

2012 Minnesota Nonprofit Economy Update

Growth, Contractions and Changes...

Note: The figures on this page include nonprofit hospitals, colleges and universities. These very large employers can overshadow economic activity in the rest of the nonprofit sector. The second page shows these same figures, but removes nonprofit hospitals, colleges and universities.

Figure 1: Nonprofit Employers

The number of nonprofit employers in Minnesota has been declining in recent years. However, a single employer may operate more than one location in the state. The number of nonprofit employment locations has increased by 25 percent over the last 10 years.

There are always changes occurring within the sector. Each year, a number of nonprofits merge, some dissolve and new organizations start up – reflecting normal churning in a healthy and dynamic section of the economy. While substantial numbers of organizations are incorporated each year (including 1,905 in 2011), most are small, all-volunteer initiatives that may never grow to have employees or be required to file financial information with the state or the IRS. Among the smaller organizations, 1,034 nonprofit corporations were voluntarily dissolved in filings with the Secretary of State in the last 10 years.

Figure 1: Number of Nonprofit Employers Reduced in Minnesota, but More Nonprofit Employment Locations

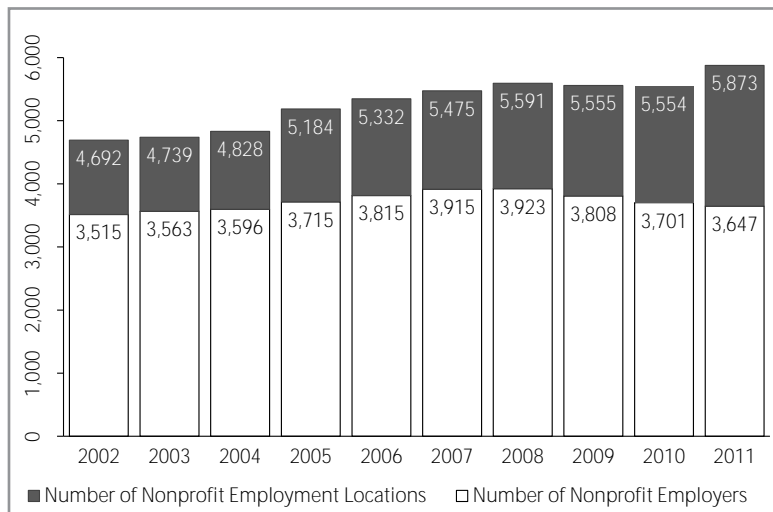


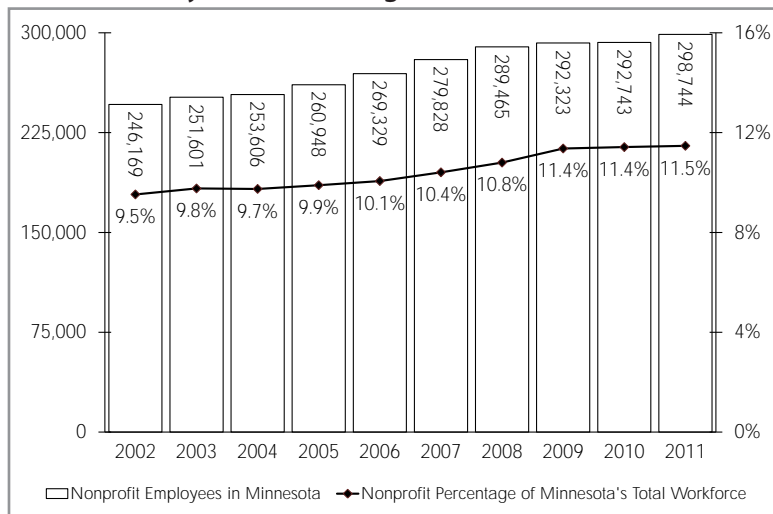
Figure 2: Nonprofit Employment

Nonprofit organizations play an important role in Minnesota's communities - providing vital services, employing local residents and improving the quality of life. During the prolonged economic downturn between 2007 and 2010, Minnesota businesses shed 6.9 percent of their employees, while the nonprofit workforce grew by 4.6 percent, adding stability to local economies.

Nonprofit Employment Shows Strong Growth Through Recession

	2007	2010	Change
For-Profit	2,037,578	1,896,678	-6.9 percent
Government	370,775	373,959	0.9 percent
Nonprofit	279,828	292,743	4.6 percent
Total	2,688,181	2,563,381	-4.6 percent

Figure 2: Nonprofit Employment in Minnesota Shows Slow, Steady Growth Through The Great Recession

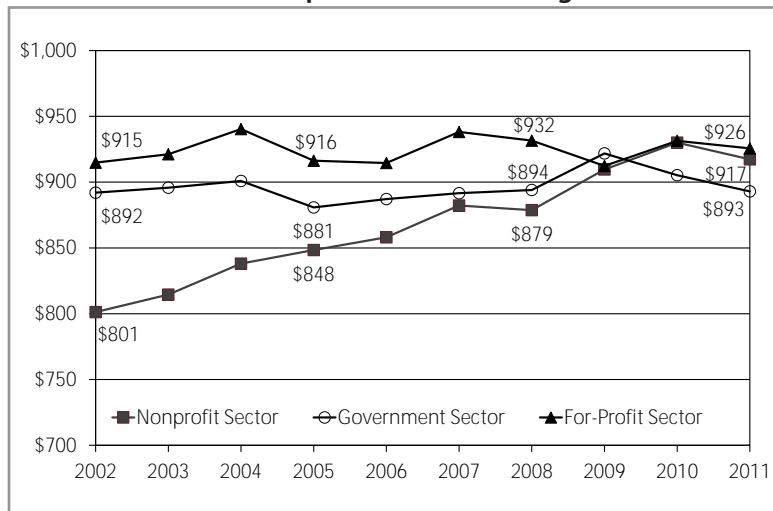


The growth in nonprofit employment was strongest among human service and civic organizations, but also evident in health care and education.

Figure 3: Nonprofit Compensation

Average weekly wages show a continued narrowing of the gap between nonprofit compensation and government and for-profit pay over the last decade. Average weekly wages in the nonprofit sector were 12.4 percent below for-profit wages in 2002, but rose to within one percent by 2011.

Figure 3: Nonprofit Average Weekly Wages Close Gap With For-Profit Wages



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Figure 4: Nonprofit Employers (Excludes Hospitals & Higher Education)

The nonprofit sector in Minnesota is large and diverse. However, the economic activity of hospitals and higher education institutions can dominate the picture. To better understand how the rest of the nonprofit sector has been faring over the last decade, these figures separate hospitals, colleges and universities from the data and examine the remaining organizations. With these large institutions out of the picture, the nonprofit sector still demonstrates similar growth patterns.

Hospitals and higher education institutions account for just three percent of all nonprofit employment locations in Minnesota. So, even after removing them from the analysis, the number of nonprofit employment locations in the state continues to show the same gradual increase over the last decade.

Figure 4: Nonprofit Employment Locations Increasing Gradually (Excludes Hospitals & Higher Education)

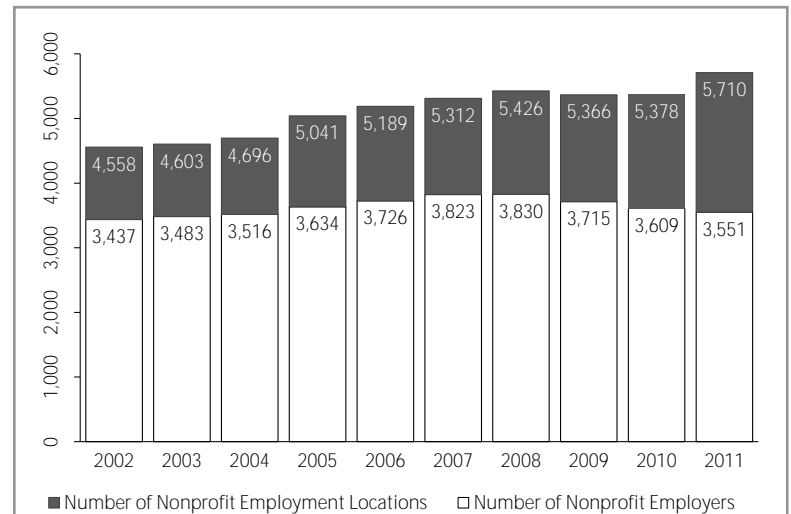


Figure 5: Nonprofit Employment (Excludes Hospitals & Higher Education)

However, nonprofit employment in Minnesota actually shows stronger growth during the prolonged recession when hospitals, colleges and universities are removed — a 6.5 percent increase between 2007 and 2010. These large institutions, which account for 38 percent of nonprofit employment in Minnesota, hide the strong growth trend many smaller human service organizations were experiencing through the recession.

Figure 5: Nonprofit Employment Continues Growth Through The Great Recession (Excludes Hospitals & Higher Education)

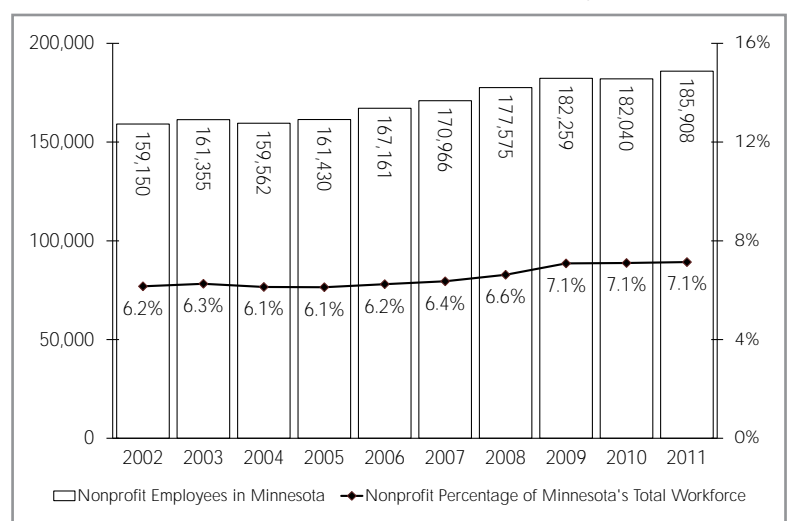
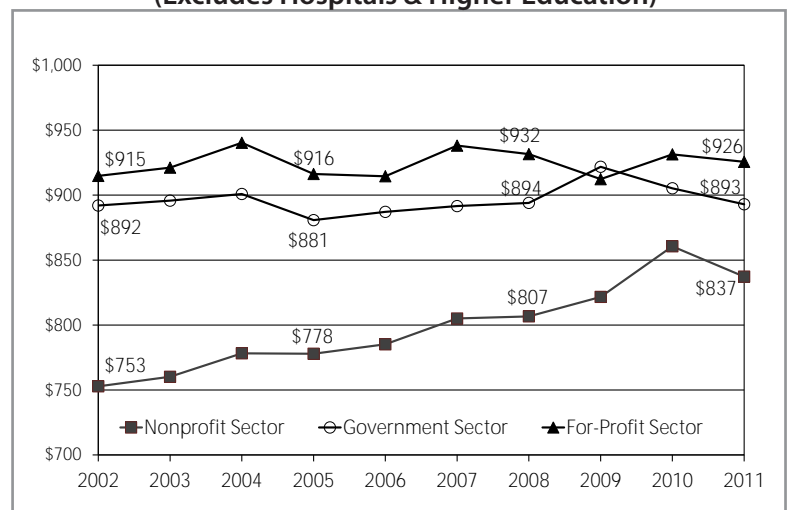


Figure 6: Nonprofit Compensation (Excludes Hospitals & Higher Education)

Employees of hospitals report higher average wages and stronger wage growth than is the case for much of the rest of the nonprofit sector. Removing them from the analysis has a dramatic impact on average weekly wages in the nonprofit sector. Without hospitals and higher education institutions, the wage gap between the nonprofit sector and the for-profit sector remains significant, with nonprofit wages nearly 10 percent lower in 2011.

Figure 6: Nonprofit Average Weekly Wages Remain Substantially Lower than For-Profit and Government Wages (Excludes Hospitals & Higher Education)



All data in this report comes from the Minnesota Department of Employment and Economic Development, Quarterly Census of Employment and Wages. More information can be found at www.minnesotanonprofits.org.