



Health of the U.S. Nonprofit Sector

A QUARTERLY REVIEW
JUNE 30, 2023

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A healthy nonprofit sector is essential to an American society in which all people can thrive. Nonprofit organizations provide a significant portion of the nation's health care, higher education, environmental stewardship, human services, religious services, arts and culture, and other vital services essential to flourishing communities. Nonprofits also are among the most trusted institutions in America, relied upon to shape better policies and deliver better results in local communities.

Despite the nonprofit sector's scale, economic impact, and power to drive systemic change, regular assessments of the sector's health proved sporadic, at best, over the past two decades. This lack of timely data left sector leaders, policymakers, and other stakeholders in the dark regarding how the nonprofit sector is faring. Independent Sector's *Health of the U.S. Nonprofit Sector: A Quarterly Review* aims to highlight timely information that is available on a quarterly basis about the health of the U.S. nonprofit sector. Policymakers, nonprofit leaders, and sector stakeholders can use this information to better inform decisions that impact economies, employment, and the role nonprofits play in their local communities. Independent Sector's annual *Health of the U.S. Nonprofit Sector* reports include additional information on nonprofits' health across finances, human capital, governance, public trust, and public policy.

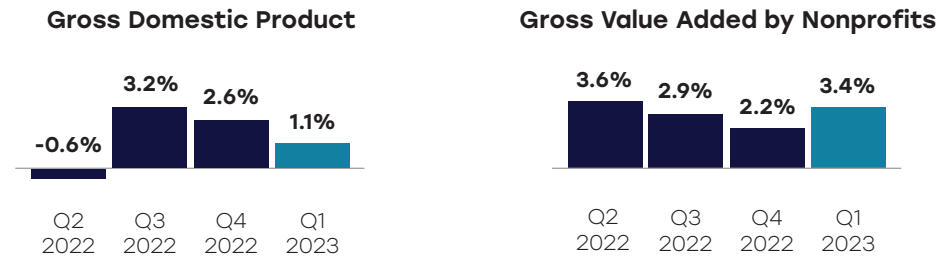


Nonprofit Economy

Nonprofits make up a vital part of our society and our economy — fueled largely by income from fees and service charges, government payments for services, and philanthropy. It is imperative that nonprofit leaders and policymakers track the economic condition of the nonprofit sector — on its own and in comparison to other sectors of the economy — to have a complete understanding of how nonprofits are faring and what steps need to be taken to strengthen this important sector.

FIGURE 1

Inflation-adjusted change from previous quarter



Growth in nonprofits' economic contribution to the gross domestic product led other sectors in the first quarter of 2023.

FIGURE 2: GROSS ADDED VALUE OF NONPROFITS AS PERCENT OF GDP, Q1 2023

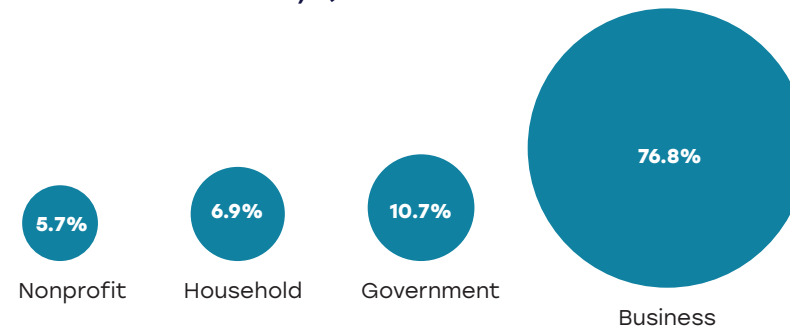


FIGURE 3: GROSS OUTPUTS OF NONPROFITS

	All nonprofits	Health nonprofits	Education nonprofits	Social service nonprofits	Religious organizations	Foundations & grantmakers
2023 Q1	▲ 0.1%	▲ 3.5%	▲ 3.7%	▲ 5.7%	▼ -0.4%	▲ 2.2%
2022 Q4	▲ 2.6%	▲ 0.4%	▼ -0.7%	▼ -2.4%	▲ 1.4%	▲ 13.3%
2022 Q3	▲ 7.0%	▲ 3.9%	▲ 8.1%	▲ 4.3%	▲ 5.0%	▲ 42.9%
2022 Q2	▼ -0.1%	▼ -1.8%	▲ 4.4%	▲ 5.8%	▲ 1.6%	▼ -34.3%

Inflation-adjusted change from previous quarter

FIGURE 4: RECEIPTS FROM SALES OF GOODS AND SERVICES

	All nonprofits	Health nonprofits	Education nonprofits	Social service nonprofits	Religious organizations	Foundations & grantmakers
2023 Q1	▲ 4.7%	▲ 4.9%	▲ 1.6%	▼ -0.8%	▼ -0.3%	▲ 16.7%
2022 Q4	▲ 9.5%	▲ 11.3%	▼ -1.8%	▼ -13.2%	▲ 1.4%	▲ 68.1%
2022 Q3	▲ 10.0%	▲ 11.8%	▲ 7.3%	▲ 6.4%	▲ 5.0%	▲ 7.4%
2022 Q2	▼ -3.5%	▼ -5.0%	▲ 4.6%	▼ -0.5%	▲ 1.7%	▲ 3.6%

Inflation-adjusted change from previous quarter

FIGURE 5: CHARITABLE GIVING TRENDS, Q4 2022**Donors**

▼ -10.0% YOY Change

**Dollars**

▼ -1.7% YOY Change

**Retention**

▼ -3.5% YOY Change

YOY = Year-Over-Year
YTD = Year-to-Date

- Dollars from large donors significantly weakened, leading to a decrease in overall money raised
- 2022 marks the second consecutive year with significantly decreased donor participation
- Almost all of the decrease in donors, roughly 90%, is attributable to losses of donors below \$500

**Micro**

(Under \$100)

▼ -14.9%
YOY Change53.8%
Retained YTD**Small**

(\$101 - \$500)

▼ -8.4%
YOY Change29.3%
Retained YTD**Midsize**

(\$500 - \$5K)

▼ -5.2%
YOY Change14.3%
Retained YTD**Major**

(\$5K - \$50K)

▼ -3.1%
YOY Change2.3%
Retained YTD**Supersize**

(\$50K+)

▼ -2.1%
YOY Change0.3%
Retained YTD



Human Capital

Nonprofits employ a significant proportion of the U.S. private workforce. However, many variables, including charitable giving trends, student debt, and childcare, affect the sector's ability to recruit and retain talent that reflects the demographics of the communities that it serves. Timely data on the composition of the nonprofit workforce provide nonprofit leaders with early indicators of the potential impacts of macro trends on the workforce and identify the need and opportunities for action. The need for timely employment data is even more acute, now, as policymakers and sector leaders seek to leverage the nonprofit sector — the third-largest private workforce — to accelerate pandemic recovery and complement work by the government and for-profit sectors.

FIGURE 6: NONPROFIT EMPLOYMENT COMPARED TO OTHER SECTORS, Q1 2023

Percent of overall workforce	Percent change since Q4 2022
Nonprofits 6.6%	▲ 1.2%
Business 79.7%	▲ 0.2%
Local Government 6.5%	▲ 2.5%
State Government 4.8%	▲ 3.6%
Federal Government 2.5%	▲ 1.1%

FIGURE 7: CHARACTERISTICS OF NONPROFIT EMPLOYMENT COMPARED TO OVERALL WORKFORCE, Q1 2023

Race/ethnicity* in the nonprofit workforce	Percent change since Q4 2022	Percent of overall workforce
White 76.0%	▼ -1.1%	76.5%
Black 13.4%	▲ 8.4%	12.9%
Hispanic 10.9%	▲ 11.9%	18.7%
Asian/Pacific Islander 7.1%	▲ 9.6%	7.3%
Native American 1.1%	▲ 4.5%	1.0%
Multiple Races 2.4%	▲ 12.7%	2.2%

Gender in the nonprofit workforce	Percent change since Q4 2022	Percent of overall workforce
Female 67.3%	▲ 3.2%	47.1%
Male 32.7%	▼ -2.7%	52.9%

Family income from nonprofit employment	Percent change since Q4 2022	Percent of overall workforce
Less than \$40,000 12.2%	▼ -48.5%	16.4%
\$40,000–\$74,999 21.9%	▲ 7.4%	23.7%
\$75,000–\$149,999 36.7%	▲ 1.7%	34.2%
\$150,000 and Over 29.2%	▲ 7.6%	25.6%

* Hispanic ethnicity data collected in a question separate from race. As a result, categories may add up to over 100%

Sources and Notes

NONPROFIT ECONOMY

Most of the data in the economy section are drawn from quarterly reports by the U.S. Bureau of Economic Analysis (BEA) on the state of the U.S. economy.

Figure 1

Table 1.3.6, “Real Gross Value Added by Sector, Chained Dollars”

Figure 2

Table 1.3.5, “Gross Value Added by Sector”

Figures 3 and 4

Table 2.4.6, “Real Personal Consumption Expenditures by Type of Product, Chained Dollars”

For data on the nonprofit sector, BEA generally reports on “Nonprofit Institutions Serving Households” (NPISH), which it describes as including tax-exempt health, recreation, arts, education, social services, religious, grantmaking, social advocacy, civic and social, legal services, and professional labor and political and similar organizations

NPISH does not include organizations, like chambers of commerce and other business associations, that mainly serve businesses. NPISH also does not include tax-exempt entities, like cooperatives, credit unions, and mutual financial institutions that sell goods and services in the same way as for-profit businesses. BEA includes these business-serving and business-like organizations in the business sector even if they are tax-exempt entities. According to BEA: “Because NPISHs produce services that are not generally sold at market prices, the value of these services is measured as the costs incurred in producing them.” See the following:

- U.S. Bureau of Economic Analysis, NIPA Handbook: Concepts and Methods of the National Income and Product Accounts
- Charles Ian Mead, Clinton P. McCully, and Marshall B. Reinsdorf, “Income and Outlays of Households and of Nonprofit Institutions Serving Households,” Survey of Current Business (April 2003), pp. 13-14

Fourth quarter charitable giving data is derived from [Fundraising Effectiveness Project](#) by Giving Tuesday.

NONPROFIT WORKERS

Information in this section is from the monthly Current Population Survey and nonprofit job estimates from George Mason University.

Nonprofit Employment Compared to Overall Workforce (CPS Survey)

The Current Population Survey (CPS) is hosted by the U.S. Census Bureau and the U.S. Bureau of Labor Statistics (BLS). Figures were calculated from publicly available IPUMS-CPS data.

The CPS collects information monthly from a probability selected sample of about 60,000 U.S. households. Households are in the survey for four consecutive months, out for eight months, and then return for another four months before leaving the sample permanently. One person generally responds for all eligible members of the household.

Nonprofit Employment Compared to Private Workforce (Johns Hopkins Estimates)

In recent years, an alternative source of information on nonprofit employment has been available through a collaboration between the U.S. Bureau of Labor Statistics and the Center for Civil Society Studies at Johns Hopkins University and its analysis of data from the Quarterly Census of Employment and Wages (QCEW). This collaboration [estimated](#) that, prior to COVID, the U.S. nonprofit sector employed 12.5 million paid workers, which accounted for 10.2% of the total private workforce. The global pandemic resulted in the estimated loss of 1.6 million nonprofit jobs.

In contrast to the CPS, which surveys a sample of 60,000 households, the QCEW draws on quarterly reports submitted by almost 10 million U.S. establishments. With the differences in the ways that the CPS and QCEW collect data, it is perhaps not surprising that they report somewhat different estimates of nonprofit employment. It appears that the CPS figures for nonprofit employment are lower, perhaps by a couple of percentage points, than the QCEW figures. For example, in 2020 CPS had nonprofit employment as 7% of workers compared to BLS/QCEW data that relatively consistently puts nonprofit employment at 10%. Note that the 7% figure shows nonprofit employment as a percentage of nonprofit, business, and government workers, and not just as a percentage of private — that is, nonprofit and business — workers.

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