

Employment in America's Charities: A Profile

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EMPLOYMENT IN AMERICA'S CHARITIES: A PROFILE

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INTRODUCTION

This report presents new information on employment in America's charities—the broad set of health, education, civic, scientific, and charitable organizations entitled to tax exemption under Section 501(c)(3) of the Internal Revenue Code.¹ The report covers the full nonprofit *workforce*, including both paid and volunteer workers, though for some variables data are available only on paid employment.²

Employment is an unusually good indicator of trends in the nonprofit sector. This is so because nonprofit organizations tend to operate in fields that are highly labor intensive. The number of workers, whether paid or volunteer, thus provides a good indication of the activity of these organizations.

Unfortunately, however, existing sources of data on nonprofit employment have long suffered from a number of serious limitations due to variations and gaps in coverage and a lack of timeliness. To overcome these problems, this report draws on two newly available data sources: first, the Quarterly Census of Employment and Wages (QCEW), or ES-202 data system, operated by state employment security offices in collaboration with the U.S. Bureau of Labor Statistics; and second, a new annual survey of volunteering carried out by the U.S. Census Bureau as part of its Current Population Survey. The QCEW covers all nonprofit employers with at least four employees, though twenty states put the reporting threshold at one employee.³ The volunteering data are based on surveys of 60,000 households and report not only the number of volunteers but also the time they devote. (For more detail on these data sources and the steps that were taken to generate data on the nonprofit workforce from them, see Appendix A).

Using these data sources, several important dimensions of nonprofit employment come into much clearer focus.

¹ Section 501(c)(3) is one of twenty-six different provisions of the Internal Revenue Code under which organizations can seek exemption from federal income taxes. Other sections of the code provide exemptions for labor unions, business and professional associations, mutual organizations, and cooperatives. Section 501(c)(3) organizations are distinguished from other tax-exempt organizations by virtue of the fact that they are intended to serve an indefinite class of persons rather than primarily the members of the organization themselves. They are thus public-serving as opposed to member-serving in orientation and form the core of what is considered the "charitable" sector.

² Throughout this report we use the term "workforce" to refer to the combination of both paid and volunteer employment, and the term "employment" or "employees" to refer to paid workers, excluding volunteers. Data on volunteers throughout are expressed in terms of the number of "full-time equivalent workers" that the volunteer time represents. This was computed by dividing the total number of hours volunteered by the number of hours in a typical work year.

³ Religious congregations are not required to participate in the QCEW, though many apparently do.

OVERALL SCALE AND DISTRIBUTION

1. A significant employer

In the first place, these data sources make clear that charitable nonprofit organizations employ far more people than is widely recognized. As of the second quarter of 2004, the latest year for which data on nonprofit organizations are available, American charities employed 9.4 million paid workers and engaged another 4.7 million full-time equivalent (FTE) volunteer workers for a total workforce of more than 14 million workers (see Table 1).⁴

Table 1
Employment in American Charities, 2004

Item	Number	As % of US economy
Paid workers	9.4 million	7.2%
Volunteer workers (FTEs)	4.7 million	3.9%*
Total workforce	14.1 million	10.5%*
Wages (\$billions)	\$321.6 billion	6.6%

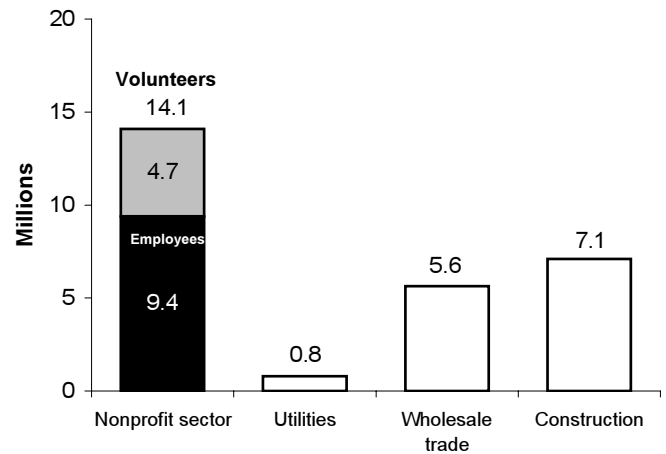
Sources: Data on paid employment and wages from Quarterly Census of Employment and Wages (QCEW) accessed through the U.S. Bureau of Labor Statistics. Data on volunteer workers from U.S. Census Bureau, *Current Population Survey*, (<http://www.census.gov/cps/>). Volunteer time converted into full-time equivalent (FTE) workers by dividing the total number of hours volunteered by the number of hours in a typical work year. For further detail on data sources, see Appendix A.

*Volunteers added to total employment to compute percentage of total workforce.

The workforce of the charitable nonprofit sector thus represents 10.5 percent of the country's total workforce. Put somewhat differently, the paid workers of charitable nonprofit organizations outnumber those of the utility, wholesale trade, and construction industries; and the paid and volunteer workers together outdistance the combined employment of all three of these major industries taken together (see Figure 1).

⁴ Since the QCEW data system only requires states to survey nonprofit organizations with at least four employees, this figure probably understates the true extent of nonprofit employment. Because twenty states have lowered this threshold to one paid employee, however, we have a basis for estimating the scale of the resulting undercount. Adjusting our data for this undercount would yield an estimate of 9.5 to 9.7 million paid nonprofit employees rather than the 9.4 million cited in the text, and would boost the total workforce to 14.4 million workers.

Figure 1. Employment in the nonprofit sector and selected industries, 2004



Source: See Table 1.

This sizable workforce naturally attracts significant wage payments. Nonprofit paid workers thus received \$321.6 billion in wages in 2004, more than the wages paid by the utilities (\$50.1 billion), construction (\$276 billion), and wholesale trade (\$283.7 billion) industries, and almost as much as the finance and insurance industry (\$355.8 billion).

2. A geographically concentrated sector

Like overall employment, nonprofit employment is fairly concentrated. As shown in Table 2, over half (52 percent) of the nonprofit workforce is located in just three of the country's nine census regions—the Middle Atlantic, South Atlantic, and East North Central regions. This is understandable since these three regions also account for 49 percent of total employment.

Table 2
Distribution of nonprofit workforce and total employment, by region, 2004

Census region	% of National Total			
	Total employment N=129.8 mn	Nonprofit employment N=9.4 mn	Volunteer workers N=4.7 mn	Nonprofit workforce N=14.1 mn
Middle Atlantic	13.7	21.8	11.6	18.4
South Atlantic	19.0	15.8	18.5	16.7
East North Central	16.2	17.4	14.6	16.4
Pacific	15.6	12.2	18.1	14.2
West South Central	10.6	6.7	11.5	8.3
West North Central	7.4	8.6	8.1	8.4
New England	5.2	8.5	4.5	7.2
Mountain	6.7	4.8	8.0	5.9
East South Central	5.7	4.2	5.1	4.5
TOTAL	100.0	100.0	100.0	100.0

This pattern of concentration is also evident at the state level. Four states (New York, California, Pennsylvania, and Texas) account for 30 percent of the total nonprofit workforce. By contrast, the four states with the fewest nonprofit workers (Delaware, Nevada, Wyoming, and Alaska) account together for just over 1 percent of the total (see Table 3 and Appendix B).

Even in many of the states with relatively small numbers of nonprofit workers, however, the nonprofit workforce still often outdistances that of other significant industries. Thus, for example, in Delaware, the 43,365 nonprofit paid and volunteer workers surpass the 2,143 workers employed in the utilities industry, the 14,845 employed in wholesale trade, and the 27,256 employed in construction.⁵

3. Regional variations in the density of nonprofit employment

While the geographical distribution of nonprofit employment closely mirrors the distribution of total employment, however, the relationship is far from complete. Thus, for example, while the Middle Atlantic region accounts for only 14 percent of the country's total employment, it boasts nearly 22 percent of its nonprofit employment. By contrast, the West South Central region, embracing Arkansas, Louisiana, Oklahoma, and Texas, accounts for nearly 11 percent of total employment but just under 7 percent of nonprofit employment.

To see these disparities more clearly, Table 4 and Figure 2 record the density of nonprofit employment by region, i.e., the share that nonprofit paid and volunteer workers comprise of the overall workforce in each region. As this table shows, the nonprofit workforce averages 10.5 percent of the total workforce of the nation, but it ranges from 10.7 to over 14 percent in the Northeast and Midwest (the New England, Middle Atlantic, West North Central, and East North Central regions). By contrast, in the South Atlantic, East South Central, West South Central, Mountain, and Pacific regions—i.e., the South, the Southwest, and the West—the nonprofit workforce accounts for a considerably smaller 8.1 to 9.5 percent of the total workforce.

Table 3
Distribution of nonprofit workforce by state, 2004
(Ranked by size of nonprofit workforce)

Rank	State	Nonprofit workers	% of US Total
1	New York	1,329,913	10.3%
2	California	1,330,667	8.9%
3	Pennsylvania	855,769	6.4%
4	Texas	753,503	4.9%
5	Illinois	622,964	4.5%
6	Florida	635,856	4.3%
7	Ohio	576,647	4.3%
8	Massachusetts*	473,989	3.7%
9	Michigan	469,917	3.4%
10	New Jersey	401,492	2.9%
11	North Carolina	406,683	2.7%
12	Minnesota	352,081	2.5%
13	Wisconsin	326,090	2.4%
14	Virginia	327,149	2.3%
15	Maryland	309,535	2.3%
16	Indiana	319,913	2.2%
17	Washington	338,058	2.2%
18	Missouri	308,652	2.2%
19	Georgia	313,206	2.1%
20	Tennessee	239,465	1.7%
21	Connecticut	226,507	1.7%
22	Oregon	220,042	1.5%
23	Arizona	212,531	1.4%
24	Colorado	204,529	1.4%
25	Iowa	188,037	1.3%
26	Kentucky	178,026	1.3%
27	Louisiana	147,125	1.0%
28	District of Columbia	118,425	1.0%
29	Oklahoma	143,594	0.9%
30	Kansas	132,866	0.9%
31	Alabama	132,562	0.9%
32	Arkansas	120,830	0.8%
33	Nebraska	108,294	0.8%
34	Utah	125,446	0.8%
35	South Carolina	111,580	0.7%
36	Maine	94,394	0.7%
37	New Hampshire	88,519	0.7%
38	West Virginia	85,741	0.6%
39	Rhode Island	77,912	0.6%
40	New Mexico	87,480	0.6%
41	Mississippi	85,223	0.6%
42	Hawaii	72,260	0.5%
43	Montana	60,525	0.4%
44	South Dakota	51,092	0.4%
45	North Dakota	49,318	0.4%
46	Vermont	51,405	0.4%
47	Idaho	60,117	0.4%
48	Delaware	43,612	0.3%
49	Nevada	43,365	0.3%
50	Wyoming*	36,727	0.3%
51	Alaska	37,808	0.3%

* Nonprofit employment estimated due to data disclosure limits.

⁵ For a fuller elaboration of state data, see Appendix B.

Table 4
Nonprofit workforce as a share of total workforce,
by region, 2004

Region	% of region's workforce		
	Nonprofit paid workers*	Volunteer workers**	Total nonprofit workforce**
New England	11.7	3.0	14.4
Middle Atlantic	11.5	3.0	14.1
West North Central	8.4	3.8	11.9
East North Central	7.8	3.2	10.7
U.S. AVERAGE	7.2	3.5	10.5
South Atlantic	6.0	3.4	9.2
Pacific	5.7	4.0	9.5
East South Central	5.4	3.2	8.4
Mountain	5.2	4.2	9.1
West South Central	4.5	3.8	8.1

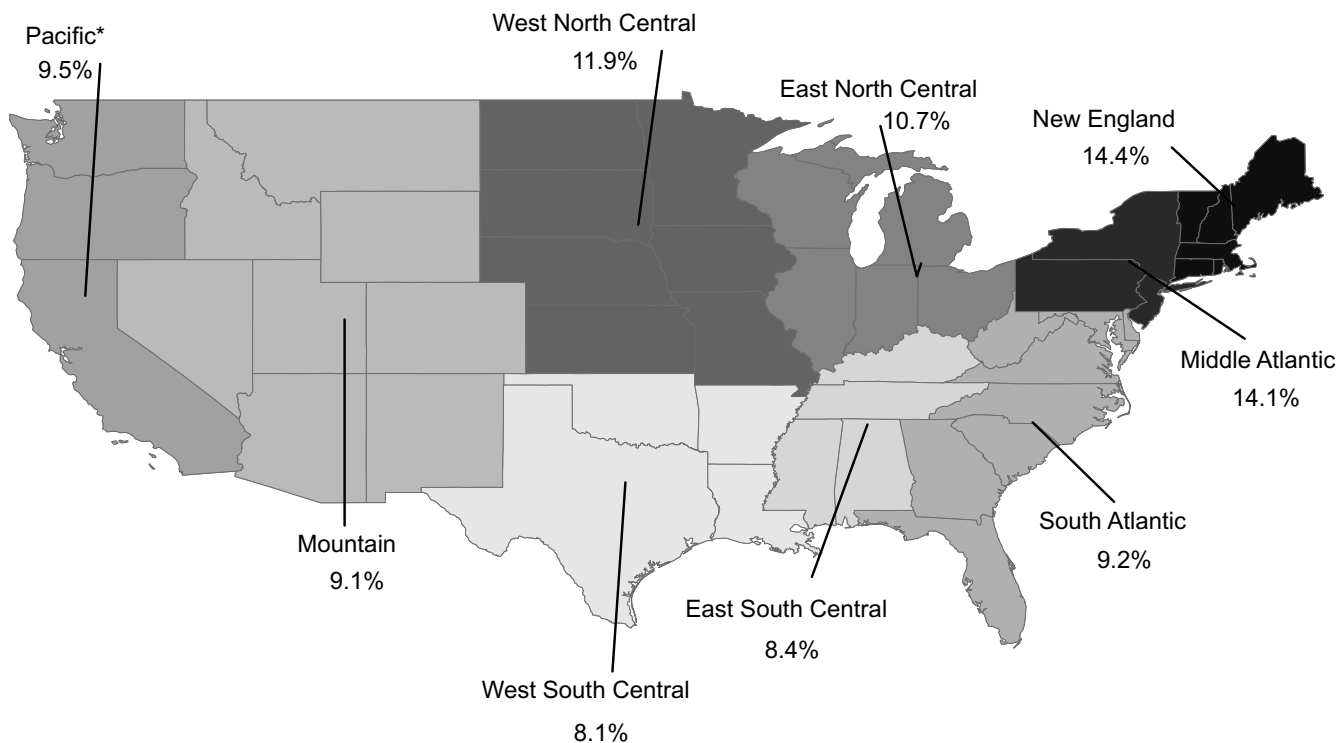
*Computed as a share of the total paid workers.

** Computed as a share of the total paid and volunteer workforce

This pattern is somewhat counter-intuitive given the political proclivities of these respective regions. One might expect that the Northeast and the Midwest, more liberal in their politics, might incline more toward government involvement in the human service activities in which nonprofits typically engage, while the South and Southwest, more hostile toward government in their politics, might put more faith in private, voluntary action. In fact, however, the opposite seems to be the case, with more reliance on nonprofits in the liberal Northeast and upper Midwest and less in the traditionally conservative South, Southwest, and West. This suggests that the widespread assumption that government and the nonprofit sector are substitutes for one another does not find much support in the evidence. To the contrary, it supports the view that the two work in tandem with each other.⁶

⁶ For further exploration of this point, see Lester M. Salamon, *Partners in Public Service: Government-Nonprofit Relations in the Modern Welfare State* (Baltimore, MD: Johns Hopkins University Press, 1995), pp. 33-52.

Figure 2
Nonprofit workforce as a share of total workforce, by region, 2004



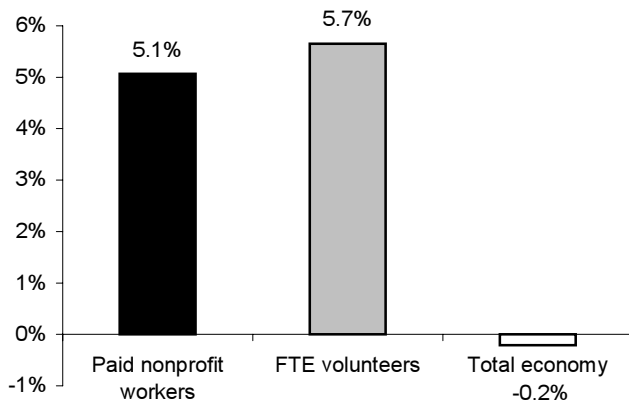
*Alaska and Hawaii (not shown) are also part of the Pacific region.

These geographical variations are even more apparent at the state level. Thus, among states, the nonprofit share of the total workforce ranges from a high of nearly 18 percent in the District of Columbia and 16.5 percent in Vermont to a low of under 4 percent in Nevada (see Table 5 and Appendix B).

4. A dynamic sector

Not only is the nonprofit sector a sizable employer, but also it has been a growing employer, adding both paid jobs and volunteer workers at a much higher rate than the rest of the economy. This has certainly been true of the past two years, for which comparable national data are now available, though it is consistent with earlier findings covering a more extended period for a limited set of states.⁷ Thus, between 2002 and 2004, the nonprofit workforce, including paid and volunteer workers, grew by 5.3 percent. Both the paid and volunteer portions of the nonprofit workforce grew by over 5 percent during this period. By contrast, overall employment in the economy declined by 0.2 percent during this same period (see Figure 3).

Figure 3
Employment growth, nonprofit sector and total economy, 2002-2004



*Source: See Table 1

⁷ See: Lester M. Salamon and S. Wojciech Sokolowski, "Nonprofit Organizations: New Insights from QCEW Data," *Monthly Labor Review* (September 2005), p. 24.

Table 5
Nonprofit workforce as a share of total workforce,* by state, 2004

Ranked by nonprofit share of total workforce

Rank	State	Nonprofit workers as % of all workers
1	District of Columbia	17.6%
2	Vermont	16.5%
3	Rhode Island	15.8%
4	New York	15.6%
5	Maine	15.3%
6	Pennsylvania	14.9%
7	North Dakota	14.8%
8	Massachusetts**	14.6%
9	Montana	14.1%
10	Wyoming**	14.0%
11	New Hampshire	13.8%
12	Connecticut	13.3%
13	South Dakota	13.2%
14	Oregon	13.0%
15	Minnesota	12.9%
16	Iowa	12.6%
17	Maryland	12.1%
18	Alaska	12.1%
19	West Virginia	12.0%
20	Hawaii	11.9%
21	Washington	11.8%
22	Nebraska	11.7%
23	Wisconsin	11.6%
24	Missouri	11.2%
25	Utah	10.9%
26	New Mexico	10.8%
27	Indiana	10.7%
28	Ohio	10.6%
29	Illinois	10.5%
30	U.S. AVERAGE	10.5%
31	Michigan	10.5%
32	Delaware	10.3%
33	North Carolina	10.2%
34	Arkansas	10.2%
35	New Jersey	10.0%
36	Kentucky	9.9%
37	Kansas	9.8%
38	Oklahoma	9.6%
39	Idaho	9.5%
40	Colorado	9.2%
41	Virginia	9.0%
42	Tennessee	8.8%
43	Arizona	8.8%
44	California	8.5%
45	Florida	8.2%
46	Georgia	7.9%
47	Texas	7.8%
48	Louisiana	7.6%
49	Mississippi	7.4%
50	Alabama	6.9%
51	South Carolina	6.0%
52	Nevada	3.7%

*Total workforce includes both paid and volunteer workers.

** Nonprofit employment estimated due to data disclosure limits.

5. Regional variations in nonprofit employment growth

This pattern of nonprofit workforce growth at rates in excess of the growth of total employment is evident in almost every part of the country, though the actual scale of change differs markedly from place to place as does the contribution that volunteers and paid workers make to the totals. Thus, as Table 6 shows, the nonprofit workforce grew by anywhere from nearly 10 percent in the Pacific region to under 1 percent in the West South Central region between 2002 and 2004. In every region, however, nonprofit workforce growth exceeded the growth of overall employment, though in one of these (the Mountain region) this was due largely to the substantial growth in volunteer employment. What is more, nonprofit employment grew even in regions where overall employment, affected by the economic recession then under way, actually declined. This suggests that nonprofit employment functions as a counter-cyclical mechanism, continuing to expand to meet needs even as overall employment slumps.

Table 6
Percent Change in nonprofit employment vs. total employment, 2002-2004, by region

Region	Percent Change			
	All Workers	Nonprofit Employees	Nonprofit Volunteers	Nonprofit Workforce
Pacific	0.9	10.3	8.5	9.5
West North Central	0.4	4.4	20.0	8.9
East South Central	0.9	4.4	14.7	8.1
Mountain	3.2	3.1	13.1	7.4
South Atlantic	1.9	6.0	4.5	5.4
New England	-1.1	4.3	7.1	4.9
East North Central	-0.8	5.0	3.8	4.6
Middle Atlantic	-0.2	3.9	-4.6	2.0
West South Central	0.2	1.7	-0.7	0.6
US Total	-0.2	5.1	5.7	5.3

This same pattern is also clearly apparent at the state level, though the variations here are greater. Thus, nonprofit employment grew at a faster rate, or declined at a slower rate, than overall employment in all but four states (Montana, Alabama, Missouri, and New Mexico), as shown in Table 7.

Table 7
Percent change in employment, nonprofit organizations vs. total economy, 2002-2004, by state

State	% Change	
	All employees	Nonprofit employees
Nevada	9.1%	30.5%
Ohio	-0.8%	14.7%
California	0.4%	13.3%
Rhode Island	1.3%	10.7%
South Carolina	1.1%	9.9%
Arizona	4.3%	9.8%
District of Columbia	1.6%	7.8%
North Carolina	0.3%	7.6%
Delaware	2.1%	7.1%
Tennessee	1.5%	7.1%
Maine	0.8%	6.9%
Utah	2.7%	6.9%
Louisiana	0.8%	6.7%
Georgia	0.3%	6.4%
Florida	4.1%	6.2%
North Dakota	3.0%	5.8%
Wisconsin	0.7%	5.2%
U.S. TOTAL	-0.2%	5.1%
South Dakota	1.9%	5.0%
Washington	2.1%	5.0%
Maryland	1.2%	5.0%
Oregon	1.5%	4.8%
Hawaii	4.6%	4.8%
Minnesota	1.0%	4.8%
Kentucky	0.4%	4.6%
Alaska	3.0%	4.2%
Pennsylvania	-0.3%	4.2%
Vermont	0.7%	4.1%
New York	-0.2%	3.9%
Idaho	3.4%	3.9%
Virginia	2.4%	3.9%
New Hampshire	1.5%	3.7%
Montana	4.3%	3.6%
New Jersey	0.2%	3.2%
Indiana	0.8%	3.1%
Iowa	0.4%	2.7%
Arkansas	0.5%	2.4%
Connecticut	-1.4%	2.3%
Mississippi	-0.1%	2.2%
Michigan	-2.1%	1.7%
West Virginia	0.2%	1.4%
Texas	0.3%	0.8%
Kansas	-0.9%	0.7%
Oklahoma	-1.7%	0.1%
Alabama	1.0%	-0.2%
Illinois	-1.3%	-0.3%
Missouri	0.0%	-0.6%
New Mexico	3.2%	-5.0%

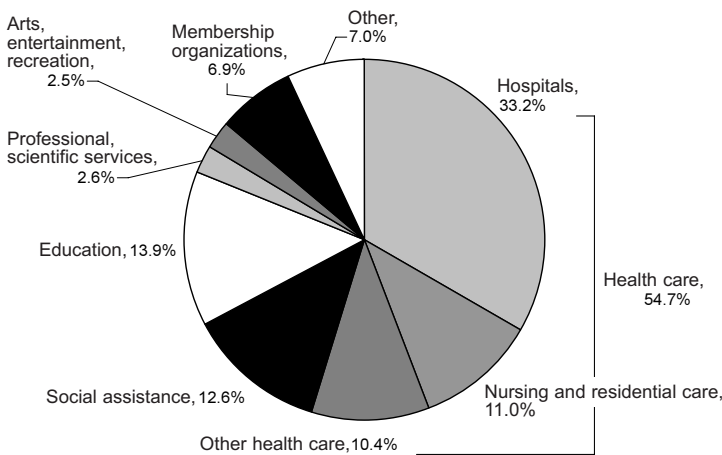
** Comparable data unavailable on four states: Colorado, Massachusetts, Nebraska, and Wyoming.

DISTRIBUTION AMONG FIELDS

6. A diverse sector

Charitable nonprofit employment is scattered across a wide variety of fields, from information and scientific services to religion and civic affairs. The bulk of this employment, however, is in human services, and within that broad category, in health services. In particular, as shown in Figure 4, hospitals alone account for one-third of all nonprofit employment, and other health providers, such as clinics and nursing homes, account for another 21 percent. Two other human service fields that account for substantial shares of total nonprofit employment are education (14 percent of the total) and social assistance (13 percent).⁸

Figure 4. Nonprofit paid employment by field, 2004

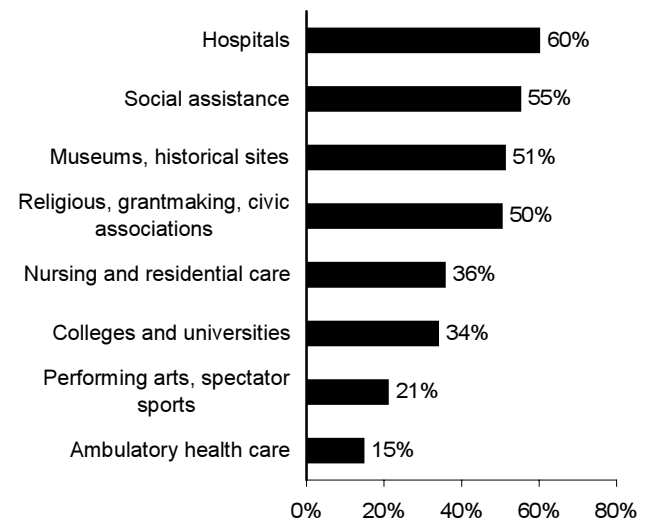


Source: See Table 1.

7. Nonprofit prominence in particular fields

While nonprofit paid workers comprise 7 percent of national employment overall, in many fields their role is far more prominent than this overall average might imply. Thus, nonprofit organizations account for more than half of all employment in hospitals, social care, and museums; and a third of all employment in nursing and residential care and colleges and universities (see Figure 5 and Appendix C). Without the nonprofit sector, therefore, crucial health, education, and social care functions would be lacking.

**Figure 5
Nonprofit * share of total employment, selected fields**



* Only 501 (c) (3) organizations are included.
Source: See Table 1.

⁸ For a more detailed breakdown of the distribution of nonprofit employment by NAICS code categories, see Appendix C.

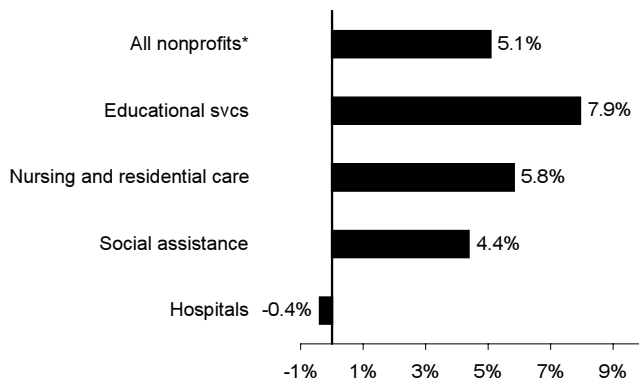
8. Growth of nonprofit employment by field

Nonprofit organizations confront an increasingly competitive environment in many of the fields in which they operate. Despite this, they have expanded their employment in a number of them. Thus, as shown in Figure 6, compared to an overall 5.1 percent growth rate, nonprofit organizations offering educational services boosted their paid employment by nearly 8 percent between 2002 and 2004, while those in nursing and residential care and social assistance increased theirs by 5.8 percent and 4.4 percent, respectively. By contrast, nonprofit hospitals experienced a decline in employment during this period.

9. Nonprofit wages

As noted earlier, nonprofit organizations pumped \$322 billion in wages into the American economy in 2004. At the same time, the average weekly wage in the nonprofit sector, at \$627, was well below the \$669 average in the for-profit sector. Average weekly wages for nonprofit workers varied, however, from a high of \$752 in hospitals to a low of \$390 in social assistance organizations (see Figure 7).

Figure 6. Rate of change in charitable nonprofit employment, 2002-2004, by field



* Covers 501 (c) (3) organizations only.
Source: See Table 1.

10. Nonprofit/for-profit wage comparisons

While nonprofit wages on average are lower than for-profit wages, this difference seems largely due to the fact that nonprofits are concentrated in generally low-wage fields. When we compare nonprofit and for-profit jobs *in these fields*, however, nonprofits actually turn out to have higher average wages than their for-profit counterparts.⁹

Thus, as shown in Figure 7, average wages among nonprofit hospital workers are 7 percent higher than they are among for-profit hospital workers. For nursing care workers, the nonprofit average wage is 3 percent higher, for museums it is 15 percent higher, for social assistance workers it is 25 percent higher, and for higher education workers it is 27 percent higher. The overall lower average wage for nonprofit workers is thus an industry phenomenon, not a sector phenomenon.

⁹ One factor possibly accounting for this difference may be a different ratio of part time to full time workers in for-profit vs. nonprofit firms. Greater use of part time staff will lower the average weekly wage. Unfortunately, data limitations do not permit accounting for this factor.

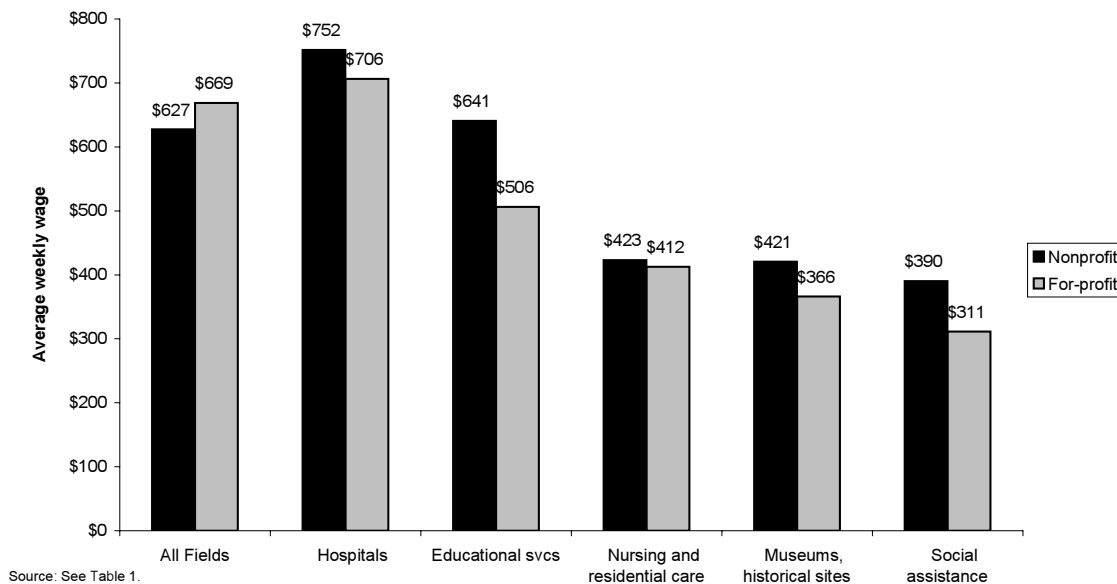
CONCLUSIONS

The nonprofit sector is thus a major employer of both paid and unpaid workers in the United States. Thanks to the access that has recently been gained to the data on nonprofit employment available through the Quarterly Census of Employment and Wages, and the inclusion of questions on volunteering at least once a year in the U.S. Census Bureau's Current Population Survey, it has become possible to track the scale and distribution of this employment much more regularly and precisely than ever before.

This report offers a first glimpse at the results of such tracking. What it shows is that nonprofit organizations employ a sizable and growing share of the nation's workforce; that this workforce is a substantial presence in almost every state, outdistancing the employment in a number of major industries; and that nonprofits play a particularly prominent role in certain fields, such as hospital care, social assistance, and higher education. While nonprofit wages lag behind those of the for-profit sector overall, in the fields where nonprofits and for-profits are both actively engaged, average nonprofit wages are actually higher.

What these and related findings make clear is that America's nonprofit organizations not only contribute to the social and political life of the nation, but to its economic life as well.

Figure 7. Nonprofit and for-profit weekly wages in selected fields, 2004



APPENDIX A: NOTE ON SOURCES OF DATA

This report draws on two relatively newly available sources of data on nonprofit employment: (1) extracts from the *Quarterly Census of Employment and Wages* managed by state unemployment insurance offices in cooperation with the U.S. Bureau of Labor Statistics; and (2) an annual survey of volunteering conducted as part of the U.S. Census Bureau’s Current Population Survey.

This appendix describes these two data sources in more detail.

The Quarterly Census of Employment and Wages (QCEW)

The QCEW, as its name implies, is a quarterly survey of all non-religious establishments in the United States—whether for-profit, nonprofit, or governmental—with at least four paid employees, though 21 states survey all nonprofit establishments with at least one employee.¹⁰ Because it is carried out by state labor market information offices in cooperation with the U.S. Bureau of Labor Statistics as part of the nation’s unemployment insurance system, this data source is carefully managed and therefore highly reliable. Adding to its reliability and utility are the facts that QCEW data are collected at the individual establishment, rather than the organization level, cover for-profit and nonprofit employment in the same data set, and contain activity codes that are consistent with other data systems, all of which lend them added reliability and value. The one major exclusion from coverage in the QCEW data is religious congregations, which are not required to respond to the quarterly surveys, though some apparently do.

¹⁰ Religious congregations are not required to participate in the QCEW, though some apparently do. Based on estimates of states that use the one employee cut-off, we estimate that the undercount resulting from the four employee cut-off is between 3 and 6 percent of the actual employment. Coupled with the exclusion of religious congregations, this means that the QCEW data source captures at least 90 percent of nonprofit 501(c)(3) employment.

These features give the QCEW a number of advantages over other data sources that have heretofore been available to examine nonprofit employment. These sources have included the following:

- The Census Bureau’s Economic Census.** *The Economic Census* shares with the QCEW the advantage of being conducted rigorously on the basis of a full census of establishments. However, the Census is taken only once every five years and it normally takes the Census Bureau three years to process and release the data. In addition, the Census coverage of nonprofit organizations is incomplete in certain respects and over-complete in others. Thus, the Census has excluded coverage of higher education in certain years and embraced certain public institutions, such as public hospitals, within its “tax exempt” sector. In addition, its “tax exempt” sector includes all 26 types of organizations eligible for tax exemption under the U.S. Internal Revenue Code rather than just the 501(c)(3) organizations of interest to us here. Table A-1 below summarizes the results of these disparities by comparing the 2002 Economic Census’ view of employment in the tax-exempt sector to the picture of the 501(c)(3) nonprofit sector nonprofit organizations that emerges from the QCEW data reported on here.

**Table A-1
Comparison of QCEW 2004 and 2003 Economic Census pictures of employment in the nonprofit/tax exempt sector(thousands)**

NAICS code	NAICS title	QCEW 501(c)(3) employment	Economic census tax-exempt organization employment	Difference, economic census-QCEW
	All fields	9,385	9,975	590
54	Professional, scientific	250	161	-89
61	Education	1,373	112	-1,261
62	Health and social assistance	6,518	8,027	1,509
621	Ambulatory health care	729	692	-37
622	Hospitals	3,242	4,624	1,382
623	Nursing/residential care	1,072	1,181	109
624	Social assistance	1,225	1,495	270
71	Arts, recreation	243	485	243
81	Other services	695	893	198
813	Religious, civic	671	893	223

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- **Population Census.** The Census Bureau's decennial censuses for 1990 and 2000 have included questions seeking information on the type of organization by which individuals are employed. Unfortunately, however, many people do not know the tax status of their employers, leading to considerable uncertainty over the accuracy of the resulting data.
 - **Form 990 Data.** The Form 990 that organizations exempt from taxation under Section 501 and related sections of the U.S. tax code are required to file also seeks information on the number of employees of filing organizations. However, many organizations fail to supply this information, the information is reported on an organization rather than an establishment basis, and there is no systematic processing and checking of the reports as is done for both Census and QCEW data.

On grounds of accuracy, timeliness, unit of analysis, and consistent coverage, therefore, the QCEW data has enormous advantages over the other alternatives.

Despite these advantages, however, the QCEW has historically not been available to examine nonprofit employment. This is so because QCEW data do not differentiate between for-profit and nonprofit employers. However, working with the Bureau of Labor Statistics and selected state employment security offices, researchers at the Johns Hopkins Center for Civil Society Studies have found ways to identify the nonprofit organizations in the QCEW data records and to extract data on nonprofit employment from them. This report offers an overview of the results of this effort, focusing on data for quarter 2 of 2002 and 2004, the latest data currently available.

Census Bureau Volunteering Survey

The second source of data drawn on here was generated through a supplement to the Current Population Survey conducted by the U.S. Census Bureau. This survey, which is conducted monthly on a sample of 60,000 households, provides extensive demographic data on the American civilian non-institutionalized population age 15 and over. Beginning in 2002, the Census Bureau, on behalf of the U.S. Bureau of Labor Statistics, has included a short battery of questions on the September Current Population Survey tapping volunteer behavior. Because the sample is so robust, Census is able to break down the results by state and region as well as field. Unfortunately, however, the activity classification used in the volunteering survey does not correspond to that used in the economic census or the QCEW, making it difficult to allocate volunteer effort among the same categories as are used to portray paid employment. In addition, although the Census volunteering data include measures of the amount of volunteer time, the published Census data report only the total number of volunteers and the average time volunteered. To convert such data into the corresponding number of workers, we have divided the total amount of volunteer hours that this survey documents by the number of hours in a typical work-year. This provides a measure of the number of "full-time equivalent" volunteer workers.

Estimates of volunteer time and numbers of volunteers identified by the Census Bureau are considerably lower than prior estimates derived by Independent Sector based on surveys conducted by Harris Associates. However, the Independent Sector surveys covered only 2,500 respondents, compared to 60,000 for the Current Population Survey.

There is some slight disparity between the 2002 and 2004 surveys resulting from a downward adjustment by the Census Bureau in the population control totals used to blow up the sample to the total population. This may understate slightly the growth in volunteering between 2002 and 2004, though the effect on the results reported here is judged to be negligible. For more information on the Volunteering Supplement to the September Current Population Survey, see:

<http://www.bls.gov/news.release/pdf/volun.pdf>.

APPENDIX C: PAID EMPLOYMENT IN THE CHARITABLE NONPROFIT SECTOR¹ IN THE U.S., BY FIELD, 2004

NAICS code	Activity field	Employment (thousands)²	Share of total employment in field
10	National total	9,385	7.2%
51	Information	71	2.2%
52-53	Finance, insurance, real estate	76	1.0%
54	Professional, scientific svcs	250	3.7%
61	Educational svcs	1,373	11.8%
6111	Elementary and secondary schools	119	1.6%
6112	Junior colleges	4	0.7%
6113	Colleges and universities	787	33.8%
62	Health care and social assistance	6,518	41.5%
621	Ambulatory health care	729	14.6%
622	Hospitals	3,242	59.9%
623	Nursing and residential care	1,072	35.6%
624	Social assistance	1,225	55.1%
71	Arts, entertainment, recreation	243	10.8%
711	Performing arts, spectator sports	84	20.9%
712	Museums, historical sites	99	51.1%
713	Amusement and recreation svc	47	2.8%
81	Other svcs	695	15.9%
813	Religious, grantmaking, civic associations	671	50.3%

¹ Private organizations exempt under IRS Section 501(c) (3).

² Due to data disclosure limitations individual fields do not add to the total; MA and WY estimated.

The Johns Hopkins Nonprofit Employment Data Project

The Nonprofit Employment Data (NED) Project is utilizing a previously untapped source of up-to-date data to shed new light on nonprofit employment and wages in the U.S. and to chart the relationship among nonprofit, for-profit, and government employment both nationally and locally. To do so, the project is drawing on data compiled as part of the U.S. Unemployment Insurance program. A collaboration between the Center for Civil Society Studies and state employment security agencies, the U.S. Bureau of Labor Statistics, and state nonprofit associations, the NED Project is yielding a vital new resource for understanding the nonprofit sector.

The Johns Hopkins Center for Civil Society Studies

The Johns Hopkins Center for Civil Society Studies seeks to improve understanding and the effective functioning of not-for-profit, philanthropic, or “civil society” organizations in the United States and throughout the world in order to enhance the contribution these organizations can make to democracy and the quality of human life. The Center is part of the Johns Hopkins Institute for Policy Studies and carries out its work through a combination of research, training, and information-sharing both domestically and internationally.



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