

Minnesota Nonprofit Economy Report

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A Statewide and Regional Analysis

Northeast
Minnesota

Northwest
Minnesota

Central
Minnesota

Southeast
Minnesota

Southwest
Minnesota

Twin Cities
Metro Area



USING THIS REPORT

Like every industry in the United States, the nonprofit sector benefits from having timely information on economic performance. The Minnesota Council of Nonprofits' *Minnesota Nonprofit Economy Report*, published annually for the last eighteen years, provides the most comprehensive nonprofit economic information available in the nation. Minnesota ranks at or near the top in nearly every measure of nonprofit and philanthropic activity. This success is due to substantial donations of time and financial resources by the people of Minnesota, generous support from Minnesota's business community and strong partnerships with state and local governments.

The Minnesota Nonprofit Economy Report – when used together with the *Minnesota Salary and Benefits Survey* and other publications from the Minnesota Council of Nonprofits — has important uses for five distinct audiences:

- **Managers of nonprofit organizations:** planning budgets, evaluating revenue streams and identifying potential partnerships
- **Nonprofit boards of directors:** developing strategic plans, informing board trainings and evaluating staffing and compensation plans
- **Government officials:** understanding nonprofit funding streams and identifying partnership opportunities
- **Donors to nonprofits:** understanding the sources of support and nature of expenditures of nonprofit organizations
- **Economic and community development planners:** incorporating nonprofit employment trends into economic development plans and understanding regional differences and local economies.

Data in this report comes from the Minnesota Department of Employment and Economic Development, Quarterly Census of Employment and Wages and the Internal Revenue Service exempt organizations business master file. Additional information about the nonprofit sector is available on the Minnesota Council of Nonprofits (MCN)'s website at www.minnesotanonprofits.org.

The Minnesota Council of Nonprofits (MCN) is the statewide association of more than 2,200 Minnesota nonprofit organizations. Through its website, publications, workshops and events, cost-saving programs and advocacy, MCN works to inform, promote, connect and strengthen individual nonprofits and the nonprofit sector.

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2019 MINNESOTA NONPROFIT ECONOMY REPORT EXECUTIVE SUMMARY

The *Minnesota Nonprofit Economy Report* (MNER) is an annual study completed by the Minnesota Council of Nonprofits. The report uses public data to analyze trends in nonprofit employment and wages. The goal of the report is to understand the role of the nonprofit sector in Minnesota’s economy.

The 2019 MNER, written and released as data was available in 2020, provides a retroactive view of key economic and employment trends in Minnesota’s nonprofit sector. The global pandemic caused by COVID-19 and demands for racial justice motivated by the murder of George Floyd have since deeply impacted Minnesota’s nonprofit sector, economy, and communities.

To support pressing needs for real-time information, MCN is also actively surveying nonprofits and analyzing impacts of 2020 events. Two special impact reports were released in [May 2020](#) and [July 2020](#).

The Nonprofit Economy

For decades, nonprofits have played an important role in Minnesota’s communities — providing essential services, employing local residents, and improving quality of life in areas from arts to human services to recreation and youth sports. For the past 27 years, the role of nonprofits in Minnesota has experienced continuous growth. Since MCN began tracking employment data in 1993, the number of statewide nonprofit employees has increased every year. Between 1993 and 2019, Minnesota nonprofit employers have added 220,874 employees, a 129 percent growth in the nonprofit workforce.

In 2019, the number of statewide nonprofit organizations reporting having at least one employee was 9,190. This number represents nonprofit organizations ranging from the multi-billion dollar Mayo Clinic to small human service based nonprofits in the Northwest region of the state. While the number of new nonprofits has been decreasing in the past five years, this slow down in growth reflects some consolidation between existing organizations. Of course, there is no ideal number of nonprofits.

Between 2018 and 2019, the average annual wage for nonprofit employees increased by 1.3 percent (adjusted for inflation). Although the sector saw a decrease in average wage, nonprofit organizations held their place in between the average annual wages of the for-profit and government sectors.

New Additions to the 2019 Report

For the first time ever, the *Minnesota Nonprofit Economy Report* includes demographic information on the state’s employees, offering insight on the age and sex breakdown of Minnesota’s workforce by sector (page 7). Demographic data in this report was provided by the Minnesota Department of Employment and Economic Development (DEED), which defines sex in binary terms. While MCN recognizes the broad spectrum of both sexual and gender identities, this report is limited to including only the data provided by DEED.

Additionally, the 2019 MNER now looks at the age of Minnesota’s nonprofit organizations. The distribution of nonprofits by age for each nonprofit industry can be found on page 10.

Exactly how many nonprofits are there in Minnesota?

ALL 501(C)S

(all tax exempt entities from firefighter associations to youth hockey leagues)
IRS Masterfile for Minnesota, updated July 13, 2020

36,897

27,913

TOTAL 501(C)(3)S

(nonprofits with charitable, religious, scientific, literary, or other purposes)

IRS Masterfile for Minnesota, updated July 13, 2020

ESTABLISHMENTS WITH AT LEAST ONE PAID EMPLOYEE

Minnesota Department of Employment and Economic Development (2019)

9,190

4,821

FINANCIALLY ACTIVE NONPROFITS

All 501(c)(3) organizations with a reported annual income of more than \$25,000

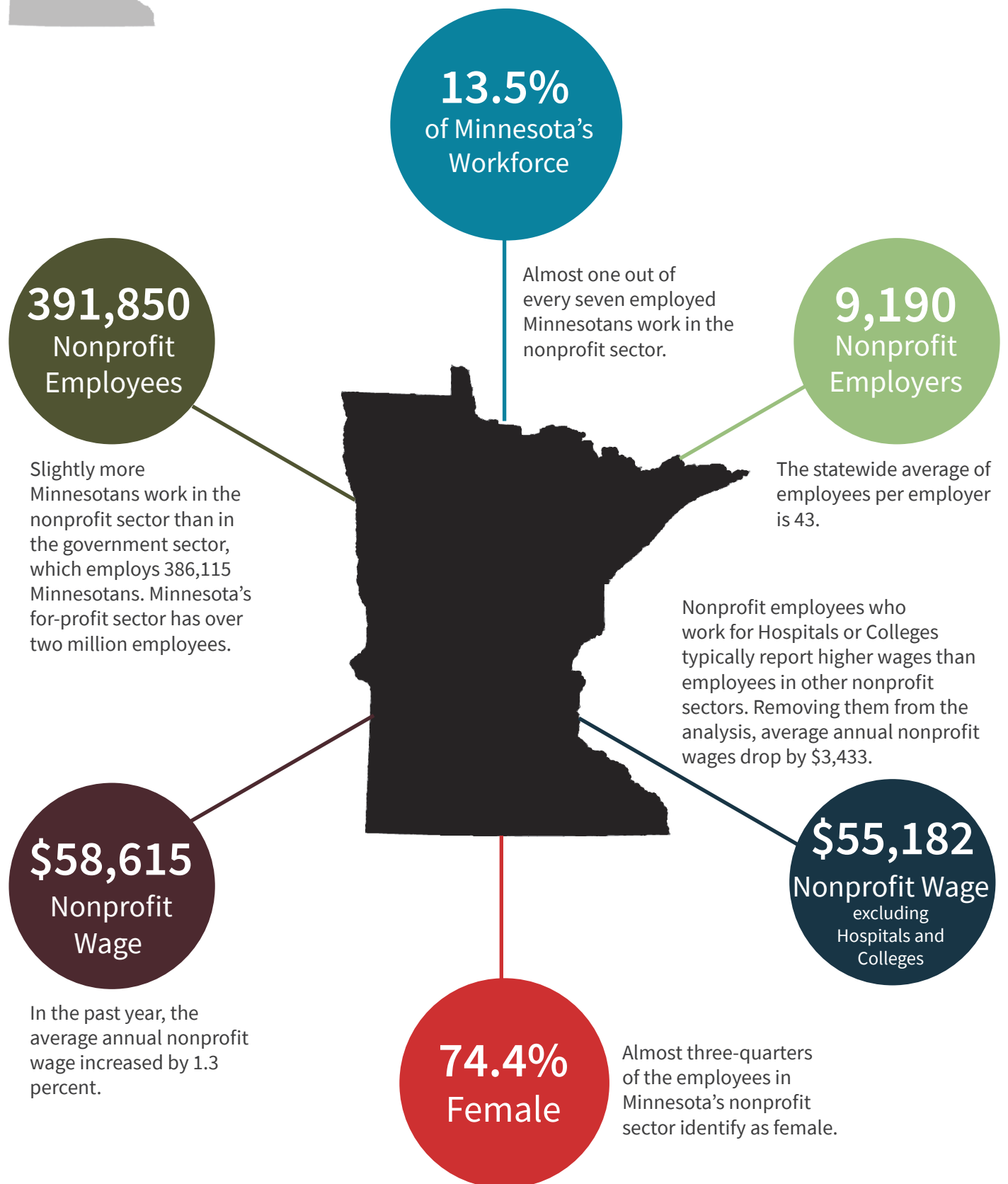
NUMBER OF NEW NONPROFIT CORPORATIONS

Minnesota Secretary of State
Number of new Minnesota Nonprofit Corporate filings in 2019

2,414



2019 SUMMARY OF NONPROFIT SECTOR'S IMPACT ON STATE ECONOMY

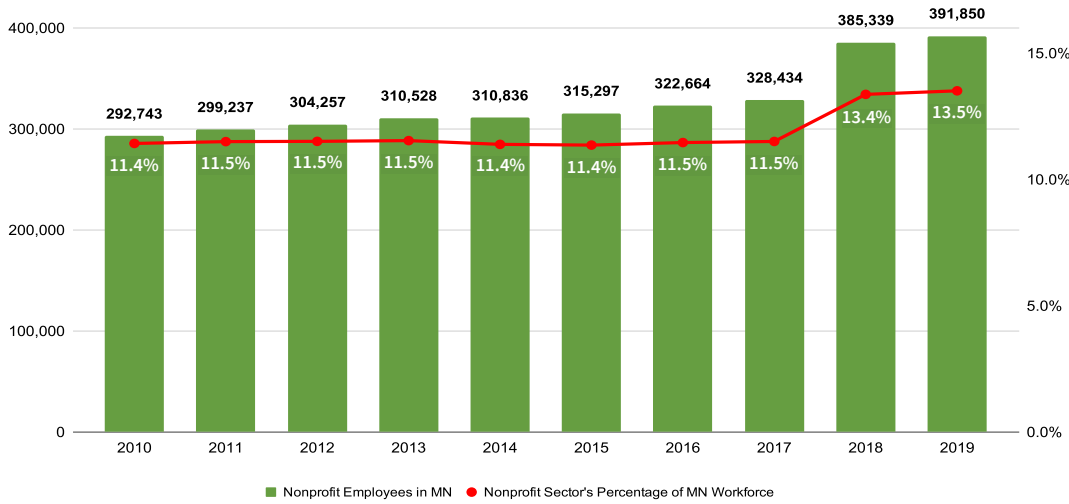




STATEWIDE NONPROFIT EMPLOYMENT NUMBERS

Statewide Overview: The nonprofit sector in Minnesota plays an integral role in the state's economy, employing almost one out of every seven workers.

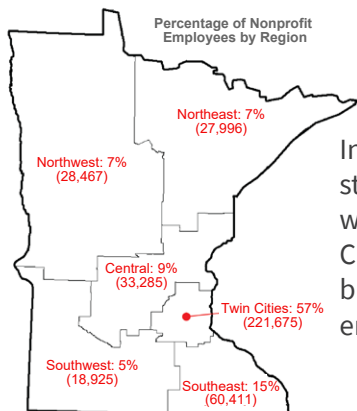
Number of Nonprofit Employees vs. Percent of State's Total Workforce



Number of Nonprofit Employees Now Accounts for Almost 14% of State's Economy

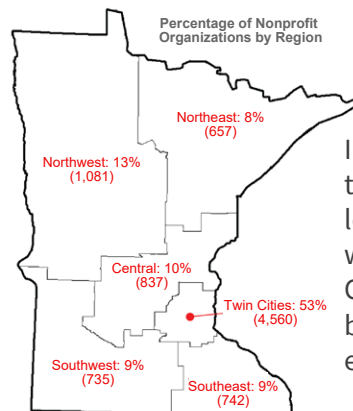
With consistent growth over the past ten years, more people every year are choosing to partner with their communities through nonprofit work. Minnesota's nonprofit sector accounted for 391,850 jobs in 2019, making up 13.5 percent of the state's workforce.

2019 Regional Distributions of Nonprofit Employees and Employer Locations Similar to 2018



In 2019, 57 percent of the state's nonprofit workforce was employed in the Twin Cities Metro Area. Regional breakdowns of nonprofit employees show:

- 15 percent in Southeast Minnesota
- 9 percent in Central Minnesota
- 7 percent in Northwest Minnesota
- 7 percent in Northeast Minnesota
- 5 percent in Southwest Minnesota



In 2019, 53 percent of the nonprofit employer locations in Minnesota were located in the Twin Cities Metro Area. Regional breakdowns of nonprofit employer locations show:

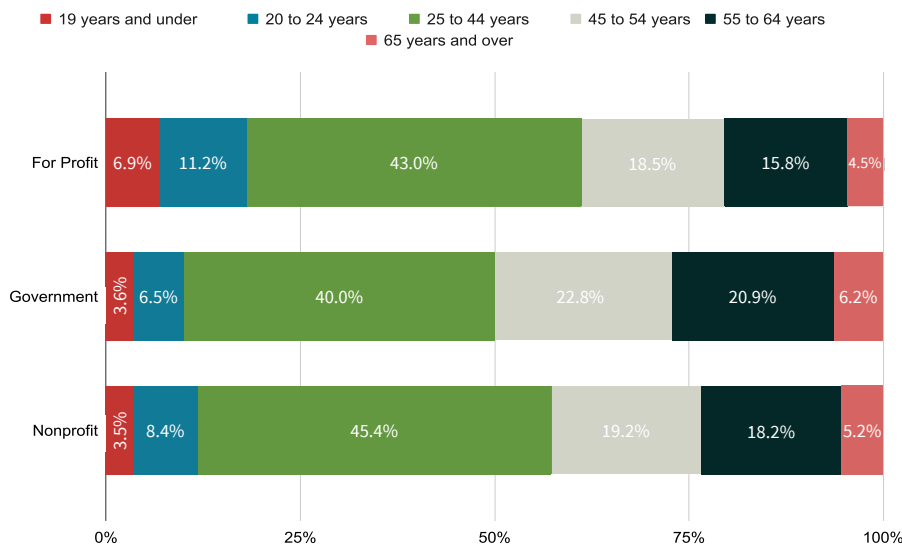
- 13 percent were Northwest Minnesota,
- 10 percent were in Central Minnesota
- 9 percent were in Southwest Minnesota
- 9 percent were in Southeast Minnesota
- 8 percent were in Northeast Minnesota



STATEWIDE NONPROFIT AGE AND GENDER* DISTRIBUTIONS BY SECTOR

Statewide Overview: Three out of four employees in the nonprofit sector are female, a much higher percentage of women than both the for-profit and government sectors.

Statewide Age Distribution by Employment Sector
2018 Data

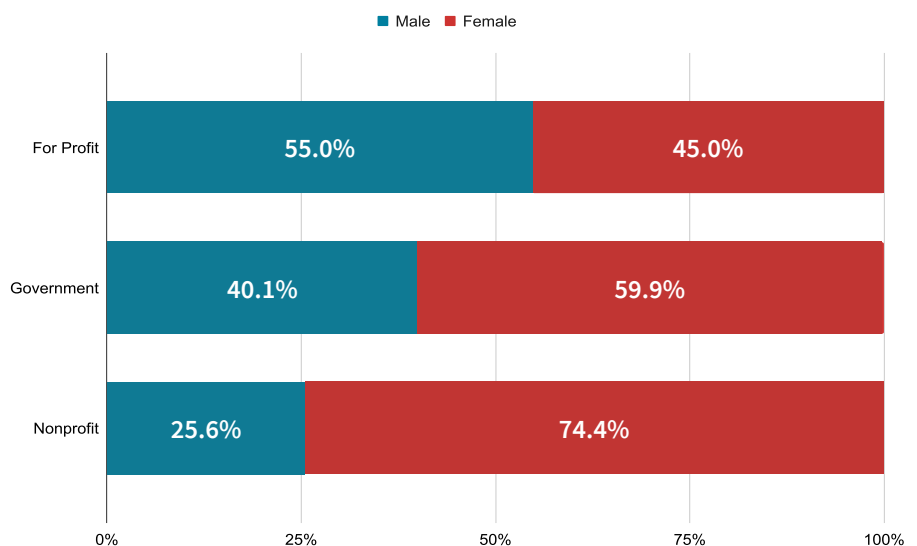


Nonprofit Sector Skews Older Than For-Profit Sector
Minnesota's nonprofit employees tend to be older than for-profit employees yet younger than government employees. The majority of nonprofit employees are between 20 and 44 years old. Less than 25 percent of nonprofit sector employees are older than 55. This was MCN's first year tracking age distribution by sector.

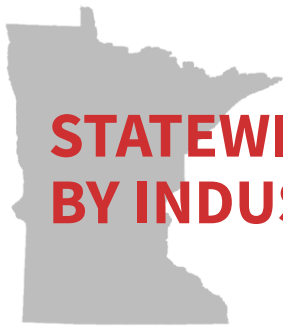
Three Out of Four Minnesota Nonprofit Employees Are Female

The 2019 MNER is the first year Minnesota workforce data by sex was available. The nonprofit sector employs a higher percentage of women and a lower percentage of men than both the for-profit and government sectors. The majority of workers in the nonprofit and government sectors identify as female, while the majority of workers in the for-profit sector identify as male.

Statewide Sex Distribution by Employment Sector
2018 Data



*Sex data is provided by the Minnesota Department of Employment and Economic Development. While MCN recognizes the broad spectrum of sexual and gender identities that transcends the binary of male and female, this report is unfortunately limited to only including the data that was provided.

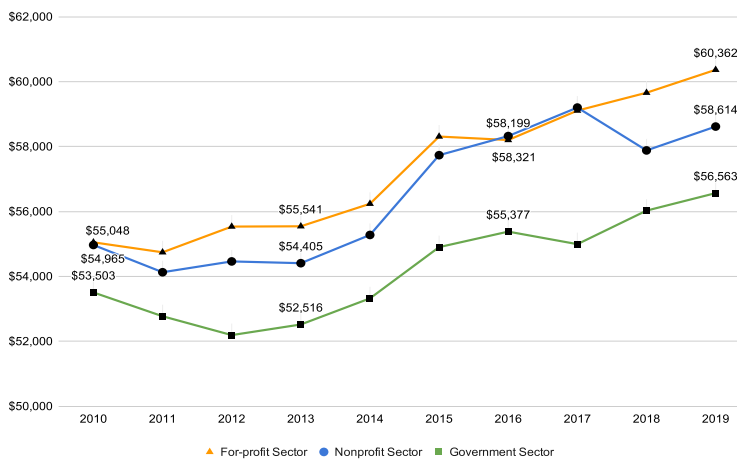


STATEWIDE NONPROFIT WAGES BY INDUSTRY AND SECTOR

Statewide Overview: Statewide nonprofit wages rose between 2018 and 2019 as they maintained their historical spot between private sector and government wages.

Average Annual Wages in Minnesota by Sector

2010 - 2019 | Adjusted for Inflation (2019 Dollars)

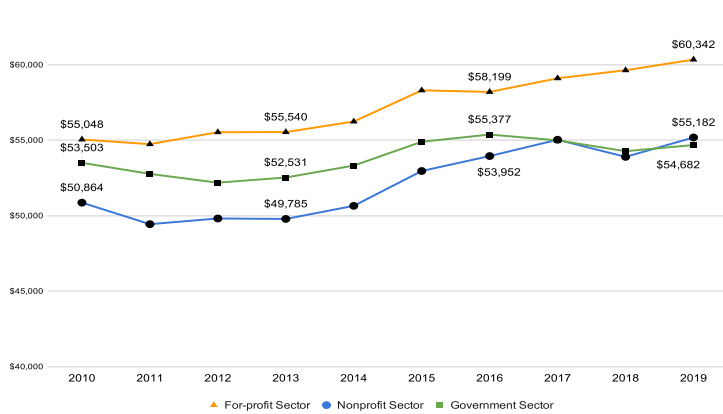


Nonprofit Average Annual Wages Firmly Between For-Profit and Government

After surpassing for-profit annual wages for the first time in 2017, nonprofit wages fell behind for-profit wages again in 2018 after a methodology change meant a larger number of small nonprofits were included in the dataset, bringing down the average annual wage. Between 2018 and 2019, nonprofit wages experienced a 1.3 percent increase. (Note: not all business compensation is in the form of reported wages, i.e., profit sharing, stocks, etc.).

Average Annual Wages in Minnesota by Sector (Excluding Hospitals and Colleges)

2010 - 2019 | Adjusted for Inflation (2019 Dollars)



Nonprofit Wages Lower Than For-Profit, Closely Match Government When Hospital and Higher Education Wages Are Excluded

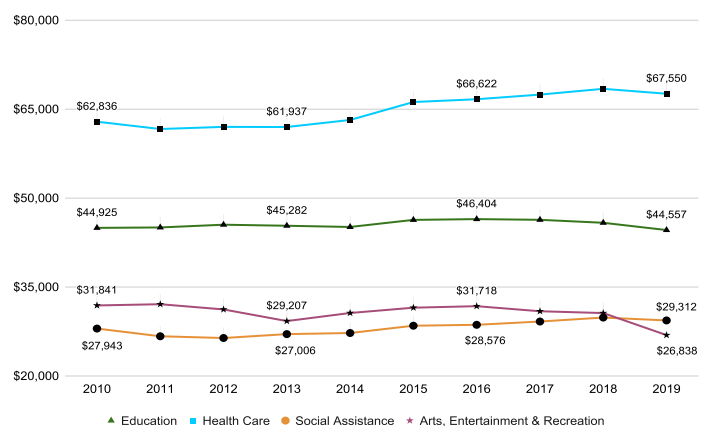
When hospitals and higher education institutions are not included in the analysis, the wage gap between the nonprofit and for-profit sector remains significant, with a \$5,000 difference between for-profit and nonprofit wages.

Health Care Highest Paying Nonprofit Industry, Followed by Education

Over the past ten years, nonprofit wages have increased by 7.5 percent in the health care industry and 4.9 percent in the social assistance industry when adjusted for inflation. Wages for arts, entertainment and recreation fell by 15.7 percent and wages for education fell by 0.8 percent.

Average Annual Wages in Minnesota by Industry

2010 - 2019 | Adjusted for Inflation (2019 Dollars)

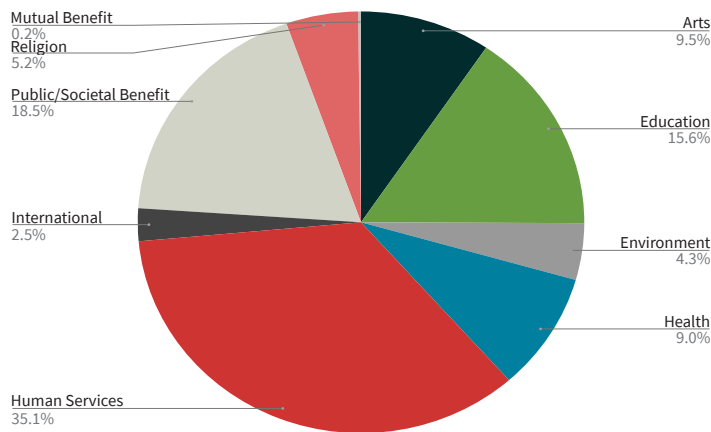




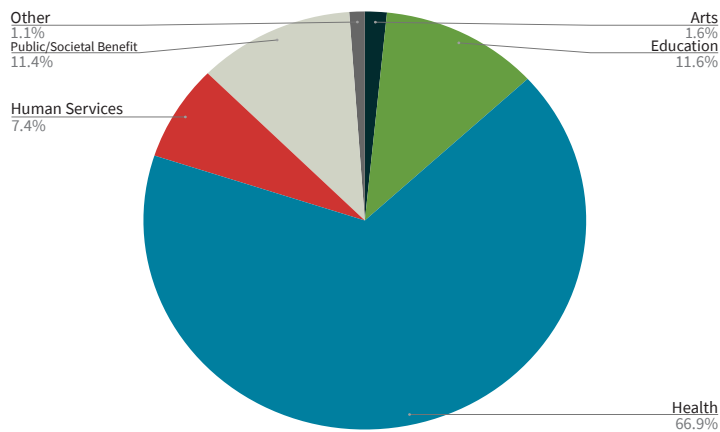
STATEWIDE NONPROFIT INCOME

Statewide Overview: The nonprofit sector in Minnesota plays an integral role in the state's economy, generating around \$89.5 billion in income in 2019.

Percent of Statewide Nonprofit Organizations by Industry



Percent of Statewide Nonprofit Income by Industry



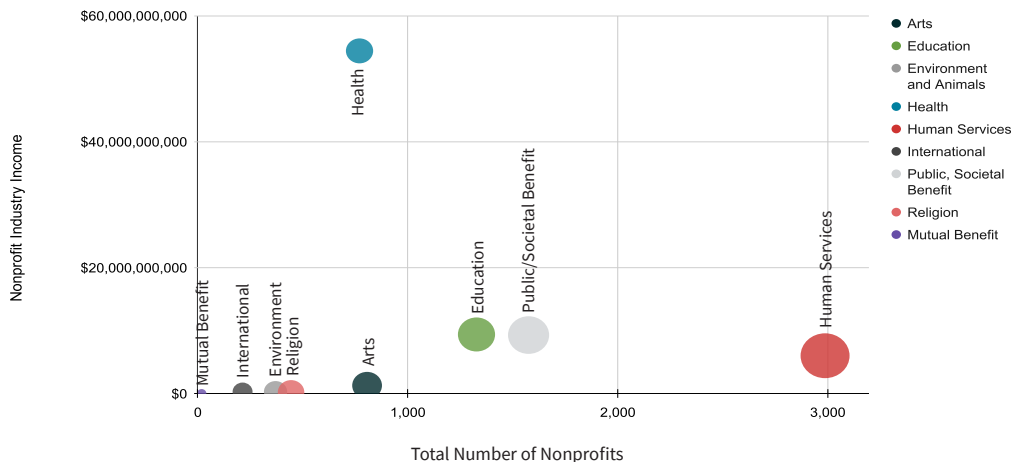
Size of a Nonprofit Industry Does Not Predict Its Income

Although the Health industry only accounts for nine percent of the nonprofit organizations in Minnesota, the industry generates 67 percent of nonprofit income. In contrast, Human Services organizations account for 35 percent of nonprofits but only generate 7.4 percent of nonprofit income.

The top five income-generating nonprofits in Minnesota are all in the health industry. These five nonprofits account for 39 percent of total statewide nonprofit income and 64 percent of income for health-related nonprofits.

Number of Nonprofits vs. Nonprofit Income

Bubble Size Determined by Number of New Nonprofits



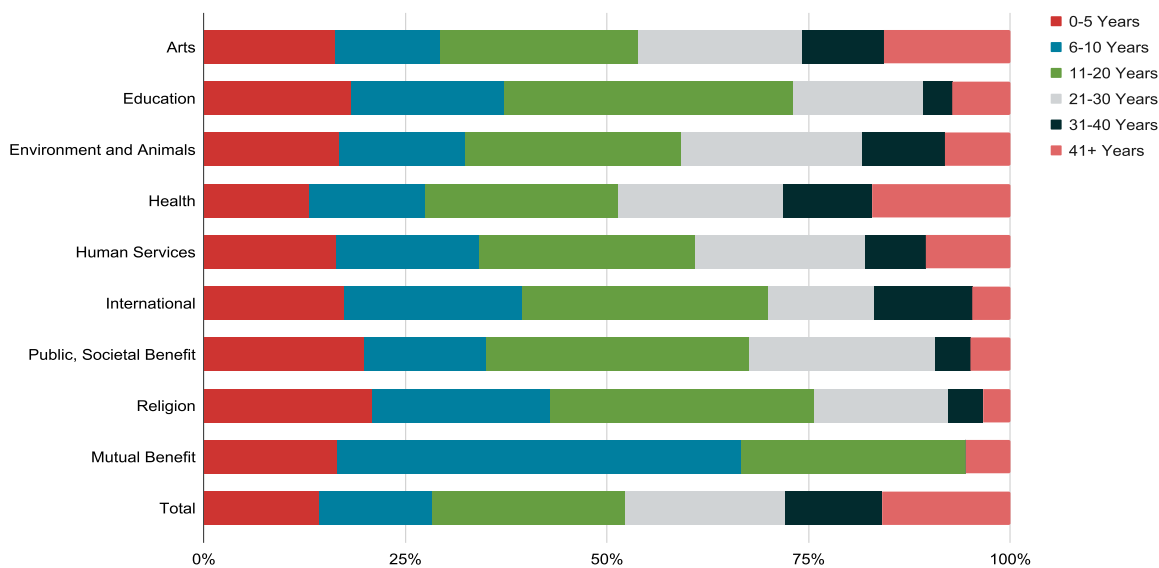
This chart further showcases the extent to which the human services industry is an outlier in terms of number of nonprofits and the extent to which the health industry is an outlier in terms of income. The relative bubble size is determined by the industry's number of nonprofits recognized by the IRS as tax-exempt in the last five years.



STATEWIDE AGE OF NONPROFIT ORGANIZATIONS

Statewide Overview: Minnesota's nonprofit sector welcomed 164 new income-generating organizations in 2019.

Age of Nonprofit Organizations by Industry



Note: A large percentage of older nonprofits are not classified under any NTEE code, explaining why the nonprofit sector as a whole skews older than the individual industries.

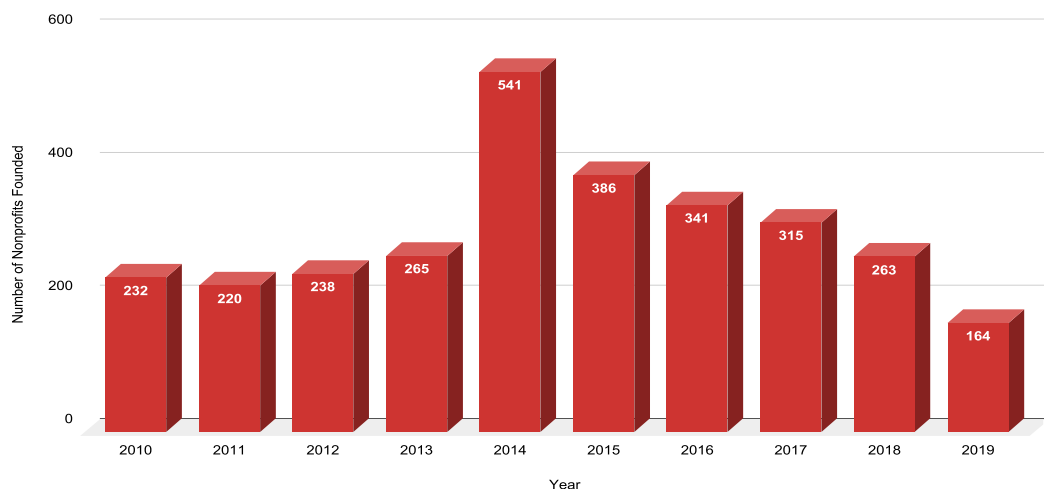
Religion and Education Among Fastest Growing Nonprofit Industries

Overall, age distributions of nonprofits are similar regardless of activity area. 14 percent of nonprofits are five years old or younger, and 28 percent are 10 years old or younger. By contrast, 48 percent are over 20 years old, and 16 percent of nonprofits are older than 40.

Of Minnesota's current income-generating nonprofits, 541 received recognition as tax-exempt organizations in 2014, more than any other individual year.

This spike is likely due to the IRS's introduction of Form 1023-EZ in 2014, which made it easier and cheaper for small nonprofits to apply for tax exemption.

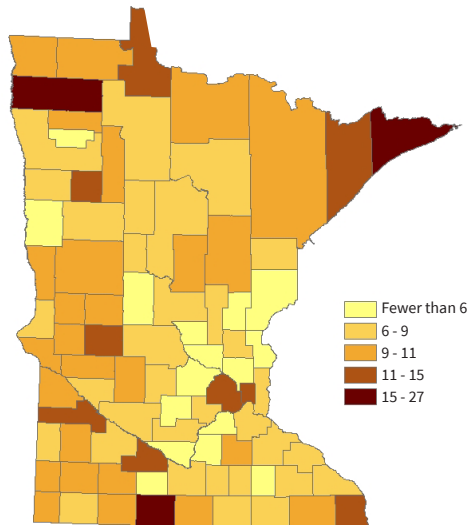
Year of IRS Recognition for Current Nonprofits





DISTRIBUTION OF NONPROFIT ORGANIZATIONS

Number of Nonprofits per County for Every 5,000 Residents



Population as a Measure of Distribution

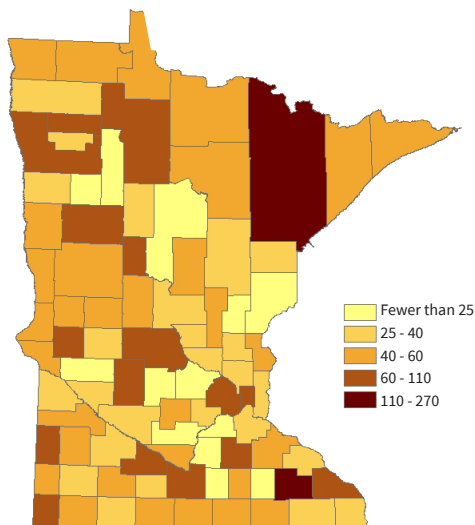
One way to look at the distribution of Minnesota's nonprofit sector is by measuring a county's number of nonprofit organizations and employees relative to its population. Population is only one demographic aspect of communities, and distribution of nonprofits relative to population size is not necessarily an indicator of gaps or surpluses of nonprofit services.

Number of Nonprofit Organizations

While the number of nonprofit organizations per resident varies dramatically between counties, the Twin Cities region has the largest number of nonprofits and the Northeast region of the state has the largest number of nonprofits per resident. Most counties in the state have between three and seven nonprofit organizations for every 5,000 residents living in the county.

When looking at geographic distribution alone, Hennepin and Ramsey Counties have the highest number of nonprofit organizations. However, when the number of nonprofits is divided by the number of residents these two counties fall behind Cook County, Marshall County, and Martin County.

Number of Nonprofit Employees by County for every 1,000 Residents



Number of Nonprofit Employees

As with number of nonprofit organizations, Hennepin and Ramsey County have the greatest number of nonprofit employees. When divided by the number of residents, Olmsted County, home to the Mayo Clinic, and St. Louis County have the greatest numbers of nonprofit employees per resident.



TWIN CITIES NONPROFIT EMPLOYMENT

COUNTIES: ANOKA, CARVER, DAKOTA, HENNEPIN, RAMSEY, SCOTT, WASHINGTON

Regional Overview: With nearly 4,560 nonprofit employment locations and over 220,000 nonprofit jobs, the seven-county Twin Cities metro area is home to the majority of nonprofit activity in the state. The number of nonprofit locations, the number of nonprofit employees and wages have all seen growth since the 2009 recession, but at a slow pace.



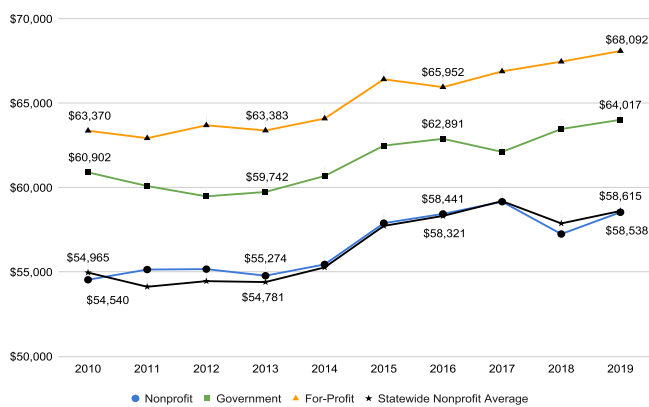
With 4,560 organizations in the region, Twin Cities nonprofits make up over half the nonprofit employment locations in Minnesota.

Average Annual Wages by Sector and Industry in the Twin Cities Metro Area

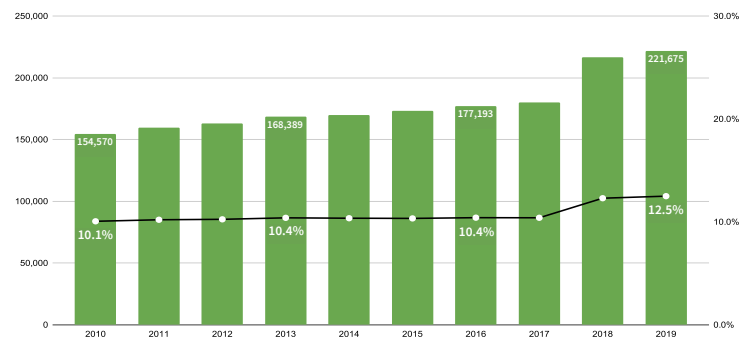
Industry	Annual Wage by Sector		
	Nonprofit	For-Profit	Government
Arts, Entertainment & Recreation	\$32,054	\$47,399	\$35,613
Educational Services	\$45,255	\$43,937	\$60,401
Health Care			
Ambulatory Health Care Services	\$81,993	\$68,183	N/A
Hospitals	\$70,441	\$59,755	\$83,077
Nursing & Residential Care Facilities	\$35,848	\$32,084	\$51,153
Social Assistance			
Individual & Family Services	\$30,358	\$22,963	\$68,990
Community Food, Housing, Emergency & Other Relief Services	\$44,243	\$38,288	N/A
Vocational Rehabilitation Services	\$28,417	\$63,836	N/A
Child Day Care Services	\$30,001	\$25,773	\$59,183
Other Services			
Religious Organizations	\$34,464	\$23,781	N/A
Grantmaking & Giving Services	\$75,652	\$112,730	N/A
Social Advocacy Organizations	\$48,739	\$47,696	\$63,081
Civic & Social Organizations	\$21,773	\$16,313	N/A

Notes: "N/A" 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.

Average Annual Wages in the Twin Cities Metro Area
Adjusted for Inflation (2019 Dollars)



Number of Nonprofit Employees in the Twin Cities Metro Area vs. Percentage of Region's Total Workforce



Annual wage earnings for nonprofits in the Twin Cities closely match the statewide average for the nonprofit sector. Between 2018 and 2019, nonprofit wages in the area grew by two percent when adjusted for inflation. They are now more than \$5,000 lower than government wages and more than \$9,000 lower than for-profit wages.

The Twin Cities added 67,105 nonprofit jobs over the last ten years, while the nonprofit sector's share of the region's workforce increased.



NORTHEAST NONPROFIT EMPLOYMENT

COUNTIES: AITKIN, CARLTON, COOK, ITASCA, KOOCHICHING, LAKE, ST. LOUIS

Regional Overview: The seven-county Northeast Region is the second largest region in Minnesota in terms of geographic size, with most of its nonprofit activity located in its largest county - Saint Louis. The nonprofit sector in the Northeast has had a fairly stable number of nonprofit locations and share of the region's workforce over the past ten years.



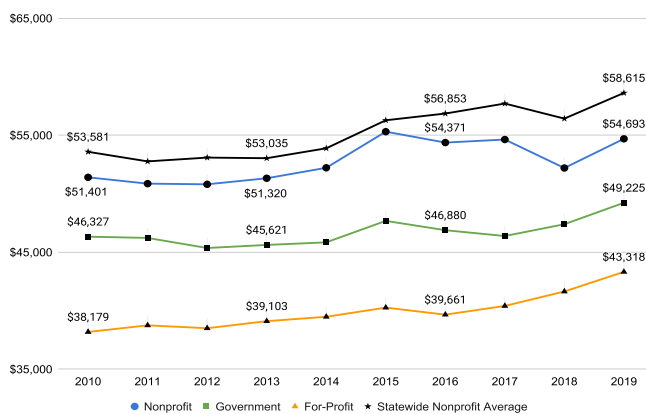
With 657 organizations in the region, Northeast nonprofits make up eight percent of the nonprofit employment locations in Minnesota.

Average Annual Wages by Sector and Industry in Northeast Minnesota

Industry	Average Annual Wage by Sector		
	Nonprofit	For-Profit	Government
Arts, Entertainment & Recreation	\$18,345	\$18,311	\$31,623
Educational Services	\$41,186	\$14,703	\$47,656
Health Care			
Ambulatory Health Care Services	\$123,618	\$50,415	N/A
Hospitals	\$66,376	N/A	\$54,349
Nursing & Residential Care Facilities	\$30,220	\$28,357	N/A
Social Assistance			
Individual & Family Services	\$26,784	\$19,370	\$58,263
Community Food, Housing, Emergency & Other Relief Services	\$36,255	N/A	N/A
Vocational Rehabilitation Services	\$19,648	\$18,822	\$59,238
Child Day Care Services	\$21,495	\$17,084	N/A
Other Services			
Religious Organizations	\$30,342	\$27,958	N/A
Grantmaking & Giving Services	\$68,506	N/A	N/A
Social Advocacy Organizations	\$29,569	N/A	N/A
Civic & Social Organizations	\$14,500	\$10,907	N/A

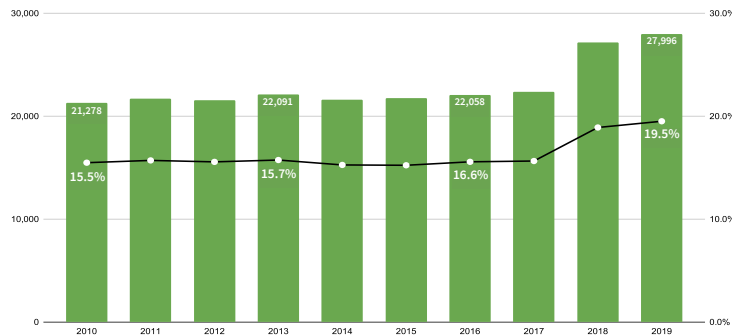
Notes: "N/A" indicates either that the sector did not have any employees in that industry or that the information for that category was suppressed for reasons of privacy.

Average Annual Wages in Northeast Minnesota
Adjusted for Inflation (2019 Dollars)



Annual wage earnings for nonprofits in Northeast Minnesota are below the statewide average for nonprofits, but are still more than \$5,000 higher than government wages and more than \$11,000 higher than for-profit wages. When adjusted for inflation, average nonprofit wages in the region increased by almost five percent this year.

Number of Nonprofit Employees in Northeast Minnesota vs. Percentage of Region's Total Workforce



The Northeast added 6,718 nonprofit jobs over the last years, while the nonprofit sector's share of the region's workforce increased.



NORTHWEST NONPROFIT EMPLOYMENT

COUNTIES: BECKER, BELTRAMI, CASS, CLAY, CLEARWATER, CROW WING, DOUGLAS, GRANT, HUBBARD, KITTSON, LAKE OF THE WOODS, MAHNOMEN, MARSHALL, MORRISON, NORMAN, OTTER TAIL, PENNINGTON, POLK, POPE, RED LAKE, ROSEAU, STEVENS, TODD, TRAVERSE, WADENA, WILKIN

Regional Overview: Northwest Minnesota is the largest geographical region in the state with 26 counties spread over 28,000 square miles. Since the recession, the number of regional nonprofit employment locations, the number of jobs and wages has increased, but only slightly.



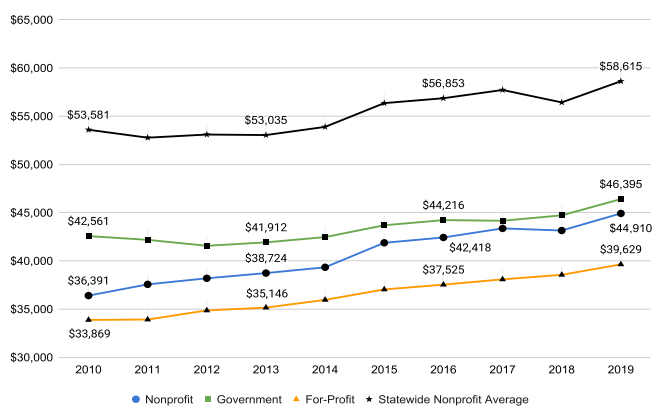
With 1,081 organizations in the region, Northwest nonprofits make up 13 percent of the nonprofit employment locations in Minnesota.

Average Annual Wages by Sector and Industry in Northwest Minnesota

Industry	Average Annual Wage by Sector		
	Nonprofit	For-Profit	Government
Arts, Entertainment & Recreation	\$13,100	\$16,586	\$26,112
Educational Services	\$33,903	\$23,090	\$44,828
Health Care			
Ambulatory Health Care Services	\$91,583	\$57,773	\$70,515
Hospitals	\$53,404	\$88,388	\$55,384
Nursing & Residential Care Facilities	\$31,438	\$26,565	\$36,250
Social Assistance			
Individual & Family Services	\$27,919	\$18,554	N/A
Community Food, Housing, Emergency & Other Relief Services	\$31,782	\$31,495	N/A
Vocational Rehabilitation Services	\$27,280	\$20,140	N/A
Child Day Care Services	\$22,102	\$16,101	N/A
Other Services			
Religious Organizations	\$21,509	N/A	N/A
Grantmaking & Giving Services	\$49,399	N/A	N/A
Social Advocacy Organizations	\$33,113	\$19,062	N/A
Civic & Social Organizations	\$11,815	\$8,947	\$19,036

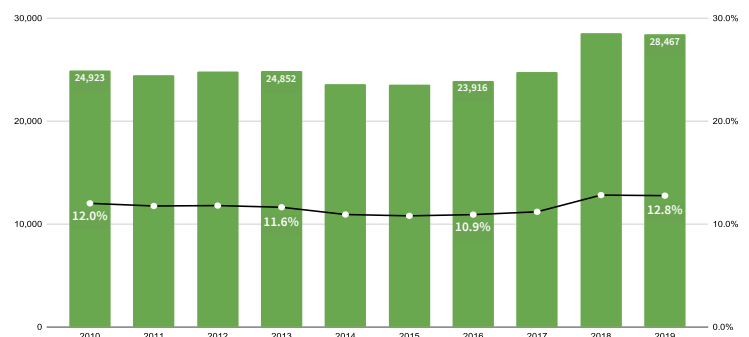
Notes: "N/A" indicates either that the sector did not have any employees in that industry or that the information for that category was suppressed for reasons of privacy.

Average Annual Wages in Northwest Minnesota
Adjusted for Inflation (2019 Dollars)



Annual wage earnings for nonprofits in Northwest Minnesota are below the statewide average for the nonprofit sector. They also are slightly lower than government wages in the region, but are more than \$5,000 higher than for-profit wages in the Northwest. Between 2018 and 2019, nonprofit wages in the area grew by four percent when adjusted for inflation.

Number of Nonprofit Employees in Northwest Minnesota vs. Percentage of Region's Total Workforce



The Northwest added 3,544 nonprofit jobs over the last ten years, while the nonprofit sector's share of the region's workforce increased.

CENTRAL NONPROFIT EMPLOYMENT

COUNTIES: BENTON, CHISAGO, ISANTI, KANABEC, KANDIYOHI, MCLEOD, MILLE LACS, PINE, RENVILLE, SHERBURNE, STEARNS, WRIGHT

Regional Overview: The Central Minnesota region is a distant third in the state in terms of the size of its nonprofit workforce and the number of nonprofit employment locations, but it has seen significant growth in annual wages, number of nonprofit employees and number of individual nonprofits since 2010.



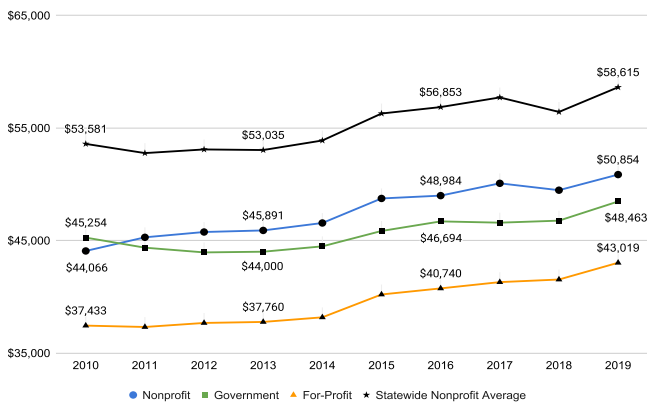
With 837 organizations in the region, Central nonprofits make up ten percent of the nonprofit employment locations in Minnesota.

Average Annual Wages by Sector and Industry in Central Minnesota

Industry	Average Annual Wage by Sector		
	Nonprofit	For-Profit	Government
Arts, Entertainment & Recreation	\$14,434	\$14,236	\$46,688
Educational Services	\$43,846	\$16,889	\$46,740
Health Care			
Ambulatory Health Care Services	\$88,236	\$49,910	N/A
Hospitals	\$58,426	\$30,044	\$66,539
Nursing & Residential Care Facilities	\$35,016	\$26,582	\$61,309
Social Assistance			
Individual & Family Services	\$31,566	\$18,793	N/A
Community Food, Housing, Emergency & Other Relief Services	\$26,396	N/A	N/A
Vocational Rehabilitation Services	\$24,152	N/A	N/A
Child Day Care Services	\$20,389	\$19,378	N/A
Other Services			
Religious Organizations	\$36,128	N/A	N/A
Grantmaking & Giving Services	\$59,285	N/A	N/A
Social Advocacy Organizations	\$30,054	N/A	N/A
Civic & Social Organizations	\$16,122	\$10,637	N/A

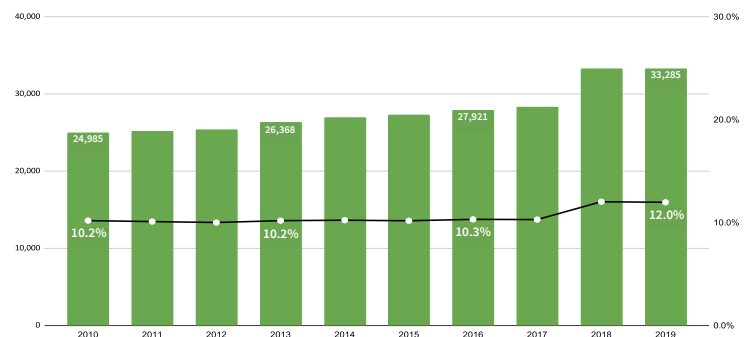
Notes: "N/A" indicates either that the sector did not have any employees in that industry or that the information for that category was suppressed for reasons of privacy.

Average Annual Wages in Central Minnesota
Adjusted for Inflation (2019 Dollars)



Annual wage earnings for nonprofits in Central Minnesota are below the statewide average for the nonprofit sector, but are still more than \$2,000 higher than government wages and almost \$8,000 higher than for-profit wages. Between 2018 and 2019, nonprofit wages in the area rose by three percent when adjusted for inflation.

Number of Nonprofit Employees in Central Minnesota vs. Percentage of Region's Total Workforce



The Central region added 8,300 nonprofit jobs over the last ten years, while the nonprofit sector's share of the region's workforce increased.



SOUTHEAST NONPROFIT EMPLOYMENT

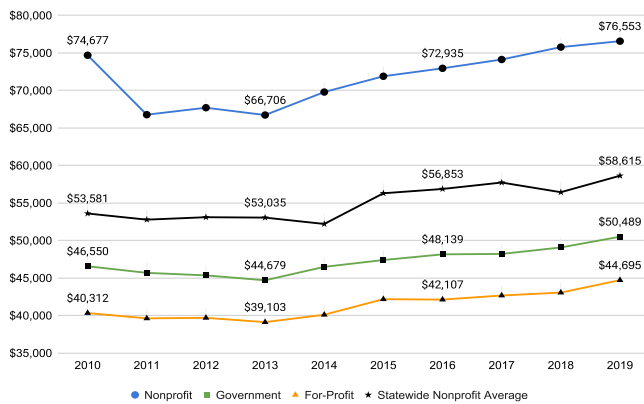
COUNTIES: DODGE, FILLMORE, FREEBORN, GOODHUE, HOUSTON, MOWER, OLMSTED, RICE, STEELE, WABASHA, WINONA

Regional Overview: The 11-county region of Southeast Minnesota, home to the city of Rochester, is internationally recognized for its health care facilities, with the highest average nonprofit wages and highest nonprofit share of the workforce.



With 742 organizations in the region, Southeast nonprofits make up nine percent of the nonprofit employment locations in Minnesota.

Average Annual Wages in Southeast Minnesota
Adjusted for Inflation (2019 Dollars)



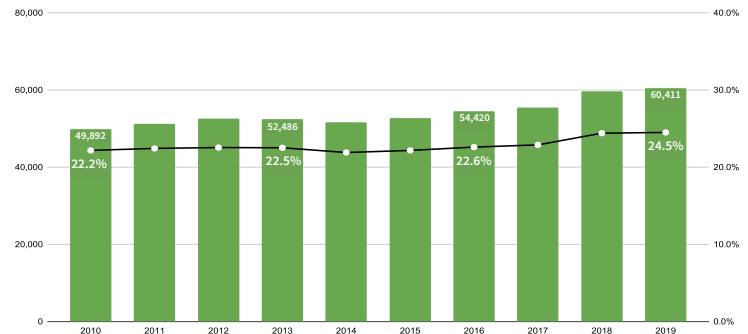
Annual wage earnings for nonprofits in Southeast Minnesota are the highest in the state by a wide margin. They are almost \$18,000 higher than the statewide average for nonprofits. Additionally, they are \$26,000 higher than the region's government wages and almost \$32,000 higher than the region's for-profit wages. Between 2018 and 2019, nonprofit wages in the area rose by one percent when adjusted for inflation.

Average Annual Wages by Sector and Industry in Southeast Minnesota

Industry	Average Annual Wage by Sector		
	Nonprofit	For-Profit	Government
Arts, Entertainment & Recreation	\$19,668	\$14,595	\$44,427
Educational Services	\$48,463	\$13,903	\$46,818
Health Care			
Ambulatory Health Care Services	\$104,540	\$46,789	\$48,017
Hospitals	\$69,987	N/A	N/A
Nursing & Residential Care Facilities	\$29,575	\$27,790	\$32,859
Social Assistance			
Individual & Family Services	\$25,428	\$19,208	N/A
Community Food, Housing, Emergency & Other Relief Services	\$35,235	N/A	N/A
Vocational Rehabilitation Services	\$29,282	N/A	N/A
Child Day Care Services	\$22,239	\$21,800	N/A
Other Services			
Religious Organizations	\$20,823	N/A	N/A
Grantmaking & Giving Services	\$48,690	N/A	N/A
Social Advocacy Organizations	\$37,571	N/A	N/A
Civic & Social Organizations	\$10,787	\$8,936	N/A

Notes: "N/A" 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.

Number of Nonprofit Employees in Southeast Minnesota vs. Percentage of Region's Total Workforce



The Southeast added 10,519 nonprofit jobs over the last ten years, while the nonprofit sector's share of the region's workforce increased.

SOUTHWEST NONPROFIT EMPLOYMENT

COUNTIES: 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

Regional Overview: The nonprofit sector in the 23-county South Central/Southwest region of Minnesota is by some measures one of the smallest in the state. The region has the smallest nonprofit workforce in the state and the second smallest number of individual nonprofits. However, both of these numbers have grown since the recession.

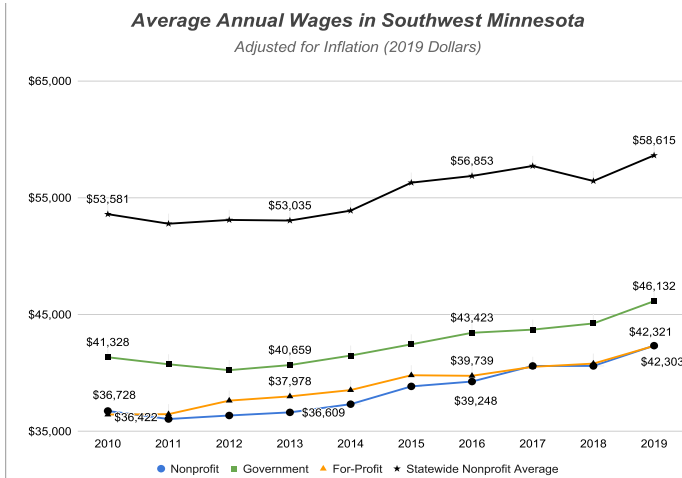


With 735 organizations in the region, Southwest nonprofits make up nine percent of the nonprofit employment locations in Minnesota.

Average Annual Wages by Sector and Industry in Southwest Minnesota

Industry	Average Annual Wage by Sector		
	Nonprofit	For-Profit	Government
Arts, Entertainment & Recreation	\$13,749	\$12,658	\$33,208
Educational Services	\$39,092	\$33,851	\$44,193
Health Care			
Ambulatory Health Care Services	\$59,330	\$52,060	\$37,597
Hospitals	\$75,514	N/A	\$58,828
Nursing & Residential Care Facilities	\$27,927	\$26,543	\$31,024
Social Assistance			
Individual & Family Services	\$27,017	\$16,580	\$54,062
Community Food, Housing, Emergency & Other Relief Services	\$31,387	N/A	N/A
Vocational Rehabilitation Services	\$19,834	\$35,033	N/A
Child Day Care Services	\$19,593	\$15,107	N/A
Other Services			
Religious Organizations	\$18,660	N/A	N/A
Grantmaking & Giving Services	\$48,952	N/A	N/A
Social Advocacy Organizations	\$30,535	\$6,405	N/A
Civic & Social Organizations	\$10,921	\$7,493	N/A

Notes: "N/A" 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.



Annual wage earnings for nonprofits in Southwest Minnesota are \$16,000 less than the statewide nonprofit average and almost \$4,000 less than the region's government wages. The region's nonprofit and for-profit wages are almost identical. Between 2018 and 2019, nonprofit wages in the area rose by four percent when adjusted for inflation.

Number of Nonprofit Employees in Southwest Minnesota vs. Percentage of Region's Total Workforce



The Southwest added 2,230 nonprofit jobs over the last ten years, while the nonprofit sector's share of the region's workforce increased.



APPENDIX A NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM

North American Industry Classification System (NAICS)

This report uses the NAICS for the analysis of nonprofit employers, employees and wages.

Ambulatory Health Care Services (NAICS 621) –

Provide health care services to ambulatory patients, and include physicians' offices, mental health practitioners, dentists, 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.

Arts, Entertainment & Recreation (NAICS 71) –

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.

Child Day Care Services (NAICS 6244) –

Establishments primarily engaged in providing day care of infants or children.

Civic & Social Organizations (NAICS 8134) –

Establishments engaged in promoting the civic and social interests of their members, including alumni associations, ethnic associations, scouting organizations, student clubs and social senior citizens' associations.

Community Food, Housing, Emergency & Other Relief Services (NAICS 6242) –

Community food service establishments primarily collect and deliver food for the needy. Community housing service establishments provide short-term emergency shelter, transitional housing for low-income people, volunteer construction of low-cost housing, or repair of homes for elderly or disabled homeowners. Emergency and other relief service establishments primarily provide food, shelter, clothing, medical relief, resettlement and counseling to victims of domestic or international disasters or conflicts.

Educational Services (NAICS 611) – Establishments that provide instruction and training through specialized establishments, such as schools, colleges, universities and training centers.

Grantmaking & Giving Services (NAICS 8132) –

Grantmaking foundations and charitable trusts, as well as establishments primarily engaged in raising funds for a range of social welfare activities.

Hospitals (NAICS 622) – Provide medical, diagnostic and treatment services that include physician, nursing and other health services to inpatients. Hospitals may provide outpatient services as a secondary activity.

Individual & Family Services (NAICS 6241) –

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.

Nursing & Residential Care Facilities (NAICS 623) –

Provide residential care combined with nursing 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.

Religious Organizations (NAICS 8131) – Churches, religious temples, monasteries and establishments primarily engaged in administering an organized religion or promoting religious activities.

Social Advocacy Organizations (NAICS 8133) –

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.

Vocational Rehabilitation Services (NAICS 6243) –

Establishments 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 skills or experience.



APPENDIX B

NATIONAL TAXONOMY OF EXEMPT ENTITIES

National Taxonomy of Exempt Entities (NTEE)

This report also uses NTEE codes for the analysis of the distribution of nonprofits by industry across geography and by population. The Internal Revenue Service (IRS) developed the NTEE system to support analysis of data by types of nonprofit organizations and their activities. The NTEE code is a four digit code used to classify an exempt organization in terms of its primary exempt activity. The NTEE classification system divides the universe of nonprofit organizations into 26 major groups under the following ten broad categories:

Arts, Culture, and Humanities - A

Educational Institutions and Related Activities - B

Environment and Animals - C, D

C - Environmental Quality, Protection and Beautification

D - Animal-Related

Health - E, F, G, H

E - Health-General and Rehabilitative

F - Mental Health, Crisis Intervention

G - Diseases, Disorders, Medical Disciplines

H - Medical Research

Human Services - I, J, K, L, M, N, O, P

I - Crime, Legal-Related

J - Employment, Job-Related

K - Food, Agriculture and Nutrition

L - Housing, Shelter

M - Public Safety, Disaster Preparedness and Relief

N - Recreation, Sports, Leisure, Athletics

O - Youth Development

P - Human Services-Multipurpose and Other

International, Foreign Affairs and National Security - Q

Public, Societal Benefit - R, S, T, U, V, W

R - Civil Rights, Social Action, Advocacy

S - Community Improvement, Capacity Building

T - Philanthropy, Voluntarism and Grantmaking Foundations

U - Science and Technology Research Institutes, Services

V - Social Science Research Institutes, Services

W - Public, Society Benefit-Multipurpose and Other

Religion-Related, Spiritual Development - X

Mutual/Membership Benefit Organizations, Other - Y

Unknown, Unclassified - Z



APPENDIX C DATA SOURCES

Quarterly Census of Employment and Wages

The Quarterly Census of Employment and Wages (QCEW), 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), is a virtual census of Minnesota employers, covering 97 percent of nonagricultural employment and wage data in Minnesota. 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. This report uses QCEW data to analyze 501(c)(3) nonprofit employers, employment locations, employees and wages. Each year, DEED provides new data for the most current year and revised data for the previous year. Therefore, data for 2018 in this report may differ slightly from what was reported in the 2018 Minnesota Nonprofit Economy Report. Information on the number of nonprofit employers is only available at the state level, so regional analysis focuses on the number of nonprofit employment locations. This report uses the Consumer Price Index (CPI-U) to adjust total payroll and average weekly wages for inflation.

Enhanced Wage Records

The median wage data used in this report is from the Minnesota Department of Employment and Economic Development (DEED). DEED merges data from the QCEW program (described above) from the 4th quarter of 2019 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 3rd and the following 1st quarter with the same employer as in the 4th quarter. This report uses the data to examine median annual wages, or the mid-point in the range of wages, by region for employees in selected industries.

Changes to the Data Set Between 2017 and 2018

Between 2017 and 2018, the Minnesota Department of Employment and Economic Development (DEED) altered the method used to collect data on the number of nonprofit organizations that report having at least one employee. Before 2018, DEED only collected data from self-reported employers in the state. In 2018, DEED started collecting data from all nonprofits that have unemployment insurance reimbursable status. DEED has found that this number is likely much closer to the actual number of nonprofit organizations in the state because 1) this method is more consistent with Bureau of Labor Statistics (BLS) methods and 2) it is a stronger reflection of the nonprofit status of a business.

Because the new indicator DEED uses to collect data on the number of nonprofits includes all organizations that failed to self-report in years prior, the 2018 dataset includes a much larger number of nonprofit organizations with a small number of employees. Therefore, the change in the dataset has had a substantial effect on the number of reported nonprofit employment locations since 2018, but less of an effect on the number of nonprofit employees.

Nonprofit Organizations' Financial Information

The financial information used for this report was compiled from data obtained from the Internal Revenue Service (IRS) exempt organizations business Masterfile extract. The report uses Form 990 financial reports filed by charitable organizations exempted under IRS subsection 501(c)(3). The report excludes financial information from nonprofit organizations exempted under IRS subsection 501(c)(4) through (c)(19), nonprofits filing Form 990EZ, private foundations filing Form 990PF, and certain charitable trusts. Some organizations with physical operations in Minnesota, but with headquarters outside of the state, may not be captured in this analysis. Certain other organizations that are exempt from filing with the Attorney General's Office are also not reflected in the data, including organizations that do not employ paid staff and have less than \$25,000 in gross receipts, and churches and other religious organizations that are not required to file a Form 990 federal return. This report analyzes the financial data for 10,577 organizations filing from an address located in Minnesota. Only nonprofits that reported an income were included in the dataset.



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St. Cloud
Tel: 320-403-3376

Northeast Chapter
Duluth
Tel: 218-206-5711

Northwest Chapter
Mankato
Tel: 218-407-5202

West Central Chapter
Fargo/Moorhead
Tel: 218-443-6864

Southwest Chapter
Marshall
Tel: 507-469-2217

Southeast Chapter
Rochester
Tel: 507-884-4728