



MEETING BASIC NEEDS OF THE NONPROFIT WORKFORCE: THE GAP AND THE POSSIBILITIES

This Fact Sheet builds on the Report [ALICE in the Nonprofit Workforce](#), brought to you by [Independent Sector](#) in partnership with [United For ALICE](#). The Report found that **22% (3 million) of nonprofit workers in the U.S. were below the ALICE Threshold**, in households earning less than the cost of basics in their county. The analysis below explores the economic impact of bringing these workers' household income to the ALICE Threshold.

Nonprofit workers serve their communities, providing social assistance, health care, education, religious supports, and other vital services. Many nonprofit workers fill key gaps in the social safety net, helping people living in poverty and those who are **ALICE® (Asset Limited, Income Constrained, Employed)** — living in households with income above the Federal Poverty Level, but not enough to afford the basics in their communities.

Yet 22% — nearly one-fourth — of nonprofit workers in the U.S. are themselves struggling financially, like so many of the people they serve. They are either living in households with income below the Federal Poverty Level or are ALICE. Combined, these households fall below the ALICE Threshold of Financial Survival.

But what if all households had enough income to cover their basic needs? With more income, consumer spending would increase and contributions to the tax base would grow. This investment would spur economic activity, with benefits for both the wider community and the economy as a whole.

This analysis should spark discussion of how to fill the gap, and the difficult tradeoffs of resources involved. It would require effort and investment from multiple sectors, including businesses, government, nonprofits, and philanthropic organizations.

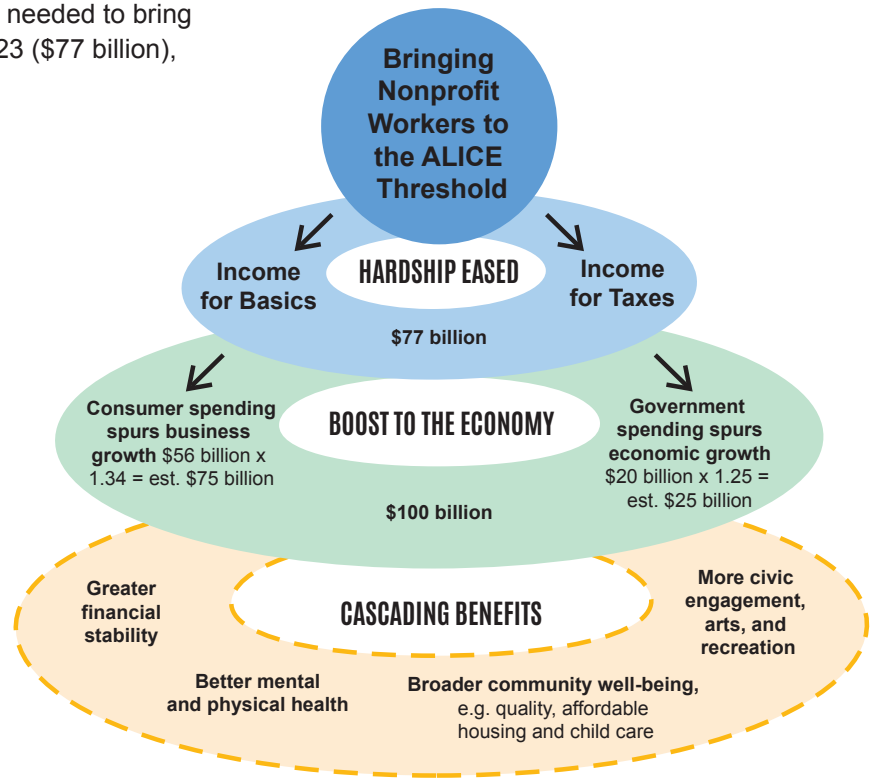
The underlying principle is that increasing income for nonprofit workers spurs economic growth because workers below the ALICE Threshold are more likely to [spend additional income](#) to cover costs of basics and pay additional taxes. This analysis, therefore, assumes that the gap is filled with income (rather than in-kind programs or services).

Increased spending in the local economy has a [multiplier effect](#). This analysis uses the 2023 economic multipliers from Mark Zandi, Chief Economist at [Moody's Analytics](#) (the [Congressional Budget Office](#) provides similar estimates) for additional household income spending on food (1.57), utilities (1.27), and other necessities (1.42). For instance, every dollar [spent on food](#) spurs an additional 57 cents in business growth in the retail, agriculture, trucking, and rail freight industries.

There are also economic multipliers for the additional income and payroll taxes that households below the ALICE Threshold would pay. Zandi estimates economic multipliers for tax revenue spent on aid to state and local governments (1.27) and transportation infrastructure (1.23), meaning that every dollar households below the Threshold pay in additional taxes would fuel even more economic growth.

Applying these multipliers to the additional income needed to bring all nonprofit workers to the ALICE Threshold in 2023 (\$77 billion), this model projects:

- Additional consumer spending:**
 The majority of the additional income, approximately \$56 billion, would have been spent by households to cover basic costs. With a 1.34 economic multiplier, this spending would have triggered an estimated \$75 billion in total economic activity.
- Additional tax revenue:** Approximately \$20 billion of this additional income would have been paid in taxes (this analysis assumes income and payroll taxes). Assuming the revenue was spent on essential services and infrastructure, applying an economic multiplier of 1.25, there is an additional \$25 billion in economic gains.



In total, the monetary value of meeting basic needs for all nonprofit workers’ households in the U.S. would have yielded \$100 billion in economic activity in 2023 — a 32% return on investment (ROI).

Cascading Benefits of Investing in ALICE

Beyond the direct economic contributions, there are cascading benefits of meeting basic needs. A stronger financial footing leads to better physical and mental health. Nonprofit workers would be better able to meet their household’s needs — as well as gain an enhanced capacity to serve their communities.

The budgets for [federal](#), [state](#), and [nonprofit](#) programs that provide emergency assistance for low-wage households — including social services, food, housing, health care and EITC — could be reallocated.

Money that had been spent on poverty alleviation could be redirected towards broader community well-being. For

example, funding that went toward emergency housing or food assistance could be redirected to create more affordable housing and locally grown food systems for the long term.

Funding could also be redirected to enhance opportunities for civic engagement, arts, and recreation. Together, these investments can improve health and overall quality of life — not just for ALICE workers in the nonprofit workforce and their families, but for the neighborhoods where they live, the organizations where they work, and the communities they serve.

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