

2004 Minnesota Nonprofit Economy Report

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Executive Summary

The Minnesota Nonprofit Economy Report is an annual study that describes the role of nonprofit organizations in Minnesota's economy by analyzing nonprofit employment, wage, and financial data. This year's report uses data from 2003, the most current information available.

While 2002 was a year of unquestionable growth for the nonprofit economy in Minnesota, in 2003 the changes were more subtle.

The overall number of nonprofit employers in Minnesota increased by just 1%. The nonprofit sector also experienced a modest increase (2.4%) in the size of its workforce, even as the size of the government and for-profit workforce declined from 2002 to 2003. **As a result, in 2003, the nonprofit workforce exceeded 250,000 employees and accounted for 9.8% of the state's total workforce.**

Although the sector continued to see an increase in the overall number of nonprofit employers and an expansion of the nonprofit workforce in 2003, these "big picture" numbers hide important trends within the sector.

In every region of the state, a majority of the nonprofit workforce was employed by the three major health care industries - ambulatory health care services, hospitals, and nursing and residential care facilities. Nonprofit employment in these three industries ranged from a low of 57% of the nonprofit workforce in the seven-county Twin Cities metro area, to a high of 83% in Southeast Minnesota.

It appears that this heavy concentration of nonprofit health care workers may be what has helped bring the nonprofit sector through the recession and slow economic recovery. **Between 2002 and 2003, the nonprofit workforce saw a net increase of nearly 5,920 employees, with 90% of the growth coming in the three health care industries.** Furthermore, these three industries experienced steady growth in employment throughout the recession.

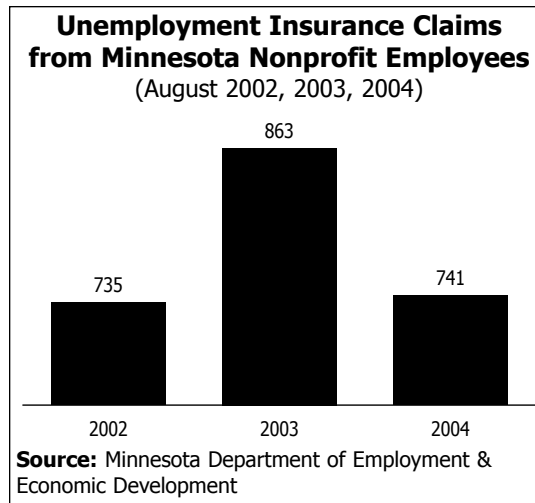
Established in 1987, the Minnesota Council of Nonprofits (MCN) is a statewide membership association of nonprofit organizations which shares information, provides services, and conducts research to educate its members and the community. MCN has over 1,500 members representing all activity areas, budget ranges, and geographic regions of Minnesota. MCN's mission is to continually inform, involve, strengthen, and increase the capacity and effectiveness of nonprofits and the nonprofit sector in Minnesota.

MCN would like to thank the Minnesota Department of Employment and Economic Development and the Minnesota Attorney General's Office, who provided data used in this report. MCN would also like to thank the foundations and corporations that understand the need for a strong nonprofit sector and have supported MCN in 2004: Blandin Foundation, Otto Bremer Foundation, Patrick and Aimee Butler Family Foundation, The Cargill Foundation, The Ford Foundation, General Mills Foundation, The McKnight Foundation, The Minneapolis Foundation, Nash Foundation, Park Nicollet Foundation, The Jay and Rose Phillips Family Foundation, The St. Paul Travelers Foundation, Target Foundation, Wells Fargo Foundation, and Xcel Energy Foundation.

Additional copies of this report can be downloaded from MCN's website at www.mcn.org/nper.htm.

The most recent Unemployment Insurance claims data (see graph) shows an up and down job market for the nonprofit sector. In August 2003, nonprofit unemployment claims were higher than at the same time in 2002, but by August of this year they had returned to 2002 levels.

However, a survey of nonprofit organizations conducted by MCN in late 2003 indicates that overall employment is not a complete indicator of the health of the nonprofit sector. In our survey, **nonprofit organizations facing declining revenues first turned to alternative cost-saving measures - such as cutting back on hours, reducing employee benefits, and salary freezes and reductions - before resorting to actually laying off employees.**



For example, results from MCN's 2004 Salary Survey show that, although roughly the same percentage of nonprofits offer medical insurance to their workers as did two years ago, organizations have shifted more of the costs to their employees.

We are also seeing changes in nonprofit revenue sources. **There is some evidence that government funding, both grants and contracts, may be becoming a smaller part of the nonprofit revenue picture, particularly for small nonprofit organizations** (those with assets under \$1 million). Charitable contributions (which includes individual support and corporate and foundation grants) surpassed program service revenue (which includes government fees and contracts) as the largest single source of revenue for these smaller organizations.

In the end, the nonprofit economy is larger than employers and employees, revenues and expenditures, it also encompasses the tangible and personal contributions nonprofits make in their community. The future health of this section of the economy may depend on whether nonprofit organizations can continue to thrive in the changing environment, especially in the face of reduced reliability in the resources available from the government.

- September 2004

In 2003, there were 4,719 nonprofit organizations with at least one employee in Minnesota. The overall number of nonprofit employers in the state has remained steady in recent years, with growth limited to around 1% per year.

As in the past, **the majority of nonprofit employers, 51%, were located in the seven-county Twin Cities metro area in 2003.** Northwest Minnesota had the second largest concentration of nonprofit employers with 13%. The remainder were spread evenly throughout the rest of the state with 9% in the Southeast, 9% in the Southwest, 8% in Central Minnesota, and 8% in the Northeast.*

The number of nonprofit employers in each of the state's six regions changed little from 2002. Northwest Minnesota experienced the largest percentage increase, nearly 3%, or a net gain of 15 organizations. Southeast Minnesota was the only region that declined, though it was only by 1%, a net loss of five organizations.

Although growth in the number of nonprofit employers has leveled off in recent years, nonprofit employment continues to expand. **From 2002 to 2003, the nonprofit workforce grew from 245,705 to 251,621, a net increase of nearly 5,920 employees, or 2.4%.** Between 1993 and 2002, however, nonprofit employment increased an average of 4.1% per year.

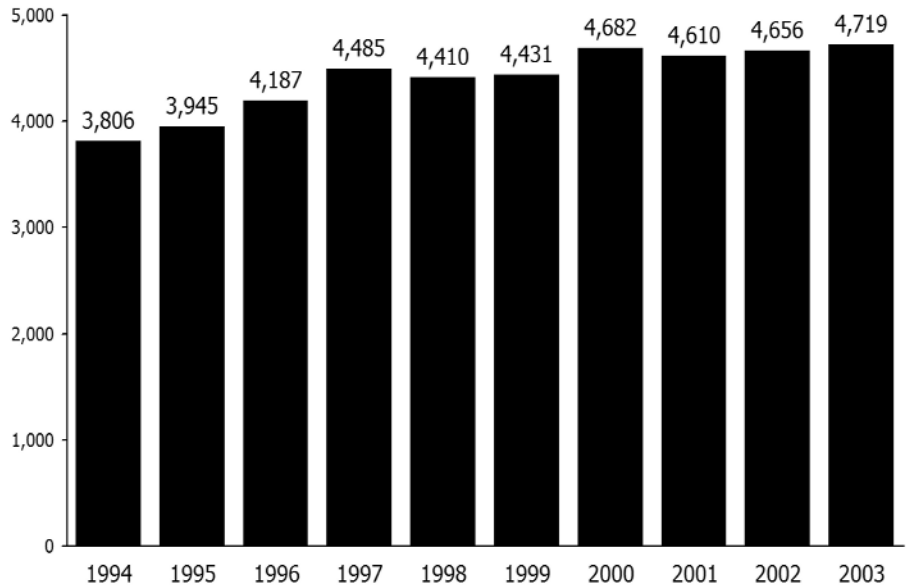
Even as the nonprofit workforce grew from 2002 to 2003, both for-profit and government employment experienced a small net decline. **As a result of these trends, in 2003, nonprofit employees accounted for 9.8% of the state's total workforce,** up from 9.5% in 2002. Government employees (local, state, and federal) accounted for another 14.4% of the state's workforce, and for-profit employees made up the remaining 75.9%.

As in the past, in 2003, the greatest percentage of nonprofit employers,

(continued on page 4)

* For a definition of the counties included in each region, please see the regional profiles.

Number of Nonprofit Organizations in Minnesota (with at least one employee)

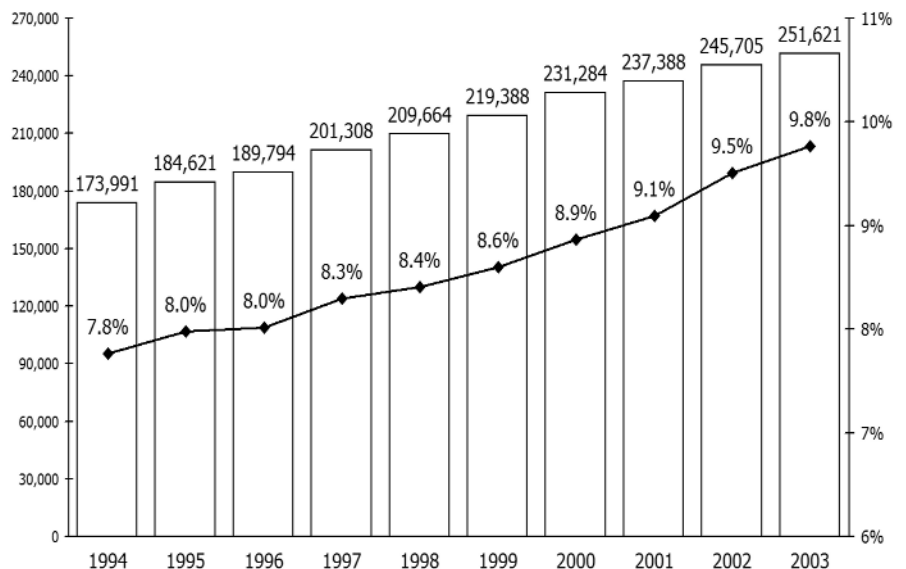


Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

2003 Distribution of Nonprofit Employers and Employees by Region

Region	Nonprofit Employers		Nonprofit Employees	
	Number	Percentage	Number	Percentage
Twin Cities	2,395	51%	131,251	52%
Northeast	378	8%	18,545	7%
Northwest	598	13%	21,665	9%
Central	394	8%	20,476	8%
Southeast	432	9%	44,395	18%
Southwest	423	9%	14,864	6%
Total	4,719		251,621	

Number of Nonprofit Employees in Minnesota and Percentage of the State's Total Workforce



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages



Nonprofit Organizations and Employment by Activity Area in 2003

Activity Area	% of Employers	% of Employees
Human Services	41%	16%
Health	28%	67%
Public, Societal Benefit	9%	4%
Education	8%	9%
Arts, Culture, and Humanities	6%	2%
Religion-Related, Spiritual Development	4%	1%
Environment and Animals	2%	<1%
International, Foreign Affairs	1%	<1%
Mutual/Membership Benefit	1%	1%
Other	1%	<1%

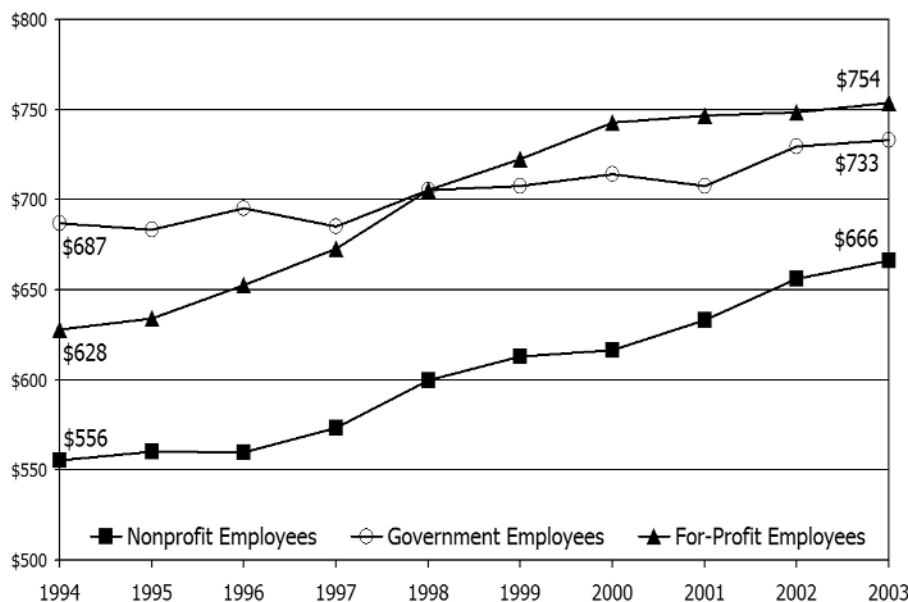
Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages
 Note: For the purposes of this table, nonprofit organizations are grouped according to the NTEE-CC classification system. For more information, please see Appendix B.

41%, were involved in delivering human services. Another 28% of nonprofits with employees were in the health care industry.

While human services accounted for the largest segment of nonprofit employers, **two-thirds of nonprofit employees, 67%, worked in the health care industry in 2003.** Human services was a distant second, employing 16% of nonprofit workers. The third largest activity area was education, accounting for 9% of nonprofit employment.

The overall numbers, however, hide the underlying trends in nonprofit employment. Nonprofits in industries like hospitals and individual and family services experienced an increase in employment from 2002 to 2003. Nonprofits in other industries, like educational services, ambulatory health care services, and nursing and residential care facilities, experienced growth in employment, but it was slower than in previous years. And still other industries, like community food, housing, emergency, and other relief services, experienced a decline in the size of their workforce.*

Average Weekly Wages in Minnesota by Sector (in constant 2003 dollars)



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

In 2003, 52% of the nonprofit workforce was located in the Twin Cities, whereas 61% of total state employment was in the metro area. Another 18% of the nonprofit workforce was located in Southeast Minnesota, 9% in the Northwest, 8% in Central Minnesota, 7% in the Northeast, and 6% in the Southwest.

Nonprofit employers in Minnesota paid over \$8.7 billion in wages to their employees in 2003. After adjusting for inflation, this represented a 4% increase in the total nonprofit payroll from 2002, which was less than the 7% increase the sector experienced the previous year.

Nonprofit average weekly wages, however, continued to lag behind both government and for-profit wages. In 2003, the average weekly wage for a nonprofit employee in the state was \$666, while the average wage for a for-profit employee was \$754 and \$733 for a government employee.

* See Appendix A for a definition of these industries.

Nonprofit Finances in Minnesota

Nonprofits in Minnesota receive their revenues from four main sources: charitable contributions (which includes corporate and foundation grants), government grants, program service revenue (which includes government fees and contracts), and returns from investments, sales, and special events.

Overall, in 2003, charitable organizations in Minnesota received 81% of their revenues from program services (including government fees and contracts), 11% from charitable contributions, 6% from government grants, and 1% from investments, sales, and special events.*

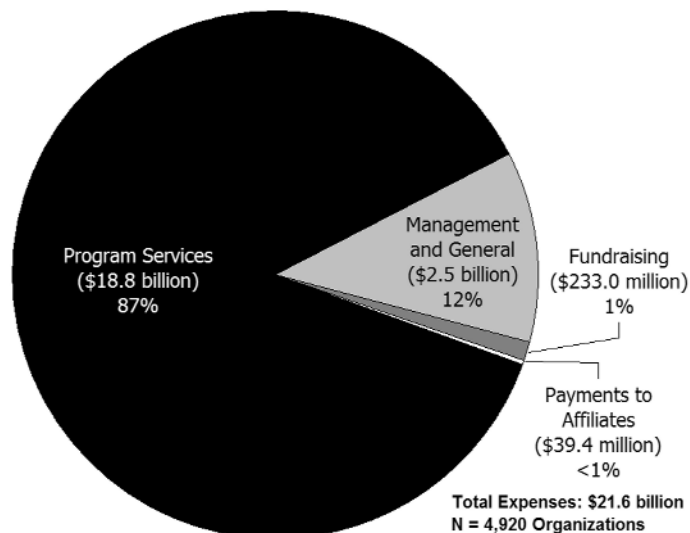
However, the mix of revenue sources varies based on the organization's size, with small organizations more reliant on charitable contributions and government grants and larger organizations reporting a higher percentage of earned income (which includes government fees and contracts).

The Charities Review Council of Minnesota recommends that nonprofits spend at least 70% of their total annual expenses on program services and no more than 30% on management and fundraising. **In 2003, Minnesota nonprofits exceeded these recommendations, spending 87% of their revenues on program services and only 13% on management and fundraising.** These percentages did not vary by the size of the organization.

In 2003, 44% of nonprofits reported a deficit for the fiscal year, meaning their expenses for the year exceeded revenues, up from 41% in 2002. Charitable organizations in Minnesota reported a total of \$37.9 billion in assets.

* Financial information for charitable trusts and private foundations that filed form 990PF are excluded from our analysis of nonprofit finances.

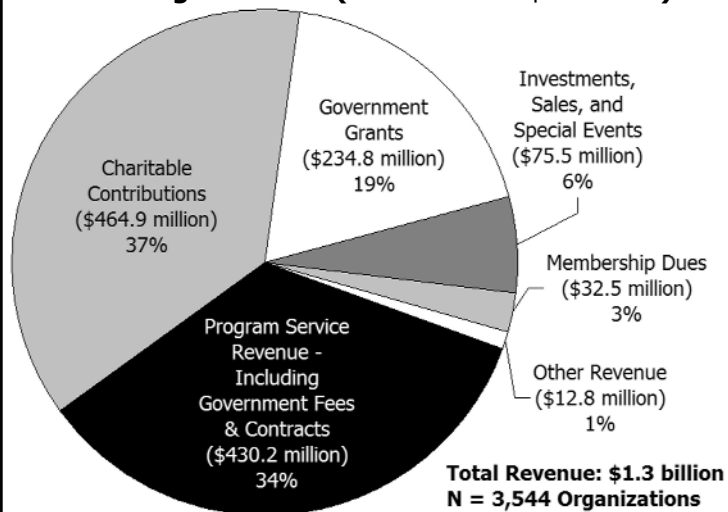
Expenditures by Nonprofit Organizations



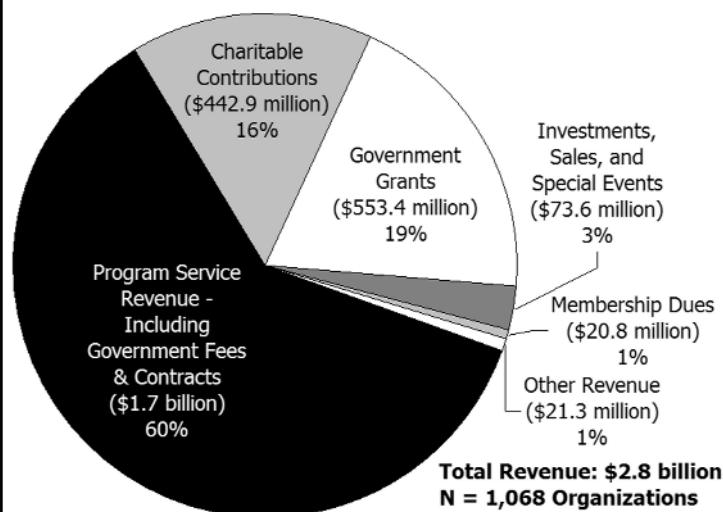
Source: Minnesota Attorney General's Office, Charities Division
 Note: These figures include nonprofits that filed Form 990 or 990EZ, but do not include charitable trusts and private foundations that filed form 990PF.

Revenue Sources for Nonprofits by Size of Organization

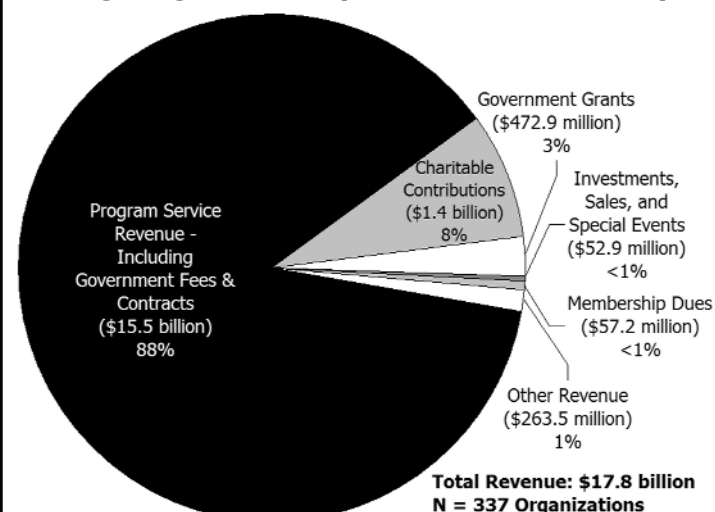
Small Organizations (assets under \$1 million)



Medium Organizations (assets from \$1 - \$10 million)



Large Organizations (assets over \$10 million)

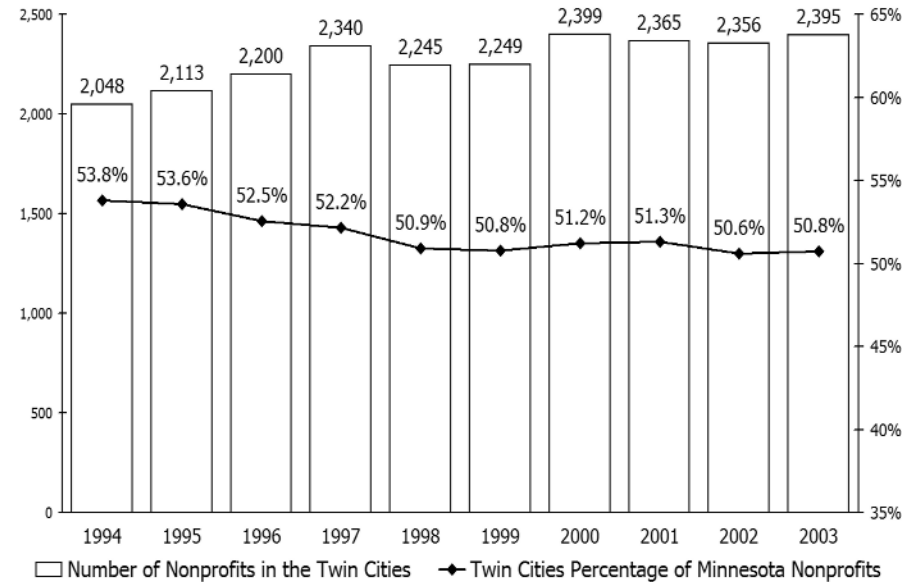


Source: Minnesota Attorney General's Office, Charities Division
 Note: These figures include nonprofits that filed Form 990 or 990EZ, but do not include charitable trusts and private foundations that filed form 990PF.



Nonprofit Economy in the Twin Cities Metro Area

Number of Nonprofit Organizations in the Twin Cities and Percentage of Nonprofits Located in the Twin Cities (with at least one employee)



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

Counties included in the Twin Cities Metro Area:
Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, Washington

In 2003, there were 2,395 nonprofit organizations with employees in the Twin Cities, defined as the seven-county metro area. The number of nonprofit employers in the region increased from the previous year after two years of declines. **The Twin Cities' share of the state's nonprofit employers has remained around 51% since the late 1990s.**

The steady growth in nonprofit employment the Twin Cities has experienced in recent years slowed somewhat in 2003. **From 2002 to 2003, the nonprofit workforce in the Twin Cities metro area saw a net increase of around 2,290 employees, or 1.8%.** Compare that growth rate to an average increase in nonprofit employment of 4.2% a year from 1993 to 2002.

However, because government employment experienced minimal growth and for-profit employment in the region declined slightly between 2002 and 2003, **the nonprofit share of total employment in the Twin Cities edged up slightly to 8.4% in 2003.**

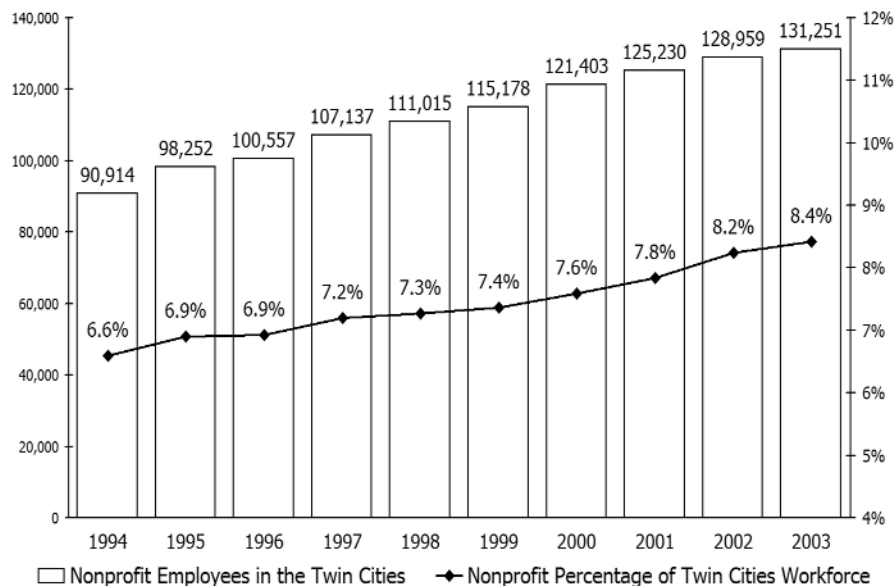
The distribution of nonprofit employment in the Twin Cities is somewhat different than in other regions. **In 2003, nonprofits in this region had a lower percentage of the workforce employed in the health care industries (57%) than in other regions, but a higher percentage in educational services (11%) and arts, entertainment, and recreation (4%).** Nevertheless, nonprofit employment in the Twin Cities was concentrated in hospitals, which alone employed one-third of the region's nonprofit workforce.*

In 2003, a majority of the region's nonprofit employers (51%) and employees (55%) were located in Hennepin County. Indeed, 29% of the state's nonprofit workforce was located in this one county.

Ramsey County was a second area of concentration with 31% of the region's nonprofit employers and 29% of employees. **Between 2002 and 2003, however, the other five counties in the region all experienced stronger percentage growth than Hennepin and**

* See Appendix A for a definition of these industries.

Number of Nonprofit Employees in the Twin Cities and Nonprofit Percentage of All Twin Cities Employees



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

Nonprofit Economy in the Twin Cities Metro Area

Ramsey in both the number of nonprofit employers and employees.

Nonprofit organizations in the Twin Cities paid nearly \$4.7 billion in wages to their employees in 2003, or 7% of all wages paid in the region. After adjusting for inflation, this represented a 3% increase in total payroll from 2002.

Historically, average weekly wages for nonprofit employees in the Twin Cities have lagged far behind both government and for-profit wages, and 2003 was no exception. However, **in those industries with strong nonprofit employment, such as health care, educational services, and individual and family services, the median hourly wage for a full-time nonprofit employee exceeded the wage for a for-profit employee in the same industry.**

The median hourly wage for a full-time nonprofit worker in every industry examined exceeded the minimum wage necessary to support the basic needs of a family of four (two adults working full-time, two children). According to the JOBS NOW Coalition, in 2002, each adult needed to earn \$12.43 an hour to meet these costs in the Twin Cities.

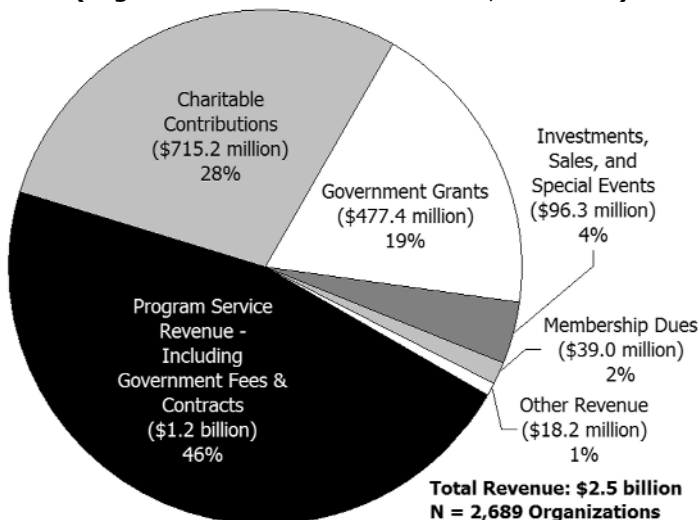
Overall, small- and medium-sized organizations in the Twin Cities received a much higher percentage of their revenues from charitable contributions, and a lower percentage from program service revenues, than similar organizations in other regions.

Median Hourly Wages for Full-Time Employees in the Twin Cities

Industry	Full-Time Median Hourly Wage by Sector (% of sector employment in the region)		
	Nonprofit	For-Profit	Government
Arts, Entertainment & Recreation	\$18.85 (4%)	\$16.97 (2%)	\$20.77 (1%)
Educational Services	\$18.43 (11%)	\$18.33 (1%)	\$22.16 (44%)
Health Care			
Ambulatory Health Care Services	\$19.26 (10%)	\$18.46 (3%)	\$20.95 (<1%)
Hospitals	\$22.73 (33%)	na	\$21.05 (6%)
Nursing & Residential Care Facilities	\$14.63 (14%)	\$13.68 (2%)	\$18.15 (1%)
Social Assistance			
Individual & Family Services	\$15.48 (6%)	\$11.25 (1%)	\$23.28 (1%)
Community Food, Housing, Emergency & Other Relief Services	\$14.66 (1%)	\$16.98 (<1%)	na
Vocational Rehabilitation Services	\$14.83 (4%)	\$15.51 (<1%)	\$20.33 (<1%)
Child Day Care Services	\$12.93 (1%)	\$11.44 (<1%)	\$15.52 (<1%)
Other Services			
Religious Organizations	\$16.21 (1%)	\$15.95 (<1%)	na
Grantmaking & Giving Services	\$20.91 (1%)	\$24.56 (<1%)	na
Social Advocacy Organizations	\$16.16 (2%)	\$16.44 (<1%)	\$24.10 (<1%)
Civic & Social Organizations	\$15.21 (3%)	\$13.07 (<1%)	na

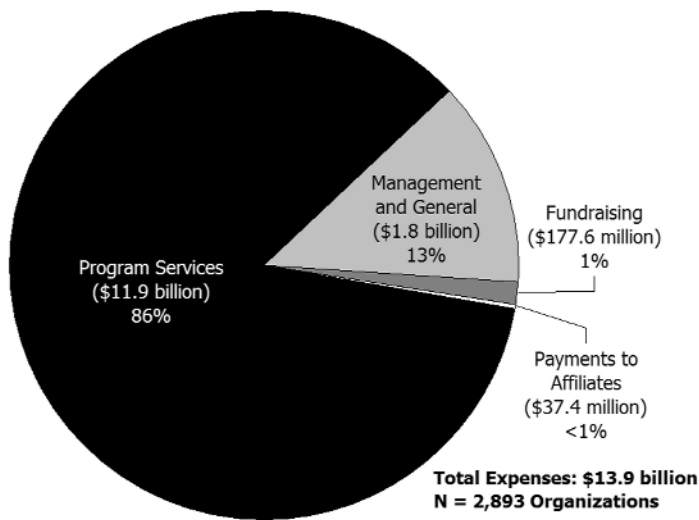
Source: MN Dept. of Employment & Economic Development, Enhanced Wage Records, 3rd Qtr 2003
Notes: "NA" indicates either that the sector did not have any employees in that industry or that the information for that category was suppressed for reasons of privacy. The selected industries represented 90% of nonprofit employment, 9% of for-profit employment, and 52% of government employment in the region in 2003. More extensive descriptions of these industries are available in Appendix A.

Revenue Sources for Nonprofit Organizations in the Twin Cities (Organizations with assets under \$10 million)



Source: Minnesota Attorney General's Office, Charities Division
 Note: These figures include nonprofits that filed Form 990 or 990EZ, but do not include charitable trusts and private foundations that filed form 990PF.

Expenditures by Nonprofit Organizations in the Twin Cities (All organizations)

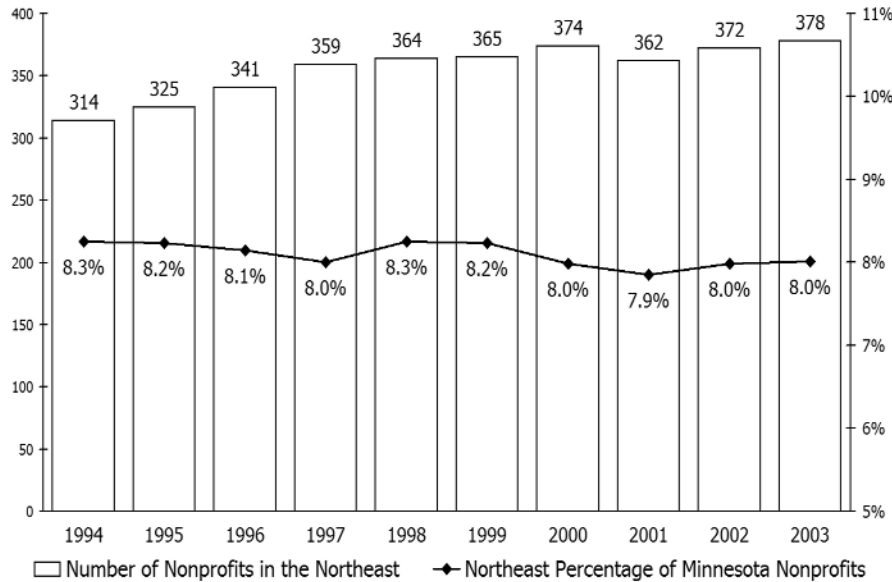


Source: Minnesota Attorney General's Office, Charities Division
 Note: These figures include nonprofits that filed Form 990 or 990EZ, but do not include charitable trusts and private foundations that filed form 990PF.



Nonprofit Economy in Northeast Minnesota

Number of Nonprofit Organizations in the Northeast and Percentage of Nonprofits Located in the Northeast (with at least one employee)



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

Counties included in the Northeast region:

Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, St. Louis

In 2003, there were nearly 380 nonprofit organizations with employees in Northeast Minnesota. This represented a small increase, less than 2%, from 2002. This minimal level of growth meant that the Northeast's share of the state's nonprofit employers remained steady at 8%, as it has since the 1990s.

Nonprofit organizations accounted for just 4% of the Northeast region's total number of employers in 2003, but they employed 13.5% of the region's total workforce.

Statewide, nonprofit organizations employed 9.8% of the total workforce.

Nonprofit employment in the Northeast has a history of uneven growth. Nevertheless, between 1993 and 2002, the region's nonprofit workforce increased at an average rate of 4.6% per year, far outpacing growth in total employment in the region, which grew an average of 1.5% per year.

This trend continued in 2003. **Nonprofit employment in the Northeast saw a net increase of nearly 660 employees, or 3.7%, from 2002 to 2003.** In contrast, government employment in the region declined by 3.7% and for-profit employment declined by nearly 1%.

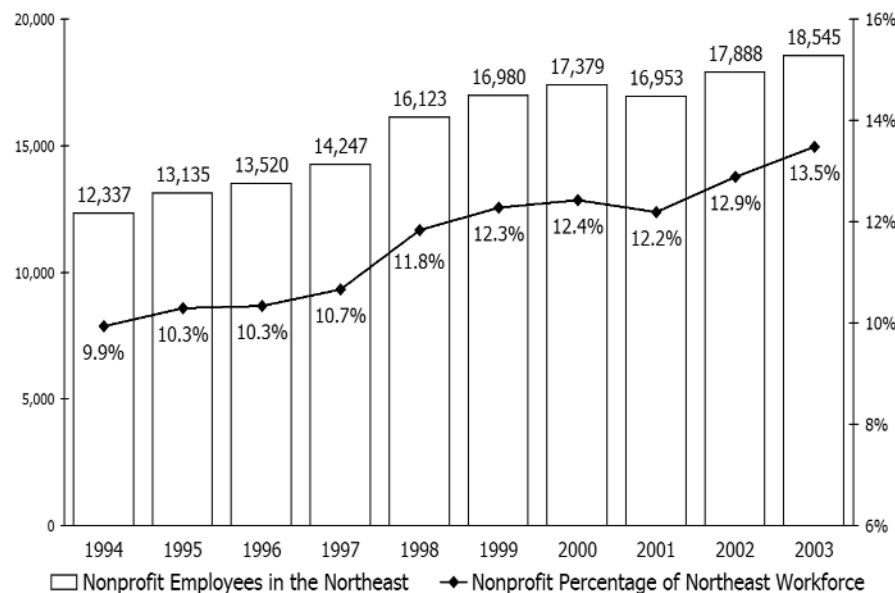
The majority of nonprofit activity in the region was in St. Louis County (where the city of Duluth is located), which was home to 60% of the region's nonprofit employers and 81% of the employees in 2003.

Itasca County was another area of concentration with an additional 15% of nonprofit employers and 9% of employees. Itasca also experienced strong percentage growth in both the number of nonprofit employers and employees between 2002 and 2003.

Nonprofit employment in the Northeast has historically been concentrated in health care. **In 2003, the three major health care industries (hospitals, ambulatory health care services, and nursing and residential care facilities) accounted for 77% of the region's nonprofit workforce.**

Hospitals alone employed 43% of the region's nonprofit workers, a significantly higher percentage than in any other

Number of Nonprofit Employees in the Northeast and Nonprofit Percentage of All Northeast Employees



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

Nonprofit Economy in Northeast Minnesota

region. These three health care industries also accounted for virtually all of the region's net increase in nonprofit employment from 2002 to 2003.*

In 2003, nonprofit organizations in Northeast Minnesota paid \$651 million in wages to their employees, or 15% of all wages paid in the region. After adjusting for inflation, this represented a 7% increase from 2002. Total adjusted payroll for both government and for-profits in the region actually declined from 2002.

The concentration of nonprofit employment in the higher-paying health care industries contributed to the fact that in 2003, average weekly wages for nonprofit employees in the Northeast were actually higher than wages for government or for-profit employees. However, in 2003, the median hourly wage for a full-time for-profit employee in the ambulatory health care services industry surpassed the median wage for a nonprofit employee.

Nevertheless, median hourly wages for full-time nonprofit workers in every industry examined exceeded the minimum wage necessary to support the basic needs of a family of four (two adults working full-time, two children). According to the JOBS NOW Coalition, in 2002, each adult needed to earn \$10.04 an hour to meet these costs in Northeast Minnesota.

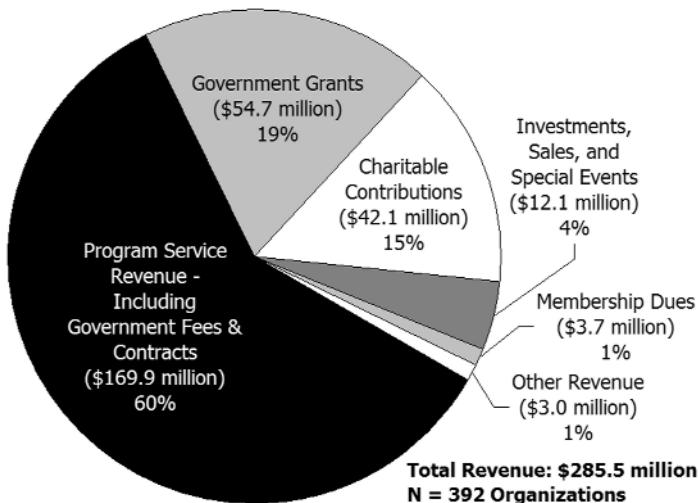
* See Appendix A for a definition of these industries.

Median Hourly Wages for Full-Time Employees in Northeast Minnesota

Industry	Full-Time Median Hourly Wage by Sector (% of sector employment in the region)		
	Nonprofit	For-Profit	Government
Arts, Entertainment & Recreation	\$13.98 (2%)	\$12.50 (1%)	\$11.23 (6%)
Educational Services	\$15.68 (6%)	\$15.92 ($<1\%$)	\$20.23 (37%)
Health Care			
Ambulatory Health Care Services	\$15.52 (18%)	\$15.69 (3%)	na
Hospitals	\$15.09 (43%)	na	\$17.09 (6%)
Nursing & Residential Care Facilities	\$13.49 (16%)	\$11.76 (4%)	\$15.07 (3%)
Social Assistance			
Individual & Family Services	\$13.55 (3%)	\$12.10 ($<1\%$)	\$16.43 (2%)
Community Food, Housing, Emergency & Other Relief Services	\$13.25 (1%)	na	na
Vocational Rehabilitation Services	\$11.31 (3%)	\$21.92 ($<1\%$)	\$24.74 ($<1\%$)
Child Day Care Services	\$11.53 (1%)	\$8.67 ($<1\%$)	na
Other Services			
Religious Organizations	\$10.06 ($<1\%$)	na	na
Grantmaking & Giving Services	\$19.80 ($<1\%$)	na	na
Social Advocacy Organizations	\$15.11 (1%)	\$14.17 ($<1\%$)	na
Civic & Social Organizations	\$11.51 (3%)	\$10.52 (1%)	na

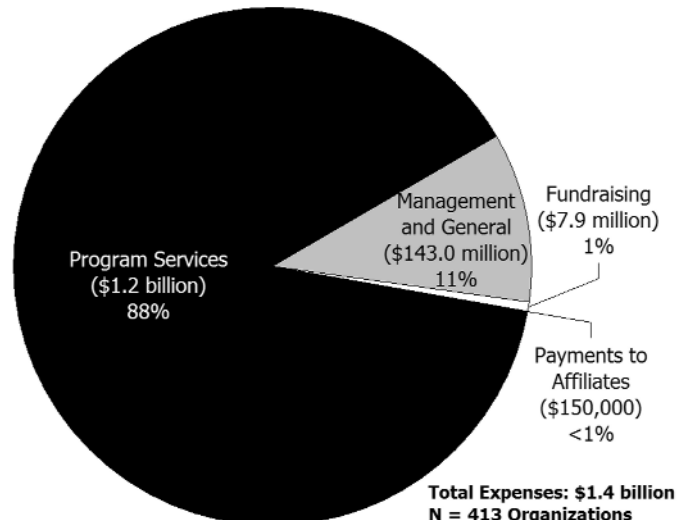
Source: MN Dept. of Employment & Economic Development, Enhanced Wage Records, 3rd Qtr 2003
Notes: "NA" indicates either that the sector did not have any employees in that industry or that the information for that category was suppressed for reasons of privacy. The selected industries represented 98% of nonprofit employment, 11% of for-profit employment, and 54% of government employment in the region in 2003. More extensive descriptions of these industries are available in Appendix A.

Revenue Sources for Nonprofit Organizations in Northeast Minnesota (Organizations with assets under \$10 million)



Source: Minnesota Attorney General's Office, Charities Division
Note: These figures include nonprofits that filed Form 990 or 990EZ, but do not include charitable trusts and private foundations that filed form 990PF.

Expenditures by Nonprofit Organizations in Northeast Minnesota (All organizations)

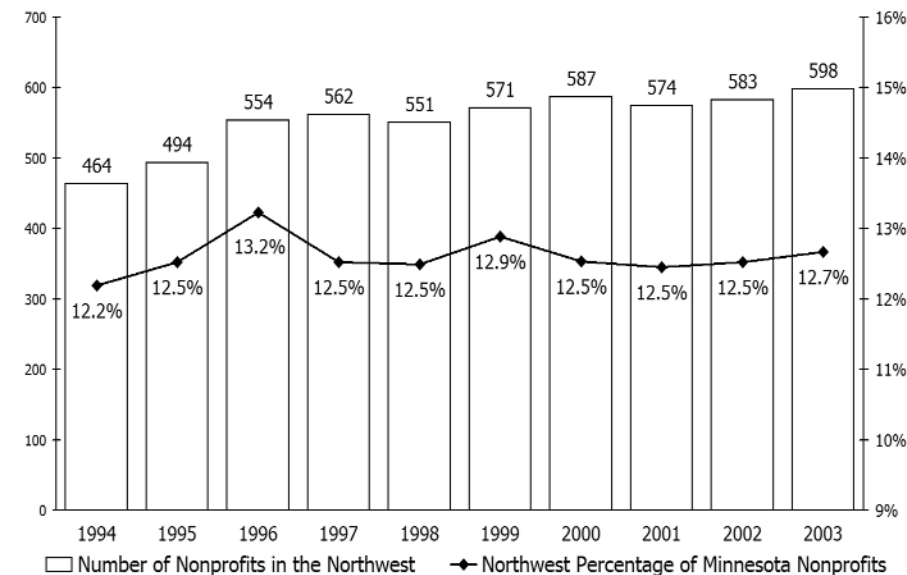


Source: Minnesota Attorney General's Office, Charities Division
Note: These figures include nonprofits that filed Form 990 or 990EZ, but do not include charitable trusts and private foundations that filed form 990PF.



Nonprofit Economy in Northwest Minnesota

Number of Nonprofit Organizations in the Northwest and Percentage of Nonprofits Located in the Northwest (with at least one employee)



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

Counties included in the Northwest region:

Becker, Beltrami, Cass, Clay, Clearwater, Crow Wing, Douglas, Grant, Hubbard, Kittson, Lake of the Woods, Mahnomon, Marshall, Morrison, Norman, Otter Tail, Pennington, Polk, Pope, Red Lake, Roseau, Stevens, Todd, Traverse, Wadena, Wilkin

In 2003, there were nearly 600 nonprofit organizations in Northwest Minnesota. This represented an increase of 3% from 2002, the largest percentage increase of any region.

With nearly 13% of the state's nonprofit organizations with employees, the Northwest region represented the second largest concentration of nonprofit employers after the Twin Cities. This likely reflects that the Northwest has more, but smaller, population centers than other regions, and each attracts its own grouping of nonprofits.

Therefore, instead of being concentrated in a particular county, about 11% of the region's nonprofit employers were located in Crow Wing County (where Brainerd is located), 10% in Otter Tail (Fergus Falls), 9% in Clay (Moorhead), 8% in Beltrami (Bemidji), 8% in Polk (Crookston), and 7% in Douglas (Alexandria).

Even though the Northwest had the second largest number of nonprofit employers in the state in 2003, the region employed less than 9% of the state's total nonprofit workforce. **Nonprofits in this region averaged just 36 employees per organization, one of the lowest sizes in the state.**

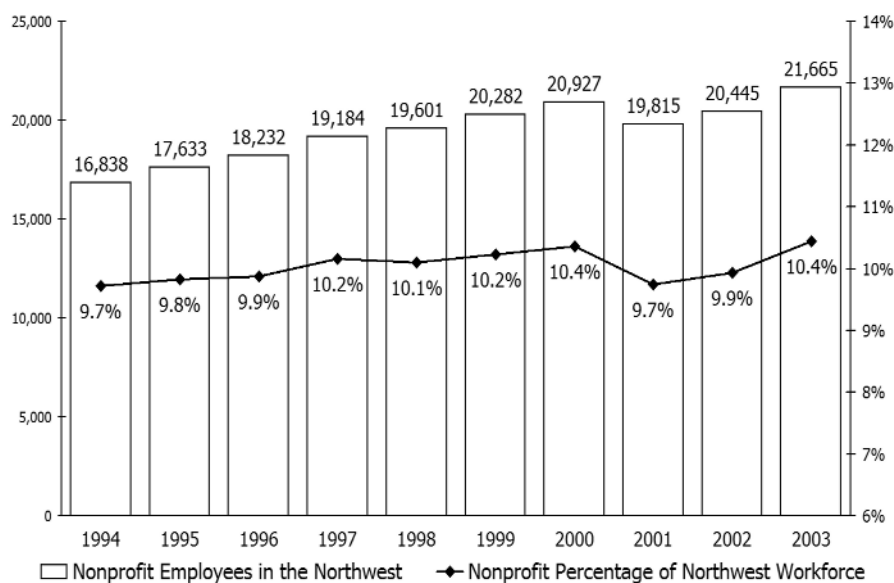
Nonprofit employment in the Northwest experienced particularly strong growth in 2003. Between 1993 and 2002, the region's nonprofit workforce increased an average of less than 3% a year. **From 2002 to 2003, however, the nonprofit workforce in the region saw a net increase of 1,220 employees, or 6%, the largest percentage increase of any region.** Over time, the nonprofit percentage of total employment in the Northwest has remained steady at around 10%.

In 2003, the largest percentage of nonprofit employers in Northwest Minnesota were nursing and residential care facilities (18%), which also accounted for one-third of nonprofit employment in the region.*

The second largest nonprofit industry in the Northwest was individual and family services (12%), although it only

* See Appendix A for a definition of these industries.

Number of Nonprofit Employees in the Northwest and Nonprofit Percentage of All Northwest Employees



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

Nonprofit Economy in Northwest Minnesota

employed 5% of the region's nonprofit workforce. Hospitals, which employed 31% of the region's nonprofit workers, accounted for just 3% of nonprofit employers.

In 2003, nonprofit organizations in the Northwest paid \$533 million in wages to their employees, or nearly 10% of all wages paid in the region. After adjusting for inflation, this represented a nearly 8% increase in total nonprofit payroll from 2002.

Average weekly wages for nonprofit employees in the Northwest were significantly lower than government wages, but only slightly below for-profit wages. In all the industries examined, the median hourly wage for a full-time nonprofit employee exceeded the minimum wage necessary to support the basic needs of a family of four (two adults working full-time, two children). According to the JOBS NOW Coalition, in 2002, each adult needed to earn about \$9.75 an hour to meet these costs in Northwest Minnesota.

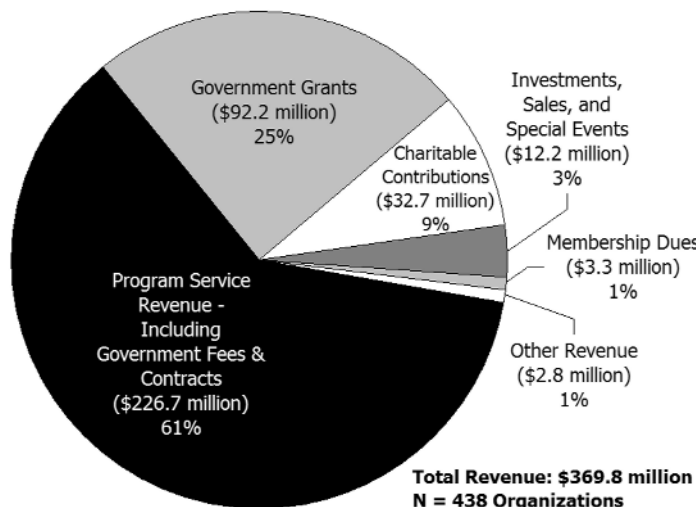
Overall, in 2003, small- and medium-sized organizations in the Northwest received a higher percentage of their revenues from government grants, and a slightly smaller percentage from charitable contributions, than similar organizations in other regions. **About 37% of nonprofits reported an operational deficit for the fiscal year,** meaning their expenses for the year exceeded their revenues.

Median Hourly Wages for Full-Time Employees in Northwest Minnesota

Industry	Full-Time Median Hourly Wage by Sector (% of sector employment in the region)		
	Nonprofit	For-Profit	Government
Arts, Entertainment & Recreation	\$10.72 (1%)	\$13.05 (1%)	\$10.56 (6%)
Educational Services	\$17.36 (7%)	\$13.66 (<1%)	\$19.81 (44%)
Health Care			
Ambulatory Health Care Services	\$13.75 (6%)	\$14.55 (4%)	\$18.07 (2%)
Hospitals	\$15.20 (31%)	na	\$17.01 (7%)
Nursing & Residential Care Facilities	\$11.90 (33%)	\$10.53 (2%)	\$15.24 (3%)
Social Assistance			
Individual & Family Services	\$12.80 (5%)	\$10.89 (<1%)	\$13.77 (<1%)
Community Food, Housing, Emergency & Other Relief Services	\$11.93 (<1%)	\$8.14 (<1%)	na
Vocational Rehabilitation Services	\$12.22 (4%)	\$11.46 (<1%)	na
Child Day Care Services	\$11.49 (2%)	\$8.26 (<1%)	\$10.65 (<1%)
Other Services			
Religious Organizations	\$12.58 (1%)	na	na
Grantmaking & Giving Services	\$16.71 (<1%)	\$14.18 (<1%)	na
Social Advocacy Organizations	\$13.38 (3%)	\$12.57 (<1%)	na
Civic & Social Organizations	\$12.19 (1%)	\$10.00 (1%)	na

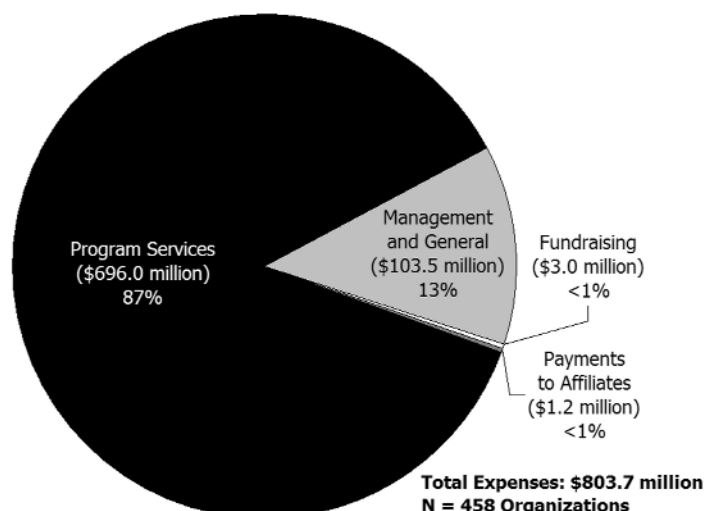
Source: MN Dept. of Employment & Economic Development, Enhanced Wage Records, 3rd Qtr 2003
Notes: "NA" indicates either that the sector did not have any employees in that industry or that the information for that category was suppressed for reasons of privacy. The selected industries represented 94% of nonprofit employment, 10% of for-profit employment, and 61% of government employment in the region in 2003. More extensive descriptions of these industries are available in Appendix A.

Revenue Sources for Nonprofit Organizations in Northwest Minnesota (Organizations with assets under \$10 million)



Source: Minnesota Attorney General's Office, Charities Division
 Note: These figures include nonprofits that filed Form 990 or 990EZ, but do not include charitable trusts and private foundations that filed form 990PF.

Expenditures by Nonprofit Organizations in Northwest Minnesota (All organizations)

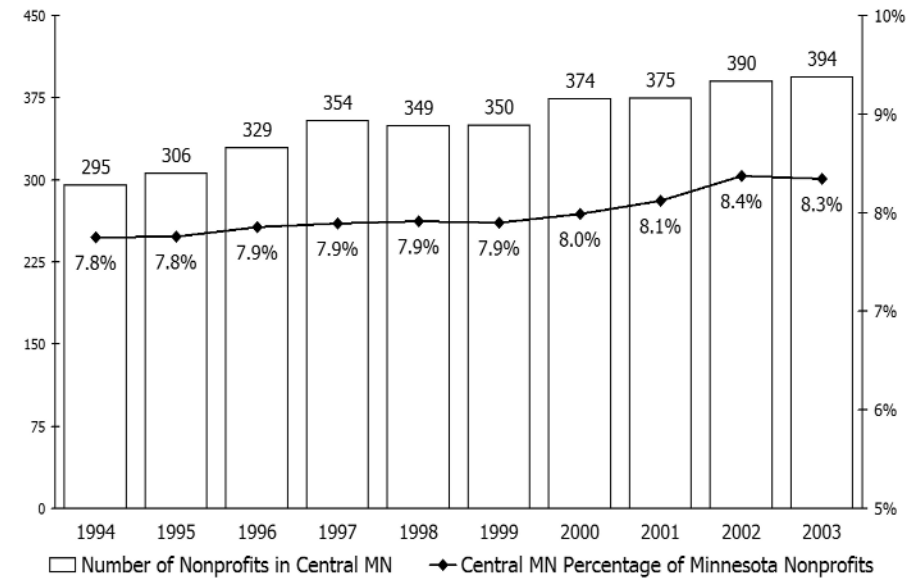


Source: Minnesota Attorney General's Office, Charities Division
 Note: These figures include nonprofits that filed Form 990 or 990EZ, but do not include charitable trusts and private foundations that filed form 990PF.



Nonprofit Economy in Central Minnesota

Number of Nonprofit Organizations in Central Minnesota and Percentage of Nonprofits Located in Central Minnesota (with at least one employee)



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

Counties included in the Central region:
 Benton, Chisago, Isanti, Kanabec, Kandiyohi,
 McLeod, Meeker, Mille Lacs, Pine, Renville,
 Sherburne, Stearns, Wright

In 2003, there were **394 nonprofit organizations with employees in Central Minnesota**. This represents a small increase, just 1%, in the number of nonprofit employers in the region from 2002. Central Minnesota's share of the state's nonprofit employers remained steady at just over 8%.

Growth in nonprofit employment in the region slowed after four years of strong percentage increases. **From 2002 to 2003, the nonprofit workforce in Central Minnesota experienced a net increase of 444 employees, or 2%.** During the same period of time, total employment in the region grew by less than 1%.

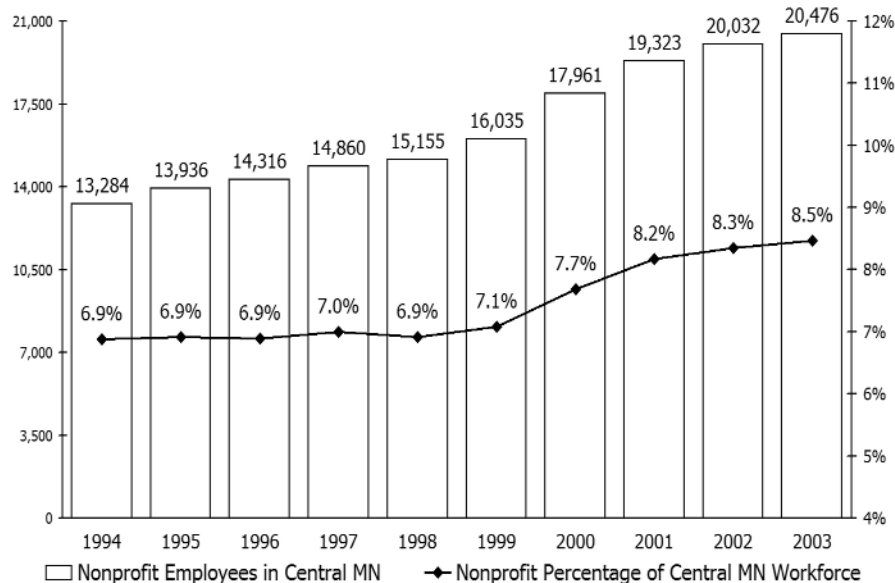
Over time, percentage growth in the nonprofit workforce has been stronger than percentage growth in total employment in the region. Between 1993 and 2003, nonprofit employment in Central Minnesota grew an average of 4.6% per year, outpacing total employment, which grew an average of 2.7% per year. As a result, **in 2003, nonprofit employees accounted for 8.5% of the total workforce in Central Minnesota.**

In 2003, the largest concentration of nonprofit activity in Central Minnesota was in Stearns County, where most of the city of St. Cloud is located, with 25% of the region's nonprofit employers and 38% of the nonprofit workforce. Sherburne and Wright counties, which lie between St. Cloud and the Twin Cities metro area, each hosted another 10% of the region's nonprofit employers. Chisago County had the second largest concentration of the region's nonprofit employees (11%), but only 6% of the region's nonprofit employers.

In 2003, the nonprofit workforce in Central Minnesota was concentrated in two industries. **Hospitals employed 35% of the region's nonprofit employees and nursing and residential care facilities employed another 28%.** As in most regions of the state, ambulatory health care services, with 8% of the nonprofit workforce, edged out educational services, with 7% of the workforce, as the third largest nonprofit employer in Central Minnesota.*

* See Appendix A for a definition of these industries.

Number of Nonprofit Employees in Central Minnesota and Nonprofit Percentage of All Central Minnesota Employees



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

Nonprofit Economy in Central Minnesota

Total nonprofit payroll in Central Minnesota increased at a slower pace than in previous years. **In 2003, nonprofit organizations in Central Minnesota paid \$585 million in wages to their employees**, or 8% of all wages paid in the region. After adjusting for inflation, this represented an increase in total nonprofit payroll of nearly 5% from 2002.

Nevertheless, **the increase in total payroll was sufficient to push the average weekly wage for a nonprofit employee in 2003 to \$550, which was even with the average wage for a for-profit employee.** The average weekly wage for a government employee was \$648.

In general, median hourly wages for full-time nonprofit employees in Central Minnesota were competitive with for-profit wages in the same industry. And in all of the industries examined, the median hourly wage for a full-time nonprofit employee in 2003 exceeded the minimum wage necessary to support the basic needs of a family of four (two adults working full-time, two children). According to the JOBS NOW Coalition, in 2002, each adult needed to earn about \$10.83 an hour to meet these costs in Central Minnesota.

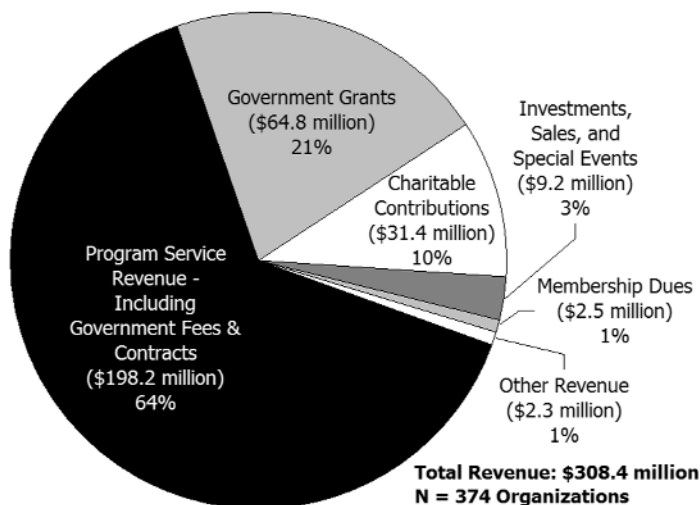
In 2003, 44% of nonprofit organizations in Central Minnesota reported an operational deficit for the year, meaning their expenses for the year exceeded their revenues. Only the Twin Cities saw a higher percentage of organizations with a deficit.

Median Hourly Wages for Full-Time Employees in Central Minnesota

Industry	Full-Time Median Hourly Wage by Sector (% of sector employment in the region)		
	Nonprofit	For-Profit	Government
Arts, Entertainment & Recreation	\$17.45 (1%)	\$13.63 (2%)	\$12.27 (7%)
Educational Services	\$15.95 (7%)	\$10.06 (1%)	\$21.01 (46%)
Health Care			
Ambulatory Health Care Services	\$15.29 (8%)	\$16.71 (3%)	na
Hospitals	\$17.81 (35%)	na	\$18.75 (10%)
Nursing & Residential Care Facilities	\$14.06 (28%)	\$10.91 (3%)	\$17.20 (2%)
Social Assistance			
Individual & Family Services	\$14.70 (3%)	\$11.54 ($<1\%$)	\$15.89 ($<1\%$)
Community Food, Housing, Emergency & Other Relief Services	\$13.11 (1%)	\$12.58 ($<1\%$)	na
Vocational Rehabilitation Services	\$11.43 (5%)	\$16.95 ($<1\%$)	na
Child Day Care Services	\$11.37 (2%)	\$9.01 (1%)	na
Other Services			
Religious Organizations	\$12.26 (1%)	na	na
Grantmaking & Giving Services	\$14.37 (3%)	na	na
Social Advocacy Organizations	\$12.99 (2%)	\$15.25 ($<1\%$)	na
Civic & Social Organizations	\$12.30 (2%)	\$9.74 (1%)	na

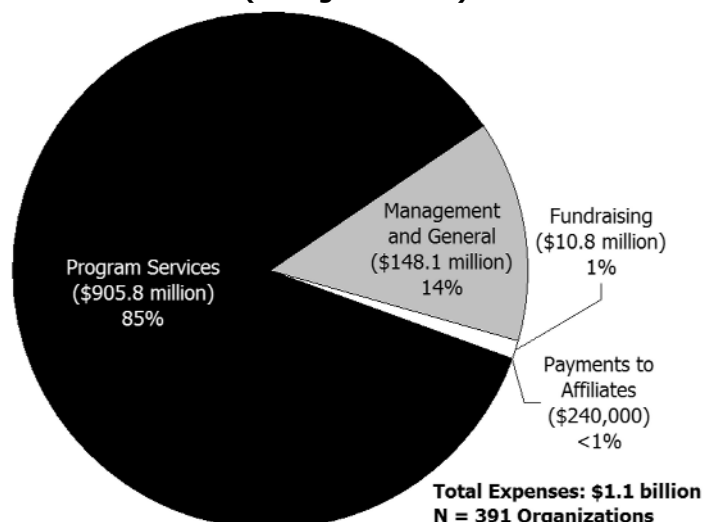
Source: MN Dept. of Employment & Economic Development, Enhanced Wage Records, 3rd Qtr 2003
Notes: "NA" indicates either that the sector did not have any employees in that industry or that the information for that category was suppressed for reasons of privacy. The selected industries represented 96% of nonprofit employment, 10% of for-profit employment, and 65% of government employment in the region in 2003. More extensive descriptions of these industries are available in Appendix A.

Revenue Sources for Nonprofit Organizations in Central Minnesota (Organizations with assets under \$10 million)



Source: Minnesota Attorney General's Office, Charities Division
Note: These figures include nonprofits that filed Form 990 or 990EZ, but do not include charitable trusts and private foundations that filed form 990PF.

Expenditures by Nonprofit Organizations in Central Minnesota (All organizations)

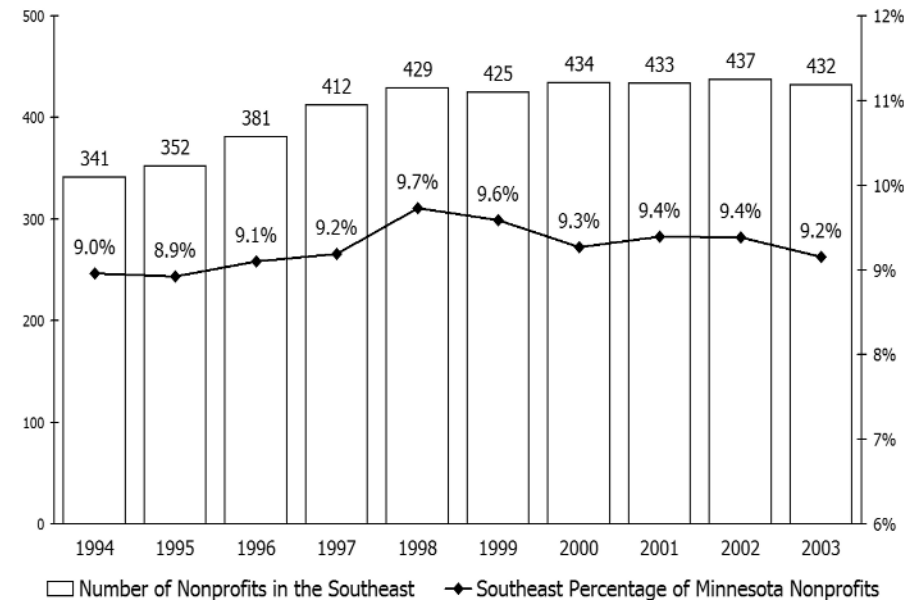


Source: Minnesota Attorney General's Office, Charities Division
Note: These figures include nonprofits that filed Form 990 or 990EZ, but do not include charitable trusts and private foundations that filed form 990PF.



Nonprofit Economy in Southeast Minnesota

Number of Nonprofit Organizations in the Southeast and Percentage of Nonprofits Located in the Southeast (with at least one employee)



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

Counties included in the Southeast region:
Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, Winona

In 2003, there were just over 430 nonprofits with employees in Southeast Minnesota, which represented a small decrease from 2002. The Southeast was the only region in the state to experience a net decline in the number of nonprofit employers.

Growth in nonprofit employment, however, has outpaced percentage growth in total employment in the region since the mid-1990s. Between 1993 and 2002, the nonprofit workforce grew at an average annual rate of 4.0%, whereas total employment grew by an average of just 1.9% per year. This trend continued in 2003. **Between 2002 and 2003, the nonprofit workforce saw a net increase of nearly 1,200 employees, or 3%, while there was a net decline in total employment in the region.**

The nonprofit share of the workforce in the region has steadily increased. **In 2003, nonprofit organizations employed 19.7% of the Southeast region's total workforce, about twice the statewide average.**

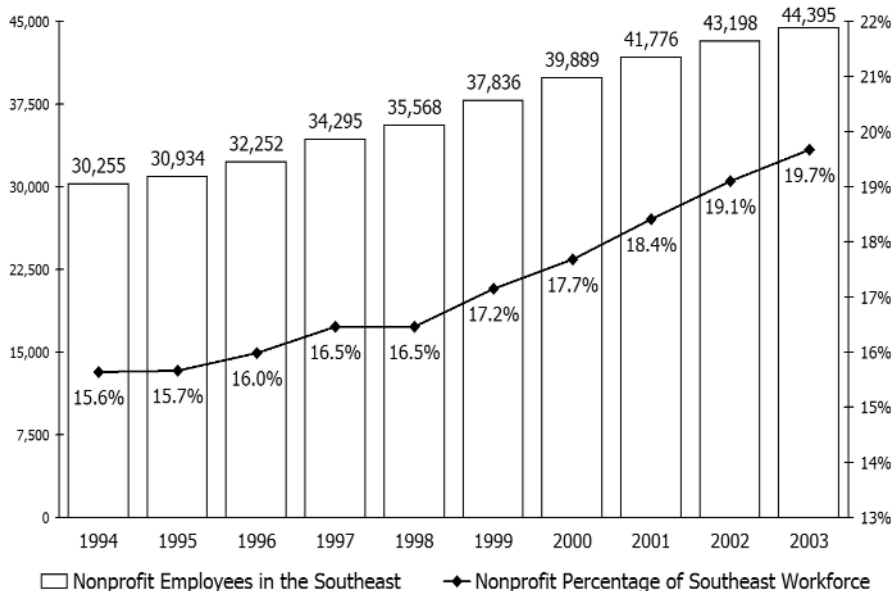
Throughout the state, nonprofit employment is concentrated in the health care industry, but this is particularly true in the Southeast. **In 2003, the three major health care industries - ambulatory health care services, hospitals, and nursing and residential care facilities - employed nearly 83% of the nonprofit workforce in the region, well above the statewide average of 66%.***

These three industries also accounted for much of the growth in nonprofit employment in the Southeast between 2002 and 2003, with a net increase of nearly 950 employees. Individual and family services also experienced strong expansion, with a net increase of 316 employees. In contrast, educational services, with the second largest share of the nonprofit workforce in the region after health care, suffered a net loss nearly 240 employees.

The high concentration of employment in the health care industry means that nonprofit employers in the Southeast are, on average, larger than in other regions. **In 2003, nonprofits in this region aver-**

* See Appendix A for a definition of these industries.

Number of Nonprofit Employees in the Southeast and Nonprofit Percentage of All Southeast Employees



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

Nonprofit Economy in Southeast Minnesota

aged 103 employees per organization; the statewide average was 53.

In 2003, Olmsted County, where the city of Rochester and the Mayo Clinic are located, was not only the center of nonprofit activity for the region, but also one of the centers for the state, hosting 12% of the total nonprofit workforce in Minnesota. Olmsted County was home to 31% of the region's nonprofit employers and 67% of nonprofit employees. Furthermore, nonprofit employees accounted for 35% of Olmsted County's total workforce - the highest percentage in the state.

The emphasis on health care in this region was also reflected in nonprofit wages. In 2003, nonprofit employers in Southeast Minnesota paid out \$1.9 billion in wages to their employees, or 25% of all wages paid in the region, the highest percentage in the state.

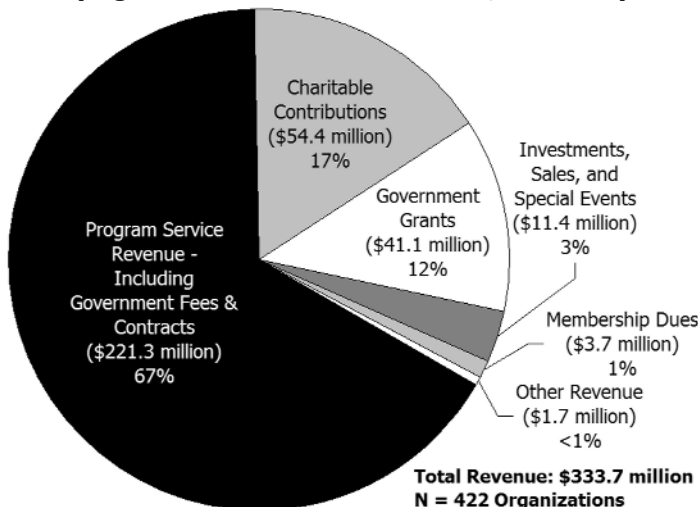
The median hourly wage for a full-time nonprofit employee in nearly every industry examined exceeded the minimum wage necessary to support the basic needs of a family of four (two adults working full-time, two children). According to the JOBS NOW Coalition, in 2002, each adult needed to earn about \$10.40 an hour to meet these costs in the Southeast. The exception was child day care services, where the median hourly wage for a full-time worker in both the nonprofit and for-profit sectors fell below the basic needs wage.

Median Hourly Wages for Full-Time Employees in Southeast Minnesota

Industry	Full-Time Median Hourly Wage by Sector (% of sector employment in the region)		
	Nonprofit	For-Profit	Government
Arts, Entertainment & Recreation	\$12.89 (1%)	\$14.69 (2%)	\$15.14 (5%)
Educational Services	\$18.33 (8%)	\$15.93 (<1%)	\$19.88 (47%)
Health Care			
Ambulatory Health Care Services	\$20.94 (44%)	\$16.57 (3%)	na
Hospitals	\$18.77 (25%)	na	\$15.57 (3%)
Nursing & Residential Care Facilities	\$12.83 (13%)	\$11.35 (3%)	\$14.96 (3%)
Social Assistance			
Individual & Family Services	\$13.91 (3%)	\$11.69 (<1%)	\$13.15 (<1%)
Community Food, Housing, Emergency & Other Relief Services	\$15.90 (<1%)	\$14.09 (<1%)	na
Vocational Rehabilitation Services	\$12.42 (2%)	\$15.68 (<1%)	na
Child Day Care Services	\$9.15 (1%)	\$10.00 (<1%)	na
Other Services			
Religious Organizations	\$12.24 (<1%)	na	na
Grantmaking & Giving Services	\$19.94 (<1%)	na	na
Social Advocacy Organizations	\$11.54 (1%)	\$20.59 (<1%)	na
Civic & Social Organizations	\$13.28 (1%)	\$12.50 (1%)	na

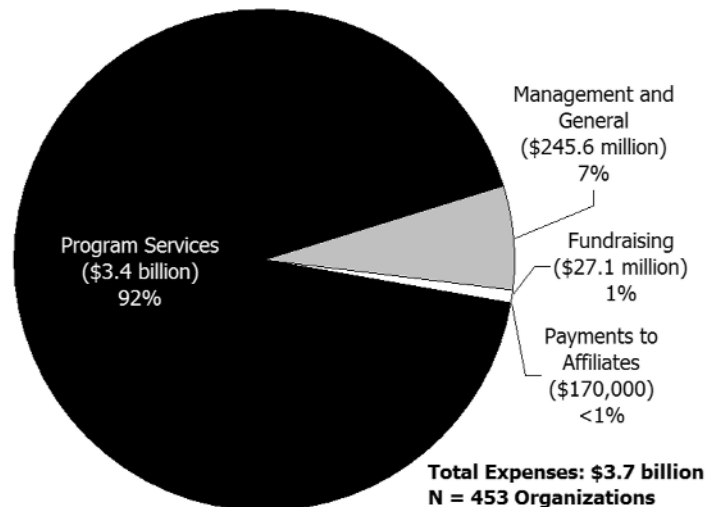
Source: MN Dept. of Employment & Economic Development, Enhanced Wage Records, 3rd Qtr 2003
Notes: "NA" indicates either that the sector did not have any employees in that industry or that the information for that category was suppressed for reasons of privacy. The selected industries represented 99% of nonprofit employment, 8% of for-profit employment, and 59% of government employment in the region in 2003. More extensive descriptions of these industries are available in Appendix A.

Revenue Sources for Nonprofit Organizations in Southeast Minnesota (Organizations with assets under \$10 million)



Source: Minnesota Attorney General's Office, Charities Division
Note: These figures include nonprofits that filed Form 990 or 990EZ, but do not include charitable trusts and private foundations that filed form 990PF.

Expenditures by Nonprofit Organizations in Southeast Minnesota (All organizations)

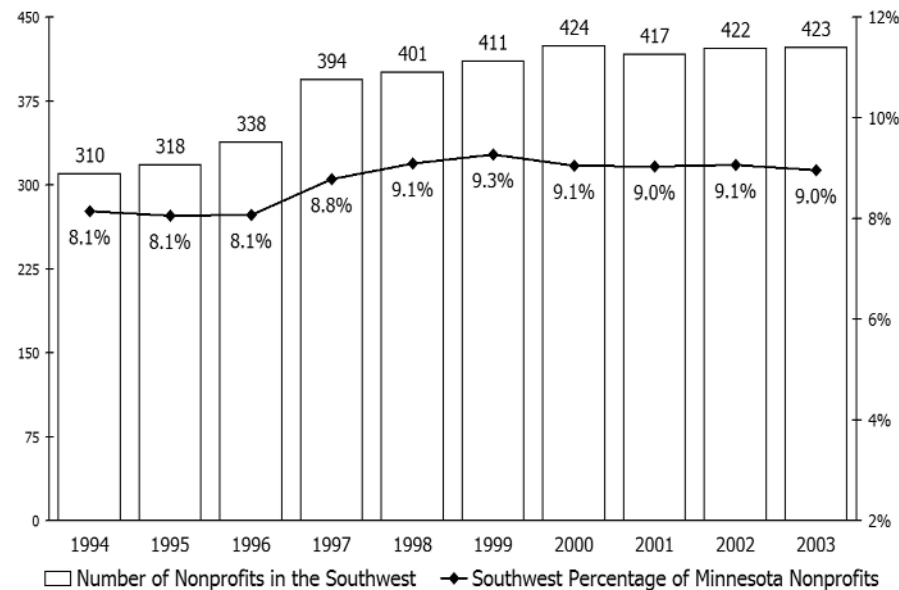


Source: Minnesota Attorney General's Office, Charities Division
Note: These figures include nonprofits that filed Form 990 or 990EZ, but do not include charitable trusts and private foundations that filed form 990PF.



Nonprofit Economy in Southwest Minnesota

Number of Nonprofit Organizations in the Southwest and Percentage of Nonprofits Located in the Southwest (with at least one employee)



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

In 2003, there were over 420 nonprofit organizations with employees in Southwest Minnesota, essentially unchanged from 2002. However, this was consistent with the region as a whole, where during the same period of time, the total number of employers increased by less than 1%.

Growth in nonprofit employment in the Southwest in 2003 was more substantial than growth in the number of employers, but was significantly lower than in recent years. **Between 2002 and 2003, the nonprofit workforce experienced a net increase of 247 employees, or 1.7%.** In contrast, between 1993 and 2002, nonprofit employment in the region increased an average of 4.3% per year. Nevertheless, **in 2003, the nonprofit share of the total workforce in the Southwest increased to 8.6%.**

Even though 9% of the state's nonprofit employers were located in the Southwest, the region employed just 6% of the state's total nonprofit workforce. In 2003, nonprofits in this region averaged 35 employees per organization, the smallest average size in the state.

As in every region of the state, the health care industry was the major employer of the nonprofit workforce in the Southwest. However, **nursing and residential care facilities, with 34% of the region's nonprofit workforce in 2003, employed more than hospitals (28%) and ambulatory health care services (5%).***

As in the Northwest, nonprofit activity in the Southwest was somewhat more dispersed throughout the region. **In 2003, the largest center of nonprofit activity in Southwest Minnesota was Blue Earth County (where the city of Mankato is largely located), which accounted for 14% of nonprofit employers and nearly 25% of nonprofit employees.** However, Brown, Lyon, Martin, and Nicollet counties each had a sizeable share of the nonprofit employers or employees in the region in 2003.

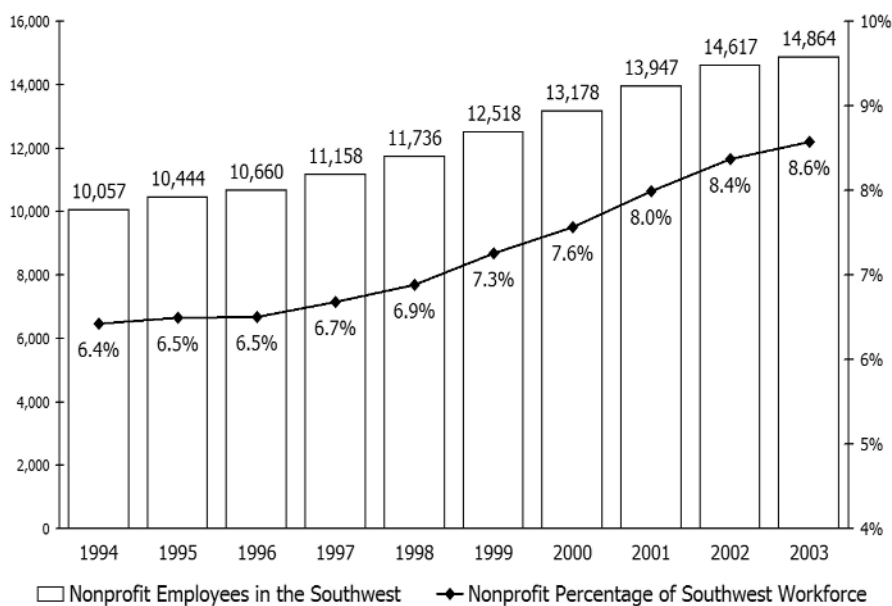
In 2003, nonprofit organizations in the Southwest paid nearly \$349 million in wages to their employees, or

* See Appendix A for a definition of these industries.

Counties included in the Southwest region:

Big Stone, Blue Earth, Brown, Chippewa, Cottonwood, Faribault, Jackson, Lac Qui Parle, Le Sueur, Lincoln, Lyon, Martin, Murray, Nicollet, Nobles, Pipestone, Redwood, Rock, Sibley, Swift, Waseca, Watonwan, Yellow Medicine

Number of Nonprofit Employees in the Southwest and Nonprofit Percentage of All Southwest Employees



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

Nonprofit Economy in Southwest Minnesota

nearly 8% of all wages in the region. After adjusting for inflation, this represented a 4% increase in total nonprofit payroll from 2002.

Although the average weekly wage for a nonprofit employee in the Southwest continued to lag behind average weekly wages for both for-profit and government employees in 2003, **median hourly wages for full-time nonprofit employees were more competitive with for-profit wages in the same industry, particularly in health care.**

For example, in the single largest area of nonprofit employment in the Southwest, nursing and residential care facilities, the median hourly wage for a full-time nonprofit worker was \$1.00 an hour higher than a for-profit employee.

In most of the industries examined, the median hourly wage for a full-time nonprofit employee exceeded the minimum wage necessary to support the basic needs of a family of four (two adults working full-time, two children). According to the JOBS NOW Coalition, in 2002, each adult needed to earn about \$9.14 an hour to meet these costs in the Southwest.

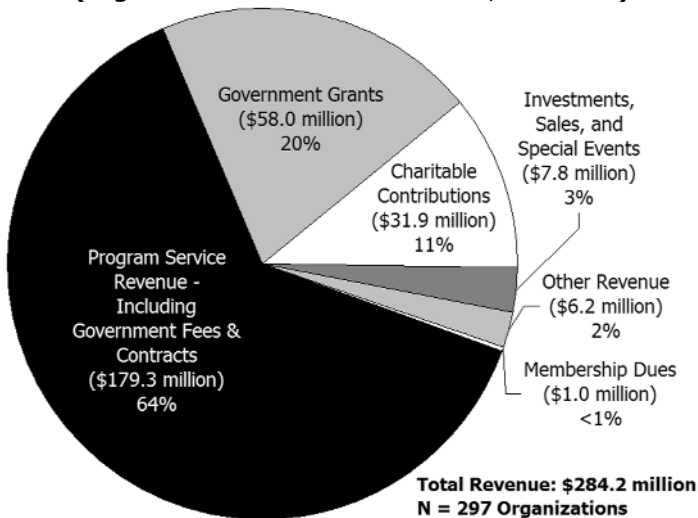
The exception was child day care services, where the median wage of just \$8.50 an hour for a nonprofit employee was the lowest in the state for this industry. The median wage for both nonprofit and for-profit workers in this industry fell below the basic needs wage in the region.

Median Hourly Wages for Full-Time Employees in Southwest Minnesota

Industry	Full-Time Median Hourly Wage by Sector (% of sector employment in the region)		
	Nonprofit	For-Profit	Government
Arts, Entertainment & Recreation	\$15.37 (1%)	\$15.53 (1%)	\$11.16 (1%)
Educational Services	\$18.55 (7%)	\$16.51 (<1%)	\$18.88 (44%)
Health Care			
Ambulatory Health Care Services	\$15.34 (5%)	\$15.14 (4%)	\$20.78 (<1%)
Hospitals	\$15.47 (28%)	na	\$18.47 (11%)
Nursing & Residential Care Facilities	\$12.56 (34%)	\$11.56 (3%)	\$13.66 (4%)
Social Assistance			
Individual & Family Services	\$12.79 (2%)	\$10.74 (1%)	\$16.52 (<1%)
Community Food, Housing, Emergency & Other Relief Services	\$11.85 (2%)	na	na
Vocational Rehabilitation Services	\$12.30 (9%)	\$14.38 (<1%)	na
Child Day Care Services	\$8.50 (1%)	\$8.00 (<1%)	na
Other Services			
Religious Organizations	\$12.88 (1%)	na	na
Grantmaking & Giving Services	\$15.66 (1%)	na	na
Social Advocacy Organizations	\$15.15 (4%)	\$18.29 (<1%)	na
Civic & Social Organizations	\$12.44 (3%)	\$9.40 (1%)	na

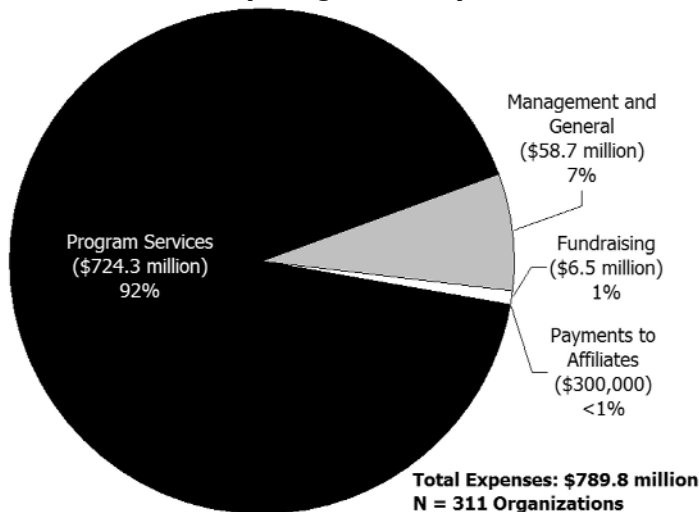
Source: MN Dept. of Employment & Economic Development, Enhanced Wage Records, 3rd Qtr 2003
Notes: "NA" indicates either that the sector did not have any employees in that industry or that the information for that category was suppressed for reasons of privacy. The selected industries represented 97% of nonprofit employment, 10% of for-profit employment, and 61% of government employment in the region in 2003. More extensive descriptions of these industries are available in Appendix A.

Revenue Sources for Nonprofit Organizations in Southwest Minnesota (Organizations with assets under \$10 million)



Source: Minnesota Attorney General's Office, Charities Division
Note: These figures include nonprofits that filed Form 990 or 990EZ, but do not include charitable trusts and private foundations that filed form 990PF.

Expenditures by Nonprofit Organizations in Southwest Minnesota (All organizations)



Source: Minnesota Attorney General's Office, Charities Division
Note: These figures include nonprofits that filed Form 990 or 990EZ, but do not include charitable trusts and private foundations that filed form 990PF.

Appendix A

North American Industry Classification System (NAICS) Definitions

A more complete definition of each of these industries is available at www.census.gov/epcd/naics02/naicod02.htm.

Ambulatory Health Care Services (NAICS 621) - Industries in this subsector provide health care services directly or indirectly to ambulatory patients and do not usually provide inpatient services. This category includes: physicians' offices, mental health practitioners, dentists, chiropractors, optometrists, physical, occupational and speech therapists, family planning centers, outpatient mental health and substance abuse centers, medical and diagnostic laboratories, and home health care services. In 2003, this industry accounted for 8.7% of nonprofit employers and 15.7% of nonprofit employees statewide.

Arts, Entertainment & Recreation (NAICS 71) - This sector includes establishments that are involved in producing, promoting, or participating in live performances, events, or exhibits intended for public viewing; establishments that preserve and exhibit objects and sites of historical, cultural, or educational interest; and establishments that operate facilities or provide services that enable patrons to participate in recreational activities or pursue amusement, hobby, and leisure-time interests. In 2003, this industry accounted for 7.7% of nonprofit employers and 2.4% of nonprofit employees statewide.

Child Day Care Services (NAICS 6244) - This industry comprises establishments primarily engaged in providing day care of infants or children. In 2003, this industry accounted for 3.6% of nonprofit employers and 1.1% of nonprofit employees statewide.

Civic & Social Organizations (NAICS 8134) - This industry comprises establishments primarily engaged in promoting the civic and social interests of their members. Examples include alumni associations, ethnic associations, scouting organizations, student clubs, and social senior citizens' associations. In 2003, this industry accounted for 5.1% of nonprofit employers and 2.4% of nonprofit employees statewide.

Community Food, Housing, Emergency & Other Relief Services (NAICS 6242) - Community food service establishments are primarily engaged in the collection, preparation, and delivery of food for the needy. Community housing service establishments provide short-term emergency shelter, transitional housing for low-income individuals and families, volunteer construction or repair of low-cost housing, or repair of homes for elderly or disabled homeowners. Emergency and other relief service establishments are primarily engaged in providing food, shelter, clothing, medical relief, resettlement, and counseling to victims of domestic or international disasters or conflicts. In 2003, this industry accounted for 3.0% of nonprofit employers and 0.8% of nonprofit employees statewide.

Educational Services (NAICS 611) - Industries in this subsector provide instruction and training and a wide variety of subjects through specialized establishments, such as schools, colleges, universities, and training centers. In 2003, this industry accounted for 9.8% of nonprofit employers and 9.2% of nonprofit employees statewide.

Grantmaking & Giving Services (NAICS 8132) - This industry comprises grantmaking foundations and charitable trusts, as well as establishments primarily engaged in raising funds for a wide range of social welfare activities. In 2003, this industry accounted for 4.0% of nonprofit employers and 0.7% of nonprofit employees statewide.

Hospitals (NAICS 622) - Industries in this subsector provide medical, diagnostic, and treatment services that include physician, nursing, and other health services to inpatients. Hospitals may also provide outpatient services as a secondary activity. In 2003, this industry accounted for 2.2% of nonprofit employers and 31.9% of nonprofit employees statewide.

Individual & Family Services (NAICS 6241) - This industry comprises establishments primarily engaged in providing nonresidential social assistance services for children and youth, such as adoption and foster care, drug prevention, life skills training, and positive social development. In 2003, this industry accounted for 12.7% of nonprofit employers and 4.5% of nonprofit employees statewide.

Nursing & Residential Care Facilities (NAICS 623) - Industries in this subsector provide residential care combined with either nursing, supervisory, or other types of care as required by the residents. Examples include nursing care facilities, residential mental health facilities, and community care facilities for the elderly. In 2003, this industry accounted for 14.5% of nonprofit employers and 18.1% of nonprofit employees statewide.

Religious Organizations (NAICS 8131) - This industry comprises churches, religious temples, and monasteries, as well as establishments primarily engaged in administering an organized religion or promoting religious activities. In 2003, this industry accounted for 3.2% of nonprofit employers and 0.8% of nonprofit employees statewide.

Social Advocacy Organizations (NAICS 8133) - This industry comprises establishments primarily engaged in promoting a particular cause or working for the realization of a specific social or political goal to benefit a broad or specific constituency. These organizations may solicit contributions or offer memberships to support these goals. In 2003, this industry accounted for 6.8% of nonprofit employers and 2.2% of nonprofit employees statewide.

Vocational Rehabilitation Services (NAICS 6243) - This industry comprises establishments primarily engaged in providing services such as job counseling, job training, and work experience to unemployed and underemployed persons, persons with disabilities, and persons who have a job market disadvantage because of lack of education, job skill, or experience. In 2003, this industry accounted for 4.1% of nonprofit employers and 3.5% of nonprofit employees statewide.

Quarterly Census of Employment and Wages Program

The Quarterly Census of Employment and Wages (QCEW) program is a cooperative endeavor between the U.S. Department of Labor's Bureau of Labor Statistics (BLS) and the Minnesota Department of Employment and Economic Development (DEED). The QCEW program is a virtual census, covering 97% of nonagricultural employment and wage data in Minnesota. Covered employment includes private sector employees, as well as state, county, and municipal government employees insured under the Unemployment Insurance (UI) Act and federal employees who are insured under separate laws. Religious congregations, however, are exempt from the UI Act and are not included in this data. Also excluded are proprietors and the self-employed, railroad workers, family farm workers, full-time students working for their school, elected government officials, and those working on a commission-only basis. Total wages include gross wages and salaries, pay for vacation and other paid leave, tips and other gratuities that are reported to the employer, bonuses (including severance pay), stock options, some sickness and disability payments, and the cash value of meals and lodging. In Minnesota, only currently taxable income is reported. This report uses QCEW data to analyze nonprofit employers, employees, and wages. It is important to note that the QCEW data does not include nonprofit organizations that have no employees. For more information on the QCEW program, please visit the DEED website at www.deed.state.mn.us/lmi/tools/qcew/files/about.htm.

The QCEW program classifies employers using the North American Industry Classification System (NAICS). In order to classify nonprofit organizations by activity area for the table on page 4, the NAICS codes were converted into a coding system better suited for understanding the nonprofit sector, the National Taxonomy of Exempt Entities - Core Codes (NTEE-CC), using guides available from the National Center on Charitable Statistics. For more information on the NTEE-CC classification system, please visit <http://nccs.urban.org/ntee-cc/index.htm>. Elsewhere in the report, the NAICS codes were used to analyze industry-level trends in the nonprofit sector.

Enhanced Wage Records

The median wage data used in this report is from the Department of Employment and Economic Development (DEED). DEED merges data from the Quarterly Census of Employment and Wages (QCEW) program (described above) from 3rd quarter of 2003 with Unemployment Insurance (UI) Wage Records for the same quarter. UI records contain individual level employment and wage data on all employees and employers covered under the UI program. Merging these data sets enables DEED to determine an individual employee's wages as paid by a unique employer during that quarter. In order to be included in the analysis, each employee needed to have earnings in the 2nd and 4th quarter with the same employer as the 3rd quarter. This report uses the data to report median hourly wages, or the mid-point in the range of wages, by region for full-time employees in selected industries. Full-time is defined as working 35 hours or more per week, or over 454 hours during the quarter.

Attorney General's Office

The Minnesota Attorney General's (AG) office has the primary responsibility for regulating, enforcing, and supervising charitable organizations and charitable trusts. Every nonprofit with over \$25,000 in financial activity must file an annual report with the AG's office each year. This report uses data provided by the AG's office on charitable organizations exempted under IRS subsection 501(c)(3) that filed a Form 990 or 990EZ and private foundations exempt under subsection 501(c)(3) that filed Form 990PF. A small number of organizations exempted under subsections 501(c)(4) through (c)(19) that filed Form 990 or 990EZ are also included. Because private foundations and charitable trusts are operationally distinct from nonprofits, they are excluded from the analysis. Certain other organizations that are exempt from filing with the Attorney General's Office are also not reflected in the data. These include organizations that do not employ paid staff and do not plan to receive more than \$25,000 in total contributions; religious organizations that do not file a Form 990 federal return; certain educational institutions; organizations that limit solicitations to persons who have a right to vote as a member; organizations that solicit contributions for a single person specified by name; and private foundations that did not solicit contributions from more than 100 persons during the year.

JOBS NOW Coalition, *The Cost of Living in Minnesota*

In their 2003 report, *The Cost of Living in Minnesota*, the JOBS NOW Coalition calculates the wage necessary for a family to cover its basic needs, looking at a variety of family compositions as well as geographic differences. The "basic needs budget" constructs a realistic budget by measuring the actual costs of meeting basic needs for food, housing, healthcare, childcare, clothing, and transportation in 2002. The budget does not include any money for entertainment, vacation, eating out, emergencies, retirement, or education. In order to assess the quality of nonprofit wages, this report uses the hourly wage necessary for a family of four (two adults working full-time, two children) to meet its basic needs. *The Cost of Living in Minnesota*, however, uses the thirteen economic development regions to examine geographic differences, while this report uses the six planning regions. For the Twin Cities, Northeast, and Southeast, the planning regions and economic development regions are identical, so the basic needs wage is taken directly from the report. However, in order to determine the appropriate wage for the other three regions (Northwest, Central, Southwest), multiple economic development regions needed to be combined. Therefore, the unweighted budgets of the economic development regions within the planning region were averaged together to determine the basic needs wage. *The Cost of Living in Minnesota* is available online at www.jobsnowcoalition.org.



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