



Health of the U.S. Nonprofit Sector

A QUARTERLY REVIEW
JANUARY 2024

independentsector.org



Contents

- 1 Nonprofit Economy**
- 3 Human Capital**
- 4 Sources and Notes**

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 are also among the most trusted institutions in America, relied upon to shape better policies and deliver better results in local communities.

Despite the sector’s scale, its economic impact, and its power to drive systemic change, assessments of the sector’s health proved sporadic at best over the past two decades. This lack of timely data leaves 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.



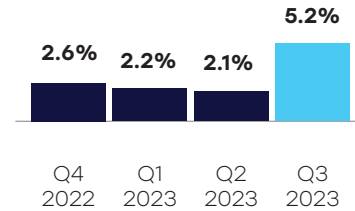
Nonprofit Economy

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.

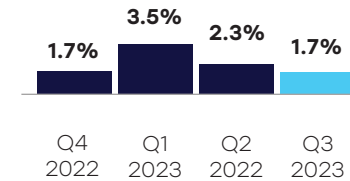
FIGURE 1

Inflation-adjusted change from previous quarter

Gross Domestic Product, Q3 2023



Gross Value Added by Nonprofits, Q3 2023



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

FIGURE 2: GROSS ADDED VALUE OF NONPROFITS AS PERCENT OF GDP, Q3 2023

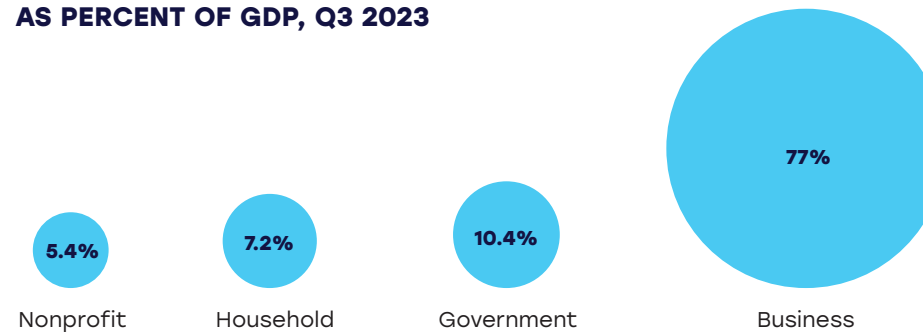


FIGURE 3: GROSS OUTPUTS OF NONPROFITS, Q3 2023

Inflation-adjusted change from previous quarter

| | All Nonprofits | Health Nonprofits | Education Nonprofits | Social Service Nonprofits | Religious Organizations | Foundations & Grantmakers |
|---------|----------------|-------------------|----------------------|---------------------------|-------------------------|---------------------------|
| Q3 2023 | ▲ 2.1% | ▲ 2.2% | ▲ 1.8% | ▲ 5.0% | ▲ 3.3% | ▲ 3.3% |
| Q2 2023 | ▲ 0.6% | ▲ 1.8% | ▲ 1.3% | ▲ 1.1% | ▲ 1.0% | ▲ 12.8% |
| Q1 2023 | ▼ -0.4% | ▲ 2.2% | ▲ 5.0% | ▲ 7.6% | ▲ 1.7% | ▲ 15.4% |
| Q4 2022 | ▲ 3.2% | ▲ 0.6% | ▼ -0.9% | ▼ -4.2% | ▲ 1.1% | ▲ 12.5% |

FIGURE 4: RECEIPTS FROM SALES OF GOODS AND SERVICES, Q3 2023*Inflation-adjusted change from previous quarter*

| | All Nonprofits | Health Nonprofits | Education Nonprofits | Social Service Nonprofits | Religious Organizations | Foundations & Grantmakers |
|---------|----------------|-------------------|----------------------|---------------------------|-------------------------|---------------------------|
| Q3 2023 | ▲ 3.3% | ▲ 3.6% | ▼ -0.3% | ▲ 5.9% | ▲ 3.3% | ▲ 9.7% |
| Q2 2023 | ▲ 1.4% | ▲ 0.9% | ▲ 1.4% | ▲ 3.6% | ▲ 1.0% | ▲ 30.9% |
| Q1 2023 | ▲ 4.3% | ▲ 4.4% | ▲ 3.3% | ▲ 9.2% | ▲ 1.7% | ▼ -1.0% |
| Q4 2022 | ▲ 8.9% | ▲ 11.0% | ▼ -2.0% | ▼ -15.0% | ▲ 1.2% | ▲ 40.2% |

FIGURE 5: CHARITABLE GIVING TRENDS, Q1 2023**Donors**

▼ -3.8% YOY Change

**Dollars**

▼ -0.7% YOY Change

**Retention**

▲ 1.3% YOY Change

YOY = Year-Over-Year

- Dollars from both large donors and small donors decreased
- 2023 marks the third consecutive year with decreased donor participation
- The overall retention rate appeared to increase, but this was a statistical artifact due to fewer new and small donors; retention dropped across the board by donor type

**Micro**

(Under \$100)

▼ -14.0%
YOY Change**60.7%**
% of Total Donors**Small**

(\$101-\$500)

▼ -5.7%
YOY Change**27.5%**
% of Total Donors**Midsize**

(\$500-\$5K)

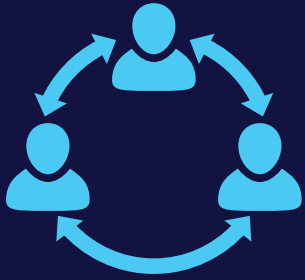
▼ -4.8%
YOY Change**10.0%**
% of Total Donors**Major**

(\$5K-\$50K)

▼ -5.2%
YOY Change**1.6%**
% of Total Donors**Supersize**

(\$50K+)

▼ -6.8%
YOY Change**0.2%**
% of Total Donors



Human Capital

Nonprofits employ a significant proportion of the U.S. private workforce. However, many variables — including charitable giving trends, student debt, and child care — affect the sector’s ability to recruit and retain talent that reflects the demographics of the communities it serves. Timely data on the composition of the nonprofit workforce provides nonprofit leaders with early indicators of the potential impacts of macro trends on the workforce and identifies 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 rebuild more resilient communities post-pandemic and complement work by the government and for-profit sectors.

FIGURE 6: NONPROFIT EMPLOYMENT COMPARED TO OTHER SECTORS, Q3 2023

| Percent of Overall Workforce | Percent Change since Q2 2023 |
|------------------------------|------------------------------|
| Nonprofits 6.7% | ▲ 3.2% |
| Business 80.4% | ▲ 0.8% |
| Local Government 6.0% | ▼ -4.1% |
| State Government 4.3% | ▼ -4.0% |
| Federal Government 2.6% | ▲ 2.1% |

FIGURE 7: CHARACTERISTICS OF NONPROFIT EMPLOYMENT COMPARED TO OVERALL WORKFORCE, Q3 2023

| Race/Ethnicity* in the Nonprofit Workforce | Percent Change since Q2 2023 | Percent of Overall Workforce |
|--|------------------------------|------------------------------|
| White 75.6% | ▲ 3.4% | 76.5% |
| Black 14.0% | ▲ 1.0% | 12.8% |
| Hispanic 11.6% | ▲ 7.4% | 19.0% |
| Asian/Pacific Islander 6.9% | ▲ 7.0% | 7.4% |
| Native American 1.1% | ▼ -4.8% | 1.0% |
| Multiple Races 2.4% | ▲ 1.3% | 2.3% |

| Gender in the Nonprofit Workforce | Percent Change since Q2 2023 | Percent of Overall Workforce |
|-----------------------------------|------------------------------|------------------------------|
| Female 65.7% | ▲ 2.4% | 46.8% |
| Male 34.3% | ▲ 4.7% | 53.2% |

| Family Income from Nonprofit Employment | Percent Change since Q2 2023 | Percent of Overall Workforce |
|---|------------------------------|------------------------------|
| Less than \$40,000 11.9% | ▼ -6.7% | 15.3% |
| \$40,000–\$74,999 21.0% | ▲ 1.8% | 23.4% |
| \$75,000–\$149,999 37.8% | ▲ 8.1% | 34.4% |
| \$150,000 and Over 29.2% | ▲ 2.6% | 27.0% |

* Hispanic ethnicity data was 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 is 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:

- *NIPA Handbook: Concepts and Methods of the National Income and Product Accounts*. U.S. Bureau of Economic Analysis.
- Mead, C. I., McCully, C. P., & Reinsdorf, M. B. (2003). “Income and outlays of households and of nonprofit institutions serving households.” *Survey of Current Business* (pp. 13–14). U.S. Bureau of Economic Analysis.

Figure 5

Charitable giving data is derived from the [Fundraising Effectiveness Project](#) by Giving Tuesday.

HUMAN CAPITAL

Figures 6 and 7

Information in this section is from the monthly Current Population Survey (CPS).

Nonprofit Employment Compared to Overall Workforce (CPS Survey)

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

The CPS collects information on a monthly basis 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 University and George Mason University Estimates)

An alternative source of information on nonprofit employment is available through a collaboration of the U.S. Bureau of Labor Statistics and George Mason University's Nonprofit Employment Data Project and its analysis of data from the Quarterly Census of Employment and Wages (QCEW). This project was previously hosted by the Center for Civil Society Studies at Johns Hopkins University. This collaboration [estimated](#) that, prior to COVID-19, the U.S. nonprofit sector employed 12.5 million paid workers, which accounted for 10.2% of the total private workforce. The pandemic resulted in the estimated loss of 1.6 million nonprofit jobs, though [the sector has since regained those 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. CPS figures for nonprofit employment are lower than the QCEW figures. In 2023 CPS estimated nonprofits employ 6.7% of workers, compared to the most recent available [BLS/QCEW data](#) that puts nonprofit employment at 10% of workers. Note that the CPS figure shows nonprofit employment as a percentage of nonprofit, business, and government workers, while the QCEW estimate is the percentage of private — that is, nonprofit and business — workers.

Copyright © 2024 by Independent Sector. All rights reserved.

1602 L Street NW, Suite 900
Washington, DC 20036
202-467-6100

independentsector.org



**INDEPENDENT
SECTOR**