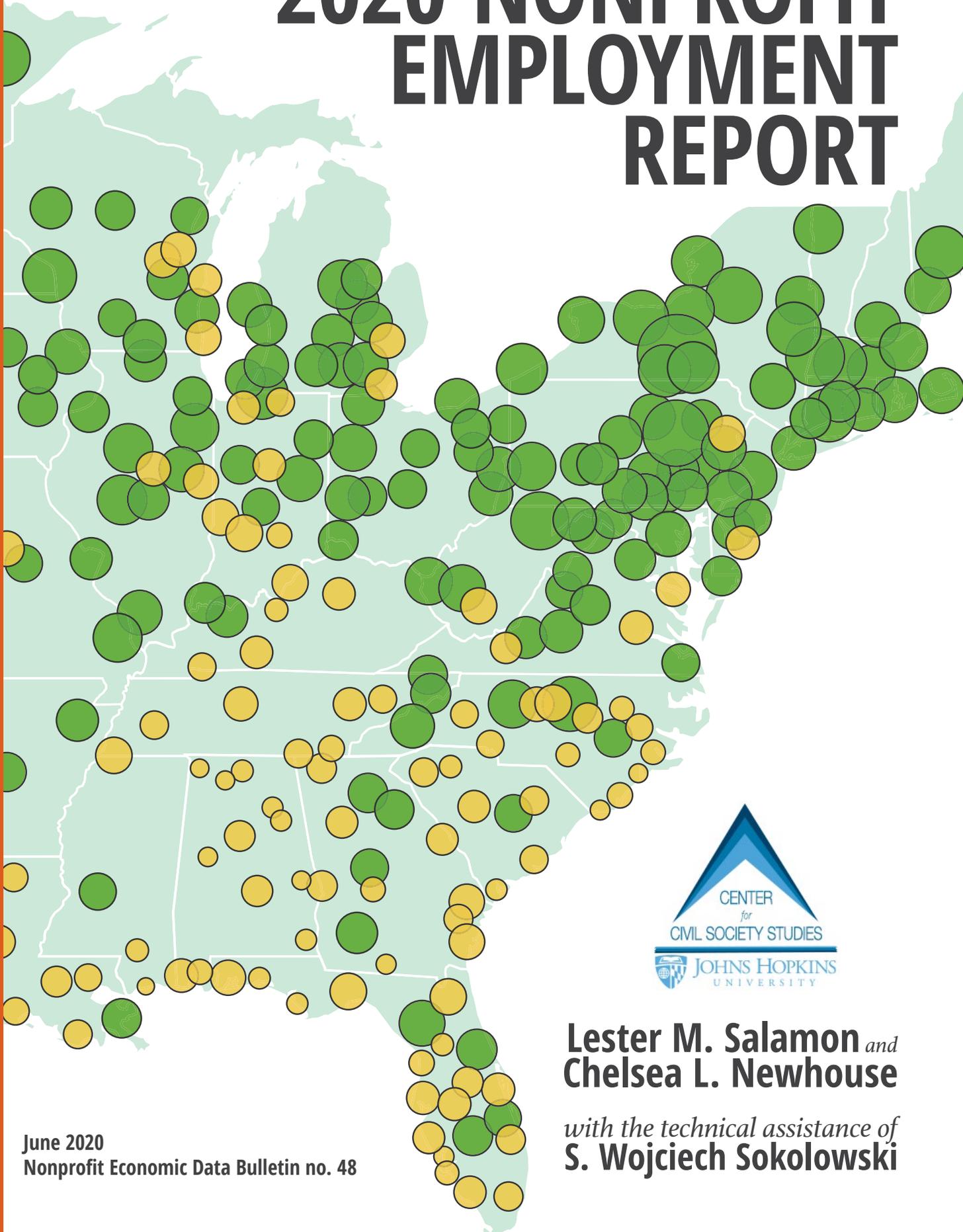


Johns Hopkins Center for Civil Society Studies

# 2020 NONPROFIT EMPLOYMENT REPORT



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# • PREFACE •

This report is part of an on-going series that examines employment and wages in private, nonprofit establishments<sup>1</sup> in the United States. While our Center has been producing these reports for nearly 20 years, this year's report, like this year itself, is unique for several reasons.

As we began work on this report, the 2020 COVID-19 pandemic was just beginning to show its initial effects around the world, and the resulting nation-wide economic and social impacts in the United States were still only partially visible. However, as the pandemic reached the United States, it became clear that efforts to slow its spread would have profound impacts on all aspects of our lives, and not least of all on the nonprofit sector. But as is too often the case, these effects seemed especially likely to be ignored in the rush of attention to the other sectors impacted by the pandemic. This not only made this year's report especially important in order to establish the most recent baseline of information possible against which to chart the virus's impact, but also, it induced us to go beyond our normal practice of reporting only on past developments by seeking information that would allow us to make meaningful estimates of the impact of current developments, and current policy responses, on this crucial sector in something approaching real time.

Accordingly, this report seeks to shed light on two aspects of the current nonprofit employment scene: **first**, the pre-COVID-19 nonprofit workforce realities as they are visible in the unusual body of data we have succeeded in tapping on U.S. nonprofit employment dynamics; and **second**, estimates of the scale of impacts on nonprofit employment of both the enormous economic and social changes unleashed by the COVID-19 pandemic, and the ability of nonprofit organizations to gain access to the policy measures put in place to shield American society from this impact, as both of these are visible as of June 2020 when this report went to press.

In both respects, the data presented here can be of crucial importance to sector leaders, government policymakers, the media, and citizens at large in comprehending the vital role that the nonprofit sector plays in the social and economic well-being of the nation, the way in which COVID-19 is impacting this sector, and the challenges that nonprofits have encountered in gaining access to the financial support that government policy has theoretically opened up to the hundreds of thousands of nonprofit organizations and millions of nonprofit employees that qualify as "small businesses" under the recent federal programs of assistance to such organizations.

Also contributing to the special importance of this 2020 Johns Hopkins Nonprofit Employment Report is that this report is the last to reflect directly the handiwork of our long-time colleague and friend, **Dr. S. Wojciech Sokolowski**, who passed away on May 3, 2020 following a long illness, as this report neared completion. Wojciech played a fundamentally central role in the **Nonprofit Economic Data Project**. His statistical expertise, creative approach, and collaborative spirit were pivotal to developing and refining the methodology used to identify nonprofits in the existing governmental data system on which this and previous reports relied, and future reports will also make ample use of. This has opened a unique body of data on nonprofit employment that is far more reliable, comprehensive, and detailed than any previously or presently available, making it possible for the first time to get a clear view of the economic impact of nonprofit organizations locally and nationally, and to compare them to other industries in a systematic and reliable way. The resulting body of data has been crucial for nonprofit leaders nationally and locally to represent this important sector in policy discussion, in the media, and to the public at large, making clear not just the social impact of this sector, but also its economic impact in towns and communities throughout the nation. **It is with gratitude and heavy hearts that we therefore dedicate this 2020 Johns Hopkins Nonprofit Employment Report to him.**

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<sup>1</sup> For 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.

# • INTRODUCTION •

This report presents the latest-available data on nonprofit employment and wages generated by the U.S. Bureau of Labor Statistics from the Quarterly Census of Employment and Wages using a technique first developed by the Johns Hopkins Center for Civil Society Studies. 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. Although the program does not cover self-employed and family workers, QCEW data encompass approximately 97% of non-farm 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.

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 geographic location of the workers instead of attributing all of them to the home office of the parent organization; **(c)** use of the standard classification 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 B** for additional detail about the QCEW and the methodology used for this report).

Since the BLS unfortunately does not routinely separate QCEW data on nonprofit organizations from data on private business enterprises but rather merges such data with data on for-profit enterprises into a conglomerate identified only as “private employment,” the scale of the nation’s nonprofit workforce and how it is distributed across the country or among the numerous activity areas has been historically obscured even though such data have long been present in BLS computers. To correct this problem and bring the scale of nonprofit employment into clear view for the first time, the Johns Hopkins Center for Civil Society Studies (JHU/CCSS) found a way to identify nonprofit establishments in the BLS data system and extract data on nonprofit employment from the BLS files. Through a special research arrangement, BLS granted JHU/CCSS researchers access to these data to apply this method on several occasions in the 1990s and into the 2000s, and ultimately took on the task of applying this methodology and creating special nonprofit data runs itself, but only on a once-every-five-years basis beginning in 2012. The present report draws on the most recent BLS such data, which cover the year 2017<sup>2</sup> and the intervening years between 2007 and 2017. We are deeply grateful to the Charles Stewart Mott Foundation, which provided the financial support that made the development of this special extraction methodology possible; and to David Talan, Kevin Cooksey, and their colleagues at the Bureau of Labor Statistics, who carried out the tabulation.

<sup>2</sup> U.S. Bureau of Labor Statistics. (2019). “Nonprofit Data Files, 2017 Annual Averages.” (Washington, DC: Bureau of Labor Statistics). Available at: [bls.gov/bdm/nonprofits/nonprofits.htm](https://bls.gov/bdm/nonprofits/nonprofits.htm).





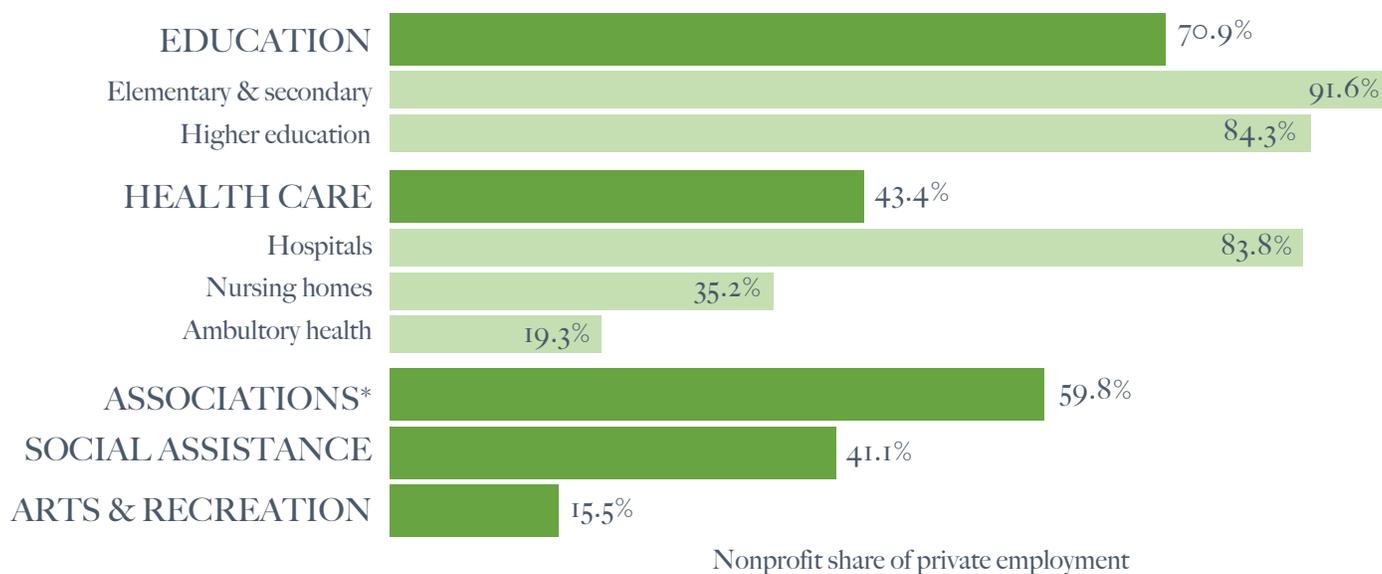


## 2 An Even Larger Share of Private Employment in Fields in which Nonprofits Are Active

Although nonprofits are present in many fields that are not commonly thought of as being amenable to the nonprofit model—such as construction, manufacturing, and accommodations—they tend to concentrate in a relative handful of primary fields—particularly health care, education, social assistance, and arts and recreation. And in these fields, nonprofits constitute an especially large share of private employment. Thus, as **FIGURE 3** shows, nonprofits accounted in 2017 for:

- **Nearly three quarters (71%)** of the nation’s private employment in **education**, including 84% of private elementary and secondary education employment and 92% of private higher education employment.
- **Over 41%** of private employment in **social assistance**, including child day care, and individual and family services.
- **Over 43%** of private employment in **health services**, including:
  - **84%** of private employment in **hospitals**;<sup>3</sup>
  - **Over a third** of private employment in **nursing homes**; and
  - **Nearly 20%** of private employment in **ambulatory health care**.<sup>4</sup>
- **Nearly 60%** of private employment in **religious, civic, and professional organizations**.
- And **15.5%** of private employment in **arts and recreation**, with considerably higher shares of symphonies and museums.

**FIGURE 3 • Nonprofit share of private employment, by selected industry, 2017**



\*Includes religious, grantmaking, civic, professional, and similar organizations.

<sup>3</sup> When public hospitals are included as well, nonprofits account for 66% of total hospital employment.

<sup>4</sup> This figure likely understates the nonprofit role in this field because it compares nonprofit employment in what are mostly clinics and home health providers to for-profit employment that includes all offices of private doctors and dentists.



















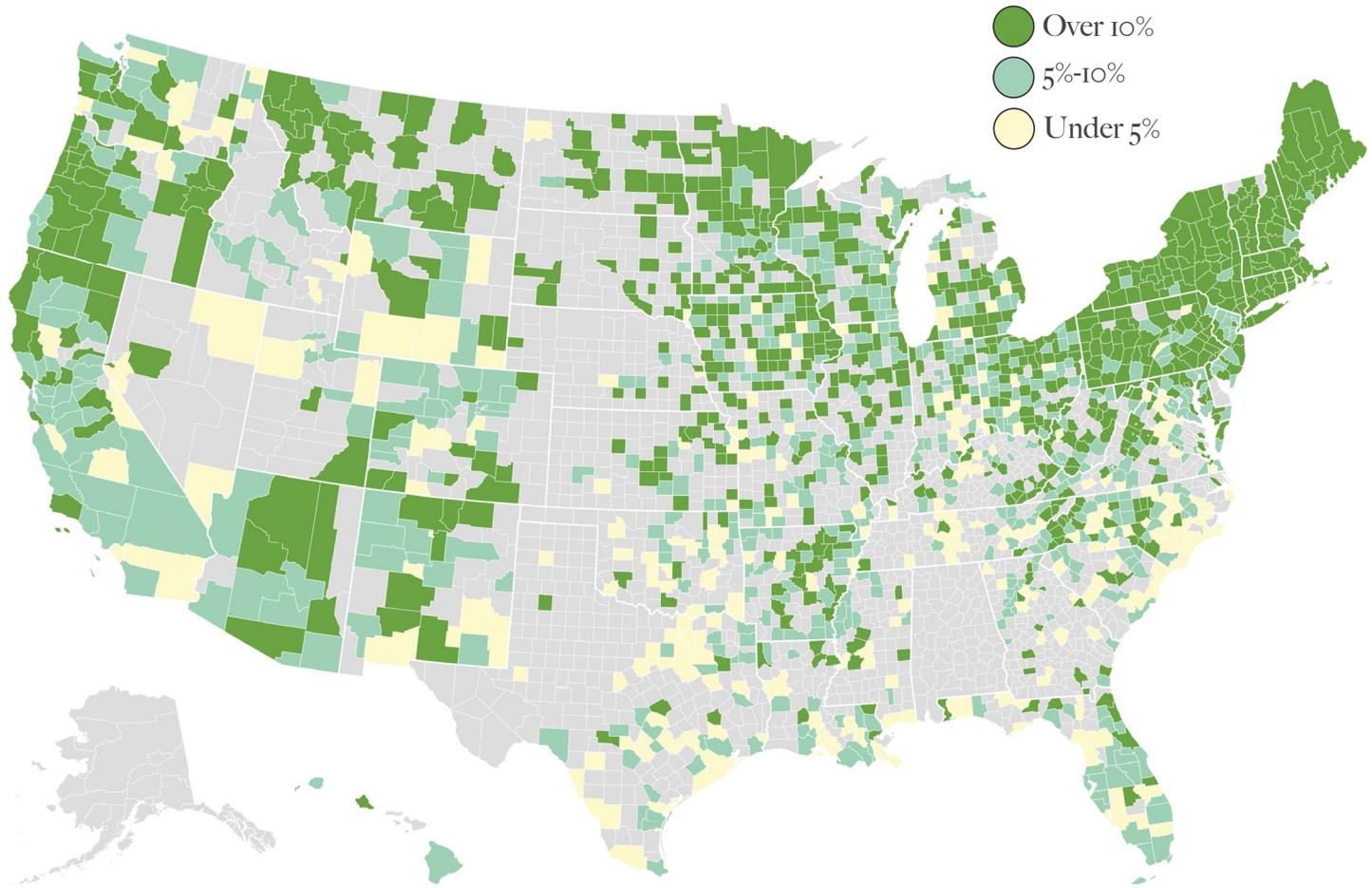






An even clearer picture of the relative position of nonprofit organizations vis-à-vis overall private employment can be gained by examining this relationship at the county level. This is done in **APPENDIX FIGURE 3**, which shows that nonprofits represented over 10% of total private employment in nearly half (47.1%) of the 1638 counties for which county-level data are available. In another 34.2% of these counties, nonprofits represented between 5 and 10% of private employment, and in only 18.6% of the counties was it under 5%.

**FIGURE A3** • Nonprofit share of private employment, by county, 2017











## ABOUT THE 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](mailto:chelsea.newhouse@jhu.edu).



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