit employment in Minnesota actually shows stronger growth during the Great Recession and the prolonged recession that has followed. Between 2007 and 2012, nonprofit employment outside of hospitals and higher education grew an average of 2 percent per year.

**Figure 6: Nonprofit Compensation (Excludes Hospitals & Higher Education)**

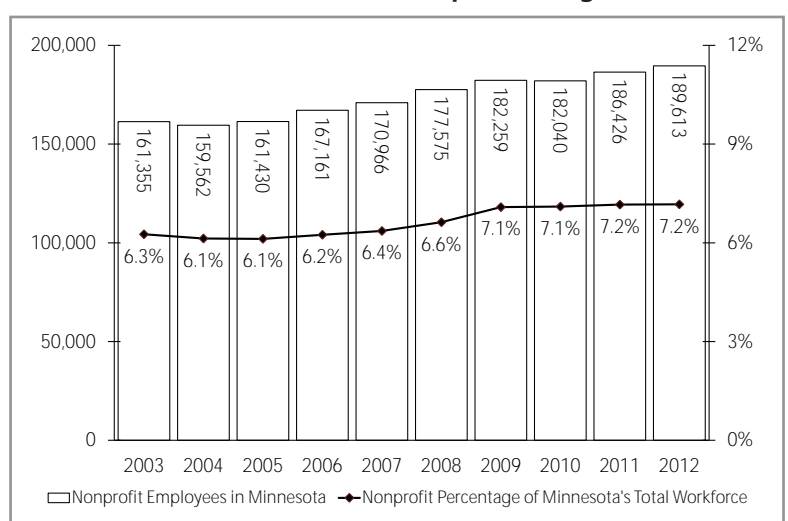
Employees of hospitals report higher average wages and stronger wage growth than is the case for much of the nonprofit sector. Removing them from the analysis has a dramatic impact on average weekly wages in the nonprofit sector. Without hospitals and higher education institutions, the wage gap between the nonprofit sector and the for-profit sector remains significant, with nonprofit wages 11 percent below for-profit average weekly wages in 2012, and 5 percent below the government sector.

While the overall nonprofit average weekly wage is lower, a different picture emerges when comparing median wages within the same activity area. Nonprofit median wages compare more favorably, and are often higher than for-profit wages, in areas such as arts and entertainment, health care, individual and family services, child care, and community services.

**Figure 4: Nonprofit Employment Locations Increasing Gradually (Excludes Hospitals & Higher Education)**



**Figure 5: Nonprofit Employment Continues Growth Through The Great Recession (Excludes Hospitals & Higher Education)**



**Figure 6: Nonprofit Average Weekly Wages Remain Substantially Lower than For-Profit and Government Wages (Excludes Hospitals & Higher Education)**

