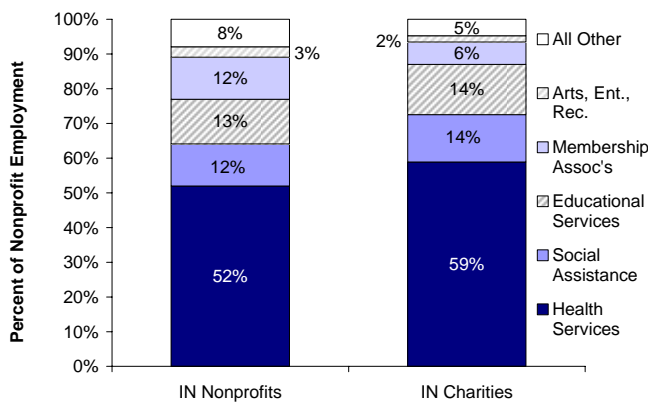


ployment in the Indiana nonprofit sector, up from 11 percent in 2001. This includes employment in individual and family services, job training and related services, and child daycare services.

- Nonprofit jobs in arts, entertainment, and recreation organizations, such as theaters, orchestras, and amateur sports clubs have held steady at three percent of total nonprofit employment. This category also includes museums, botanical gardens, and zoos.
- As in 2001, eight percent of all nonprofit jobs are in other types of nonprofit organizations spread across a range of industries, involving financial or credit services; management; printing and publishing firms; housing; and various types of trusts, e.g., charitable, religious, and educational trusts.<sup>9</sup>
- As shown in Figure 12 and Appendix D, charitable employment is disproportionately concentrated in health (less so in education and social assistance), compared to total nonprofit employment, but is under-represented in membership associations and other establishments (less so in arts, entertainment, and recreation).

Figure 12: Distribution of nonprofit and charitable employment, Indiana vs. the nation



<sup>9</sup> These include Utilities (NAICS 22) with 2,100 nonprofit employees; Information (NAICS 51), which includes Publishing (NAICS 511) with 500 nonprofit employees; Finance and Insurance (NAICS 52), which includes Credit Intermediation and Related Activities (NAICS 522) with 2,300 nonprofit employees and Funds, Trusts, and Other Financial Vehicles (NAICS 525) with 200 nonprofit employees; Real Estate and Rental and Leasing (NAICS 53) with 900 nonprofit employees; Management of Companies and Enterprises (NAICS 55) with 3,200 nonprofit employees; and Accommodation (NAICS 721) with 1,000 nonprofit employees.

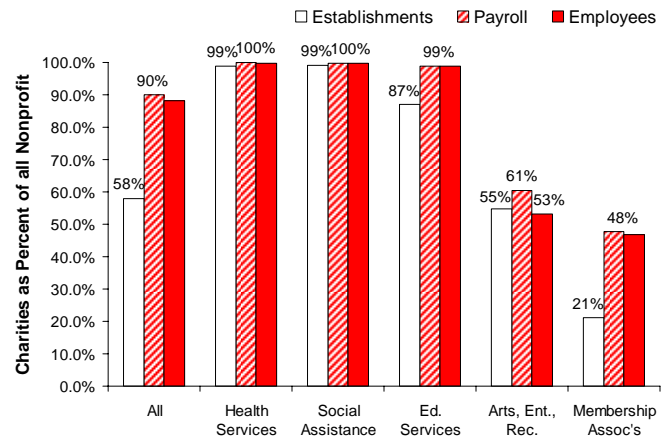
## V. MAINLY CHARITABLE EMPLOYMENT

*Most of Indiana's nonprofit employees work for charities rather than for nonprofits registered with the IRS as general social welfare or mutual-benefit nonprofits.*

Charities include private, not-for-profit hospitals, clinics, colleges, universities, schools, social service agencies, orchestras, museums, theaters, homeless shelters, soup kitchens, etc., registered with the IRS under section 501(c)(3) of the Internal Revenue Code, and eligible to receive tax-deductible donations.

- Charities dominate Indiana nonprofits as shown above in Figures 1-3, Figure 6, and Figure 12.
- As shown in Figure 13, about 58 percent of all Indiana nonprofit establishments are charities. They employ about 88 percent of all nonprofit employees, suggesting that on average they are significantly larger than nonprofits registered under other sub-sections of the IRS codes (see also Appendices A and H).

\*Figure 13: Charities as a percent of total Indiana nonprofit establishments, employment, and payroll, by industry, 2003

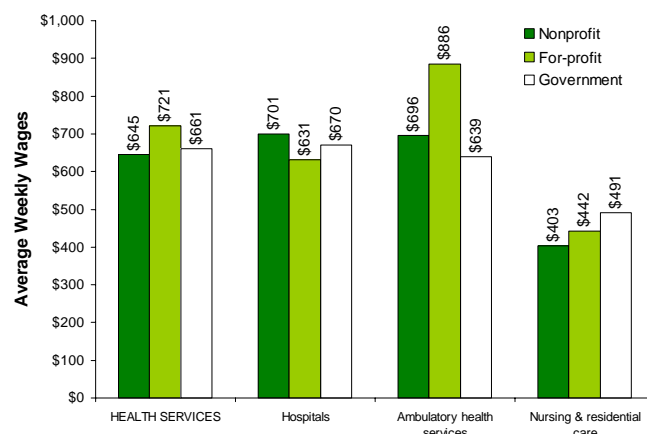


- Charities account for about 90 percent of total nonprofit payroll, suggesting that wages are slightly higher than those of non-charitable nonprofits.
- Virtually all nonprofits in health, social assistance, and educational services, are charities rather than nonprofits with other types of tax-exempt status. As

tance field.<sup>13</sup>

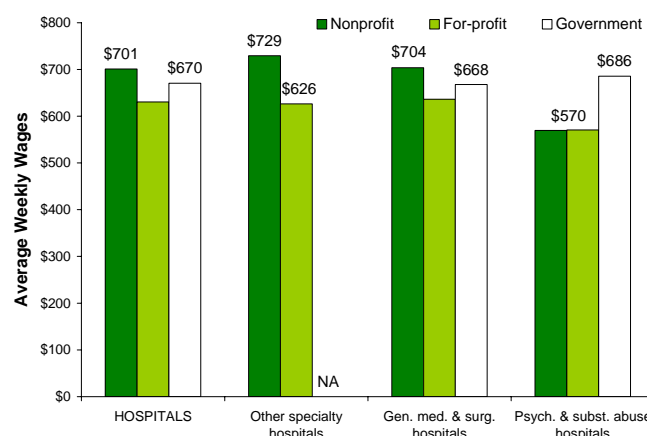
- Workers in nonprofit individual and family service organizations earn 14 percent more, on average, than for-profit workers and 18 percent less than the few government workers in the same field.
- Nonprofit employees in relief services (community food and housing, and emergency and other relief services) earn 12 percent less than for-profit employees and 41 percent more than the very few government workers in the same industry.
- Employees in nonprofit vocational rehabilitation organizations earn 31 percent less, on average, than the few for-profit workers in the same field and 47 percent less than the even fewer government workers in that field.
- Nonprofit employees in child daycare services earn 19 percent higher weekly wages than their for-profit counterparts, but earn 27 percent less than the very few government child daycare employees.
- A somewhat different pattern holds for the health field in Indiana (see Figure 17). Nonprofit health care workers earn 11 percent less, on average, than workers in similar for-profit institutions, and 3 percent less than government workers in that industry.
- The NAICS subcategories for the Health Services industry include Hospitals, Ambulatory Health Services, and Nursing and Residential Care (see Figure 17). Together, these three sub-fields account for all of health services employment. Each of these fields is further sub-divided into more detailed industries below.

**\*Figure 17: Comparative average weekly wages in Indiana health organizations, 2003.**



- Workers in nonprofit hospitals earn 11 percent more, on average, than the relatively few workers in for-profit institutions<sup>14</sup> and 5 percent more than government workers (see Figures 17, 18).

**Figure 18: Comparative average weekly wages in Indiana hospitals, 2003**

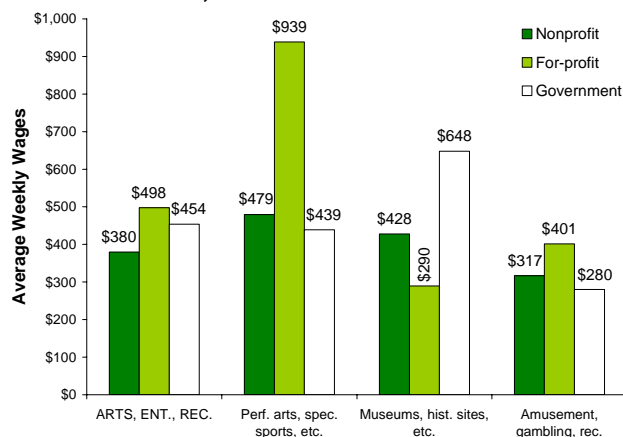


- Nonprofit employees in specialty hospitals (other than psychiatric and substance abuse hospitals) earn, on average, 17 percent more in weekly wages than for-profit employees in this field. There are no government employees in this industry.
- Nonprofit workers in general medical and surgical hospitals earn, on average, 11 percent more

<sup>13</sup> Government employees generally constitute 1 percent or less of total employment in these sub-fields. For-profit employees are about 4 percent of total employees in vocational rehabilitation field. While we report average wages for these relatively few employees, the results should be interpreted with caution. For-profit employees account for about 40 percent of total employment in the remaining three social assistance industries.

<sup>14</sup> For-profit employees generally constitute 11 percent of total employment in hospitals, 10 percent of employment in general medical and surgical hospitals, and 14 percent of employment in psychiatric and substance abuse hospitals. While we report average wages for these relatively few employees, the results should be interpreted with caution.

**Figure 21: Comparative average weekly wages in Indiana arts, entertainment, and recreation organizations, 2003**



- The sub-fields shown separately in Figure 20 account for 100 percent of employment in amusement, recreation, and entertainment.

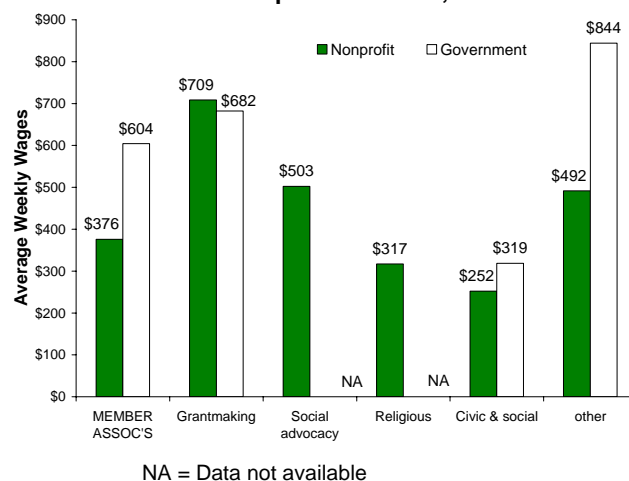
- The relatively few employees in nonprofit performing arts and spectator sports organizations on average earn 49 percent less in weekly wages than workers in similar for-profit organizations, and 9 percent more than the relatively few government workers in these types of organizations.
- Nonprofit employees of museums, historical sites, zoos, botanical gardens and similar organizations earn 48 percent more in average weekly wages than their very few for-profit counterparts and 34 percent less than the few government employees in this field.
- The relatively few employees in nonprofit amusement and gambling establishments on average earn 21 percent less in average weekly wages than their counterparts working in for-profit organizations, and 13 percent more than the very few government workers in the same industry.

- There are wide variations in wages among different membership associations (see Figure 22). The very few (less than 1 percent of total) government work-

spectator sports employment and only 10 percent of amusement, gambling, and recreation employment. While we report average wages for these relatively few employees, the results should be interpreted with caution

ers in this industry earn less than their nonprofit counterparts in grantmaking associations and more than nonprofits in civic and social associations and other organizations.<sup>18</sup> For each of these three sub-fields, however, government workers make up less than 1 percent of total employees.

**\*Figure 22: Comparative average weekly wages in Indiana membership associations, 2003.**



- Nonprofit membership association employees, on average, earn 38 percent less than government employees in this field (see Figure 22).
  - Nonprofit employees in grantmaking earn notably higher average weekly wages (\$709) than those employed by other membership associations, especially religious (\$317) and civic and social associations (\$252).
- As noted above, our data on average weekly wages do not allow us to determine whether the differences between nonprofit, for-profit, and government employees reflect real differences in wage levels or different rates of using part-time workers.<sup>19</sup>
- Our previous report included comparative data from eight other states on average weekly wages for workers in charitable organizations overall and in major nonprofit industries. In general, Indiana was at

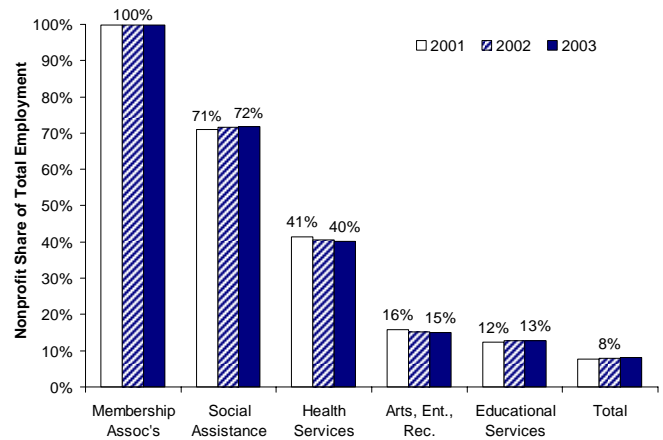
<sup>18</sup> “Other” organizations include: business, professional, labor, political, and similar organizations.

<sup>19</sup> The average weekly wage reported in the ES-202 survey data makes no adjustment for full-time or part-time work. Industries or sectors with a greater number of part-time workers could show up as having lower average weekly wages than those with fewer part-time workers, even if the actual hourly pay rates are higher.

(34 percent) of the overall growth in nonprofit employment during this period.

- Health services absorbed another 21 percent of the overall growth in nonprofit employment.
- Employment in two other fields (membership associations, and arts, entertainment, and recreation) actually decreased, down by an equivalent of 6 percent of the overall growth in nonprofit employment between 2001 and 2003.
- Rates of growth, however, varied considerably among nonprofit industries (see clear bars in Figure 31), compared to the overall nonprofit growth rate of 3 percent between 2001 and 2003.
  - The number of employees working for nonprofit social assistance organizations increased by 10 percent between 2001 and 2003, more than three times the rate of growth in total nonprofit employment for the period (3 percent).
  - Growth was also above average for educational services (7 percent), by roughly 4 percentage points.
  - Growth was slightly below average for health services (1 percent).
  - Employment in membership associations and in arts, entertainment, and recreation declined during this period, by -0.3 percent and -3 percent, respectively. This is in contrast to the overall 3 percent growth.
  - Industries which are too small to report on separately (“other fields”) grew at the statewide average of 3 percent.
- However, in some industries, for-profit employment grew even faster so that the nonprofit share of total non-government employment declined between 2001 and 2003 while in other fields nonprofit employment grew faster and the share increased. Employment in government grew only moderately or declined in most fields, so that the nonprofit employment gained an even greater share of total employment in several fields. Sharp growth or decline was evident only in fields with very few government employees (see Figure 32).

**\*Figure 32: Nonprofit share of total Indiana employment by industry, 2001-2003**



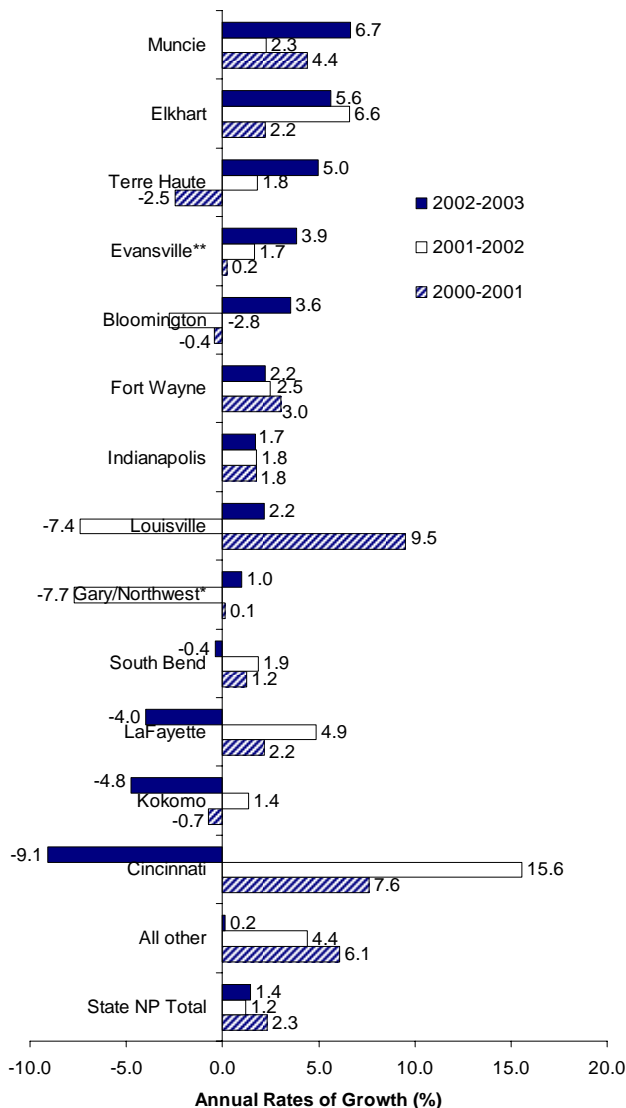
- Nonprofit employment in social assistance grew by 10 percent between 2001 and 2003, while for-profit employment grew at only 5 percent, and the relatively small government employment grew dramatically (33 percent). As a result, the nonprofit share of total social assistance employment increased slightly.
- Nonprofit employment in educational services increased by 7 percent and for-profit employment increased by 5 percent, while government employment increased by only 3 percent. As a result, the nonprofit share of employment in this field increased from 12 to 13 percent.
- The nonprofit share of total employment in membership associations held constant at 100 percent over the 2001 to 2003 period, while the relatively small government employment declined (down 27 percent).
- Nonprofit employment in health services grew overall by 1 percent between 2001 and 2003, slightly less than average for the entire nonprofit sector in Indiana. However, employment in the for-profit sector grew by 7 percent while government employment grew only 3 percent. As a result, the nonprofit share of total health employment declined from 41 to 40 percent.
- While nonprofit employment in arts, entertainment, and recreation shrank by 3 percent between 2001 and 2003, for-profit employment grew by 2 percent as did government employ-

ment, and nonprofit share of total employment decreased by one percentage point.

- Total nonprofit employment grew by nearly 3 percent between 2001 and 2003, while for-profit employment declined by 3 percent. Government employment increased by 2 percent during the same period resulting in a relatively steady share of nonprofit employment.

**Region:** Indiana's metropolitan regions differed significantly in their annual rate of growth in nonprofit employment between 2000 and 2001, 2001 and 2002, and also between 2002 and 2003 (see Figure 33).

**\*Figure 33: Indiana nonprofit employment: average annual rates of growth for metropolitan regions, 2000-2001, 2001-2002, 2002-2003**



- Overall, nonprofit employment in the state grew at a rate of 2 percent between 2000-2001, and 1 percent between 2001-2002 and 2002-2003.
- Nonprofit employment in the Muncie and Elkhart regions grew faster than the state average in all three years.
  - Nonprofit employment in the Muncie region grew at 4 percent in 2000-2001, 2 percent in 2001-2002, and then at 7 percent in 2002-2003.
  - Nonprofit employment in Elkhart grew at 2 percent in 2000-2001, 7 percent in 2001-2002, then at 6 percent between 2002-2003.
- Some regions lagged behind the state average rate of growth between 2000 and 2002, and then surged ahead between 2002-2003.
  - Nonprofit employment in the Terre Haute region declined at 3 percent between 2000-2001, then grew at 2 percent from 2001-2002. Between 2002-2003, nonprofit employment grew at 5 percent.
  - The Evansville region grew at less than 1 percent between 2000-2001, and 2 percent in the following year. Between 2002-2003, the nonprofit rate of growth increased to 4 percent.
  - Nonprofit employment in Bloomington declined at less than 1 and 3 percent respectively between 2000-2001 and 2001-2002, but growth then increased to 4 percent in 2002-2003.
- Nonprofit employment in the Fort Wayne and Indianapolis regions exhibited a modest rate of growth in all three time periods.
  - Nonprofit employment in the Fort Wayne region grew at 3 percent in 2000-2001 and 2001-2002, then at 2 percent in 2002-2003.
  - Nonprofit employment in the Indianapolis area grew at 2 percent in 2000-2001, 2001-2002, and 2002-2003.
- The Louisville and Gary/Northwest regions exhibited noticeable decline in 2001-2002, followed by

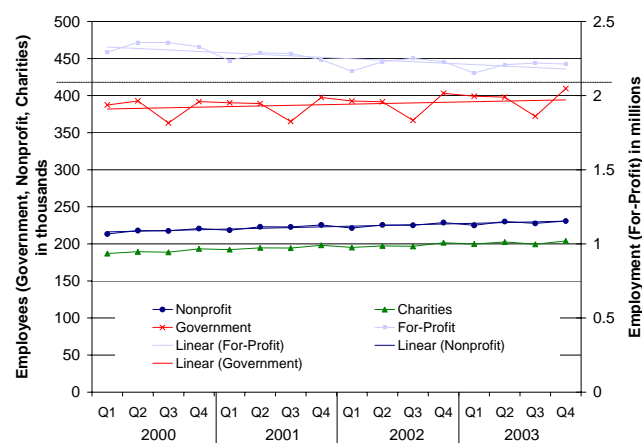
modest growth in 2002-2003.

## VII. DETAILED TRENDS IN NONPROFIT EMPLOYMENT

*Detailed analysis of trends over time indicates that the growth of nonprofit employment in Indiana has been steady, while the growth of government employment and the decline in for-profit employment has been cyclical. These trends reflect the ongoing recession in the state's economy over the 2000-2003 period.*

An analysis of total employment by quarter separately for nonprofit, for-profit and government establishments (see Figure 34) shows that total nonprofit employment (bottom two trend lines, left axis) has increased steadily each quarter, while government employment has fluctuated some, but generally shows a slight upward trend (middle trend line, left axis). Employment in the for-profit sector has also fluctuated from quarter to quarter, but shows a notable downward trend over the 2000-2003 period (top trend line, right axis).

**Figure 34: Indiana employment by sector, 2000-2003, quarterly (nonprofit, government, and charities in thousands; for-profit in millions)**



- These trends suggest that the nonprofit sector provides more stable, recession-proof, employment than the for-profit sector, most likely because virtually all the nonprofit sector employment is in service industries where demand is likely to remain steady and perhaps even grow during recessions (e.g., health and social assistance). It is still possible, of course, that employment in the nonprofit sector will begin to show the impact of the recession and start to decline, but if so, the impact lags far behind that of for-profit employment. It remains to be seen whether nonprofit

- The remaining regions exhibited growth in nonprofit employment in the first two years (2000-2002), but a decline between 2002-2003.
  - In the South Bend region, nonprofit employment grew 1 percent between 2000-2001 and 2 percent from 2001-2002 before declining at a rate of less than 1 percent during the 2002-2003 period.
  - Nonprofit employment in the Lafayette region grew at 2 and 5 percent during the 2000-2001 and 2001-2002 periods, respectively. Nonprofit employment declined at a rate of 4 percent between 2002-2003.
  - Nonprofit employment in the Kokomo region declined at 1 percent between 2000-2001, then grew at a rate of 1 percent between 2001-2002. Nonprofit employment declined at a rate of 5 percent between 2002-2003.
  - The Cincinnati region exhibited nonprofit growth at rates of 8 and 16 percent during the 2000-2001 and 2001-2002 periods, respectively. Growth declined at a rate of 9 percent during 2002-2003.
  - Nonprofit employment in the remainder of the state (non-metropolitan regions) grew at 6 and 4 percent during 2000-2001 and 2001-2002. Nonprofit employment grew at a rate of less than 1 percent between 2002-2003.