Nonprofit Employment Estimated to Have Recovered from COVID Pandemic-Related Losses as of December 2022

George Mason University – Nonprofit Employment Data Project Briefing #1 – January 2023

by Chelsea L. Newhouse
with Alan J. Abramson, Stefan Toepler, and Mirae Kim

INTRODUCTION:
The George Mason University – Nonprofit Employment Data Project

The **Center on Nonprofits, Philanthropy, and Social Enterprise** in George Mason University's Schar School of Policy and Government is pleased to release this first report from the **George Mason University – Nonprofit Employment Data Project (GMU-NED)**. Led by Center Director Dr. Alan Abramson, in collaboration with his Center faculty colleagues Dr. Stefan Toepler and Dr. Mirae Kim, the GMU-NED Project aims to continue and expand on the important efforts of Johns Hopkins University's Center for Civil Society Studies in its prior work on the **Nonprofit Economic Data Project (JHU-NED)**. Both the previous Hopkins initiative and this new Mason project have been made possible by support from the Charles Stewart Mott Foundation.

Over 22 years under the leadership of the late Dr. Lester M. Salamon, the JHU-NED Project surfaced and tapped a crucial new source of data on nonprofit employment and wages embedded in the Bureau of Labor Statistics' (BLS) Quarterly Census of Employment and Wages (QCEW). The data from the QCEW are unique in that they are systematically collected for all sectors of the economy, making data on nonprofits directly comparable to data on for-profits and government employers. These data revealed that, as of 2017, the nonprofit sector employed over 1 in every 10 non-government workers in the U.S.—more than all branches of the manufacturing industry combined and behind only retail trade and accommodation and food services. The JHU-NED team's work to track how the nonprofit workforce changed over time and how nonprofits compared to their for-profit counterparts in key fields, including health care, education, social services, and the arts, contributed to the better understanding of the importance of these critical institutions.

More recently, the JHU-NED team's **work during the COVID-19 pandemic** highlighted the impact of the crisis on these institutions and provided a unique resource, which in turn, helped lead to a number of important policy changes that supported the nonprofit recovery. This report will update the nonprofit sector employment estimates through December 2022, providing an important projection of nonprofit employment resiliency until new, firmer BLS data become available in 2024.

With the closing of the Johns Hopkins Center for Civil Society Studies following the passing of Dr. Salamon, the Center on Nonprofits, Philanthropy, and Social Enterprise at George Mason University will carry forward this work on nonprofit employment. In addition to continuing to provide analysis of these employment data and advocate for their release on a more frequent basis, the GMU-NED Project will build on this work by bringing to bear the unique expertise of the GMU Center's faculty and staff to broaden and enhance the available data on nonprofit employment, wages, and economic impact in the U.S. The key to the success of this project will be collaboration—with former JHU-NED staff, advocacy partners, and data champions and experts in the nonprofit research field and in federal statistical agencies.

The remainder of this brief report provides: **1)** an update on the recovery of nonprofit jobs through December 2022 based on BLS data; and **2)** a summary of what we have planned for the next phase of this work.

PART 1:
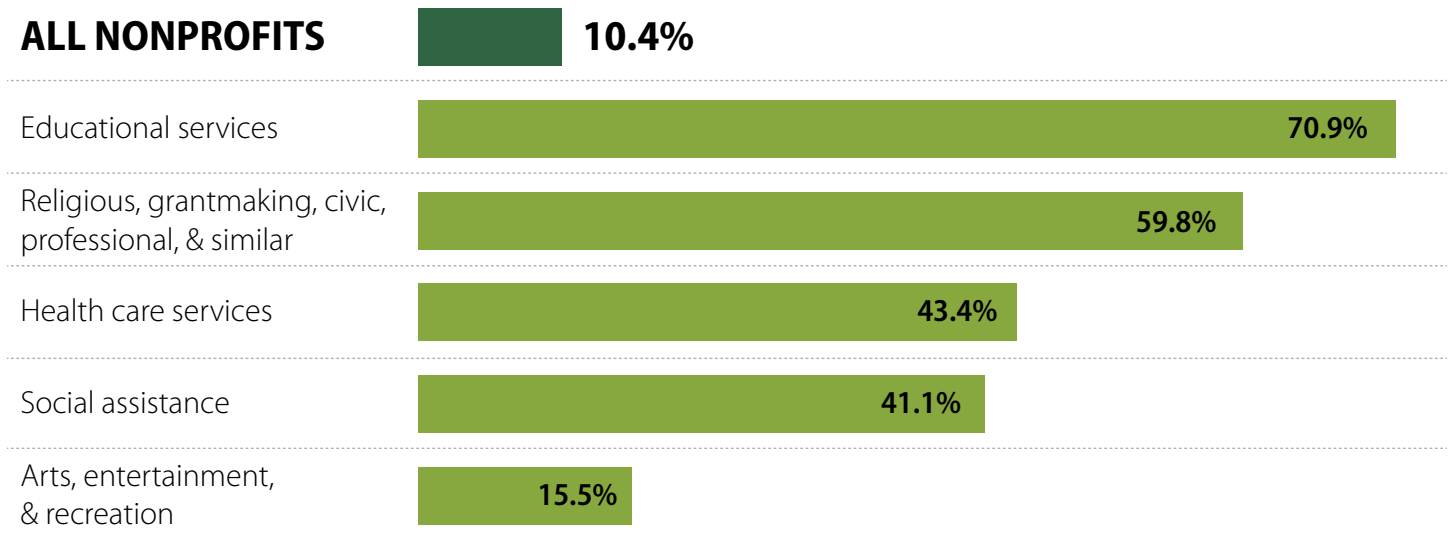# Update on Nonprofit Employment as of December 2022

As of 2017—the latest year for which firm BLS data are available—U.S. nonprofit institutions employed nearly 12.5 million paid workers. As shown in **Figure 1**, while these jobs were heavily concentrated in private health care services (6.8. million, or 54% of nonprofit workers), private educational services (2 million, or 16% of nonprofit workers), and social assistance organizations (1.5 million, 12% of nonprofit workers), other major fields of traditional nonprofit activity—including religious, grantmaking, civic, professional, and similar institutions (818,600) and arts, entertainment, and recreation organizations (356,000)—employed significant numbers of workers as well accounting for 7% and 3% of nonprofit workers, respectively. Approximately 8% of nonprofit workers were found in other fields.

FIGURE 1: Nonprofit workforce, total and by field, as of 2017

Field	Workers	Share of nonprofit workforce
ALL NONPROFITS	**12,482,741**	**100%**
Health care services	6,777,730	54.3%
Educational services	2,003,634	16.1%
Social assistance	1,528,920	12.2%
Religious, grantmaking, civic, professional, & similar	818,562	6.6%
Arts, entertainment, & recreation	355,965	2.9%
All other fields combined	*997,930*	*8.0%*

The nonprofit sector's 12.5 million workers accounted for 10.4% of all non-government employment in the U.S. as of 2017. However, in the fields where nonprofits concentrate, they employed much higher shares of the private (i.e., non-government) workforce. This included nearly 71% of all workers in private educational institutions; 43.4% of private health care workers; 41% of non-government workers in social service organizations (1.53 million jobs); just under 60% of workers in religious, grantmaking, civic, professional, and similar institutions; and 15.5% in arts and entertainment organizations, as shown in **Figure 2**.

FIGURE 2: Share of non-government workers employed by nonprofits as of 2017, by key field

ALL NONPROFITS **10.4%**

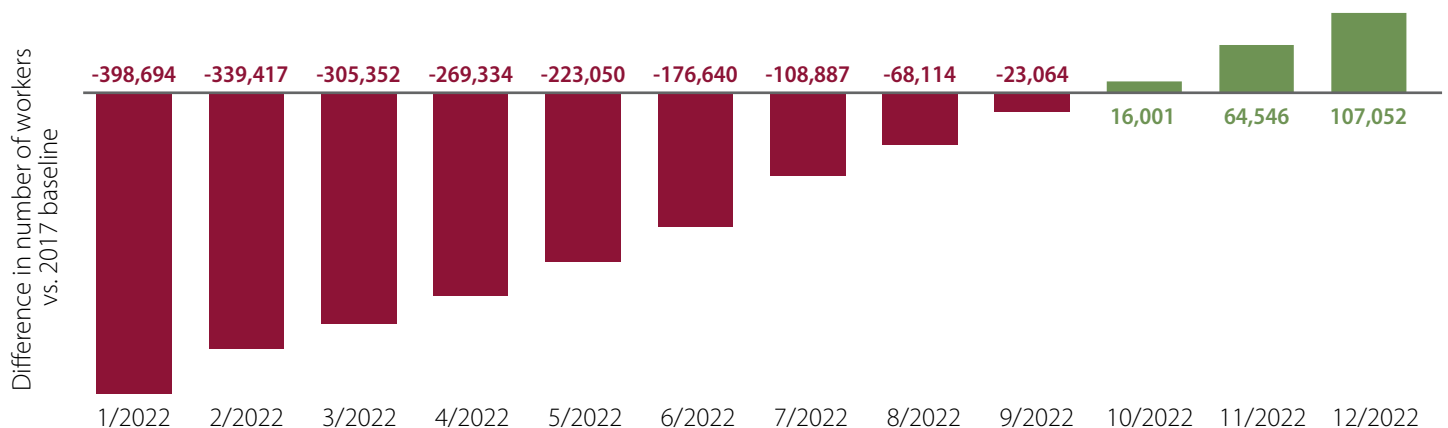|	
Educational services	**70.9%**
Religious, grantmaking, civic, professional, & similar	**59.8%**
Health care services	**43.4%**
Social assistance	**41.1%**
Arts, entertainment, & recreation	**15.5%**

Nonprofit share of non-government workforce as of 2017

Following the onset of the COVID-19 pandemic in March 2020 and widespread job losses occasioned by the shut-downs initiated to curb the spread of the virus, the JHU-NED Project began to estimate the potential impact on nonprofit institutions. Because the monthly Bureau of Labor Statistics employment reports do not provide specific data on nonprofits—but only on the private sector overall—JHU-NED staff developed a method to estimate how many of the jobs lost may have been nonprofit jobs.[1] As reported in the **JHU-NED Project's 2020 Nonprofit Employment Report**, during the first three months of the pandemic (i.e., March, April, and May 2020), it was conservatively estimated that nonprofits lost at least 1.64 million jobs from 2017 baseline levels, reducing the nonprofit workforce by 13.2% as of May 2020. Following these initial estimates, the JHU-NED Project released monthly updates to track the recovery of these jobs; the **final such report**, released in January 2022, found that the nonprofit sector's workforce was still down by nearly 500,000 workers as of December 2021. The following discussion updates these findings as of December 2022.

The good news is that over the ensuing year, the nonprofit sector appeared to have recovered these job losses and potentially added new employment, as shown in **Figure 3.**

FIGURE 3: Nonprofit workers vs. 2017 baseline, all fields, January – December 2022

Difference in number of workers vs. 2017 baseline

1/2022	2/2022	3/2022	4/2022	5/2022	6/2022	7/2022	8/2022	9/2022	10/2022	11/2022	12/2022
-398,694	-339,417	-305,352	-269,334	-223,050	-176,640	-108,887	-68,114	-23,064	16,001	64,546	107,052

[1] To estimate nonprofit job losses, JHU-NED Project staff began with the latest available BLS data on nonprofit employment by field, which cover 2017, as the baseline number of nonprofit workers. They then applied the nonprofit shares of total private employment by field as of this date to the monthly changes from pre-COVID (i.e., February 2020) levels in private employment by field as reported in the monthly BLS Employment Situation Reports to derive estimates of monthly changes in nonprofit employment by field. These estimates are based on the assumption that, all else being equal, nonprofits and for-profit businesses were equally effected by pandemic-induced pressures on their workforces. For more on these estimates, see: Salamon & Newhouse, "The 2020 Nonprofit Employment Report," *Nonprofit Economic Data Bulletin no. 48*, (Baltimore: Johns Hopkins Center for Civil Society Studies, June 2020), available at: **bit.ly/2020-NP-Empl-Rpt**.

On the field level, however, this recovery has been uneven, as shown in **Figure 4**. While overall nonprofit employment was estimated to have reached full recovery as of October 2022—preceded by educational services in July 2022, social assistance in August 2022, and health care in September 2022—two key fields continued to struggle to fully re-staff as of the end of the year. This included arts, entertainment, and recreation organizations, which were yet to recover 11.8% of their initial 206,000 jobs losses, and religious, grantmaking, civic, professional, and similar organizations which had recovered just 31% of their initial estimated 147,000 job losses as of December 2022.[2]

FIGURE 4: Cumulative percent of initial job losses recovered through December 2022, by field
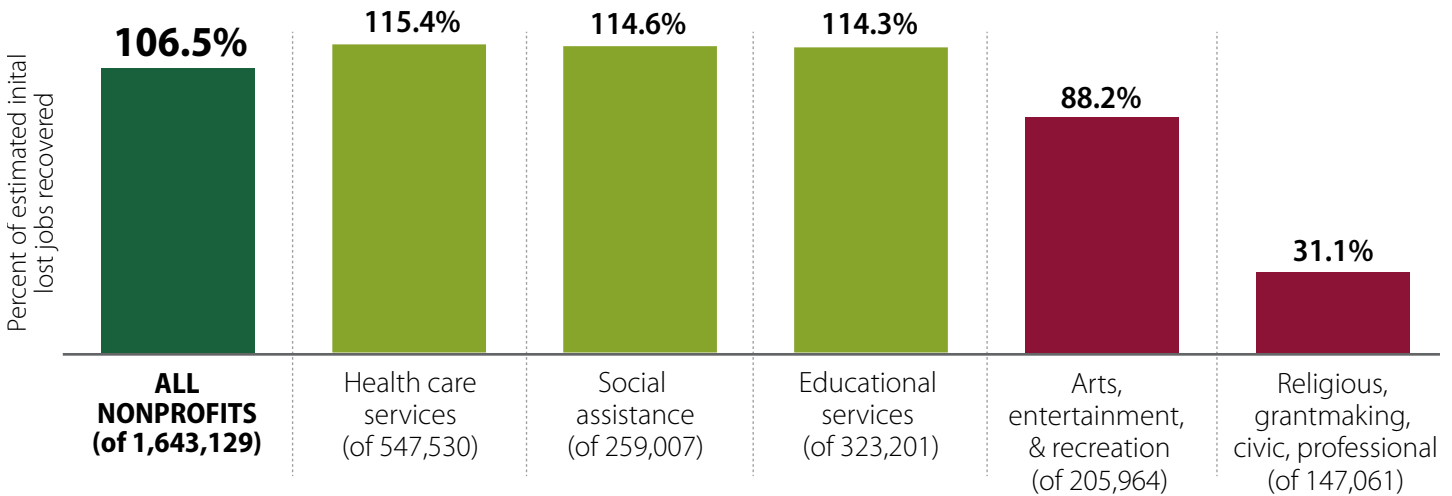
As shown in **Figure 5**, the nonprofit workforce as of December 2022 was estimated to be approximately 107,000 jobs larger vs. its 2017 level, representing an increase of 0.86%. The health care sector had gained an additional, estimated 84,123 jobs (a 1.2% increase over 2017 levels), while the increases in jobs in the educational services (46,111) and social assistance (37,712) fields represented growth of approximately 2.3% and 2.5% over their respective 2017 baselines. On the other hand, jobs in arts sector nonprofits remained down by just over 29,000, a contraction in this workforce of nearly 7% vs. 2017; and the associations field—including religious, grantmaking, civic, and professional organizations—employed an estimated 102,772 fewer workers vs. 2017, a loss of 12.6% of the pre-pandemic workforce in that field.

FIGURE 5: Change in number of nonprofit jobs as of December 2022 vs. 2017 baseline, by field

[2] This field was significantly affected by the 2021 BLS annual benchmarking process. As part of this process, the seasonal adjustment models are also updated. As a result, some large revisions to seasonally-adjusted data occurred with the updated models, reducing employment in this field by more than 183,000 workers. It is unclear why this field was affected in this way; as such, we have included this change in the analysis without revision.

What is more, even in fields which had recovered overall, some sub-fields remained well below their pre-pandemic employment levels at the end of 2022. For example, as shown in **Figure 6**, while the overall nonprofit health care workforce was estimated to be up by more than 84,100 jobs as of December 2022, an increase of 1.2% vs. 2017, this was largely due to increases in ambulatory health care, which grew by 5.3% over the 2017 baseline (74,400 additional jobs). The hospital sub-field, however, only reached full recovery in December, adding 10,900 additional jobs over the 2017 baseline—an increase of just 0.3%. On the other hand, employment in nonprofit nursing and residential health care institutions remained down by and estimated 9% from its 2017 level as of the end of 2022 (105,200 workers).

FIGURE 6: Difference in health care sub-sector employment vs. 2017 as of December 2022
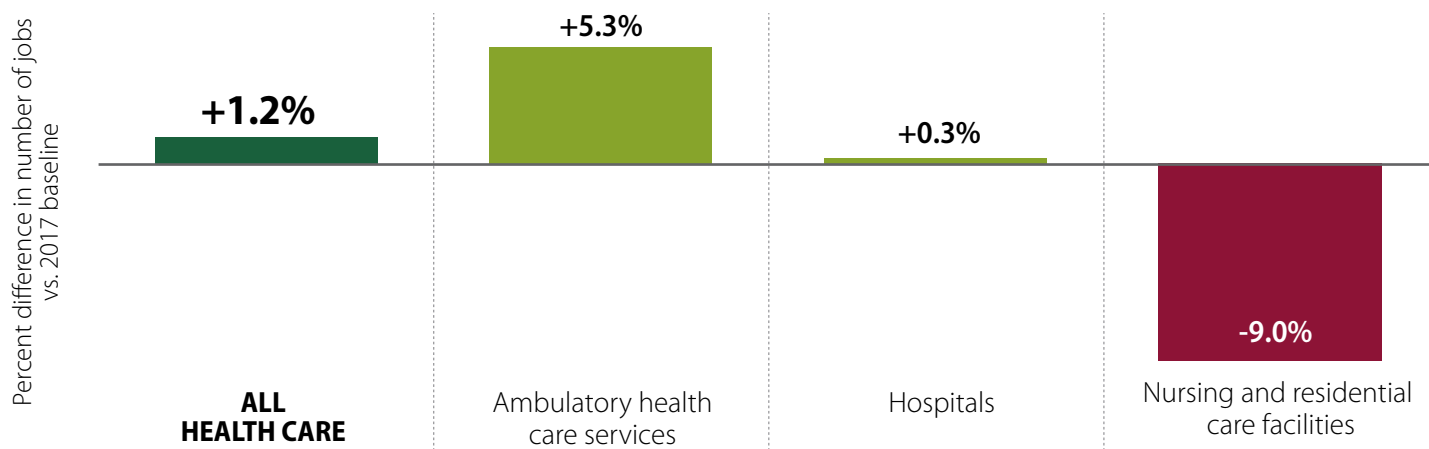
CONCLUSION

As we approach the 3-year anniversary of the onset of the COVID-19 pandemic, the economic recovery led nonprofit institutions to a significantly better place than where they stood at the end of 2021 in terms of overall employment.[3] However, it is important to note that these estimates are based on the assumption that nonprofits were able to keep pace with the overall private economy—an assumption that may or may not bear out given **other research** showing that nonprofits have faced unique challenges in attracting workers in a highly competitive employment market. For instance, a **long-term nurse shortage, further exacerbated by the COVID-19 pandemic**, may in fact be a key reason for the lagging recovery in the nursing and residential care field (Fig. 6). Other factors may be in play as well—both positive and negative—including the significant history of resiliency demonstrated by nonprofits in **previous economic downturns**, **increased demand for services**, and the unique constraints nonprofits face in terms of **wage adjustments**, **access to capital**, and **other fiscal pressures**, including the need to keep overhead low to conform to funder requirements and grant restrictions.

Ultimately, these estimates were developed with the intent to provide interim policy guidance pending the availability of nonprofit-specific data; to surface areas of immediate concern; and to provide the sector and its advocates with the tools needed to push for interventions necessary to support this key set of institutions. However, without additional data—especially regarding nonprofits' ability to offer wages to current and prospective employees that are competitive with counterparts in the for-profit and government sectors—we are unable to know whether the assumptions underlying these estimates played out as expected. Unfortunately, such a final accounting of the true pandemic impact on nonprofit employment and wages will have to wait until official BLS data are released in 2024. A crucial interim step, however, will be to explore the feasibility of gathering current hard data, to be developed by select state statistical and employment agencies, to learn more about how accurate these estimates are, and to identify potential roadblocks to a robust, sustainable recovery for the important set of institutions that—prior to the pandemic—supported more than 10% of non-government workers in the United States.

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[3] A dashboard showing the progress of the nonprofit recovery by field from June 2020 through the end of 2022 is available **here.**

PART 2:
What's Next for the GMU-NED Project?

Over the next two years, the GMU-NED Project will not only continue the work of the predecessor JHU project, but will also build on and expand it. Moving forward, we will focus on several streams of work to ensure that the nonprofit sector has access to the data it needs to support its vital efforts through and beyond the pandemic recovery period.

Cutting-edge reports. The GMU-NED Project will continue to produce cutting-edge reports on nonprofit establishments, employment, and wages based on available BLS QCEW data. Because the BLS is not scheduled to release new nonprofit data until 2024, the GMU-NED Project will aim to release a major report on state-level data covering the pandemic period and testing the estimates against real-world data though collaboration with state statistical agencies and nonprofit associations. This report will also provide important insights into nonprofit wages during the pandemic years, and reveal how nonprofits fared in terms of maintaining wage competitiveness with their for-profit counterparts. And, of course, the Project will look forward to the next, national, nonprofit BLS data release in 2024—which will include data for 2018-2022 on the national, state, county, and metropolitan-area levels—and will prepare a series of reports, including an analysis of the national-level pandemic impact on and recovery of nonprofit jobs and wages.

In addition, the GMU-NED team is **available to discuss** the potential development of reports on the nonprofit sector's role on the state or regional level. Such reports can utilize available BLS data, or we can work with state-level statistical offices to generate more recent local data.

Data advocacy, expansion, and coalition-building efforts. First, the GMU-NED Project will continue to collaborate with colleagues at the Aspen Institute, Independent Sector, the National Council of Nonprofits, and other organizations to seek more frequent release of nonprofit employment and wage data by BLS. The ultimate goal of this effort is to have BLS report on nonprofit employment more frequently than every five years—which is the current reporting cycle—bringing nonprofit employment and wage data releases in line with those provided for other sectors of the U.S. economy. This will allow more informed and responsive decision making by policy makers, funders, and others to enable nonprofit organizations to carry out their important work on an even playing field with their for-profit counterparts.

In addition, the GMU-NED Project will tap unique expertise within **Mason's Center on Nonprofits, Philanthropy, and Social Enterprise** in a broad range of federal data systems in an effort to enhance and expand the pool of available data on nonprofit employment, wages, and impact. Tapping into additional data sources will allow for a more robust understanding of the nonprofit sector's economic role, the demographics of the nonprofit workforce, and federal funding of nonprofit organizations. We have identified several promising resources within federal data systems that aren't being fully used by those interested in the nonprofit sector either because sector leaders and researchers are simply unfamiliar with the data sources or because the nonprofit data in these sources require additional development to be used with confidence.

The GMU-NED Project will also explore, in collaboration with other stakeholders, creating and hosting a network for federal officials who work with databases containing useful nonprofit data. We believe convening these officials on a regular basis would be of significant benefit for the nonprofit sector by highlighting the importance of nonprofit data for federal data experts, creating opportunities for collaboration, and expanding the pool of experts who can support nonprofit data generation, publication, and analysis within federal data systems.

Ensuring the accessibility and usability of available data. In 2017, with the support of the Mott Foundation, the JHU-NED Project launched the first iteration of the Nonprofit Works interactive database application, which currently provides user-guided access to BLS nonprofit employment, wage, and establishment data from 1990–2017, as well as comparative for-profit and government data. While this application has been updated and enhanced several times since the initial launch (most recently in 2021), the GMU-NED Project will explore options for further development of the site ahead of the planned 2024 release of BLS employment and wage data. In the meantime, the site will remain live for free use **here**.

The GMU-NED Project will also explore synergies with other on-going efforts to make data on the nonprofit sector more readily accessible. Specifically, we will investigate the possibility of folding the BLS and other federal databases on nonprofits into an on-going effort to develop a platform that can become a warehouse of various datasets on the nonprofit sector under the "Developing a Data Platform for Analysis of Nonprofit Organizations" project, funded by the National Science Foundation. GMU-NED Director Alan Abramson and his Mason colleague Dr. Mirae Kim, who have been involved in this effort, will lead the discussion around integrating BLS and other federal data into the platform.

CONCLUSION

The GMU-NED team is deeply grateful to the Mott Foundation for the opportunity to carry the important work of the JHU-NED project forward, to expand the available data on the nonprofit sector, and to ensure that this vital information remains available to sector stakeholders. If you would like to keep up-to-date on new data, initiatives, and developments in the nonprofit employment and wage data space, please subscribe to our mailing list **here**.

APPENDIX:
Methodology

The nonprofit employment data included in this study cover tax exempt entities under the IRS Section 501(c)(3). These data come from the Quarterly Census of Employment and Wages (QCEW), which is administered by state Labor Market Information agencies (e.g., the Department of Labor in New York or Maryland Department of Labor, Licensing, and Regulation) and at the federal level by the Bureau of Labor Statistics (BLS). 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. QCEW accounts for approximately 97% of all wage and salary civilian employment nationally (however, the program does not cover self-employed and family workers). 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, 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. 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 separate from the for-profit employment. As a consequence, the nonprofit sector has essentially been buried in the data. 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.

In 2014, BLS started releasing nonprofit data at the national, state, county, and Metro Statistical Area levels following a similar methodology of record matching. 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. More information, including the full downloadable data tables for 2013-2017, is available **here**.

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About the Center on Nonprofits, Philanthropy, and Social Enterprise in the Schar School of Policy and Government at George Mason University

The **Center on Nonprofits, Philanthropy, and Social Enterprise** seeks to improve the effectiveness of nonprofit organizations, philanthropy, and social enterprise through research, training, public education, and other initiatives that engage those who care about these important institutions and activities. Current major interests are: the state of the regional, national, and international nonprofit sectors; nonprofit-government relations; the role of foundations and philanthropy in our society; nonprofit accountability, governance, and effectiveness; global civil society; and social enterprise and social entrepreneurship. Mason's center is a long-time member of the Nonprofit Academic Centers Council (NACC), the major association of university-based, nonprofit research centers in the U.S. This new center replaces the previous Center for Nonprofit Management, Philanthropy, and Policy.

About the George Mason University – Nonprofit Employment Data Project (GMU-NED)

The **George Mason University – Nonprofit Employment Data (GMU-NED) Project** generates new information on economic trends in the nonprofit sector and produces cutting-edge reports on key components of the nonprofit economy in regions and states across the country. These reports demonstrate the significant economic scale and importance of the nonprofit sector on the national, state, and regional levels. To produce these reports, the GMU-NED Project utilizes a novel methodology developed by researchers at Johns Hopkins University to draw on a previously untapped source of data to document the size, composition, distribution, and growth of nonprofit employment and wages. In 2022, the Center on Nonprofits, Philanthropy, and Social Enterprise in the Schar School of Policy and Government at George Mason University was tapped to continue the crucial work of the JHU-NED Project following the passing of Dr. Lester Salamon. The center is able to do so through the generous support of the Charles Stewart Mott Foundation. The GMU-NED Project is led by Center Director Dr. Alan Abramson, in collaboration with his Center faculty colleagues Dr. Stefan Toepler and Dr. Mirae Kim.