SCHAR SCHOOL OF POLICY AND GOVERNMENT
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Center on Nonprofits, Philanthropy, and Social Enterprise

2024 Nonprofit Employment Report

New Data Reveal Nonprofits' Strengths and Challenges in the COVID-19 Era

George Mason University – Nonprofit Employment Data Project
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INTRODUCTION

The **Center on Nonprofits, Philanthropy, and Social Enterprise** in George Mason University's Schar School of Policy and Government is pleased to release this second 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.

This report presents an initial look at new data on nonprofit employment and wages covering the key period 2018-2022 that have been generated by the U.S. Bureau of Labor Statistics from the Quarterly Census of Employment and Wages (QCEW). Drawing on this data, this initial report will examine where nonprofit employment and wages stood in the immediate pre-COVID years, how they were impacted by the onset of the COVID-19 pandemic, and how they have recovered as of 2022, the latest year for which data are available. Due to the unique nature of the underlying dataset, we are also able to compare nonprofit employment and wages to their counterparts in the for-profit sector during this crucial period.

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 501(c)(3) 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 geographic location of the workers instead of attributing all of them to the home office of the parent organization; **(c)** use of the standard North American Industry Classification System (NAICS) of organizations by field of activity used for other economic sectors, making possible comparisons with other economic sectors such as for-profit businesses in terms of the number of people employed, the economic field, and the average wages paid, by state, county, and metro area; and **(d)** professional management by highly competent statistical experts in the U.S. Bureau of Labor Statistics. (See **Appendix A** for additional detail about the QCEW and the methodology used for this report).

Below, we examine **five key findings** emerging from the BLS data on average annual nonprofit employment and wages for the years 2017 to 2022. In particular, this report puts the nonprofit paid workforce into context in terms of other major industries in the U.S. economy, shows the even more substantial role this sector plays in the fields in which it is most active, documents the impact of the COVID-19 pandemic on nonprofit sector employment, rebuts the widespread assumption that nonprofit wages lag behind those of the for-profit sector, and examines the relative wage growth among nonprofits and their for-profit counterparts.
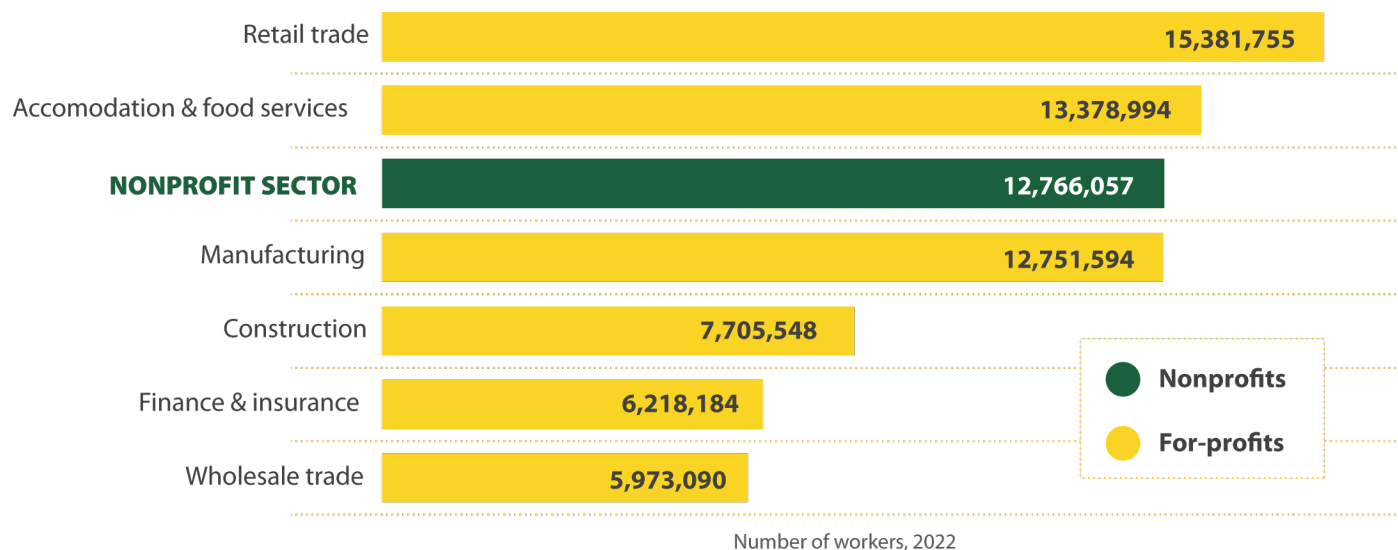
Key Findings

1) Nonprofits remain a major economic force

As shown in **Figure 1**, the nonprofit sector remained a major employer in the U.S. as of 2022 with an average annual workforce of nearly 12.8 million. This amounted to 9.9% of non-government employment. Despite the challenges posed by the recent pandemic, nonprofits added nearly 277,500 jobs between 2017—the most recent year for which data were available before the 2024 release of new data—and 2022. While this represented a 2.2% rate of growth over this period, this growth was largely concentrated in the ambulatory health care sub-field, which grew by over 235,500 jobs. At the same time, nursing and residential care nonprofits lost over 17% of their workforce during this period. Despite gains in the individual and family services and emergency and relief services sub-fields, social assistance nonprofits lost 2.1% of their workers, driven by losses in organizations providing vocational rehabilitation services (-23.3%) and child day care services (-8.6%). Similarly, art, entertainment, and recreational organizations lost 5.6% of their workers, and the workforce in religious, grantmaking, civic, professional and similar organizations contracted by 5%.

FIGURE 1: Average annual nonprofit workforce, total and by field, 2017 vs. 2022

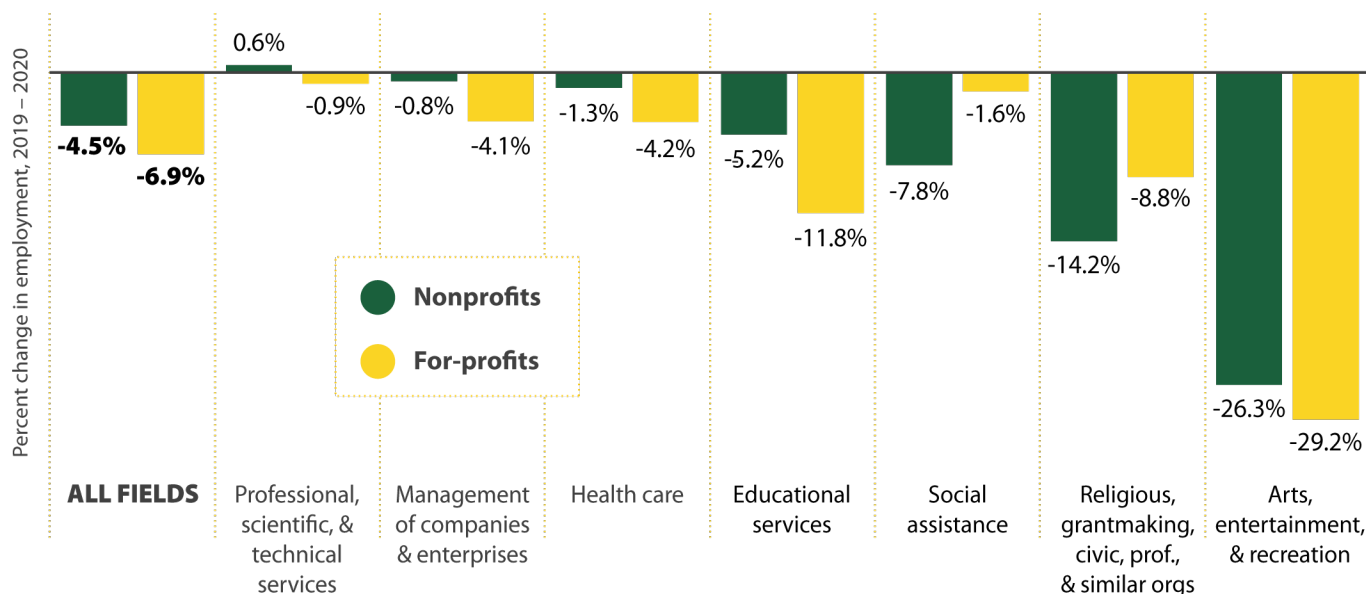| FIELD	2017	2022	Change	% change
ALL NONPROFITS	**12,488,563**	**12,766,057**	**277,494**	**2.2%**
Management of companies & enterprises	**281,078**	**326,265**	**45,187**	**13.8%**
Educational services	**2,003,634**	**2,092,840**	**89,206**	**4.3%**
Elementary & secondary schools	684,170	748,219	64,049	8.6%
Colleges, universities, & professional schools	1,137,681	1,154,827	17,146	1.5%
Educational support services	60,153	63,964	3,811	6.0%
Health care	**6,777,730**	**6,963,059**	**185,329**	**2.7%**
Ambulatory health care services	1,402,007	1,637,595	235,588	14.4%
Hospitals	4,206,754	4,328,553	121,799	2.8%
Nursing & residential care facilities	1,168,968	996,911	-172,057	-17.3%
Social assistance	**1,528,920**	**1,497,434**	**-31,486**	**-2.1%**
Individual & family services	829,592	842,965	23,373	1.6%
Community food & housing, emergency, & other relief services	154,495	184,478	29,983	16.3%
Vocational rehabilitation services	288,693	234,162	-54,531	-23.3%
Child day care services	256,140	235,829	-20,311	-8.6%
Arts, entertainment, & recreation	**355,965**	**336,982**	**-18,983**	**-5.6%**
Performing arts, spectator sports, & related industries	104,081	104,431	350	0.3%
Museums, historical sites, and similar institutions	141,289	131,398	-9,891	-7.5%
Amusements, gampling, and recreation industries	110,595	101,152	-9,443	-9.3%
Other services (except public administration)	**837,662**	**805,830**	**-31,832**	**-4.0%**
Religious, grantmaking, civic, professional, & similar organizations	818,562	779,948	-38,614	-5.0%

Despite these losses, the nonprofit sector retained its place as the third largest workforce of any U.S. industry in 2022, behind only retail trade and accommodation and food services, and slightly ahead of all branches of manufacturing, as shown in **Figure 2**.

FIGURE 2: Average annual employment in nonprofits vs. for-profit employment in key industries, 2022

Industry	Number of workers, 2022
Retail trade	15,381,755
Accomodation & food services	13,378,994
NONPROFIT SECTOR	**12,766,057**
Manufacturing	12,751,594
Construction	7,705,548
Finance & insurance	6,218,184
Wholesale trade	5,973,090

Legend: Nonprofits / For-profits

Number of workers, 2022

2) Though nonprofits lost well over half a million jobs in the first year of the pandemic, they fared well relative to for-profits

As shown in **Figure 3**, with the beginning of the COVID pandemic, between 2019 and 2020 nonprofits suffered significant job losses, losing 580,426 jobs or 4.5% of their overall workforce.

However, even though nonprofit job losses were sizable, nonprofits actually fared better than for-profits overall and in most of the fields in which nonprofits are significantly present, with for-profits losing nearly 7% of their workers. In only two fields—social assistance and religious, grantmaking, civic, professional and similar organizations—did nonprofits shed more workers than their for-profit counterparts during this period.

FIGURE 3: Percent change in nonprofit vs. for-profit average annual employment, 2019 vs. 2020, by key field

Percent change in employment, 2019 – 2020

Field	Nonprofits	For-profits
ALL FIELDS	-4.5%	-6.9%
Professional, scientific, & technical services	0.6%	-0.9%
Management of companies & enterprises	-0.8%	-4.1%
Health care	-1.3%	-4.2%
Educational services	-5.2%	-11.8%
Social assistance	-7.8%	-1.6%
Religious, grantmaking, civic, prof., & similar orgs	-14.2%	-8.8%
Arts, entertainment, & recreation	-26.3%	-29.2%

Legend: Nonprofits / For-profits

3) Nonprofit employment rebounded more slowly than for-profit employment in 2021 and 2022

While nonprofits were able to retain a larger share of their pre-pandemic workforce than their for-profit counterparts across most fields in 2020, they struggled to keep up with re-staffing in the ensuing years. As shown in **Figure 4**, between 2020 and 2021, average annual nonprofit employment grew by just .6%, while for-profit employment grew by 4.5%. The following year, for-profits continued to outperform nonprofits, adding workers at double the rate of nonprofits. As a result, while for-profits had not only recovered their lost workers but grown their workforce by over 2% as of 2022, the nonprofit workforce remained 1.4% smaller in 2022 than it was in 2019 before the onset of the pandemic.

FIGURE 4: Percent change in average annual nonprofit vs. for-profit employment, 2019 to 2022, by year and overall
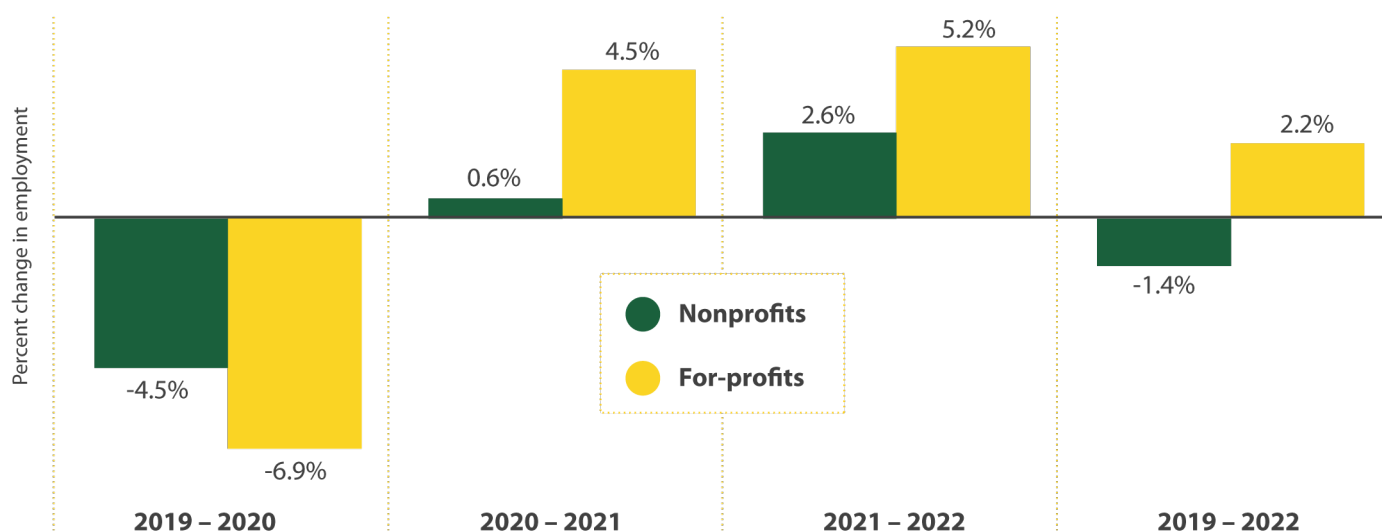
Thus, while nonprofits employed more workers in 2022 than they did in 2017 and 2018, they employed nearly 185,000 fewer workers than they did in 2019, having yet to recover lost workers following pandemic-related losses, as shown in **Figure 5**.

FIGURE 5: Total average annual nonprofit workforce, 2017 to 2022, by year
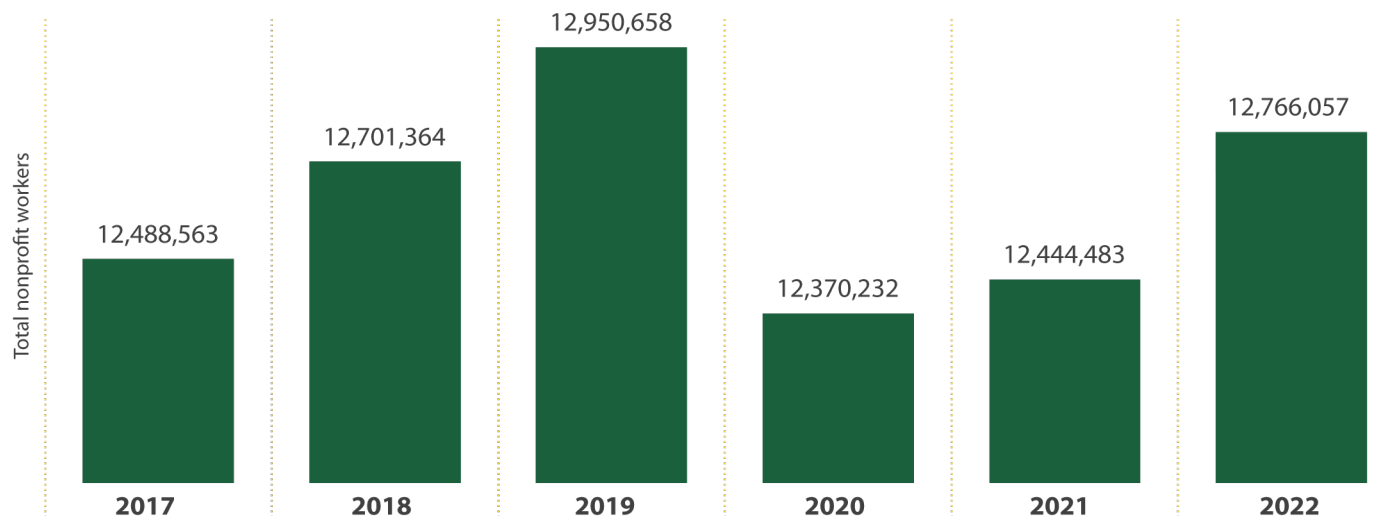
# 4) Nonprofits lost market share to for-profits

As shown in **Figure 6**, the nonprofit sector's 12.8 million workers accounted for 9.9% of all non-government employment in the U.S. as of 2022. This included just under 70% of all employment in private educational institutions, nearly 60% of all employment in religious, grantmaking, civic, professional, and similar organizations, 43% of employment in private health care institutions, and 40% of employment in private social service-providing organizations.

FIGURE 6: Share of non-government workers employed by nonprofits as of 2022, by key field

Nonprofit share of non-government employment
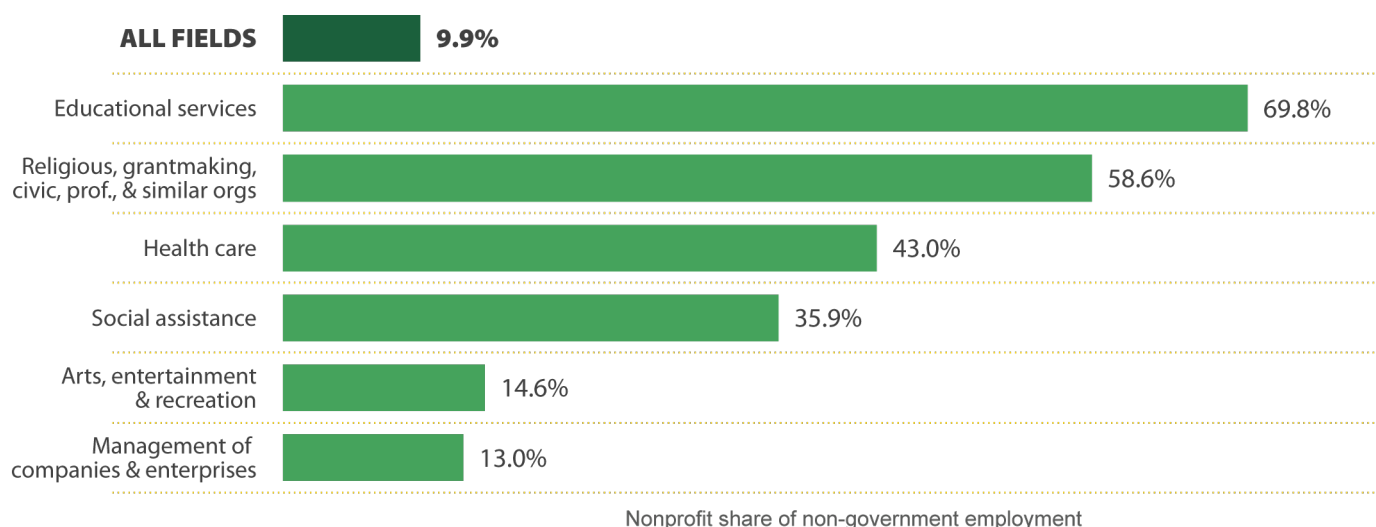
However, due at least in part to the slower recovery from pandemic losses, this represented a decrease in market share in all but one field in which nonprofits are significantly present vs. 2017, when nonprofits employed 10.2% of the total non-government workforce. The only field in which nonprofits grew relative to for-profits during this period was management of companies and enterprises, which employs just 2.6% of nonprofit workers. The most significant loss of ground was seen in the social assistance field, with nonprofits losing 5.2% of the overall private market, as shown in **Figure 7**.
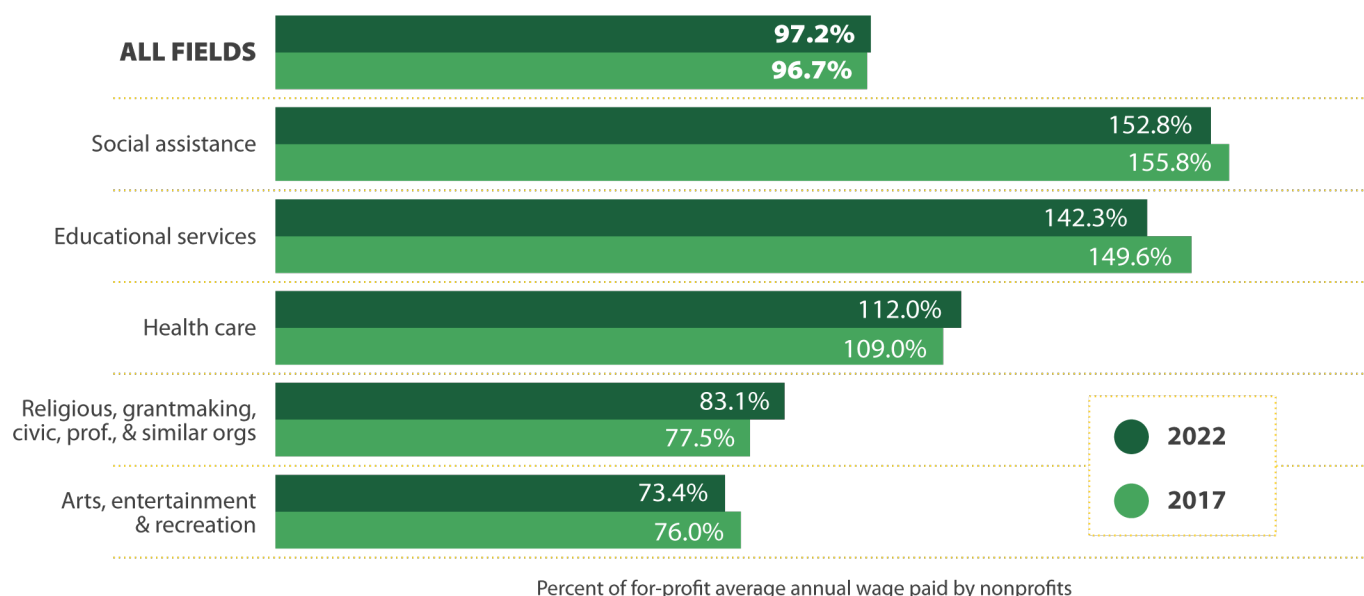
FIGURE 7: Change in nonprofit share of non-government workers, 2017 vs. 2022 annual averages, by key field
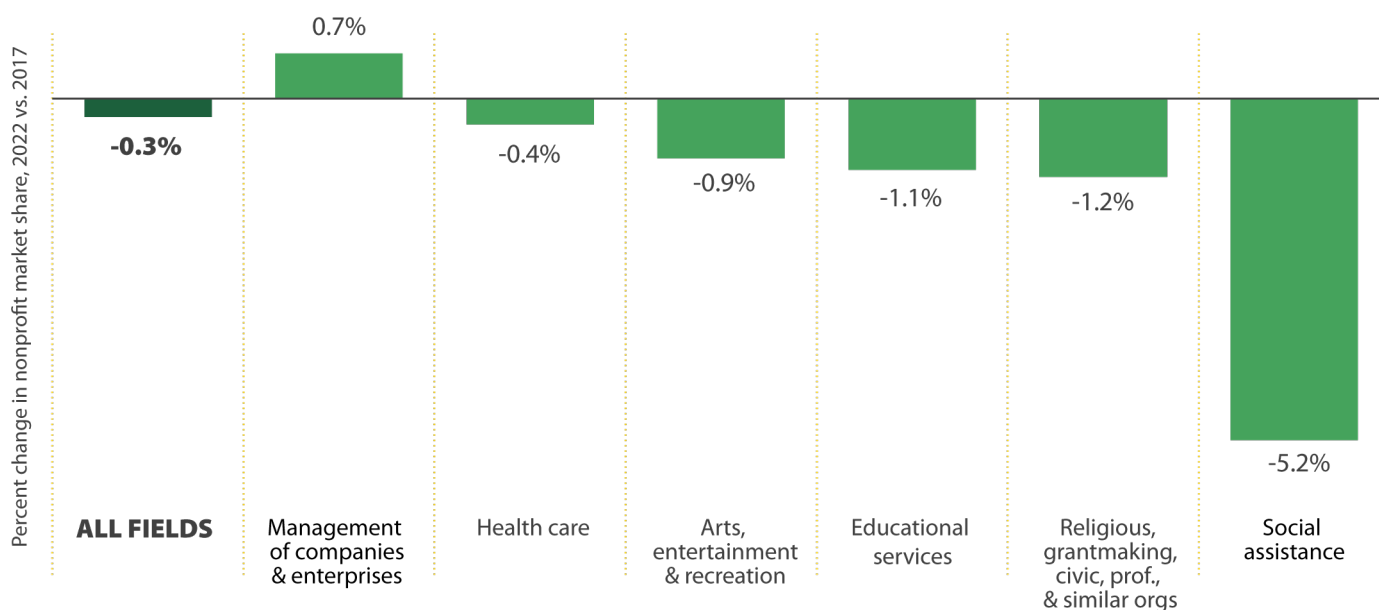
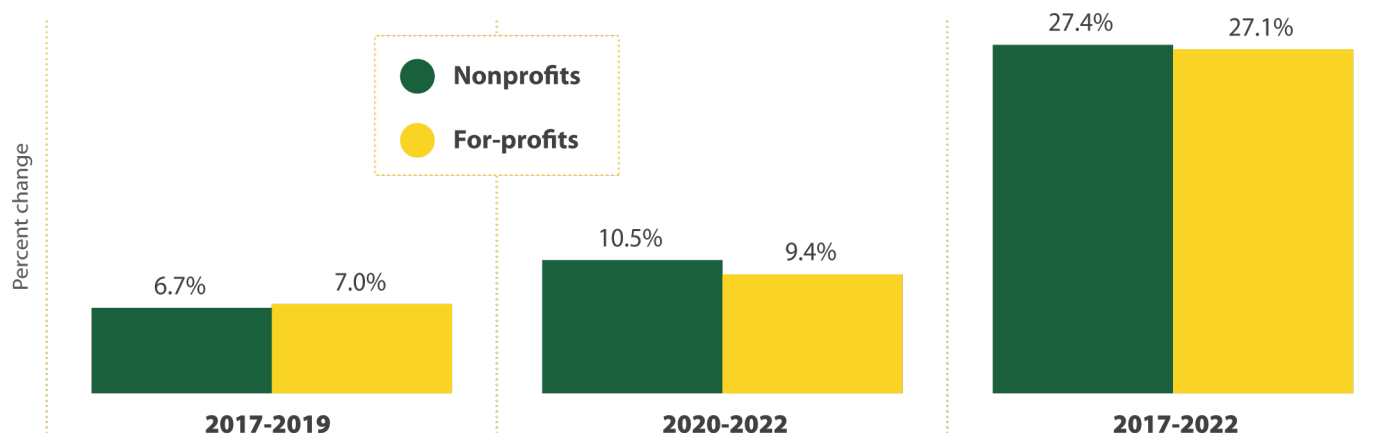# 5) Nonprofit wages largely kept pace with for-profit counterparts

As of 2022, nonprofits continued to pay roughly similar average annual wages as for-profits overall, at 97.2%—a slight improvement over the 96.7% paid in 2017, as shown in **Figure 8**. In several key fields, nonprofit average annual wages continued to surpass those paid by for-profit counterparts by significant margins, with social assistance nonprofits paying 52.8% more (a 3% drop vs. 2017) than for-profits in the same field; educational services nonprofits paying 42.3% more (a drop of 7.3) than for-profit institutions; and health care nonprofits paying 12% more than for-profit health care providers (an increase of 3% vs. 2017). On the other hand, while religious, grantmaking, civic, professional, and similar nonprofits continued to pay nearly 18% less on average than their for-profit counterparts in 2022, this was an improvement of 5.4% over 2017. However, arts, entertainment, and recreation nonprofits lost ground by 2.6% vs. their for-profit counterparts.

FIGURE 8: Nonprofit to for-profit average annual wage ratio, 2017 vs. 2022, by key field

ALL FIELDS — 97.2% (2022), 96.7% (2017)
Social assistance — 152.8% (2022), 155.8% (2017)
Educational services — 142.3% (2022), 149.6% (2017)
Health care — 112.0% (2022), 109.0% (2017)
Religious, grantmaking, civic, prof., & similar orgs — 83.1% (2022), 77.5% (2017)
Arts, entertainment & recreation — 73.4% (2022), 76.0% (2017)

2022
2017

Percent of for-profit average annual wage paid by nonprofits

Overall, nonprofits wage growth kept pace with for-profits before, during, and after the pandemic. As shown in **Figure 9**, while nonprofits increased wages by slightly less than for-profits in the pre-pandemic period of 2017-2019, between 2020 and 2022, nonprofit average annual wages per employee grew by 1.1% more than those of for-profit employees. Overall, as of 2022, nonprofit employees earned an average of 27.4% more than they did in 2017 vs. 27.1% for for-profit employees.

FIGURE 9: Percent change in average annual wage per employee, nonprofit vs. for-profit, 2017 to 2022

Nonprofits
For-profits

Percent change

2017-2019: 6.7% (Nonprofits), 7.0% (For-profits)
2020-2022: 10.5% (Nonprofits), 9.4% (For-profits)
2017-2022: 27.4% (Nonprofits), 27.1% (For-profits)

Conclusion and What's To Come

As we approach the 5-year anniversary of the onset of the COVID-19 pandemic, these new data from the BLS provide important insight into both the strengths of and challenges faced by the nonprofit sector both during and after the pandemic. The picture that emerges is of a sector that, though resilient, continues to confront obstacles in fully recovering from pandemic-era shocks. While, as of 2022, nonprofits had restored nearly 70% of the workforce losses they suffered in 2020, they still had significant ground to cover to back to the employment levels they enjoyed in 2019 in several key fields—and even further to go to catch up to where the sector's workforce would have been without those losses. Indeed, had the 1.9% nonprofit employment growth rate seen in 2016-2019 continued though 2022, the sector's workforce would have grown by nearly 750,000—meaning that nonprofits are nearly 1,000,000 jobs short of where they would have been if not for the pandemic losses and subsequent slow recovery.

The BLS data set is rich with insight—and as we know, not all fields and not all places were impacted in the same way by the pandemic, and each field and jurisdiction face unique challenges in recovery. The next steps for our examination of these new data will include a deeper dive into state- and industry-level changes and we will take a look back at our estimates of pandemic-related nonprofit employment impacts to examine where those estimates were most accurate and reflect on where they presented a less-accurate picture. In the coming weeks, we will also bring to fruition a new **George Mason University Nonprofit Works** data explorer site that will allow users to explore, download, and use the data they need to support their work.

The GMU-NED team remains deeply grateful to the Mott Foundation for the opportunity to carry this important work 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 A:
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 and the full downloadable data tables produced by the BLS for 2013-2022 are available **here**.

Data Limitations and Suppression. The primary limitation of the data come from 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. Second, 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.

Another limitation is that the QCEW dataset does not include information on the positions of the employees counted; as such, it is not possible to examine the "position composition" of the nonprofit sector or wages by position using these data.

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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.