



Health of the U.S. Nonprofit Sector

ANNUAL REVIEW

DECEMBER 2024



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A charitable sector that is healthy, trusted, and equitable is essential to a nation where all people thrive in a vibrant civil society and a just democracy.

Nonprofit and philanthropic organizations play a critical role in helping communities meet human service, healthcare, and educational needs. They enrich our lives through their support of faith-based, arts, and cultural institutions, and they are instrumental in efforts to protect the environment.

Nonprofits are among the most trusted institutions in America. Today, the public sees nonprofits as better equipped than any other part of society to bridge the social divisions that dominate our landscape.

For nonprofits to sustain these vital roles, Independent Sector believes that four conditions must hold true when we assess the health of the charitable sector:

- Charitable organizations must be **financially robust**.
- Charitable organizations must be powered by a **thriving workforce** that reflects the communities we serve.
- Charitable organizations must be **trusted, well-governed, and effective**.
- Charitable organizations must be **informed and active advocates**, as allowed by law.

Comprehensive data are crucial for charitable sector leaders, policymakers, and other stakeholders to understand how the nonprofit sector is faring against these and other benchmarks of health. This annual report aims to address that need by providing a timely, holistic picture of the health of the United States nonprofit sector.

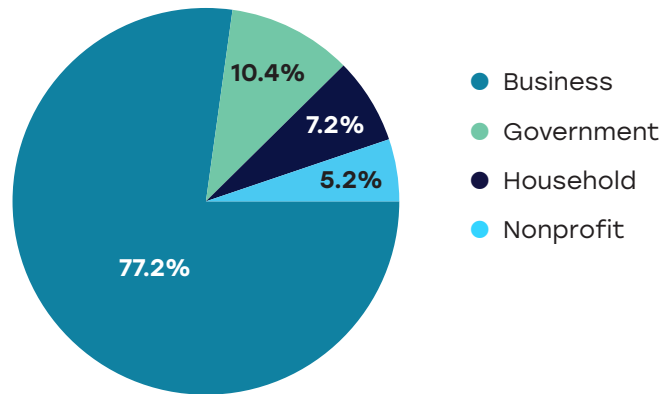
We hope that charitable sector leaders, policymakers, and other stakeholders will use this information to inform decisions that affect economies, employment, and the critical roles nonprofits play in their local communities. This will be particularly important in 2025 as the sector works to bridge social divisions, adapts to a new presidential administration and Congress, and participates in policy debates on tax reform as provisions of the 2017 Tax Cuts and Jobs Act expire.



Economy & Finance

Nonprofits make up a vital part of our society and our economy, fueled by giving from individuals, foundations, and corporations; revenue from programs and fees; and government contracts and grants. It is imperative that nonprofit leaders and policymakers track the economic and financial 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 the sector.

FIGURE 1: GROSS VALUE ADDED OF NONPROFITS AS PERCENT OF GROSS DOMESTIC PRODUCT, 2023



Nonprofits contributed more than **\$1.4 trillion** to the U.S. economy in 2023.

FIGURE 2: INFLATION-ADJUSTED CHANGE IN GROSS VALUE ADDED TO ECONOMY BY SECTOR, 2022–2023

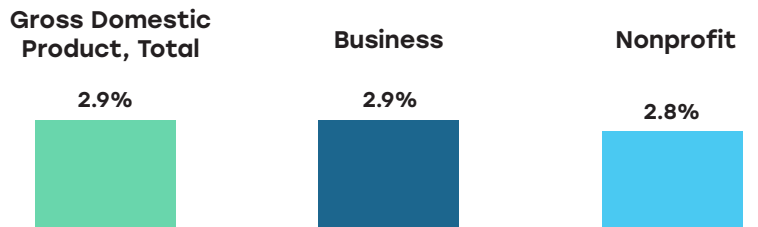


FIGURE 3: INFLATION-ADJUSTED CHANGE IN GROSS OUTPUTS BY NONPROFIT INDUSTRY, 2022–2023

All Nonprofits	Health Services	Education Services
▲ 2.0%	▲ 1.8%	▲ 3.6%
Social Services	Religious Organizations	Foundations & Grantmakers
▲ 2.8%	▼ -2.5%	▲ 13.8%

FIGURE 4: NONPROFIT SOURCES OF REVENUE, 2022



TAKE ACTION >>>

The U.S. tax code encourages charitable giving by allowing Americans to deduct qualifying donations from their taxable income. However, the vast majority of Americans cannot use this deduction because they do not itemize their taxes. Giving every American access to the charitable deduction would motivate more individual donations to nonprofits, which make up nearly one-third of the sector’s revenue.

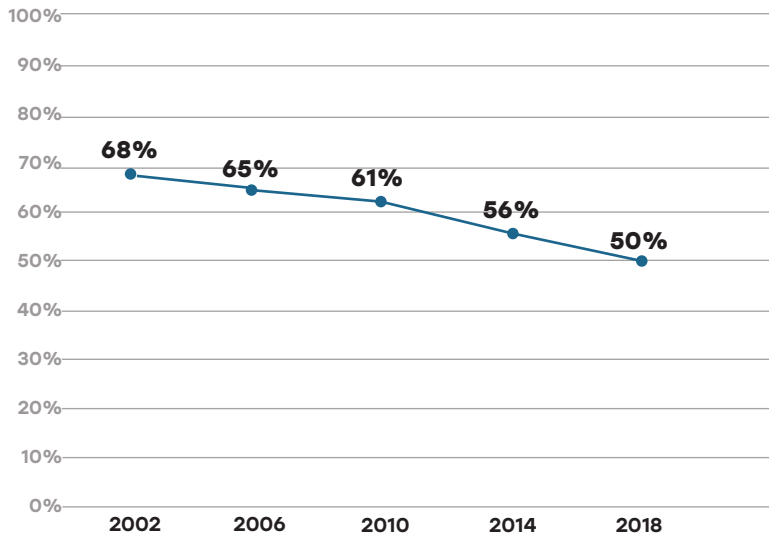

Learn more: <https://independentsector.org/policy-nonprofit-policy-issues-charitable-deduction/>

FIGURE 5: CHARITABLE GIVING TRENDS, 2023



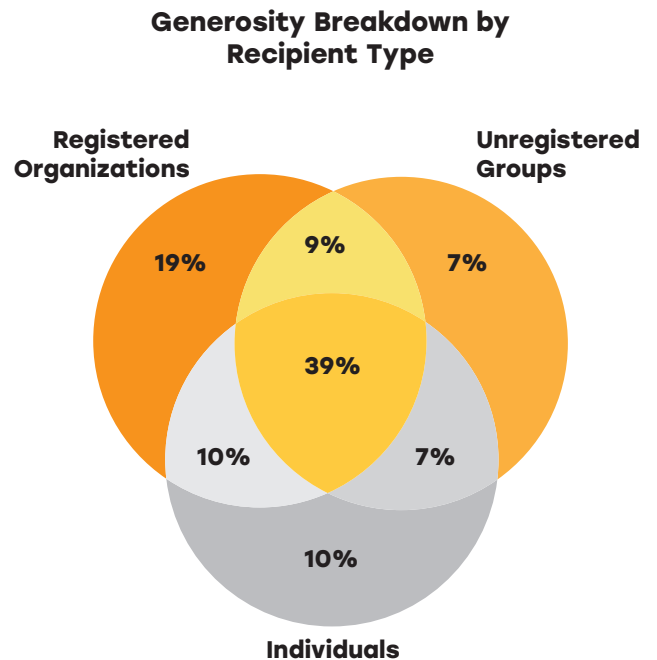
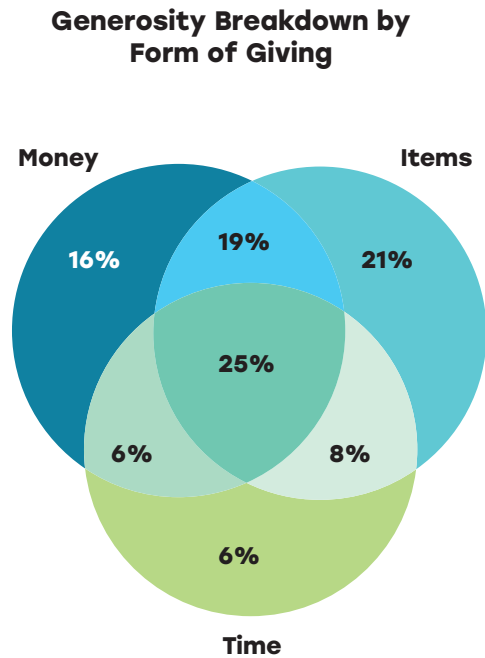
- The Fundraising Effectiveness Project noted that small organizations performed the best in terms of dollars raised in 2023, remaining flat or slightly positive, with the largest organizations seeing the greatest decrease in fundraising.
- The number of overall donors has continued to trend downward since 2020.
- However, new donors increased by 2.3% in 2023, the first increase in new donors since Q1 of 2021.

FIGURE 6: SHARE OF U.S. HOUSEHOLDS DONATING TO NONPROFIT ORGANIZATIONS, 2002–2018

The COVID-19 pandemic inspired a surge in charitable giving, but giving has decreased since 2021 in line with a pre-pandemic downward trend in giving.

FIGURE 7: GIVING BEHAVIORS BY FORM OF GIVING AND RECIPIENT TYPE, Q4 2023



People who report giving money, items, or time (volunteering) to charitable causes frequently give in more than one way and often report giving to a mix of registered nonprofits and informal causes (unregistered groups and individuals).

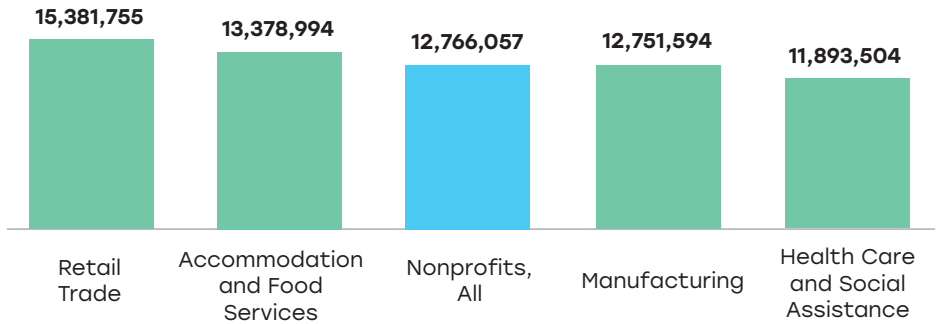


Workforce

The charitable sector is the third-largest employer of the private sector workforce, employing approximately 10% of private sector employees. However, as both anecdotal and data-driven reporting make clear, the sector is struggling to recruit and retain talent that reflect the demographics of the communities it serves. Data on nonprofit workforce composition provide nonprofit leaders with indicators of the potential impacts of ongoing and novel trends on staff, and identify the need and opportunities for action. However, nonprofit access to timely wage and employment data is a persistent issue. This greatly complicates efforts of sector leaders and policymakers to respond in real time to economic conditions, natural disasters, and other factors affecting the communities they serve.

This year, Independent Sector partnered with United For ALICE to produce the first comprehensive analysis of economic hardship within the nonprofit workforce. This analysis examined the ability of nonprofit workers to meet their basic household needs with breakdowns by race, gender, and other characteristics. Some of these findings are reproduced here. Our partnership is ongoing, and more research is forthcoming in 2025.

FIGURE 8: NONPROFIT EMPLOYMENT COMPARED TO FOR-PROFIT INDUSTRIES, 2022



Nonprofits paid over \$870 billion in wages in 2022, **up 2.6% from 2021**.

TAKE ACTION >>>

Although more Americans work for nonprofits than work in manufacturing, the U.S. Bureau of Labor Statistics (BLS) only provides data on nonprofit establishments and their employees about once every five years. Data on business establishments are released four times per year in the Quarterly Census of Employment and Wages, but the next time the BLS will produce these data for nonprofit establishments will be in 2029.

Find out more about how Independent Sector is advocating for better and more frequent data on the nonprofit workforce: <https://independentsector.org/policy/nonprofit-policy-issues/nonprofit-economic-data/>

FIGURE 9: U.S. EMPLOYMENT BY SECTOR, 2022

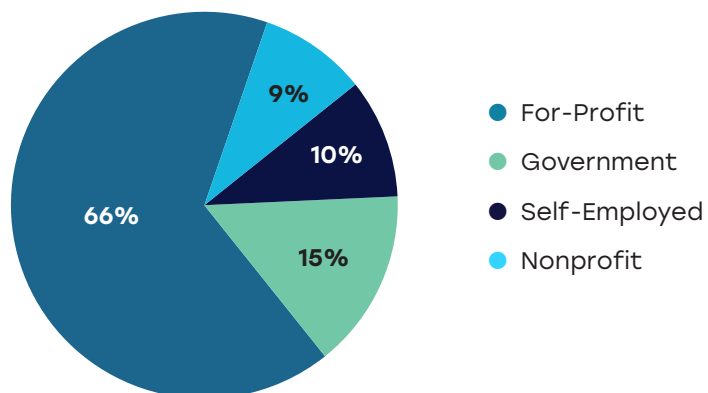


FIGURE 10: CHARACTERISTICS OF NONPROFIT WORKFORCE COMPARED TO OVERALL WORKFORCE, 2024

Race & Ethnicity in the Nonprofit Workforce	Nonprofits	All Workers
Asian or Pacific Islander, Non-Hispanic	7%	7%
Black, Non-Hispanic	13%	12%
Multiple Races, Non-Hispanic	2%	2%
Native American, Non-Hispanic	1%	0.4%
White, Non-Hispanic	66%	59%
Hispanic	11%	19%

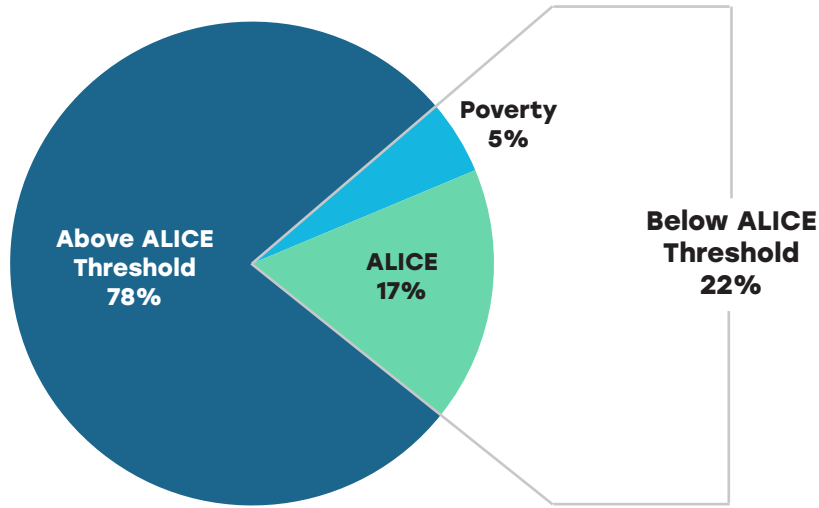
Gender in the Nonprofit Workforce	Nonprofits	All Workers
Women	67%	47%
Men	33%	53%

Educational Attainment in the Nonprofit Workforce	Nonprofits	All Workers
Less than high school diploma	3%	8%
High school diploma or equivalent	13%	26%
Some college but no degree	11%	15%
Associate degree	11%	11%
Bachelor's degree	31%	26%
Graduate or professional degree	30%	15%



More than 70% of workers in the nonprofit sector have a college degree, a higher level of educational attainment than in the workforce as a whole.

FIGURE 11: NONPROFIT WORKERS EXPERIENCING ECONOMIC HARDSHIP, 2022



ALICE® – or **A**sset **L**imited, **I**ncome **C**onstrained, **E**mloyed – describes households that earn more than the official U.S. poverty level but less than what it costs to survive in the counties where they live. Combined, ALICE households and households in poverty fall below the ALICE Threshold, which is the income needed to afford household basics, including housing, child care, food, transportation, health care, and technology, plus taxes.

FIGURE 12: ALICE STATUS OF NONPROFIT WORKFORCE BY RACE/ETHNICITY

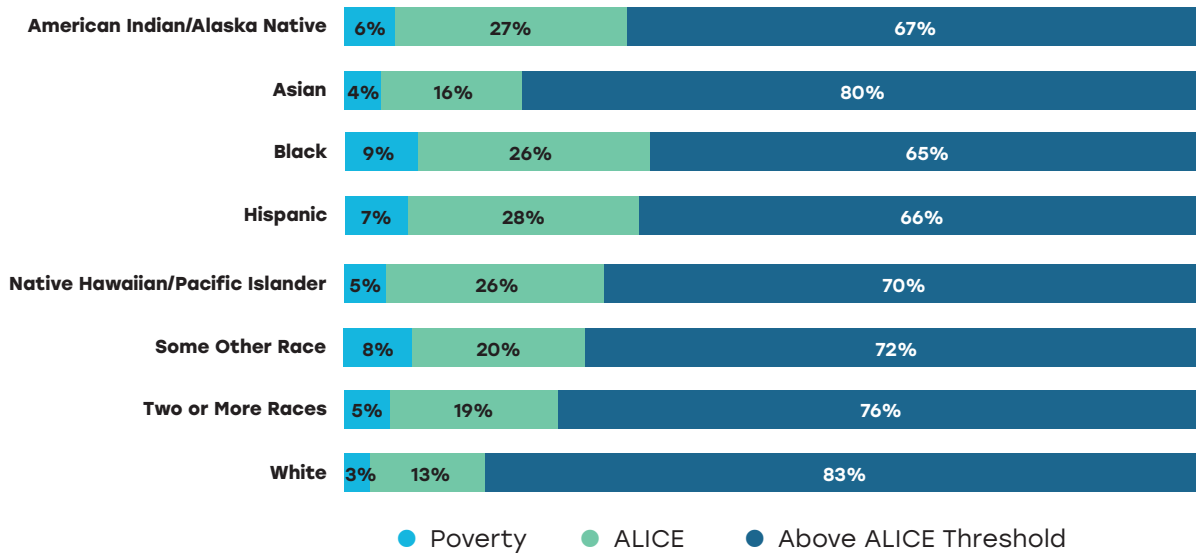


FIGURE 13: ALICE STATUS OF NONPROFIT WORKFORCE BY PARENTAL STATUS

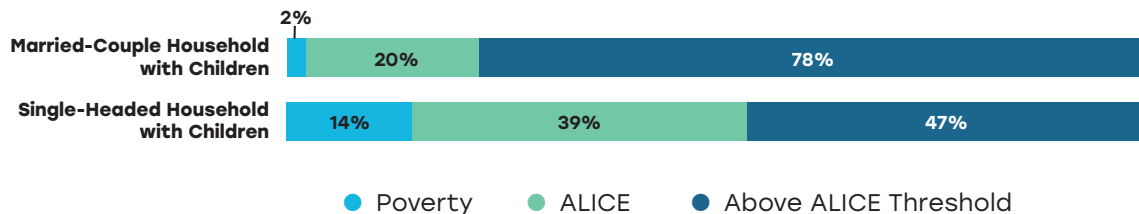
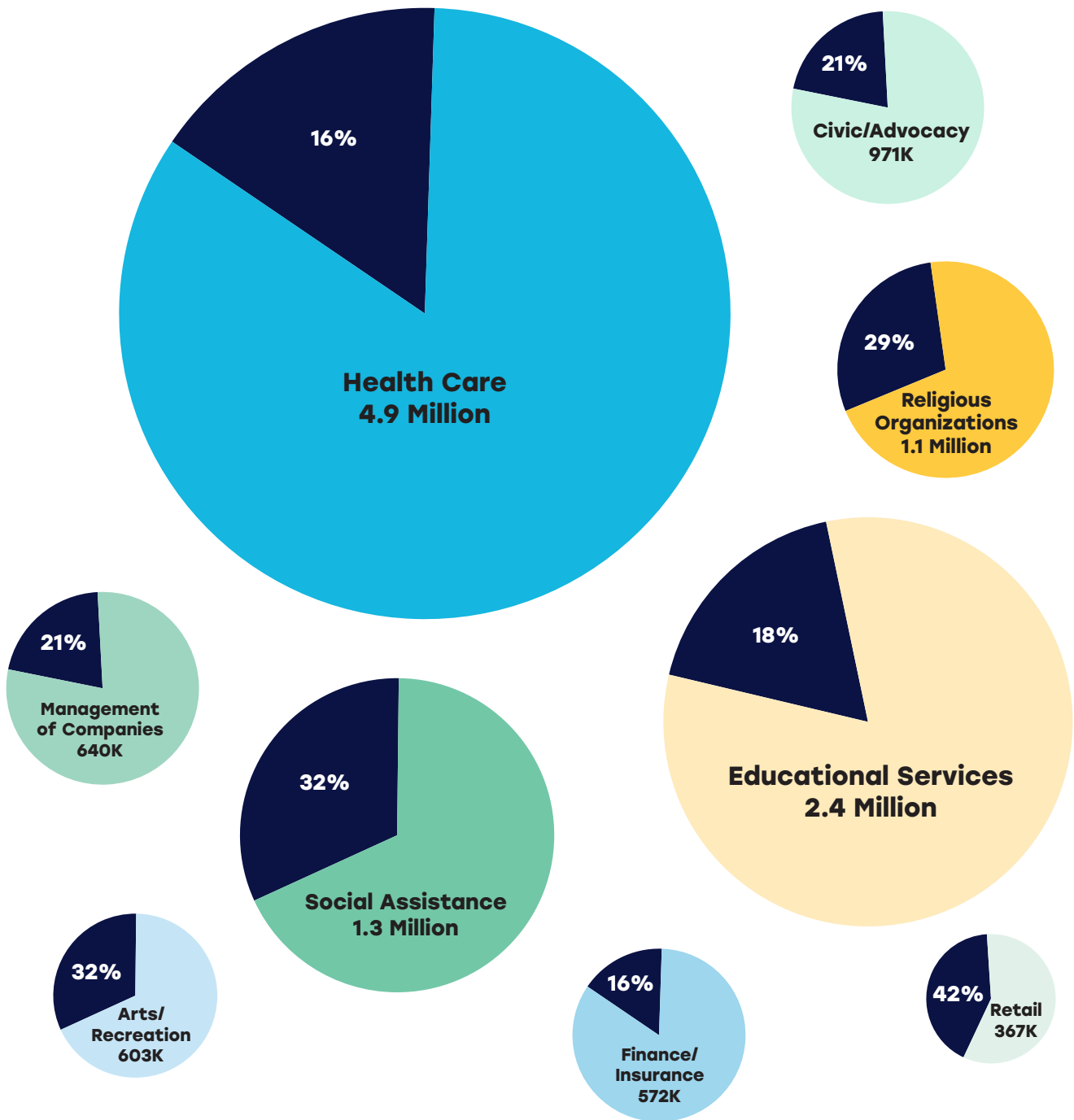


FIGURE 14: WORKERS BELOW THE ALICE THRESHOLD BY NONPROFIT INDUSTRY

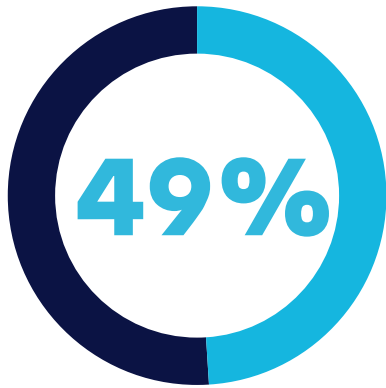


TAKE ACTION >>>

Nonprofit employers can support their workers with benefits that build long-term financial security. Independent Sector is urging legislators to provide the nonprofit sector with access to the same tax incentives that for-profit businesses receive to provide child care, retirement plans, paid family and medical leave, and more.

Learn more: <https://independentsector.org/policy/nonprofit-policy-issues/tax-credit-fairness/>

FIGURE 15: INDIVIDUALS WHO SELF-REPORT VOLUNTEERING IN PAST YEAR, 2024

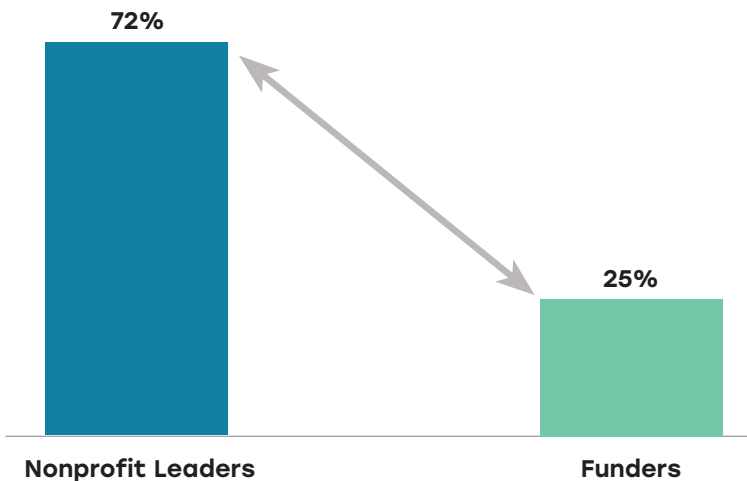


- Volunteered
- Did Not Volunteer

According to the Do Good Institute, in 2022:

- **48%** of nonprofits reported increasing staff workloads to meet rising demands for services. Researchers concluded, “Nonprofits will likely face staff burnout or service delivery issues if this continues.”
- **47%** of nonprofits said that recruiting sufficient volunteers is a “big problem” for their organization.
 - **38%** said it’s a big problem to find volunteers who are available during a traditional work day.
 - **35%** said it’s difficult to find volunteers with the necessary skills.
- **63%** of all nonprofits that involve volunteers had a paid staff member who manages them.

FIGURE 16: NONPROFITS AND FUNDERS THAT BELIEVE VOLUNTEERS GREATLY IMPROVE SERVICE QUALITY, 2022



In 2023, the estimated national value of each volunteer hour was \$33.49, a **5.3% increase** from 2022.

FIGURE 17: PUBLIC TRUST IN NONPROFITS AND PHILANTHROPY TO DO WHAT IS RIGHT, 2024

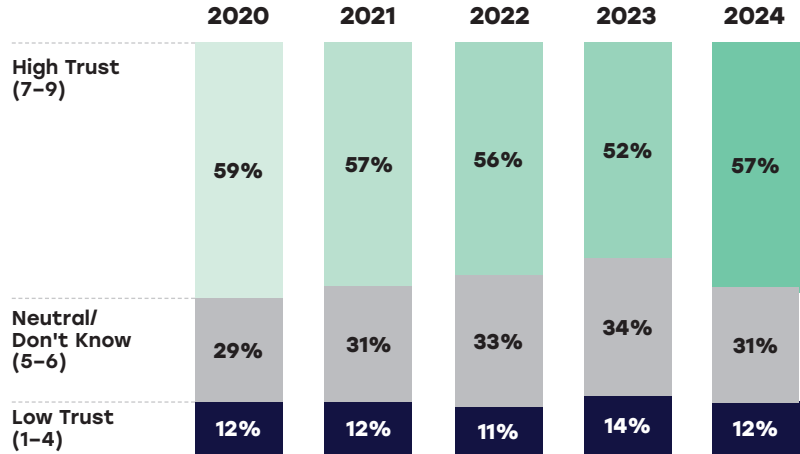


Trust & Governance

Public trust is the currency upon which nonprofits conduct their work. The extent to which the public believes nonprofits operate ethically and transparently impacts whether individuals will invest in or utilize services from nonprofits. It also impacts the extent to which nonprofits can legitimately represent and are accountable to the communities they serve. Nonprofit leaders' daily choices regarding their organization's operations, transparency, strategy, mission, and workforce all influence levels of trust in individual organizations as well as the sector.

Trust in nonprofits and philanthropy, which Independent Sector measures annually in partnership with Edelman Data and Intelligence, is higher than trust in other major U.S. sectors, and the charitable sector has a critical role to play in strengthening American civil society in an era of increasing division and disconnection.

NONPROFITS



PHILANTHROPY

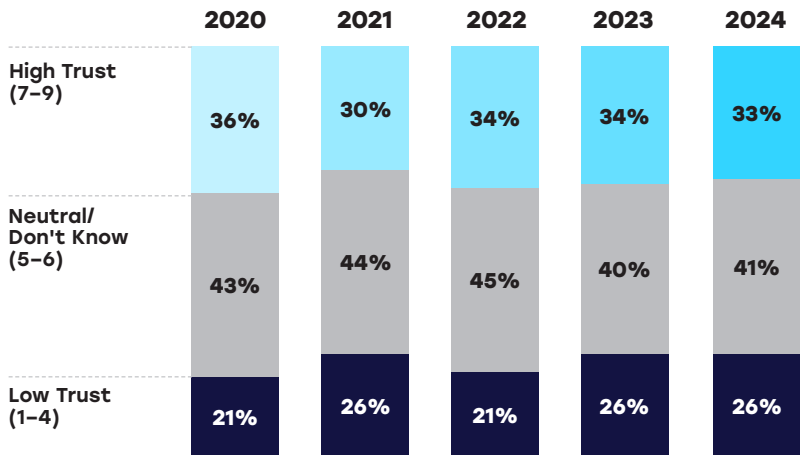
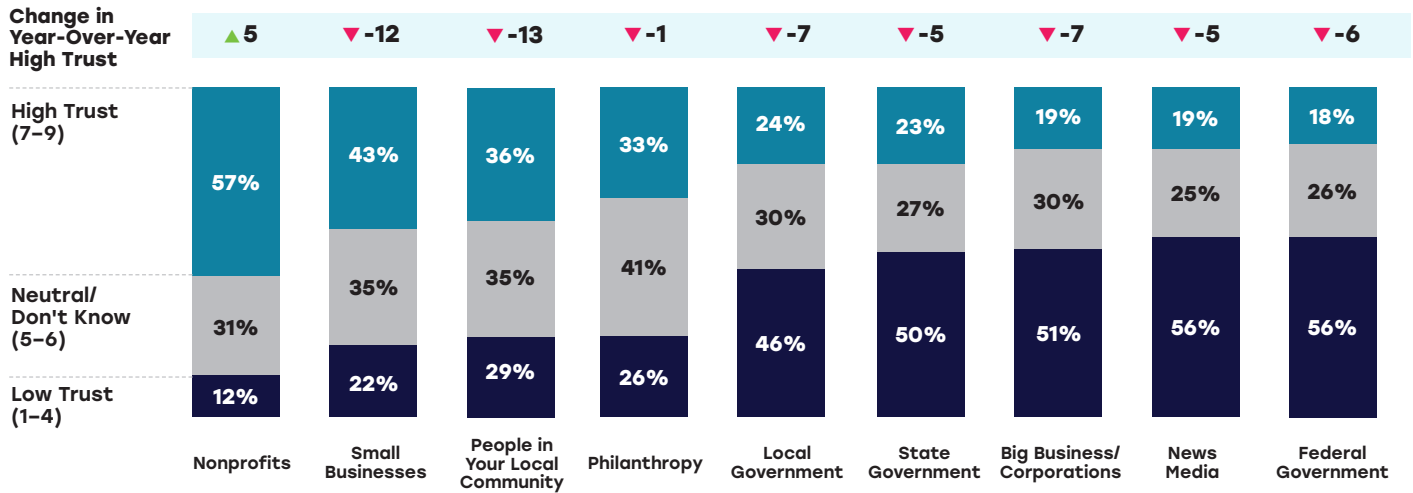



FIGURE 18: PUBLIC TRUST IN NONPROFITS AND PHILANTHROPY VS. OTHER SECTORS, 2024

Americans reported lower trust in most parts of society in 2024, including in “people in your local community.” Measures of social connection, such as self-reported number of friends and engagement with community groups, are lower than in the past, especially for people with less formal education.

FIGURE 19: PARTICIPATION IN COMMUNITY GROUPS BY EDUCATIONAL ATTAINMENT, 2024

Percentage of Americans who are currently members of...

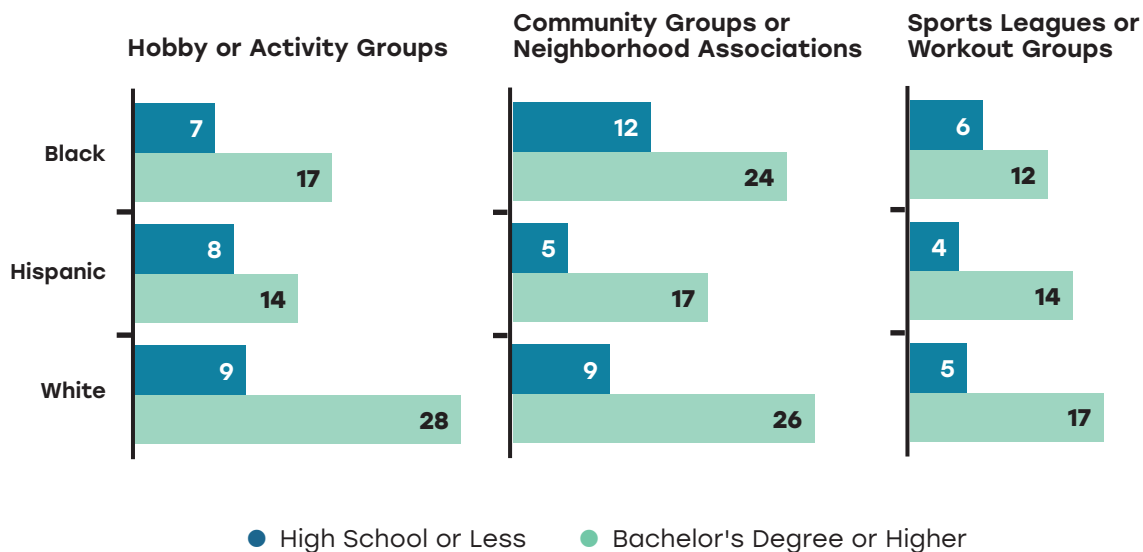


FIGURE 20: PERCENTAGE OF AMERICANS REPORTING THEY HAVE CLOSE FRIENDS OVER TIME BY EDUCATIONAL ATTAINMENT, 2024

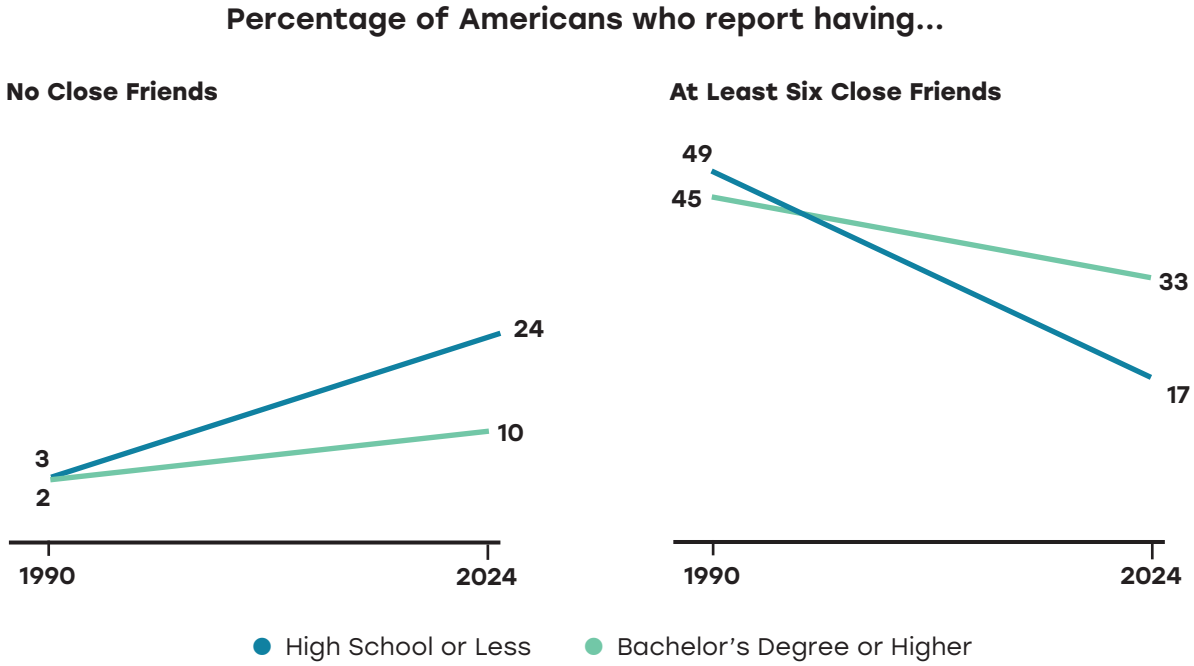
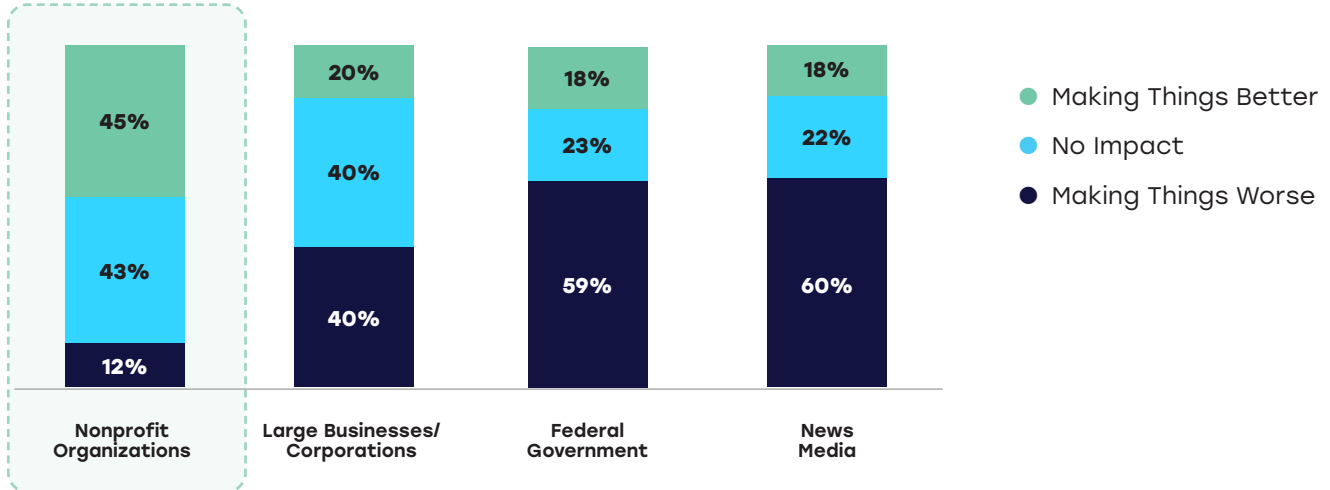


FIGURE 21: PUBLIC PERCEPTION OF SECTOR IMPACT ON NATIONAL DIVISIONS, 2024



62% of respondents said that a nonprofit passing a course or certification for ethics in operations would increase their trust in that organization.

61% said a nonprofit committing to a set of guidelines and ethical principles for its operations would increase their trust in that organization.

79% said previous volunteering experiences made their views of nonprofit organizations more favorable.

TAKE ACTION >>>

Although most Americans trust the nonprofit sector, that trust is undermined when bad actors exploit these organizations for their own gain. Independent Sector is deeply involved in advocating for a system that maintains appropriate oversight of the sector and supports its healthy operation. In 2024, we encouraged Congress to take appropriate actions to strengthen trust in the sector, such as eliminating tax form 1023-EZ, which has facilitated fraudulent applications for nonprofit status.

Learn more: <https://independentsector.org/resource/2025-tax-policy-agenda/>

FIGURE 22: RACIAL COMPOSITION OF NONPROFIT LEADERS, 2022

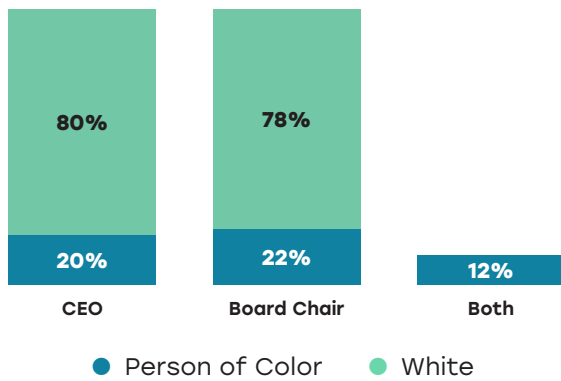


FIGURE 23: GENDER COMPOSITION OF NONPROFIT LEADERS, 2022

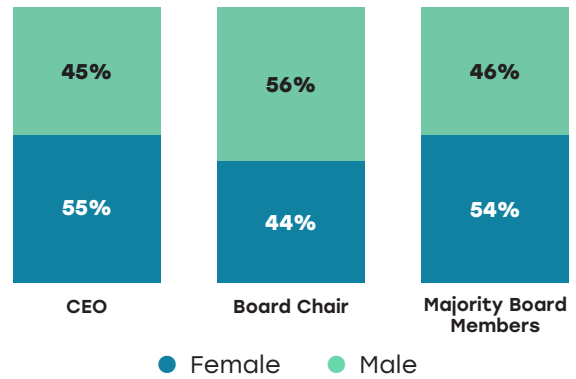
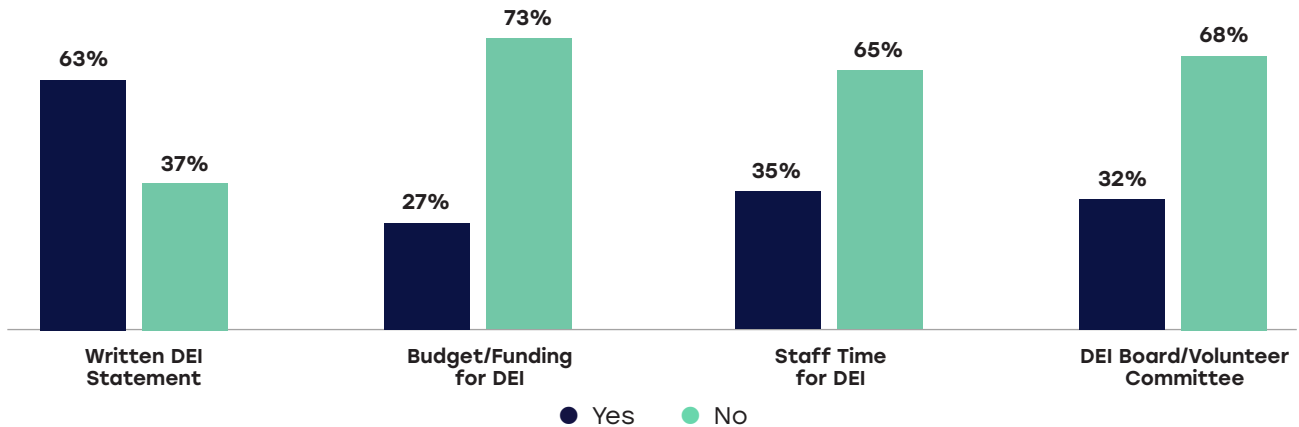


FIGURE 24: NONPROFITS' REPORTED LEVELS OF INVESTMENT IN DIVERSITY, EQUITY, AND INCLUSION (DEI), 2022



“We try our best to ensure our board of directors is a reflection of our community ... The importance of that is to ensure that the work our organization does is guided by the people who have a stake in the community.” – Nonprofit leader

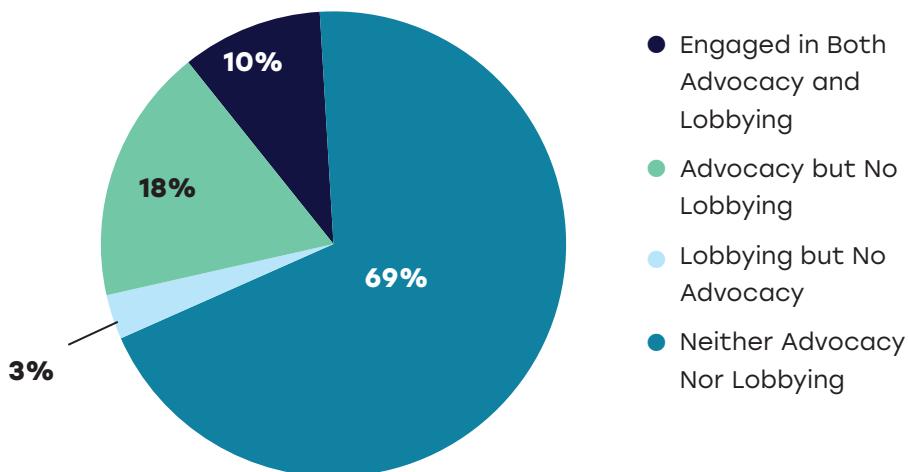


Public Policy & Advocacy

The public policy process defines the landscape in which charitable organizations operate – at the federal, state, or even local level. Federal tax policies, like those that will be debated in 2025, shape the tax status and treatment of nonprofits and foundations. The act of advocating in the public policy space – whether on matters of tax policy, our workforce, or other issues confronting the communities we serve – is a key determinant of the ability of organizations to fulfill their missions. Advocacy is a core activity of high-impact nonprofits because it enables organizations to proactively shape their policy environments and strengthen their communities, not just react. Advocacy also strengthens other forms of civic engagement that support nonprofit work and a vibrant civil society; individuals who advocate through nonprofits report higher rates of giving, volunteering, and voting.

Finally, it is not possible to make systems more equitable for all members of our community without advocating for change. Therefore, the capacity for nonprofits to advocate for solutions that align with their missions serves as a major indicator of the sector's agency and impact, providing critical insight into its overall health.

FIGURE 25: NONPROFIT PARTICIPATION IN ADVOCACY OR LOBBYING, 2022*



*Definitions of the terms “advocacy” and “lobbying” used in the 2022 survey of nonprofit advocacy participation are detailed in the sources section.



“I think it’s essential that all nonprofits participate in advocacy because the purpose of their existence is to create lasting change, whether it’s in hunger or homelessness, things like that, and you can’t do that just by putting Band-Aids on the issue or having a program. You have to get involved with government, and government has to change policy to address those issues. So advocacy is definitely ... there is a role for nonprofits to be involved, and it’s almost a necessity for them to be involved if they’re true to whatever their mission is.”

– Nonprofit leader

FIGURE 26: NONPROFITS THAT REPORT NEVER ENGAGING IN LOBBYING OR ADVOCACY (2022 VS. 2000)

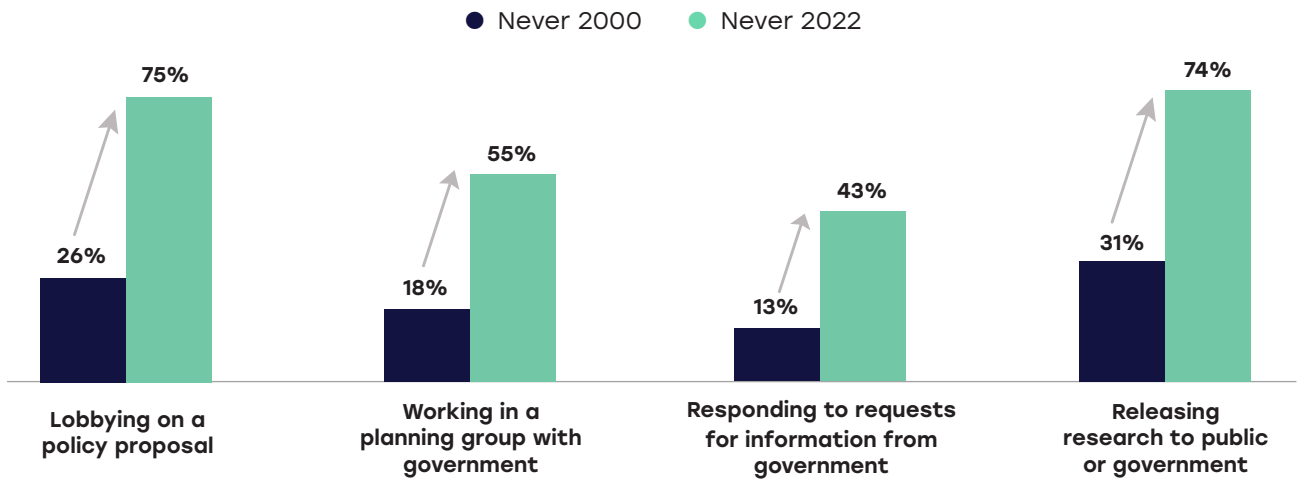
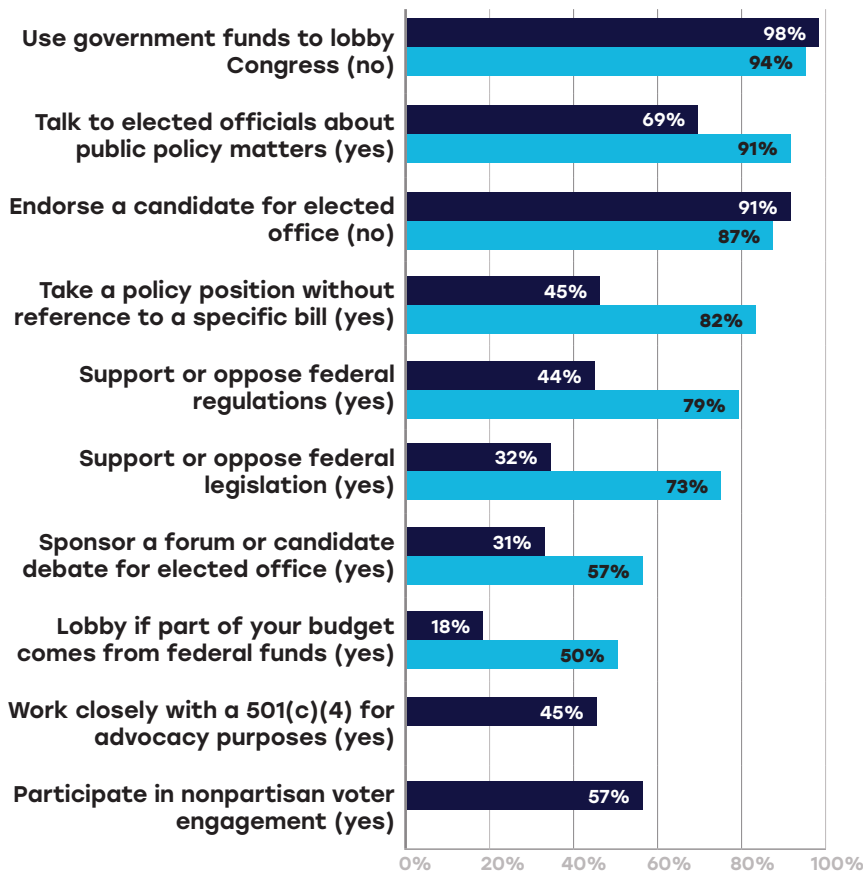


FIGURE 27: NONPROFIT UNDERSTANDING OF LEGAL ADVOCACY RULES (2022 VS. 2000)

Can your organization...?



- % Correct in 2022 Nonprofit Survey
- % Correct in 2000 Nonprofit Survey

“I know that there could be a line between what we can do and what we can’t do because of our nonprofit status. And I’m not sure that I necessarily understand where that line is.”

– Nonprofit leader

TAKE ACTION >>>

Nonprofits have a right and responsibility to engage in public policy advocacy, but many nonprofit leaders and staff struggle to understand the activities that they and their organizations can and cannot legally engage in. This causes needless anxiety and stress, and it discourages policy engagement. These rules and how they are communicated can be made clearer.

Find out more and watch for Independent Sector to build new tools and trainings to strengthen sector advocacy: <https://independentsector.org/policy/nonprofit-policy-issues/clarifying-nonprofit-civic-engagement-rules/>

FIGURE 28: PERCENT OF NONPROFITS THAT REPORT ENGAGING VOTERS, 2022*

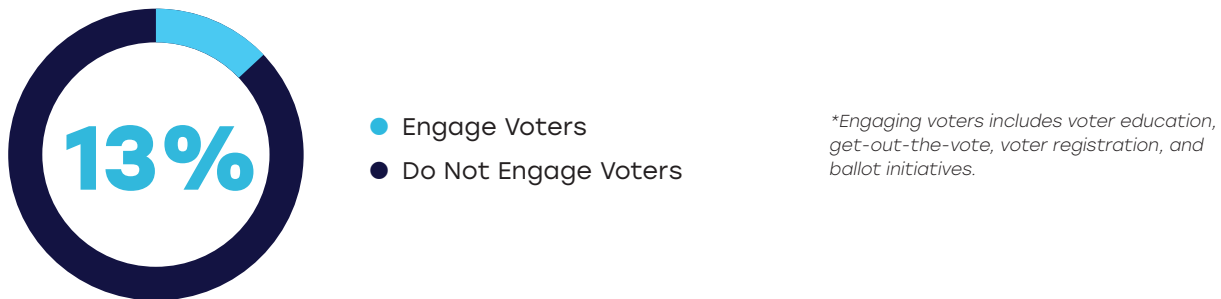


FIGURE 29: RELATIONSHIP BETWEEN NONPROFIT LOCATION AND ADVOCACY, 2022

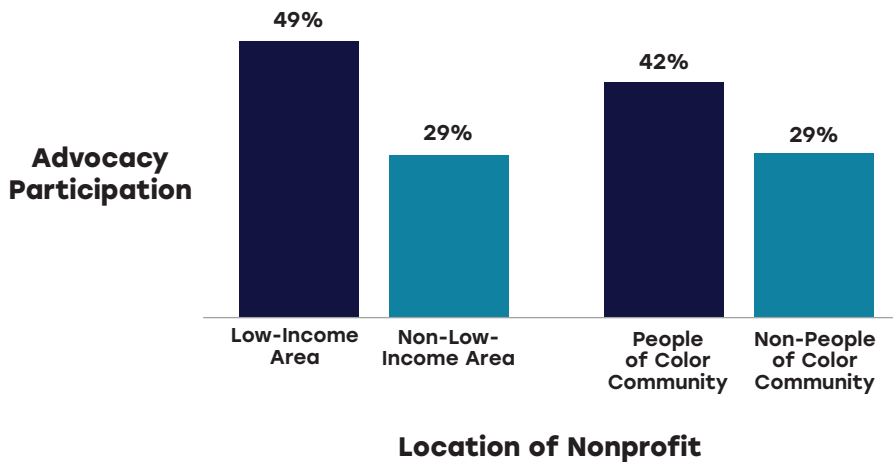
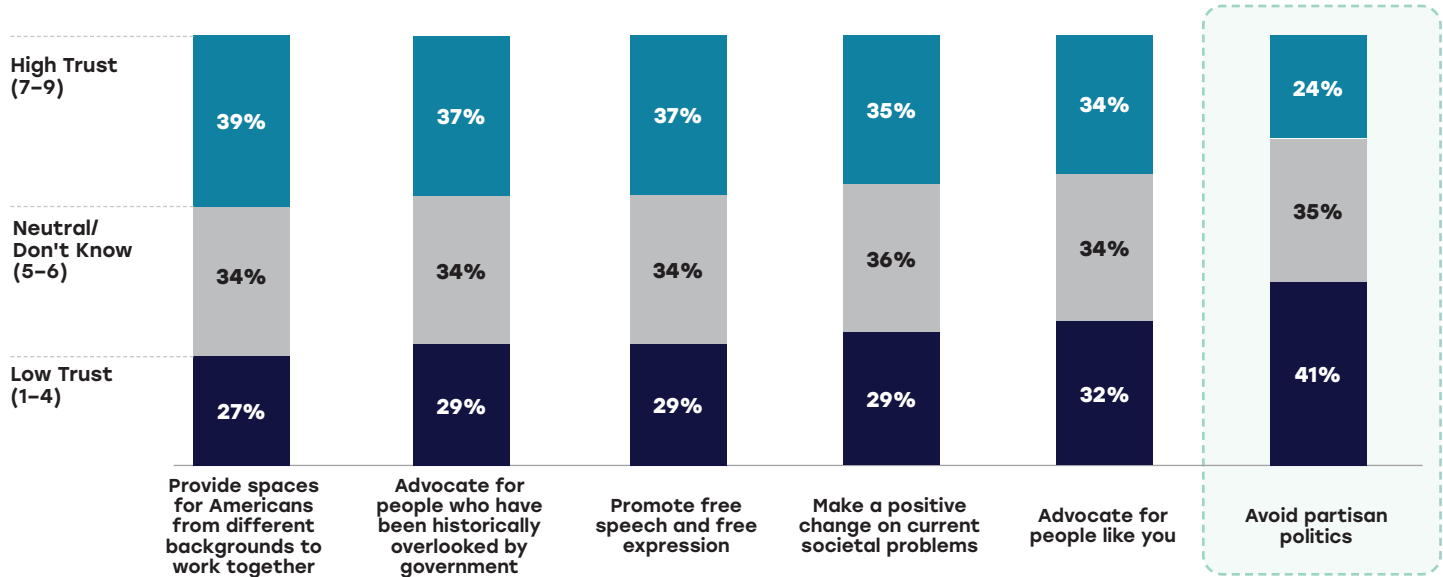


FIGURE 30: TRUST IN NONPROFITS TO DO ADVOCACY, 2024

Trust in nonprofits to...



Though Americans trust nonprofits more than they trust the government or the media, they are unsure about trusting nonprofits to avoid partisanship – but leaders of nonprofits are often careful to remain bipartisan or nonpartisan when pursuing advocacy as part of their missions.



“I think that it makes us much more careful about what policy pieces we jump on board with because we do want to be seen as a bipartisan organization. And because the fact of the matter is we have to work with people who see both ways on the ground.” – Nonprofit leader

Sources & Notes

ECONOMY & FINANCE

Figure 1

Bureau of Economic Analysis. (2024). Table 1.3.5. gross value added by sector. U.S. Department of Commerce. <http://bit.ly/3YHEun0>

Figure 2

Bureau of Economic Analysis. (2024). Table 1.3.6. real gross value added by sector, chained dollars. U.S. Department of Commerce. <https://bit.ly/3UGITFG>

Figure 3

Bureau of Economic Analysis. (2024). Table 2.4.6. real personal consumption expenditures by type of product, chained dollars. U.S. Department of Commerce. <https://bit.ly/4hwABdr>

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 4

Faulk, L. Kim, M., & MacIndoe, H. (2023). *The Retreat of Influence: Exploring the Decline of Nonprofit Advocacy and Public Engagement*. Independent Sector. <https://independentsector.org/resource/the-retreat-of-influence/>

Figure 5

Fundraising Effectiveness Project (2024). *Quarterly Fundraising Report: Year-to-Date Nonprofit Sector Trends*. <https://www.givingtuesday.org/blog/year-end-challenges-in-q4-2023-as-fundraising-metrics-decline/>

Figure 6

Indiana University Lilly Family School of Philanthropy (2021). *The Giving Environment: Understanding Pre-Pandemic Trends in Charitable Giving*. <https://hdl.handle.net/1805/26290>

Figure 7

GivingTuesday. (2024). *GivingPulse Q4 2023 Report*. <https://www.givingpulse.givingtuesday.org/q42023>

WORKFORCE

Figure 8

Bureau of Labor Statistics. (2024). *Business Employment Dynamics: Nonprofit Sector Research Data*. U.S. Department of Labor. <https://www.bls.gov/bdm/nonprofits/nonprofits.htm>

Figure 9

United For ALICE. (2024). *ALICE in the Nonprofit Workforce: A Study of Financial Hardship*. <https://www.UnitedForALICE.org/National-Reports>

Figure 10

Statistics about the demographics of paid workers are from Independent Sector analysis of the monthly Current Population Survey (CPS). 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.

Note that the CPS sample of Native Americans working in the nonprofit sector is small, so statistics may be less reliable than for larger groups.

Figures 11–14

United For ALICE. (2024). *ALICE in the Nonprofit Workforce: A Study of Financial Hardship*. <https://www.UnitedForALICE.org/National-Reports>

Figure 15

Independent Sector. (2024). *Trust in Nonprofits and Philanthropy: Strengths and Challenges in a Time of Division*. <https://independentsector.org/resource/trust-in-civil-society/>

Figure 16

Dietz, N., & Grimm, R. T., Jr. (2023). *The State of Volunteer Engagement: Insights from Nonprofit Leaders and Funders*. Do Good Institute, School of Public Policy, University of Maryland. <https://spp.umd.edu/research-impact/publications/state-volunteer-engagement-insights-nonprofit-leaders-and-funders>

TRUST & GOVERNANCE

Figure 17–18

Independent Sector. (2024). *Trust in Nonprofits and Philanthropy: Strengths and Challenges in a Time of Division*. <https://independentsector.org/resource/trust-in-civil-society/>

Figure 19–20

Cox, D. A., & Pressler, S. (2024) *Disconnected: The Growing Class Divide in American Civic Life*. American Enterprise Institute. <https://www.aei.org/research-products/report/disconnected-the-growing-class-divide-in-american-civic-life/>

Figure 21

Independent Sector. (2024). *Trust in Nonprofits and Philanthropy: Strengths and Challenges in a Time of Division*. <https://independentsector.org/resource/trust-in-civil-society/>

Figure 21

Independent Sector. (2024). Trust in Nonprofits and Philanthropy: Strengths and Challenges in a Time of Division. <https://independentsector.org/resource/trust-in-civil-society/>

Figures 22–24

Faulk, L. Kim, M., & MacIndoe, H. (2023). The Retreat of Influence: Exploring the Decline of Nonprofit Advocacy and Public Engagement. Independent Sector. <https://independentsector.org/resource/the-retreat-of-influence/>

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PUBLIC POLICY & ADVOCACY

Figures 25–29

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Quotations

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