MINNESOTA COUNCIL OF NONPROFITS

2026

Minnesota Nonprofit Economy Report

A Statewide and Regional Analysis

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 (MCN)'s Minnesota Nonprofit Economy Report, published annually for the last 21 years, uses the most comprehensive information available to provide a detailed and timely examination of Minnesota's nonprofits.

The Minnesota Nonprofit Economy Report—when used together with the Minnesota Salary and Benefits Survey and other publications from MCN—has important uses for four distinct audiences:

- **Managers of nonprofit organizations:** putting their own situation in perspective in decision-making and communications with their own board, supporters, and staff.
- **Nonprofit boards of directors:** developing strategic plans, informing board trainings, and evaluating staffing and compensation plans.
- **Government officials and donors to nonprofits:** understanding the unique role and contributions of Minnesota nonprofits and identifying partnership opportunities.
- **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 (DEED), 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 MCN's website 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.

Report Authors
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The authors would like to express gratitude to the following for contributing to our spotlights throughout this report: Heidi Swank, Executive Director of Rethos; Amy Sutton, Executive Director/CEO of Hastings Family Service; Nate Byrne, Director of Summit School Duluth; and India Salter, Director of Summit School Duluth.

Thank you to the following supporters of MCN's research initiatives::

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Executive Summary & Key Points

Nonprofit organizations play a critical 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. Below is a snapshot of the impact of nonprofits in Minnesota.

396,172 Nonprofit Employees

10,773 Nonprofit Employers

Nonprofit's Share of Total Workforce **13.5%**

Average Nonprofit Annual Wage **$76,754**

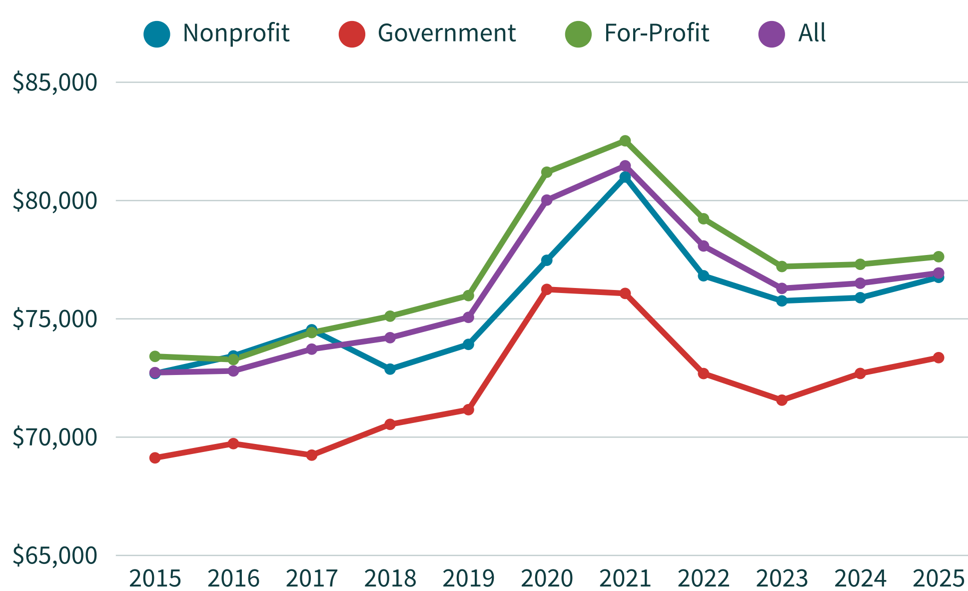
Total Wages to Nonprofit Employees **$30.4 Billion**

Key Point #1: The wage differences among sectors are narrowing, with nonprofit wages continuing to increase

All three sectors (nonprofit, government, and for-profit) reported a slight increase in inflation-adjusted average annual wages in 2025. Government wages increased about $670 and for-profit wages increased about $320, averaging annual wages of $73,360 and $77,626 respectively. **The nonprofit sector saw the largest increase in average wages, increasing by $860**, averaging annual wages of $76,754. The difference between annual average wages of for-profit and nonprofit was the smallest since 2017. The wage gap between for-profit and nonprofit has been lessening for the past four years.

Minnesota Average Annual Wages by Sector (2025 USD)

Including Hospitals and Higher Education



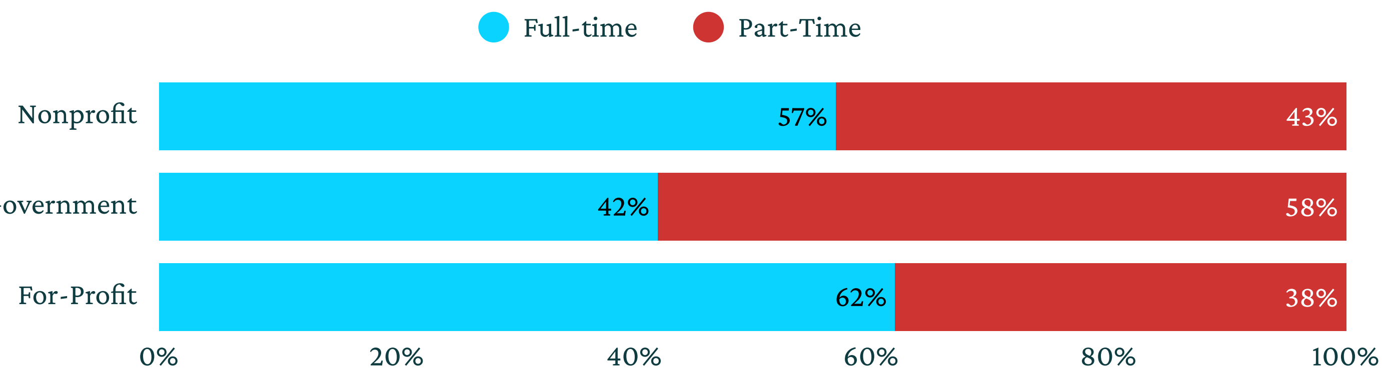
Executive Summary & Key Points

Key Point #2: Part-time employment increased across all nonprofit activity areas

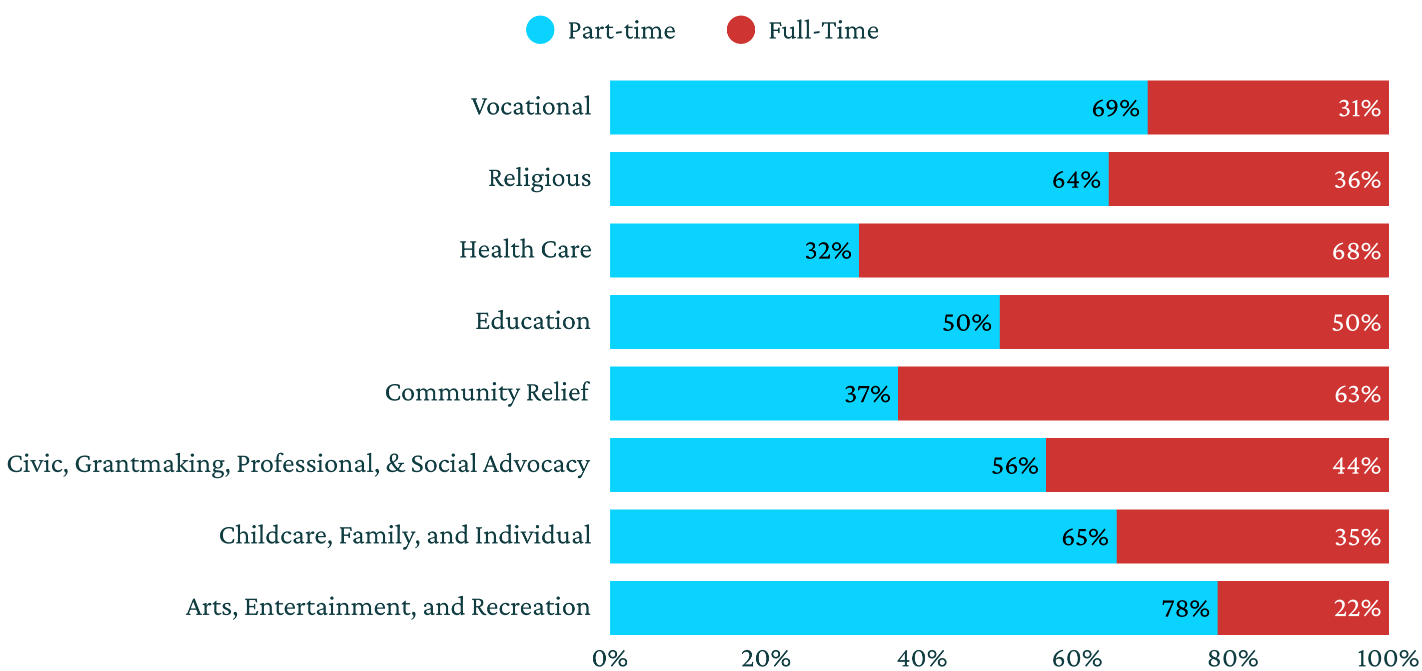
The nonprofit workforce saw a notable shift toward part-time employment between 2024 and 2025. The share of nonprofit employees working part-time increased from 37% to 43%, while the number of full-time employees declined and the number of part-time employees grew. This pattern was consistent across every nonprofit activity area, with each reporting a higher percentage of part-time workers in 2025 than in 2024.

Several factors may help explain this trend: some nonprofits may be responding to financial pressures by replacing or reducing full-time positions in favor of part-time roles. At the same time, growing demand for nonprofit services could be prompting organizations to expand staffing through more flexible part-time positions to meet community needs.

Part-Time and Full-Time Workers by Sector (2025)



Part-Time and Full-Time Nonprofit Workers by Activity Area (2025)

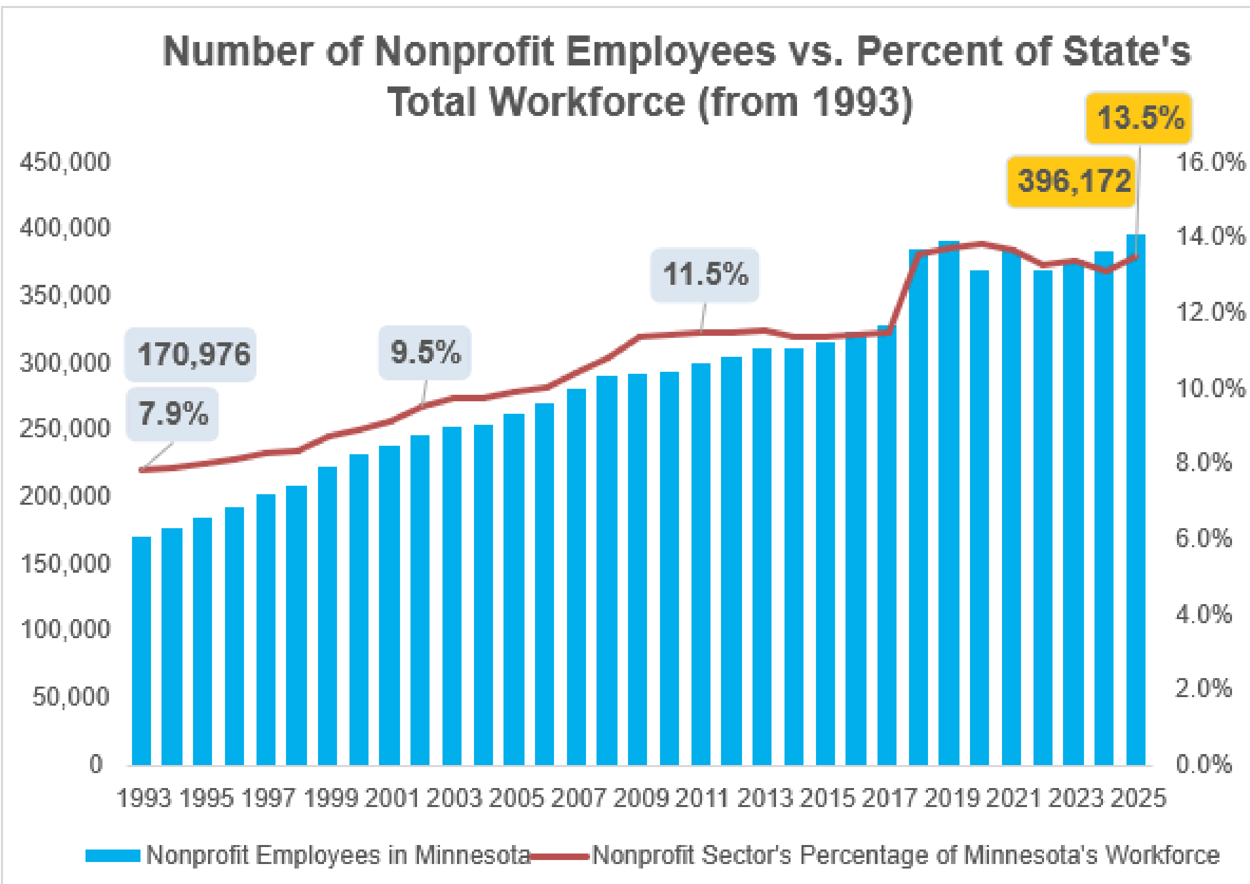


**Explanation for changing of DEED's data analysis can be found in Appendix B.*

Executive Summary & Key Points

Key Point #3: Despite fears of mass closings of nonprofits, the number of nonprofit employees and employers holds steady

Some industry observers feared the effects of the COVID-19 pandemic would lead to a high number of nonprofits closing, such as a 2021 study reporting as many as one-third of all nonprofits in the U.S. could close in a year (Charities Aid Foundation of America). Although there is a natural churn of nonprofits closing every year, the data shows that the number of nonprofit employees and employers remains steady. The nonprofit sector continues to show growth in its share of all statewide employees, employing 13.5 percent of the state's total workforce.



Case Study on Looking Beyond the Numbers

Most of the data throughout this report has not dramatically changed since the 2025 edition. The data alone could argue that nonprofits are holding steady as a sector. *But this does not give a full picture of the challenges that nonprofits have faced over the past year.* According to MCN's Current Conditions Report, many nonprofits have reported struggling with increased expenses, fluctuation in funding, staff burnout, and more. To dive deeper into the nonprofit experience beyond the numbers, this case study will highlight Hastings Family Service.

For 56 years, Hastings Family Service's mission has been to engage the community to provide help and hope for their neighbors. Located in Hastings, Minnesota, Hastings Family Service has a food shelf that is open to anyone and offers additional supportive services (like rent assistance, transportation, funds for car repairs, and more) for community members in school district 200, roughly a population of 30,000. The organization's budget size is about $1.5 million, and they employ eight full-time and eight part-time employees.

From a number's perspective, Hastings Family Service has shown a lot of growth and success throughout the past 12 months. The organization was able to increase wages for staff, increase the organization's payments of staff's health insurance premiums, and they predict to end their fiscal year in a surplus. But these data points do not show the entire picture. **Over the past four years, Hastings Family Service has seen a nearly 300 percent increase in demand for their food programs, and the amount they have spent on emergency financial assistance has nearly doubled.** The organization also acknowledges the burnout and turnover among staff and volunteers because of the nature of the work and the continued increase in demand. Hastings Family Service attempts to balance increasing programming capacity or funding for their financial assistance programs with not overworking their employees. Hastings Family Service sees these challenges as "growing pains" and continues to shift and pivot to best serve their neighbors.

Hastings Family Service has a "people come first" philosophy, and this shows throughout their work and how they approach fluctuating funding, uncertainty around executive orders from the federal government, and supporting staff and volunteers.

They have a supportive community that has stepped up through individual donations and volunteerism. Over the past year, community members have increased their individual donations so that Hastings Family Service is able to expand the amount of individuals/families served for their rental assistance program without seeking additional funding from government grants. For organizations like Hastings Family Service, the challenge is balancing a stark increase in demand for services, increased cost of goods, and staff capacity in an environment of decreased funding and unpredictable change.

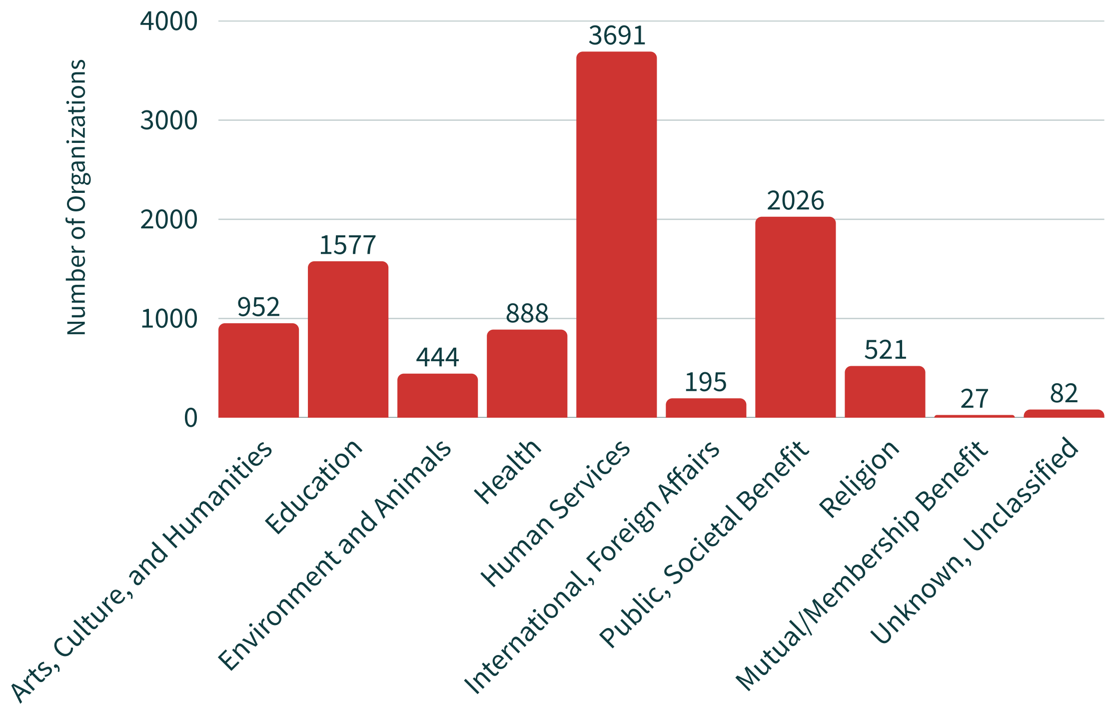
Minnesota Nonprofit Employers

The nonprofit sector is a strong contributor to Minnesota's economy—supporting over 396,000 jobs and providing essential services to Minnesota's communities. From food banks to charter schools to theaters and hospitals, nonprofits touch the lives of almost every Minnesotan. In 2025, the number of financially active statewide nonprofit organizations was 10,773. While there is natural churn in the nonprofit sector with some organizations dissolving and others forming every year, **the overall number of nonprofit employers has remained stable over the past five years**. In addition to the roughly 10,000 nonprofit employers, there are another 28,000 tax-exempt groups in MN who are primarily led by community volunteers (such as parent-teacher associations, booster clubs, neighborhood firefighter associations, and more).

55 percent of financially active nonprofits are either human services or public and societal benefit organizations.

Minnesota nonprofits' work reflects a broad array of activity areas, and each of these categories benefits the public in a different way. The health care field (including hospitals, clinics, and nursing homes) employs the largest number of nonprofit workers, yet it only constitutes roughly nine percent of employers in very large organizations. Human services (including legal, employment, food and housing, public safety, recreation, and youth services) make up 36 percent of all financially active nonprofits. Public/societal benefit has the second largest number of establishments at 20 percent, while education and the arts have 15 percent and nine percent respectively.

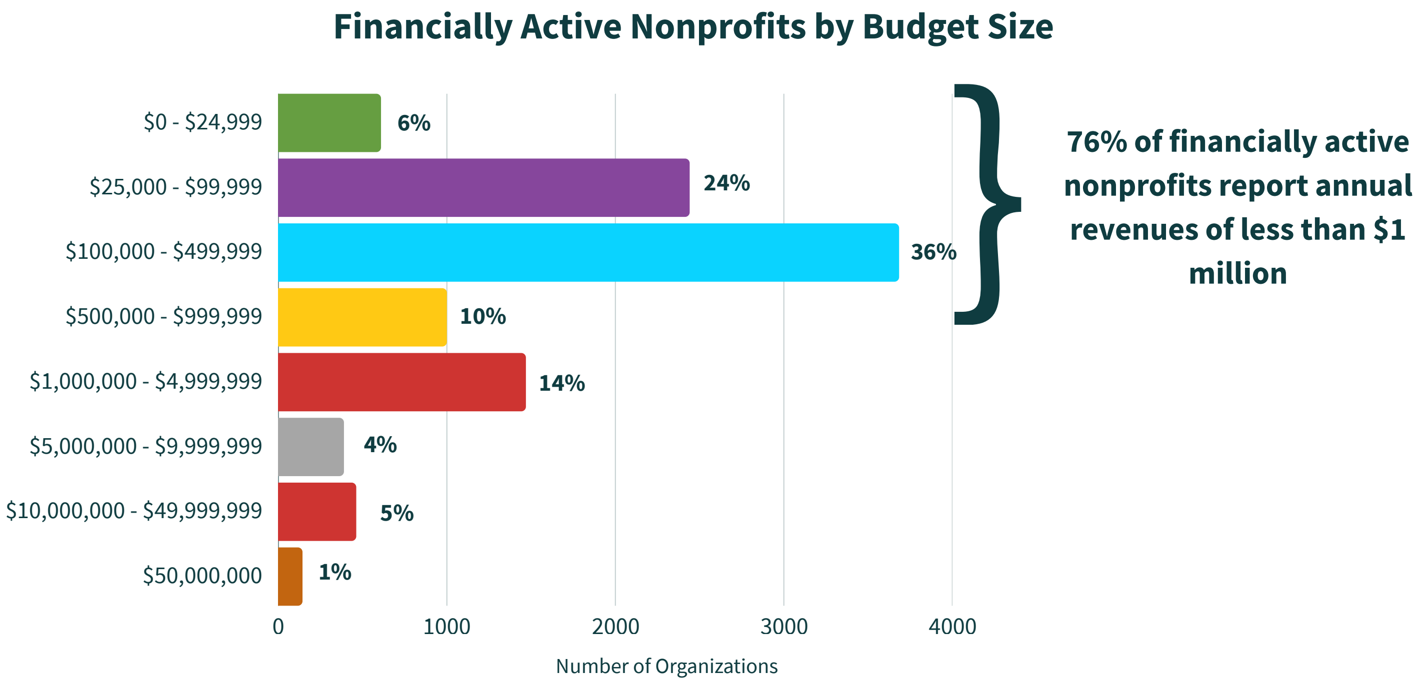
All Minnesota Financially Active Nonprofits by Activity Area, 2026



Note: *The National Taxonomy of Exempt Organizations (NTEE) is the categorization scheme used to describe nonprofit activities, for national taxonomy of exempt entities. A significant percentage of older nonprofits are currently not classified under any NTEE code, accounting for about 18% of all financially active nonprofits. NTEE codes were first adopted by the IRS for its master file of exempt organizations in 1980, and currently the majority of nonprofits who still don't have an NTEE code were established prior to that date.*

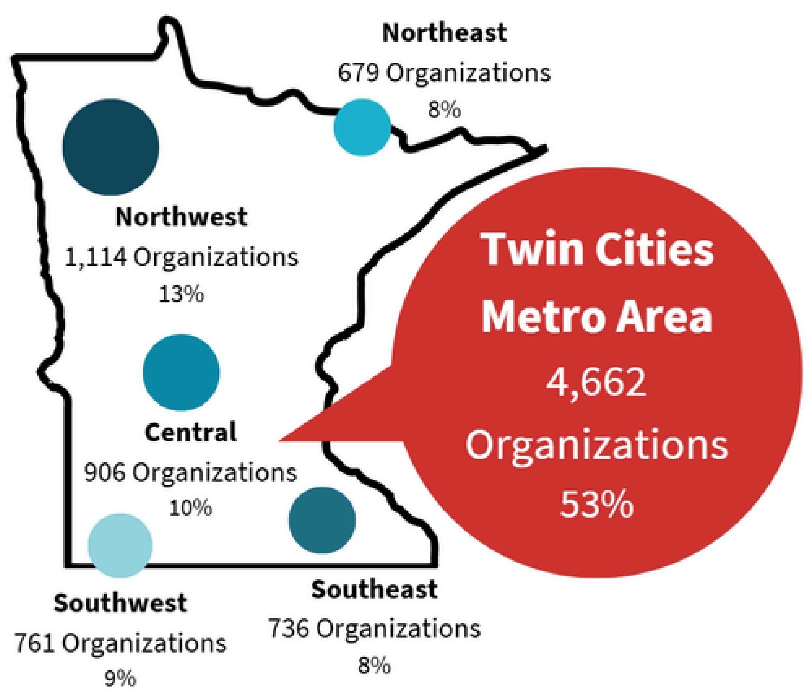
Definitions for activity areas above can be found in Appendix A.

Minnesota Nonprofit Employers



A more detailed view of Minnesota's nonprofit sector is made possible by disaggregating organizations based on their annual revenue reported in the IRS Business Master File. Among financially active nonprofits, 76 percent report annual revenues of less than $1 million. Organizations with smaller operating budgets are most likely to be found among the arts, religion, environment, and international issues. Organizations with annual operating budgets of $5 million+ tend to be in health and human services. For example, the largest nonprofit in Minnesota is the Mayo Clinic based in Rochester, MN, reporting over $7.9 billion in revenue in 2024. Both small and large nonprofits occupy pivotal roles in Minnesota's economy, providing essential services across the state.

Nonprofit activity and growth rates vary across the six regions of Minnesota. The Twin Cities Metro area is home to over half of Minnesota's nonprofit employers—along with about 55 percent of Minnesota's population. The number of nonprofit employers roughly corresponds to each region's population. Over the last 10 years, the total statewide number of nonprofit employers has increased by approximately 59 percent, yet the distribution of nonprofit activity by region has stayed relatively unchanged.

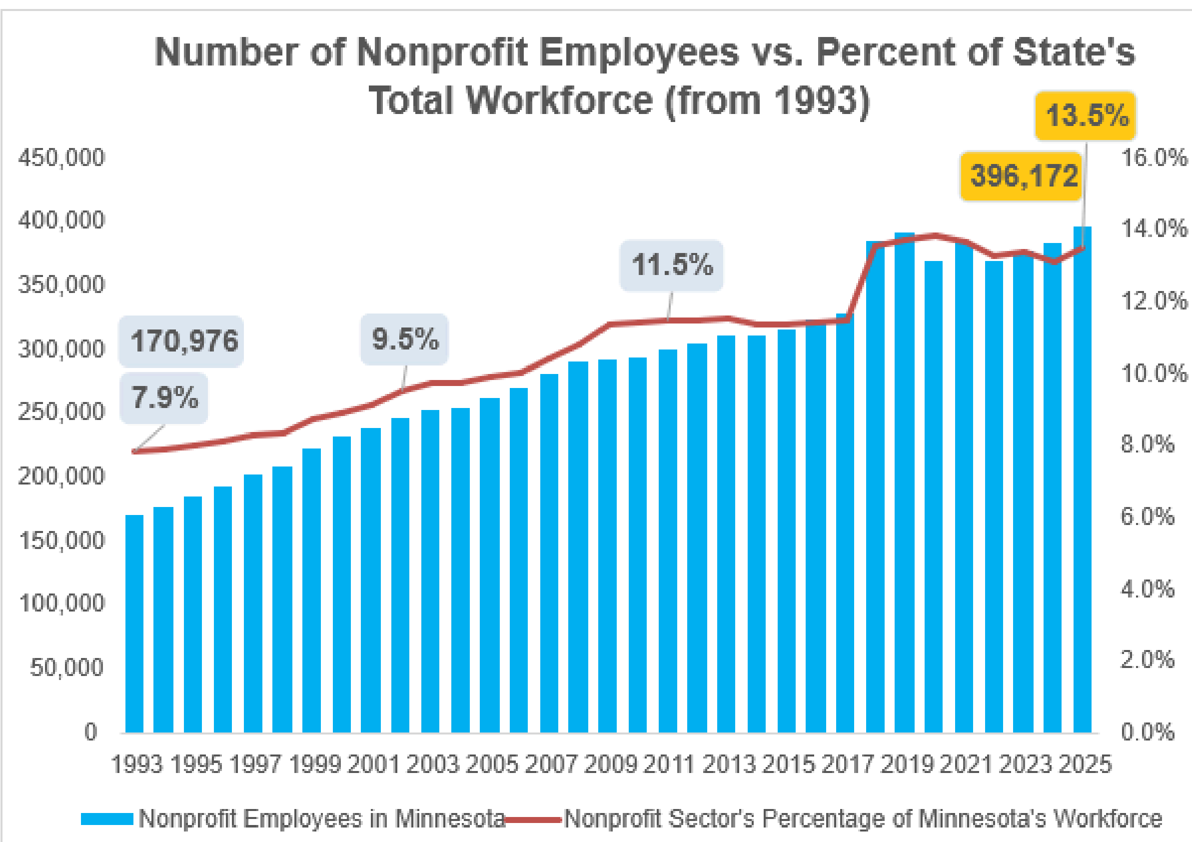


Minnesota Nonprofit Employees

The total number of Minnesota nonprofit employees continues to grow

Since MCN began tracking employment data in 1993, the number of nonprofit employees has consistently increased year-over-year. The first time there was a decrease in nonprofit employees was in 2020 due to the impact of the COVID-19 pandemic. The sector quickly bounced back and only saw a decrease in total nonprofit employees for two years. Since 2022, the total number of nonprofit employees has continued to rise. It is important to note that part of the increase in nonprofit employees between 2024 and 2025 is due to a change in how DEED's employment data is coded and is not entirely a reflection of a trend in nonprofit employers and their employment trends.

The nonprofit sector remains the fastest growing sector in employee growth. Since MCN began using DEED's employment data in 1993, the number of statewide nonprofit employees has doubled. From 1993 to 2025, Minnesota nonprofit employers added over 222,000 employees, over 130 percent growth. In comparison, Minnesota's total workforce grew by nearly 31 percent over the same period, meaning that the nonprofit workforce has grown four times faster over the last 30 years, reflecting the increasing wellness, culture, information, and overall service economy.



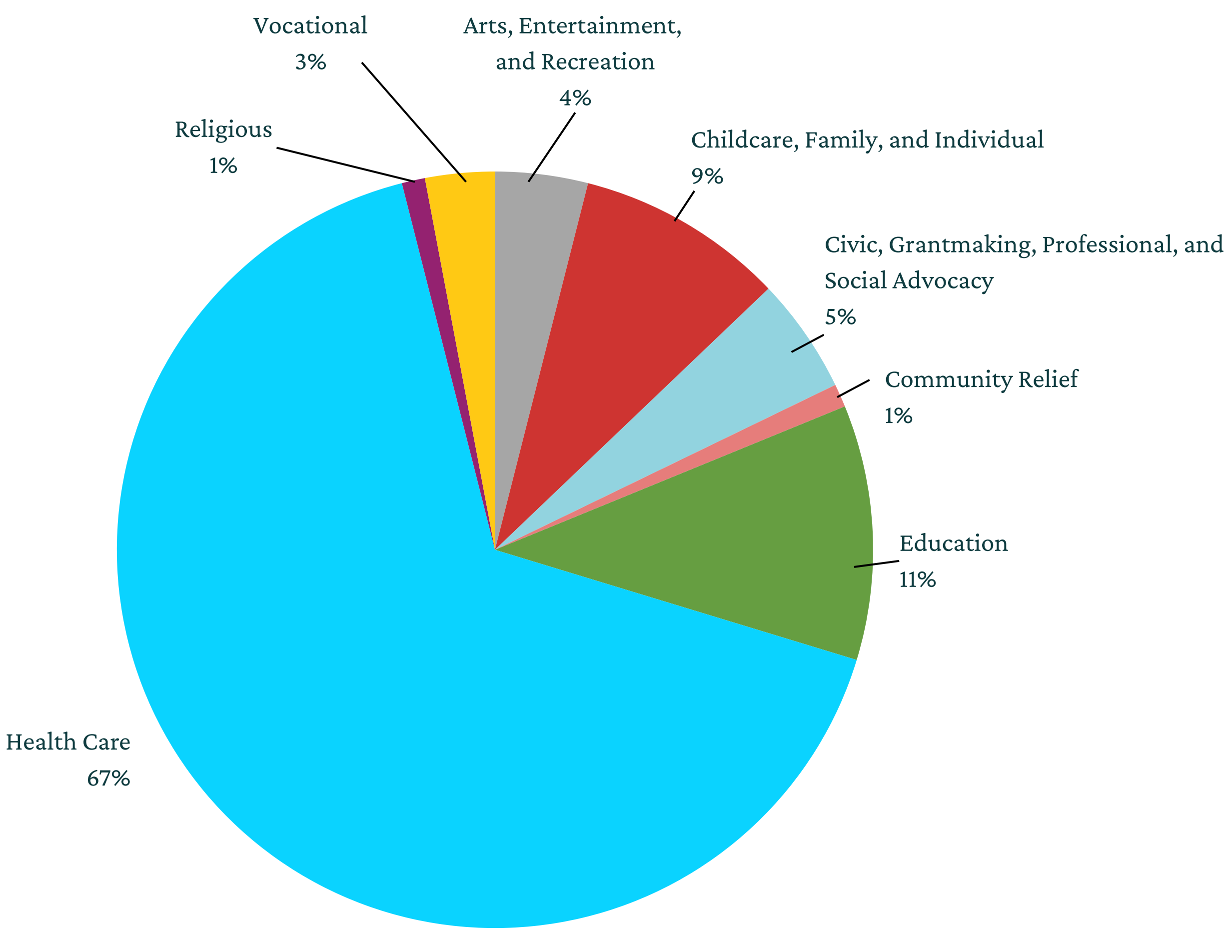
Minnesota Nonprofit Employees

67% of nonprofit workers are health care employees

A very large share of nonprofit employees works in the health care and education areas—sometimes nicknamed the "Eds and the Meds."

Health care employs 67 percent of Minnesota's nonprofit workforce. Education is the second largest activity area, making up 11 percent of all nonprofit employees. Childcare services, family, and individual, which include organizations that specialize in foster care, drug prevention, and life skills training, is the third largest category, making up nine percent of all nonprofit employees.

Minnesota Nonprofit Employees by Activity Area (2025)



Note: *The employee charts above are based on data from the Department of Employment and Economic Development, while the employer charts utilize IRS data. These category differences for activity areas and employer groups result in different splits in realms describing the nonprofit sector. The IRS data provides a means to filter for financially active nonprofits, while the DEED data reports on organizations with at least one employee, which often overlap, but not exactly. See Appendix A for more information.*

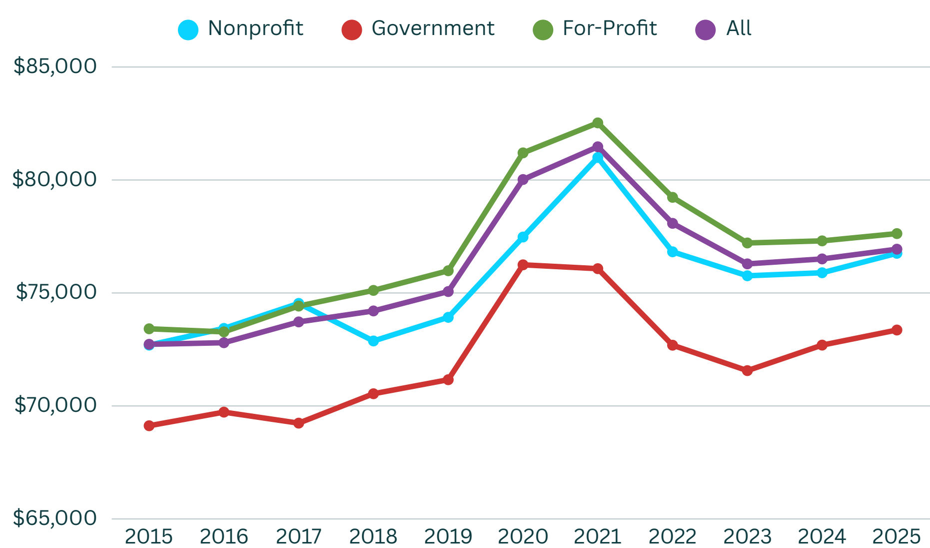
Minnesota Nonprofit Employees

Minnesota wages across all sectors increase, with the nonprofit sector seeing the biggest increase

All three sectors (nonprofit, government, and for-profit) reported a slight increase in inflation-adjusted average annual wages in 2025. Government wages increased about $670 and for-profit wages increased about $320, averaging annual wages of $73,360 and $77,626 respectively. The nonprofit sector saw the largest increase in average wages, increasing by $860, averaging annual wages of $76,754. **In total, nonprofits paid $30.4 billion in wages in 2025, an increase from 2024, where they paid $28.1 billion in wages.**

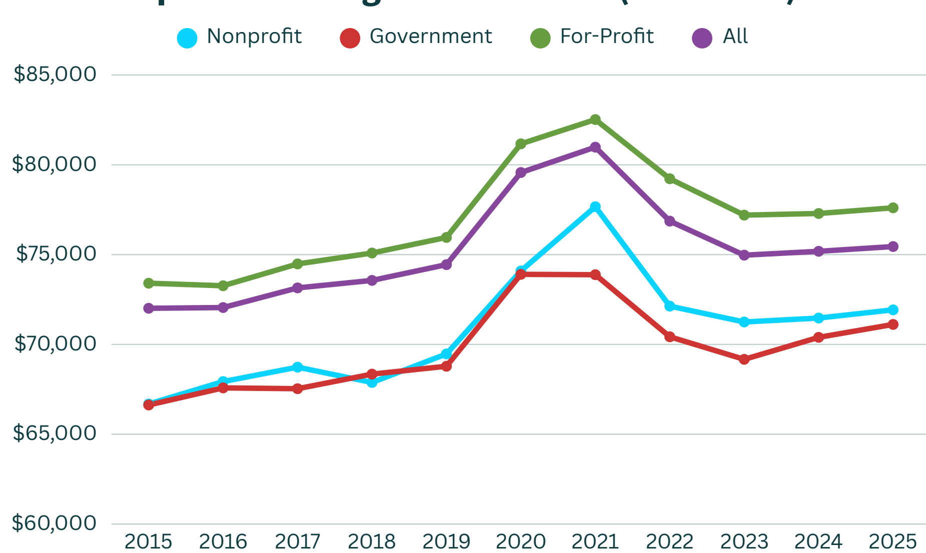
Minnesota Average Annual Wages by Sector (2025 USD)

Including Hospitals and Higher Education



Over the past 30 years, the wage gap between nonprofit and for-profit employees has narrowed. In fact, in 2016 and 2017, nonprofit wages averaged slightly higher than for-profit wages—but this was largely driven by nonprofit workers in health care and higher education, whose pay tends to be significantly higher than most other nonprofit roles. The difference between annual average wages of for-profit and nonprofit in 2025 was the smallest since 2017. The wage gap between for-profit and nonprofit has been lessening for the past four years.

Minnesota Average Annual Wages by Sector, Excluding Hospitals and Higher Education (2025 USD)



For-profit wages are also shaped by factors not reflected in wage data, such as greater use of part-time workers (which lowers average hourly rates) and the ability to offer compensation like equity or stock options that nonprofits typically cannot.

When hospitals and higher education are excluded from the data, the nonprofit average falls by $4,828, averaging $71,926 for annual wages, underscoring how much these industries influence overall nonprofit wage data.

Case Study on Increased Wages in the Nonprofit Sector

The following case study of Summit School helps give perspective to the complex dynamics that play out in a nonprofit's decision-making about wage adjustments for staff. Located in Duluth, Summit School is an early childhood education center dedicated to providing high-quality care and learning experiences for children ages six weeks to six years. Summit School has an annual budget of $1.2 million, employes roughly 30 staff, and provides services for 115 children.

Summit School dedicates roughly 86 percent of its budget for staff wages. Based on the organization's funding model, they can only increase staff wages if they increase tuition. **School leaders must balance between caring for staff by increasing their wages and acknowledging that families that attend this school are also struggling with an increase in cost of living.** Over the past year, Summit School was able to increase their staff's wages by three percent, but they also had to increase their tuition by three percent. They were very transparent with families about this decision and why they are increasing tuition. In response, families were understanding because they knew exactly where their tuition money was going.

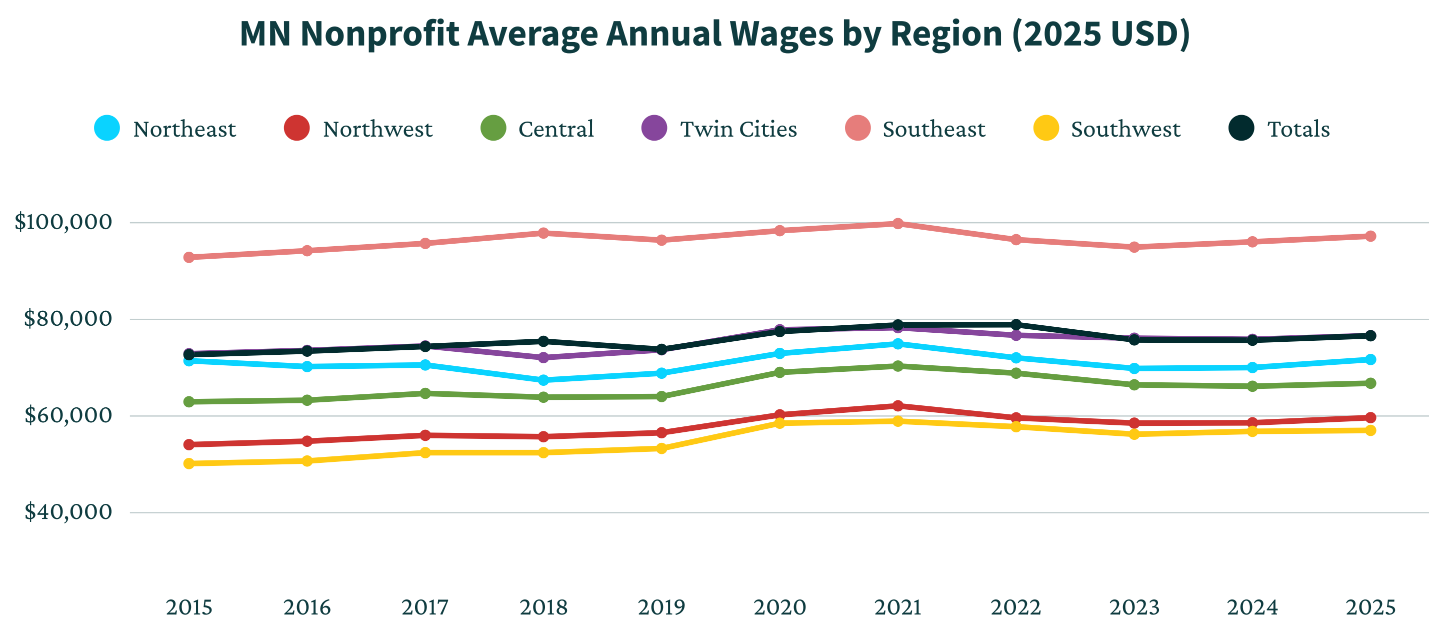
Summit School has attempted to get additional funding through government grants or philanthropy but have struggled because of the type of funding projects that need funding or restrictions on grant dollars. Currently, most of the funding they are seeking involves projects for building maintenance. In their experience, the funding opportunities they have found would require the creation of new child care slots instead of maintaining their current building. Summit School needs to address maintenance in their existing building and not new or expansive projects; therefore, they have been unsuccessful in finding grants for the maintenance projects they need now.

In order to continue raising wages for staff, the Summit School recognizes that there needs to be changes to larger systems, and there are no "easy" fixes.

Summit School sometimes gets questions regarding whether their money is well spent or if funds can be used differently. Their response is that their services prioritize high-quality care; and high-quality care is labor intensive. They are open and staff for a 55-hour work week which also stretches the budget capacity and labor hours. If they added more students to a classroom or staffed those rooms to barely cover the state's required staff to student ratios, that would not be conducive for students or teachers. School leaders also work to find a balance between providing quality services and continuing to stay within the organizational budget. Summit School was able to raise wages for staff and also acknowledges the systemic barriers that limit how much and how often they are able to raise wages.

Minnesota Nonprofit Employees

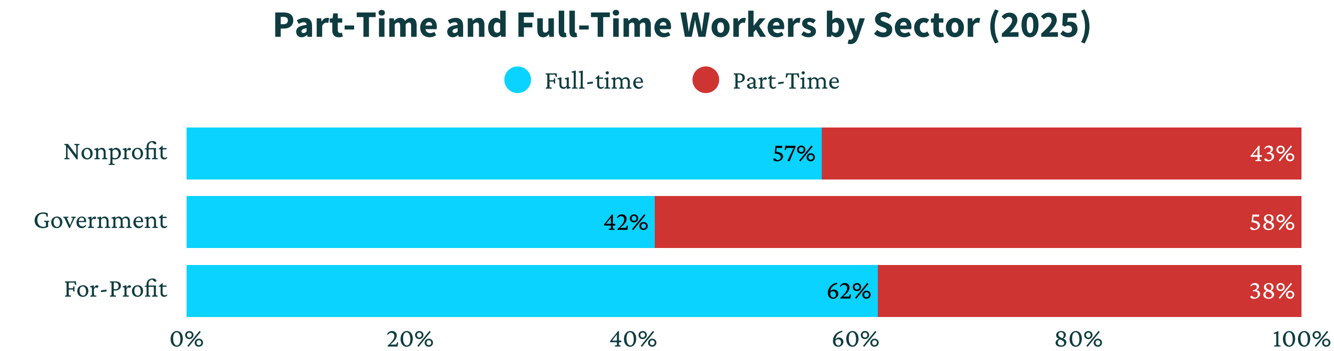
Every region saw an increase in average annual wages, ranging between an increase of $200 to $1,650. Comparing average annual wages for nonprofit employees across regions of Minnesota (including the Eds and Meds) reveals that nonprofit average annual wages in the Southeast region of MN are the highest of all the sectors due to the effect of the Mayo Clinic on the regional nonprofit economy. Southwest MN saw the smallest increase in average annual wages, increasing $200 over the last year. Northeast MN saw the largest increase in average annual wages, increasing $1,650 over the last year.



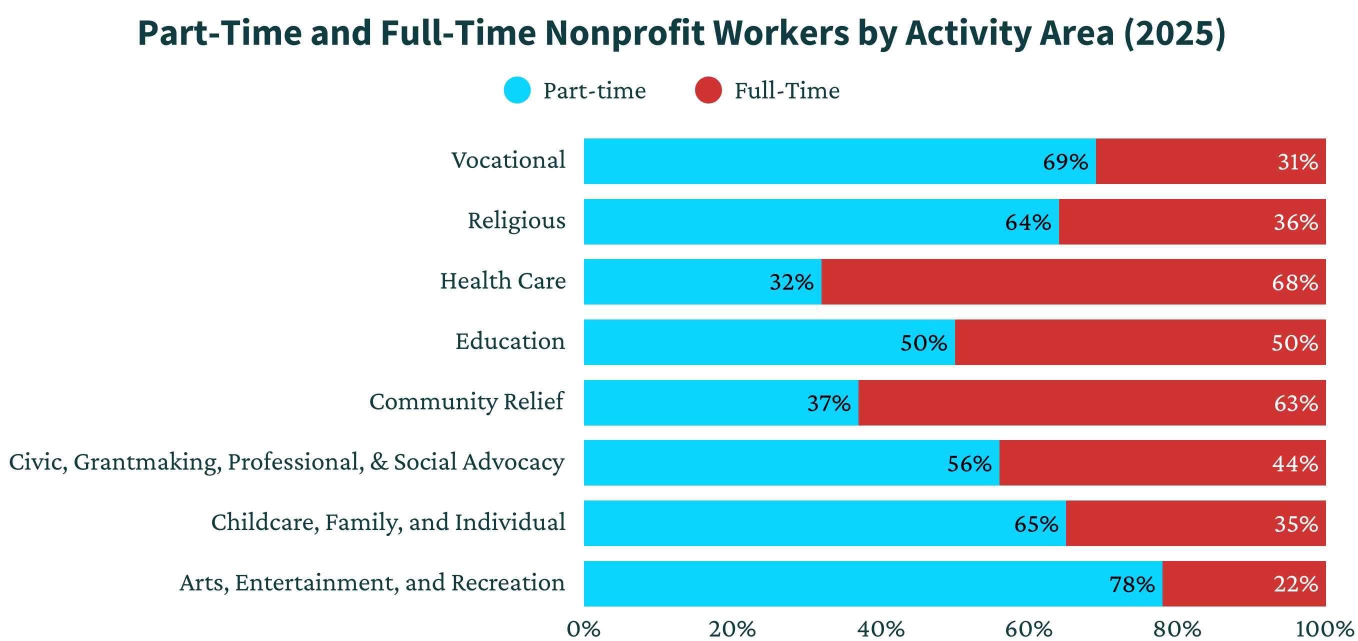
Minnesota Nonprofit Employees

Percentage of nonprofit employees working part-time increased across all activity areas

Full-time versus part-time status can be an important factor in explaining average wages. Fifty-nine percent of Minnesota nonprofit employees work full-time—working at least 454 hours per quarter, about 35 hours a week. The nonprofit workforce saw a notable shift toward part-time employment between 2024 and 2025. The share of nonprofit employees working part-time increased from 37 percent to 43 percent, while the number of full-time employees declined and the number of part-time employees grew.



The increase in part-time workers in the nonprofit sector is also reflected in every activity area. Vocational and childcare, family, and individual activity areas saw the largest increase of part-time workers, each increasing eight percent from 2024.



Several factors may help explain this trend: Some nonprofits may be responding to financial pressures by replacing or reducing full-time positions in favor of part-time roles. At the same time, growing demand for nonprofit services could be prompting organizations to expand staffing through more flexible part-time positions to meet community needs.

**Activity Areas are adapted from NAICs Codes, rather than NTEE codes, so totals and categories may be slightly different than in other sections. Definition of part-time work can be found in Appendix B.*

Case Study on Part-Time Employment in the Nonprofit Sector

Rethos is a nonprofit that inspires people to connect with their shared places and spaces through preservation, adaptation, and activation. Rethos has locations in St. Paul and Duluth but their scope of work reaches across the whole state of Minnesota. With an annual budget of about $1 million and eight full-time and three part-time employees, Rethos' work focuses on historic preservation of buildings, heritage tourism, and engaging with communities to love their buildings and keeping buildings out of landfills.

Over the past seven years, Rethos has seen some major changes to their funding sources and organizational structure. In 2019, there was a change to historic tax credits, which significantly impacted their annual budget. The organization responded to these changes by creating fee-for-service work, expanding their programming, and applying for more grants. They also looked internally at the roles of each position and the organizations' capacity to fund full-time employment. They decided that because they are a smaller organization, they do not need full-time positions for a financial bookkeeper, a grant writer, or a communications position. As they expanded their programming, they also found it in their best interest to hire a part-time staff member that specialized on the topics specific to events they host each year.

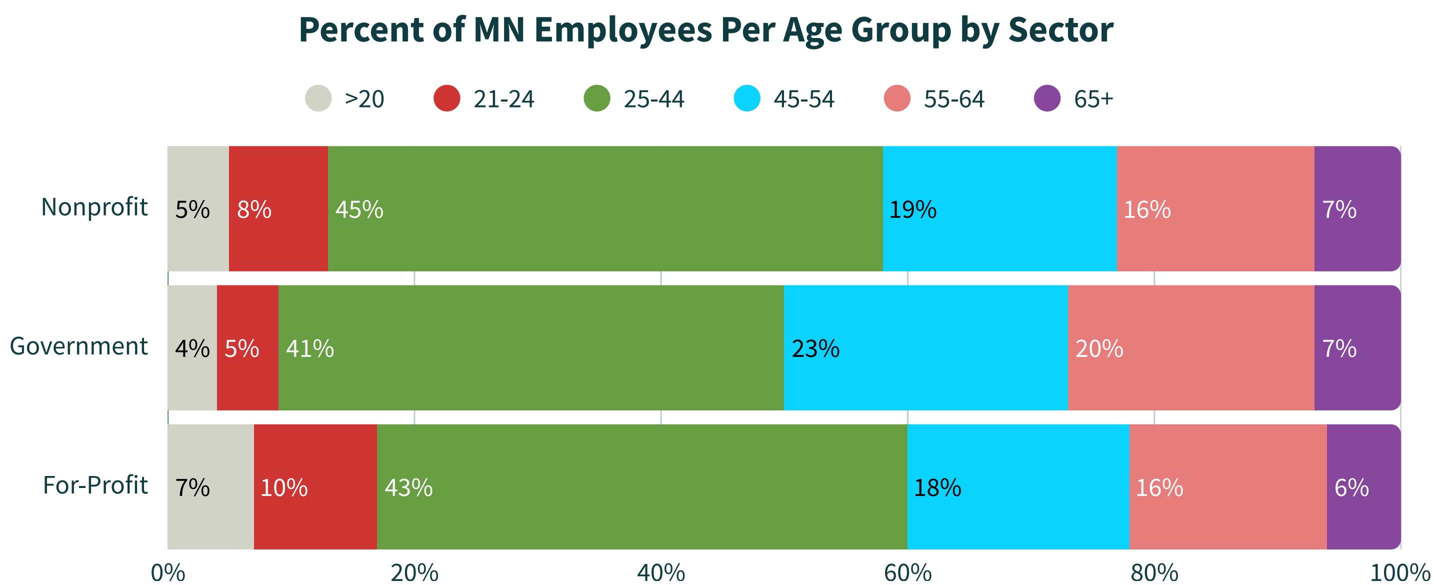
The shift to more part-time workers and addition of 1-2 new part-time staff members also improved Rethos' workplace culture. They considered hiring 1-2 full-time workers instead of multiple part-time workers, but the breadth of the work and expertise that the part-time workers held was unrealistic for one person to know and be able to complete. Staff members were already struggling with burnout because of the workload and wearing multiple hats within the organization.

Having part-time workers that specialized in their work (i.e., grant writers or communications) helped build a reliable workflow for the full-time staff members because they knew exactly who to go to and knew that the staff member had the expertise in their work.

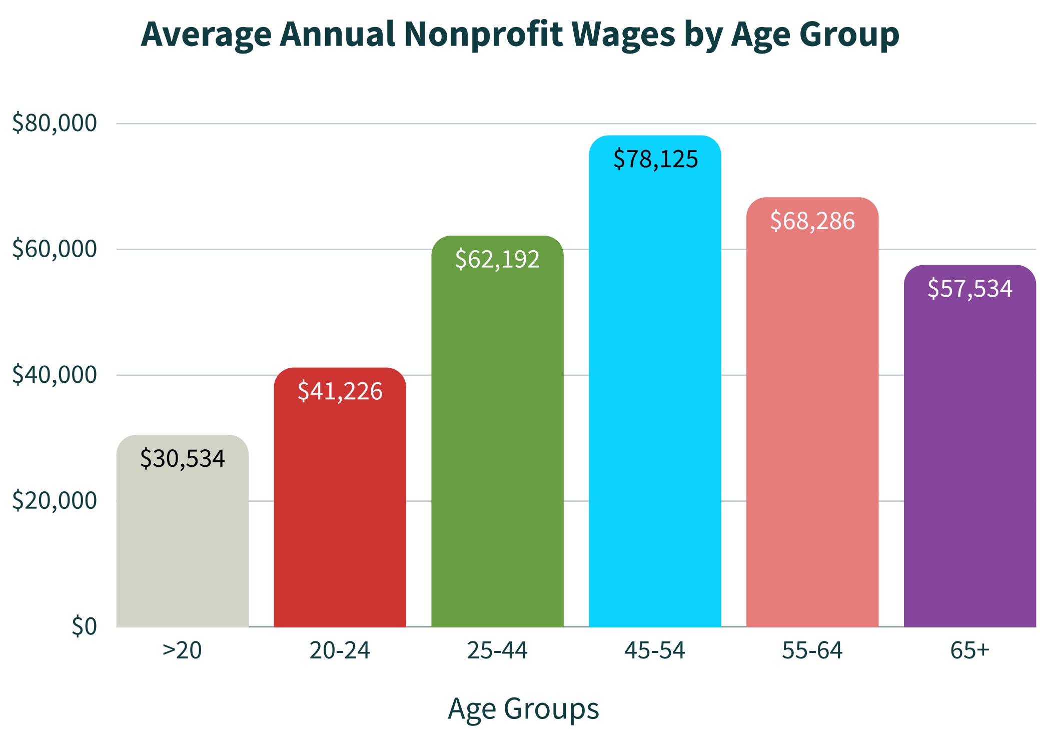
Overall, Rethos was very intentional in looking at their organization's funding fluctuations and workplace culture. They shifted to part-time work to better suit their organizational needs and funding for staff. This also had a positive impact on workplace culture and burnout. Part-time workers who are experts in their work help Rethos continue to grow their scope of work while also staying within their budget.

Minnesota Nonprofit Employees

Understanding workforce demographics helps paint a fuller picture of Minnesota's nonprofit sector. While the nonprofit and for-profit sectors are similar in age distribution, the governmental sector skews slightly older than both. The majority of nonprofit workers are between 25-44 years old.



When looking at average annual wages for each age group, ages 45-54 report the highest annual salary, earning $78,125 on average.

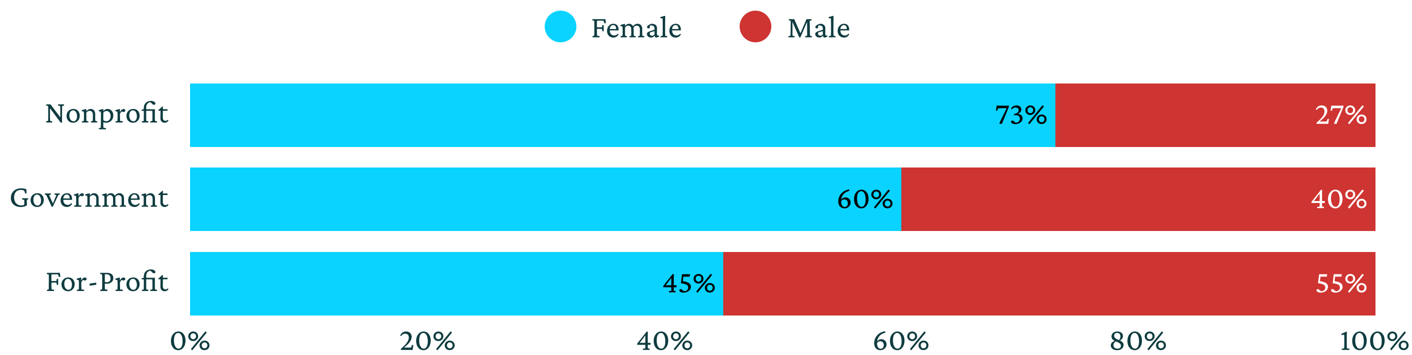


Minnesota Nonprofit Employees

73% of the nonprofit workforce is female

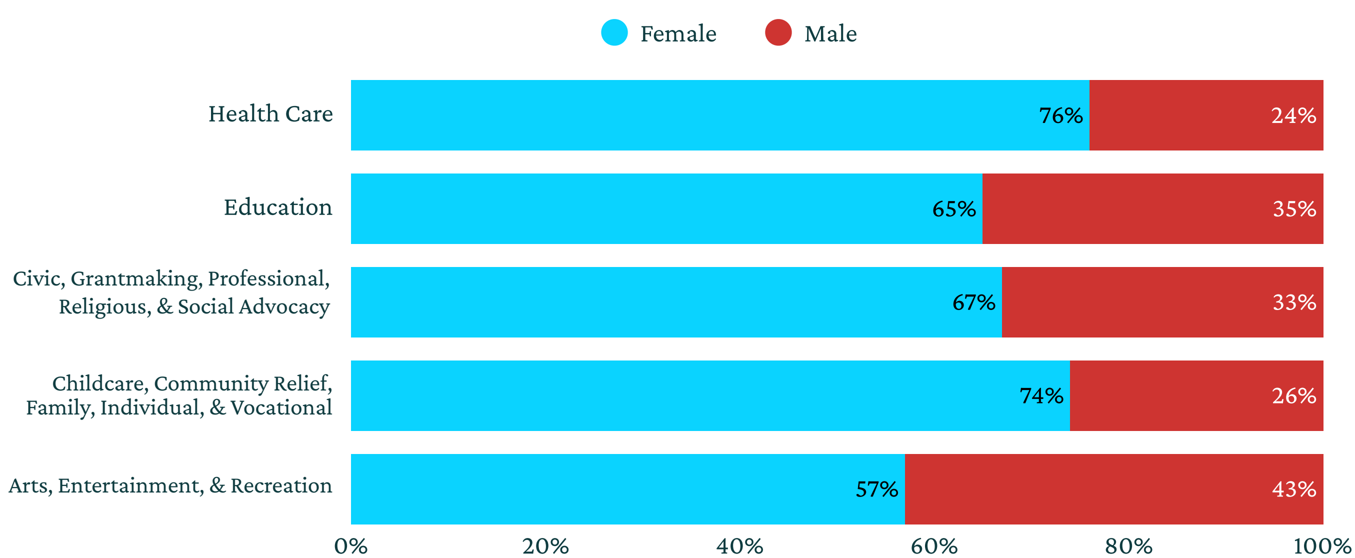
Minnesota has a long history of high female participation in its workforce, with female Minnesotans now comprising 51 percent of all employees in the state. Comparing the three sectors, the nonprofit sector employs the highest percentage (73 percent) of female employees compared to the for-profit (45 percent) and government sectors (60 percent).

Gender Distribution by Sector (2025)



Among employees in Minnesota's nonprofit sector, female employees outnumber male employees in each of these five activity areas.

Gender Distribution by Nonprofit Activity Area (2025)



Note: Sex data is provided by DEED based on QCEW reporting. MCN recognizes the broad spectrum of sexual and gender identities that transcend the binary of male and female. However, until a change is made at the federal or state agency level, this report series is limited to existing data reporting categories.

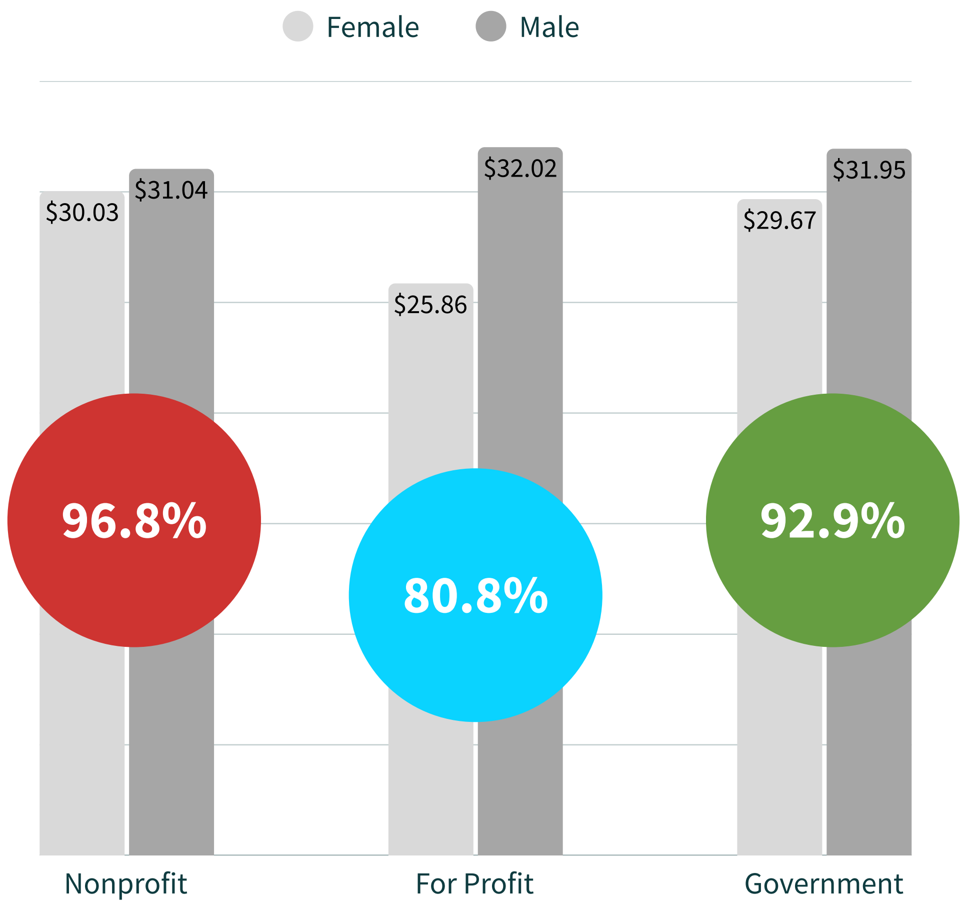
**Activity Areas are adapted from NAICs Codes, rather than NTEE codes, so totals and categories may be slightly different than in other sections. Some activity areas have been combined due to lack of data in respective activity areas.*

Minnesota Nonprofit Employees

While the historic U.S. wage disparity of paying female employees less than male employees is well-established, the Minnesota Nonprofit Economy Report is able to analyze gender pay parity across sectors specific to Minnesota. Throughout the total Minnesota workforce, female workers weighted median annual wages* are 90 percent of their male colleagues'. In comparison, in the rest of the United States, female employee's median annual wages are 81 percent of their male colleagues'.

Regular quarterly reports filed with DEED show that female workers in the nonprofit sector have median annual wages that are 96.8 percent of their male colleagues'. After two years of seeing the wage gap decrease, between 2024 and 2025, the wage gap increased between female and male nonprofit workers. The change was marginal, decreasing from 97.6 percent in 2024 to 96.8 percent in 2025. The wage gap in the governmental sector shows that female workers earn 92.9 percent of what their male colleagues do. In the for-profit sector, female workers' median annual wages are 80.8 percent of their male colleagues'.

Pay Parity Between Female and Male Nonprofit Employees



A note on data limitations: The dataset used to analyze pay differentials by gender in Minnesota contains only information on hours worked, average annual wage, gender, activity area, sector, and geography; the dataset does not include information about other variables that can impact pay, such as length of tenure, educational attainment, professional background, and more.

Central Region

Benton, Chisago, Isanti, Kanabec, Kandiyohi, McLeod, Mille Lacs, Pine, Renville, Sherburne, Stearns, Wright

33,251
Nonprofit Employees

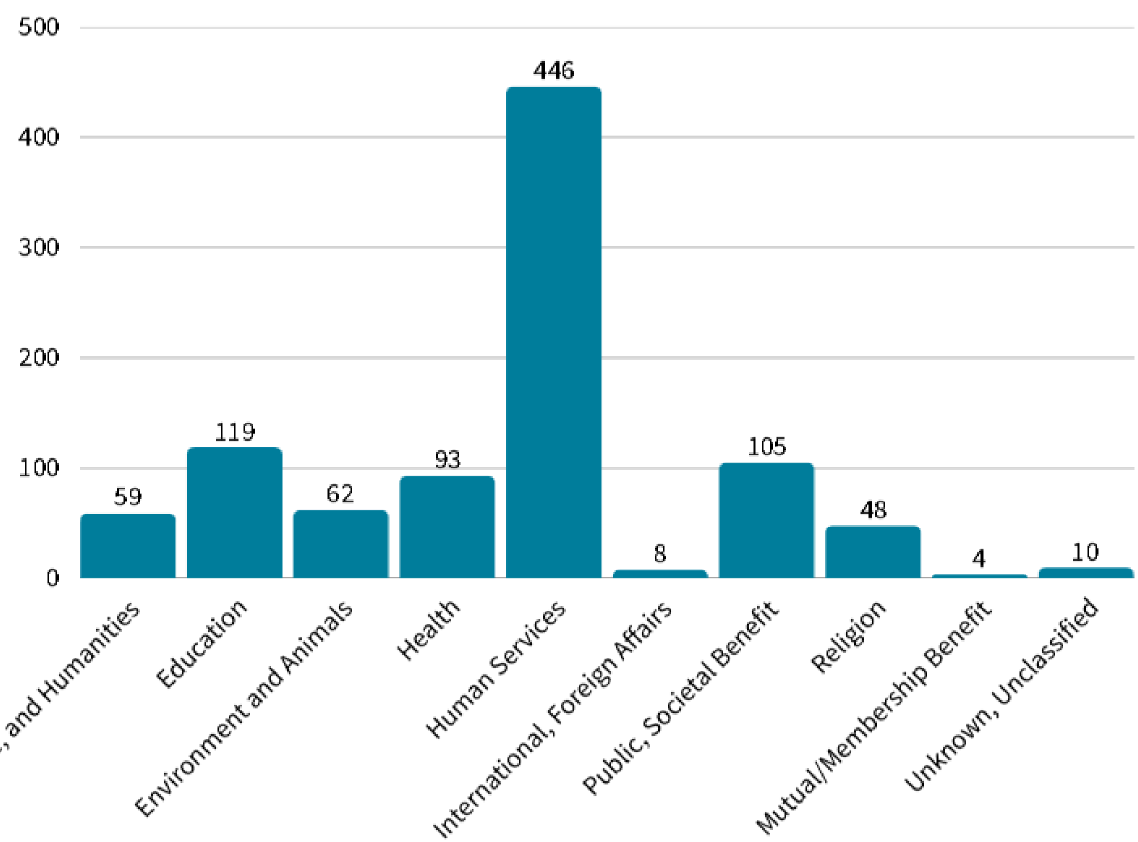
906
Nonprofit Employers

Nonprofit Industry's Share of Region's Total Workforce
11.7%

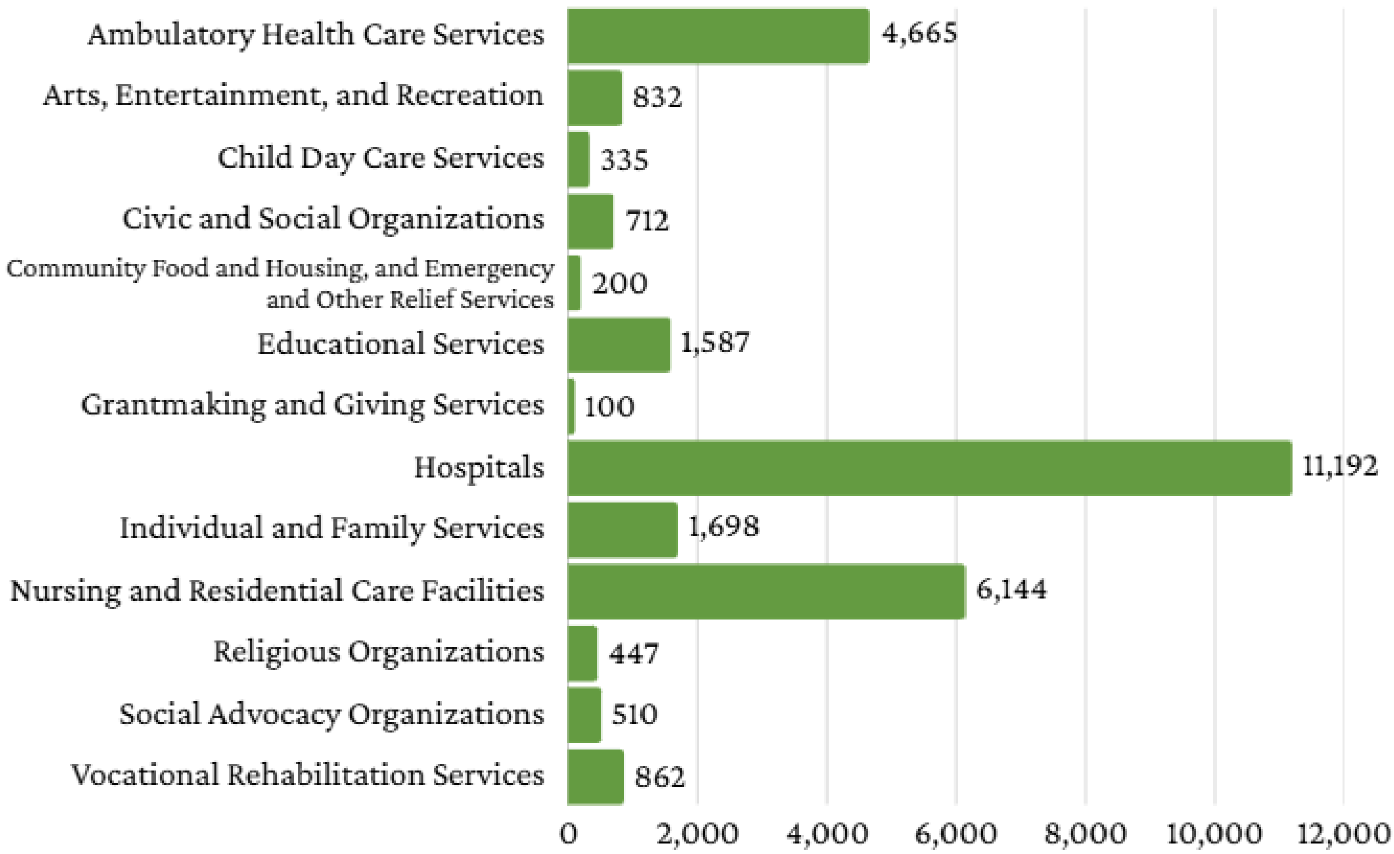
Region's Percent of Total Nonprofit Employees
8.5%

The Central region of Minnesota has the third highest number of nonprofits in the state and employs the third highest number of nonprofit workers, after the Twin Cities region and the Southeast region. The Central region has one of the highest concentrations of female nonprofit employees, tying with the Southwest region. Most of the nonprofit employees in the Central region work in hospitals.

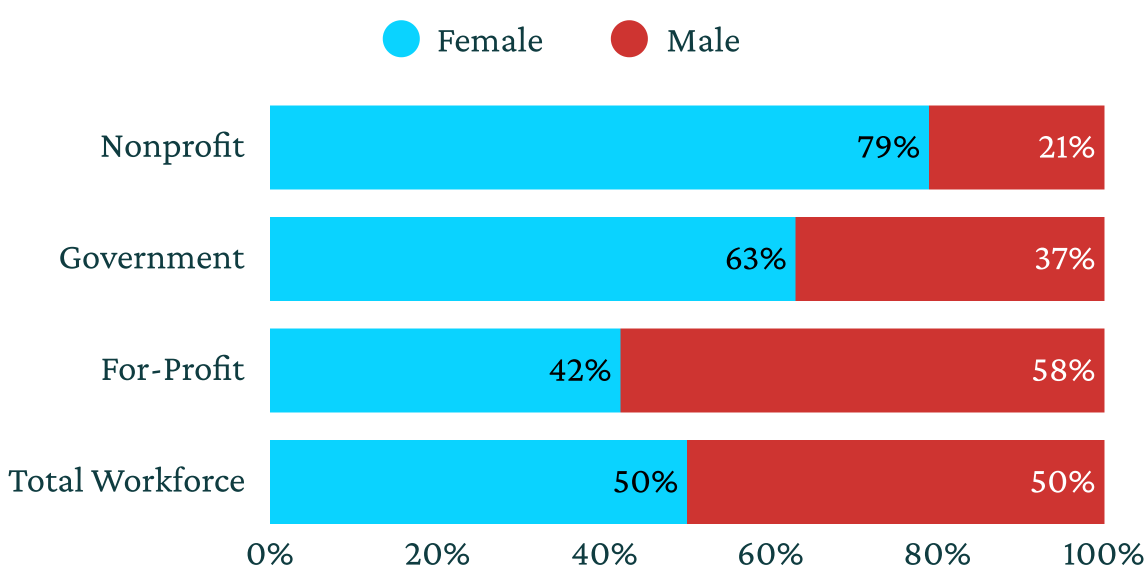
Financially Active Nonprofits by Activity Area, Central (2025)



Central Nonprofit Employees by Activity Area (2025)



Gender Distribution by Sector, Central (2025)



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Northeast Region

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

27,799 Nonprofit Employees

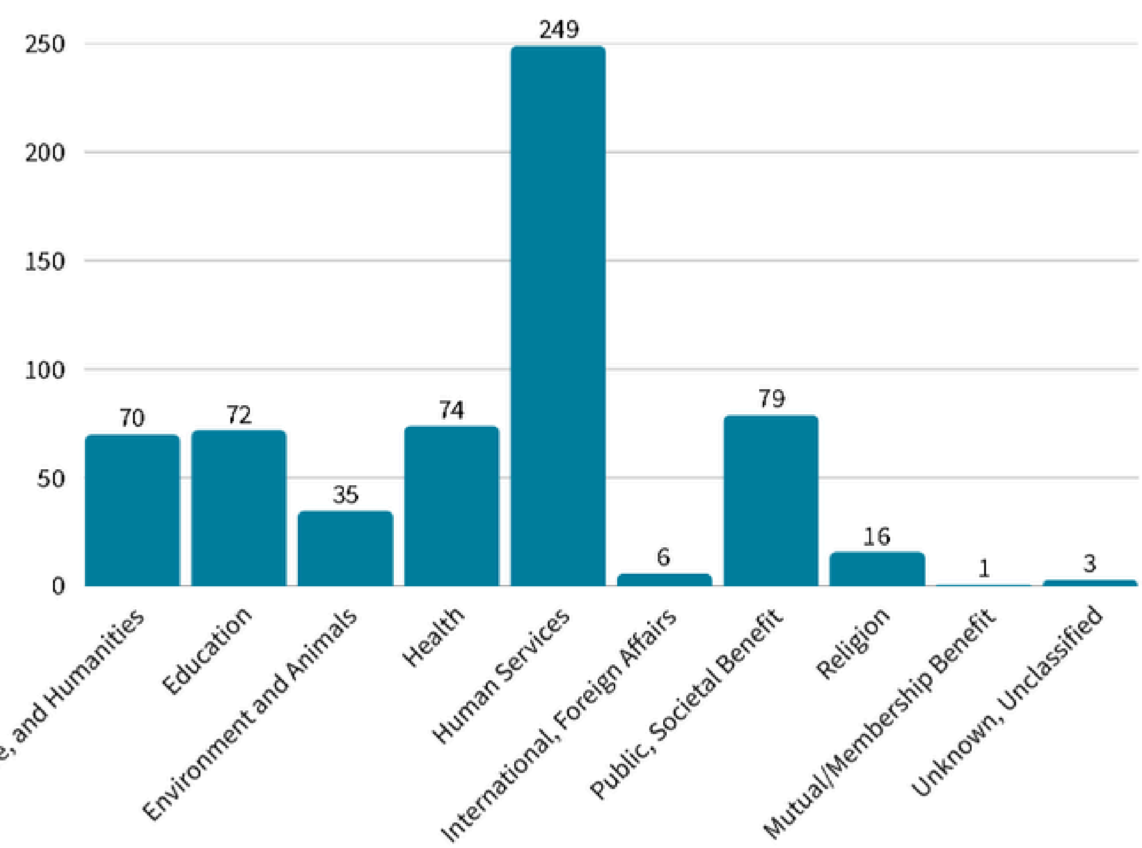
679 Nonprofit Employers

Nonprofit Industry's Share of Region's Total Workforce **19.9%**

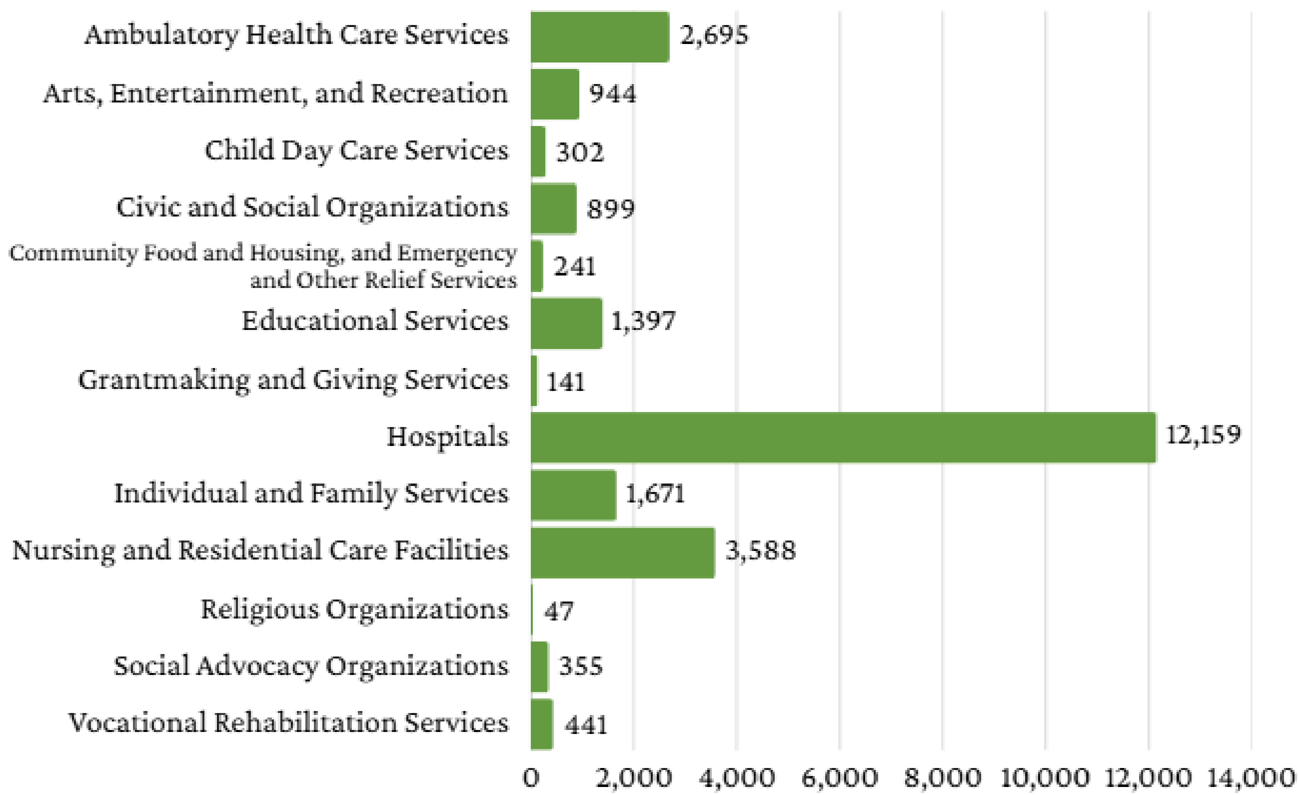
Region's Percent of Total Nonprofit Employees **7.1%**

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 Northeast region is the least densely populated region and has the lowest number of nonprofit establishments in Minnesota, with 679 organizations. The region has the second highest share of its total workforce working in the nonprofit sector (27,799 employees), with 19.9 percent of all employees in the region working in the nonprofit sector.

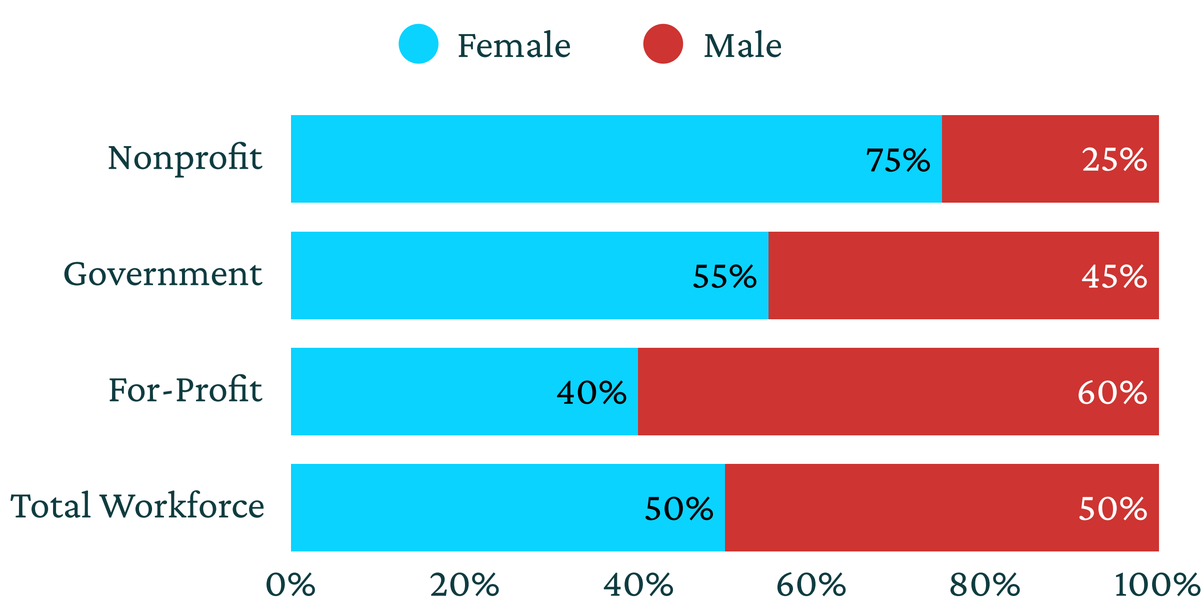
Financially Active Nonprofits by Activity Area, Northeast (2025)



Northeast Nonprofit Employees by Activity Area (2025)



Gender Distribution by Sector, Northeast (2025)



Note: *The employee charts above are based on data from DEED, while the employer charts utilize IRS data. These category differences for activity areas and employer groups result in different splits in realms describing the nonprofit sector. The IRS data provides a means to filter for financially active nonprofits, while the DEED data reports on organizations with at least one employee, which often overlap, but not exactly. See Appendix A for more information.*

Northwest Region

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

29,071
Nonprofit Employees

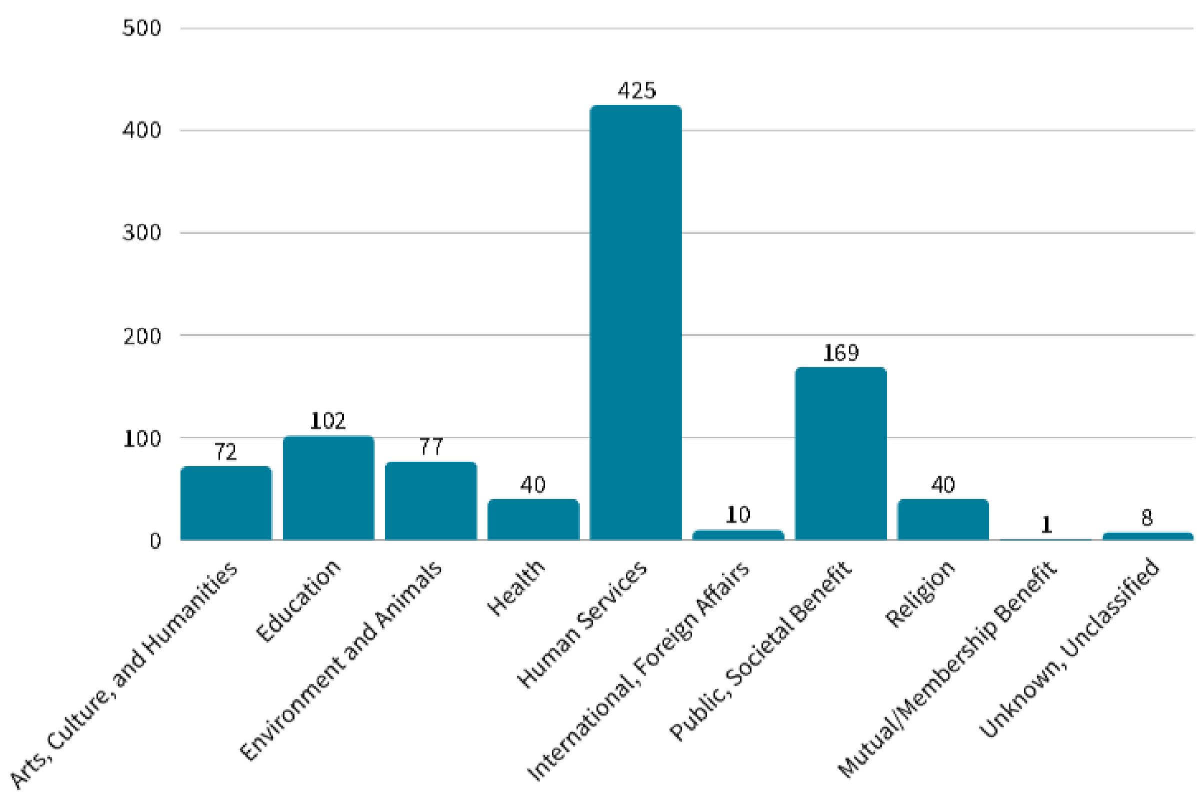
1,114
Nonprofit Employers

Nonprofit Industry's Share of Region's Total Workforce
12.8%

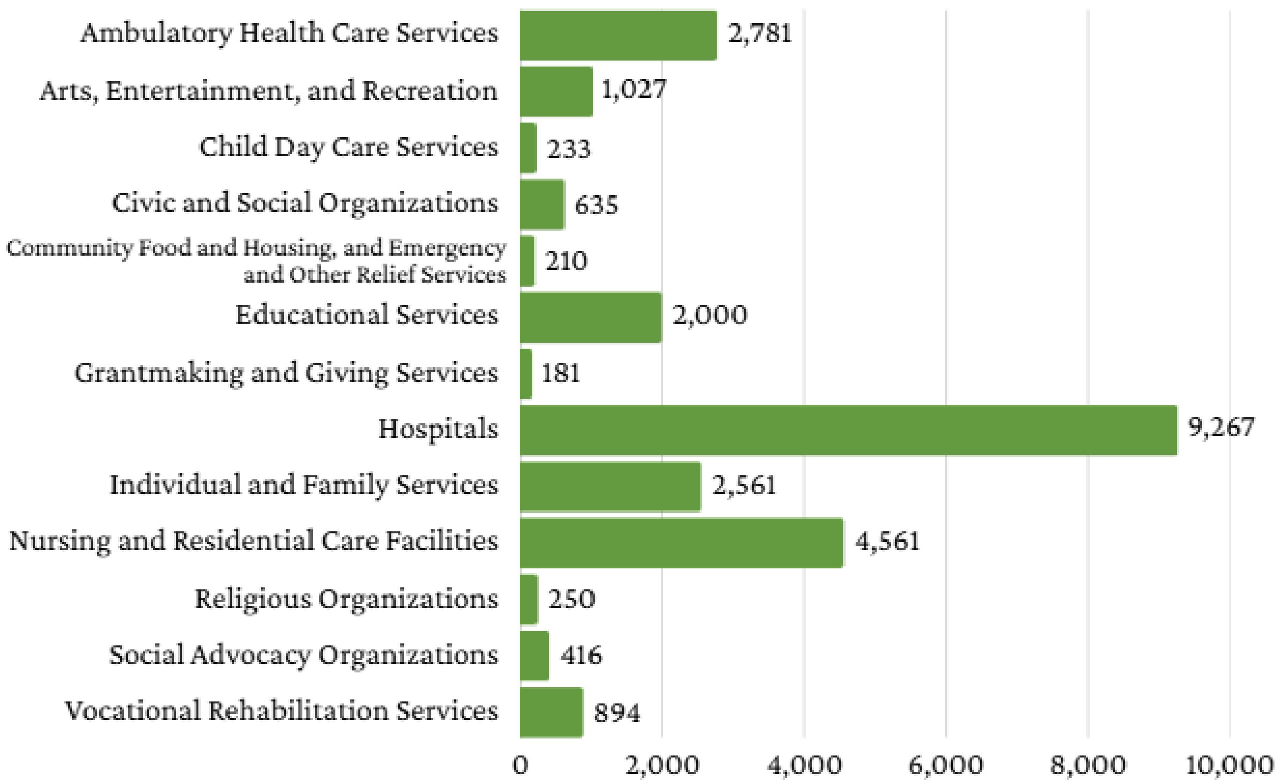
Region's Percent of Total Nonprofit Employees
7.4%

The Northwest region is the largest geographic region in Minnesota and has the second highest number of nonprofit organizations (1,114), making up 12.8 percent of all nonprofits in Minnesota. The Northwest region is home to 29,071 nonprofit employees, which is 7.4 percent of Minnesota's entire nonprofit workforce. The Northwest region has roughly the same amount of nonprofit employees as the Northeast region but almost double the amount of nonprofit employers. This is because Northwest is home to more smaller nonprofits than the Northeast region.

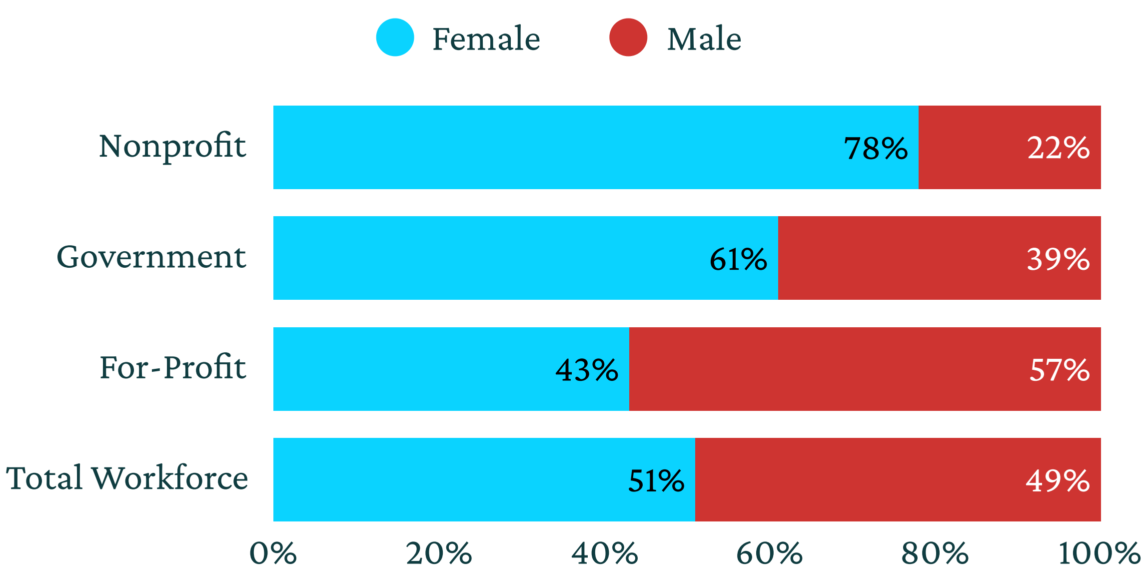
Financially Active Nonprofits by Activity Area, Northwest (2025)



Northwest Nonprofit Employees by Activity Area (2025)



Gender Distribution by Sector, Northwest (2025)



__Note:__ The employee charts above are based on data from DEED, while the employer charts utilize IRS data. These category differences for activity areas and employer groups result in different splits in realms describing the nonprofit sector. The IRS data provides a means to filter for financially active nonprofits, while the DEED data reports on organizations with at least one employee, which often overlap, but not exactly. See Appendix A for more information.

Southeast Region

Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, Winona

64,307 Nonprofit Employees

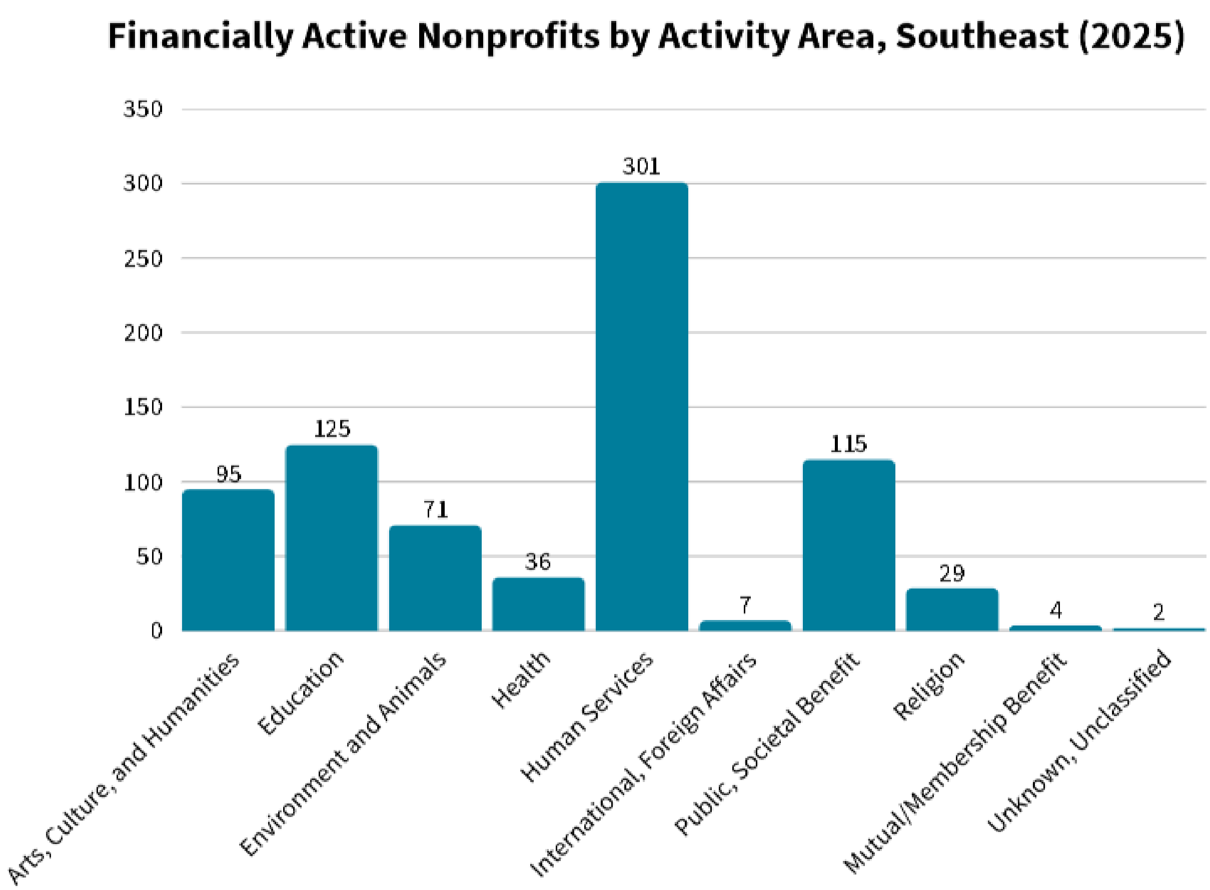
736 Nonprofit Employers

Nonprofit Industry's Share of Region's Total Workforce **25.8%**

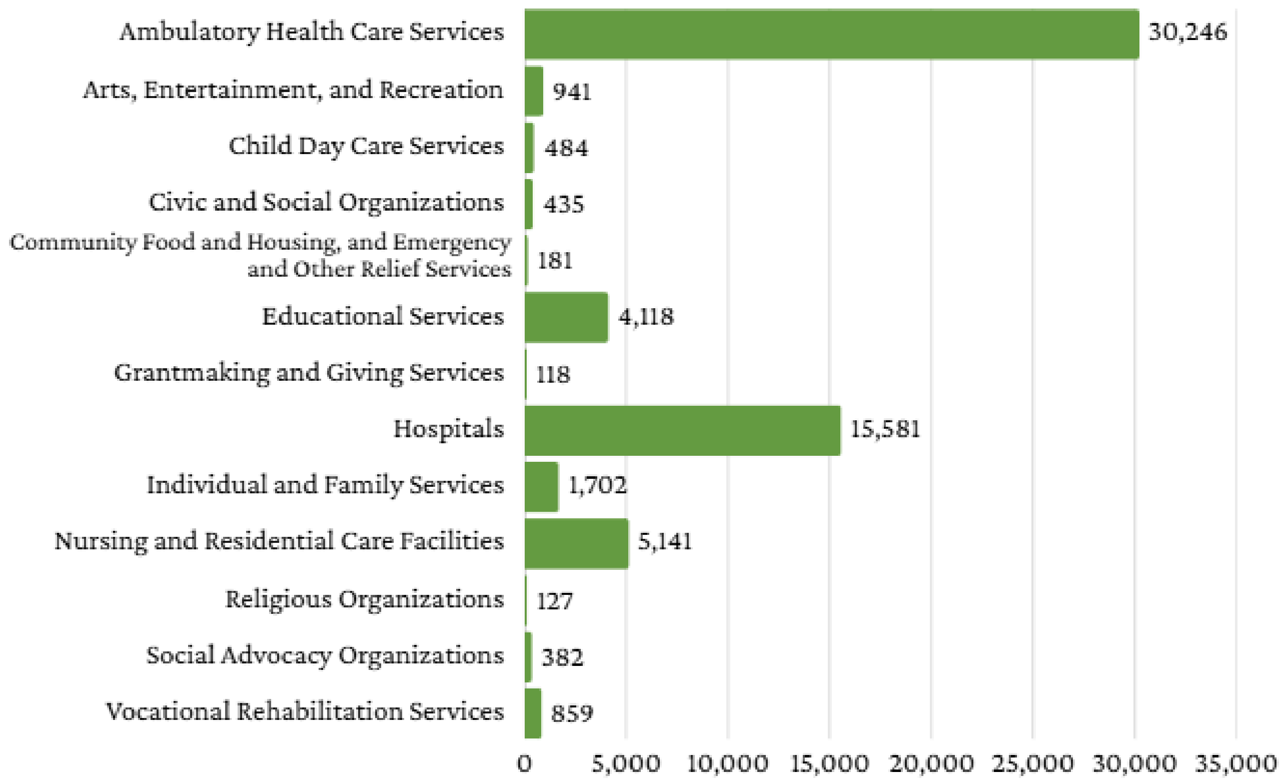
Region's Percent of Total Nonprofit Employees **16.4%**

The Southeast region of Minnesota is home to the Mayo Clinic, which employs nearly 31,000 employees (almost half of the Southeast region's total 64,307 nonprofit employees). Additionally, because of the Mayo Clinic, the Southeast region has the highest concentration of nonprofit employees (25.8 percent of the total workforce in the Southeast region). However, the Southeast region has the third-lowest number of organizations per region.

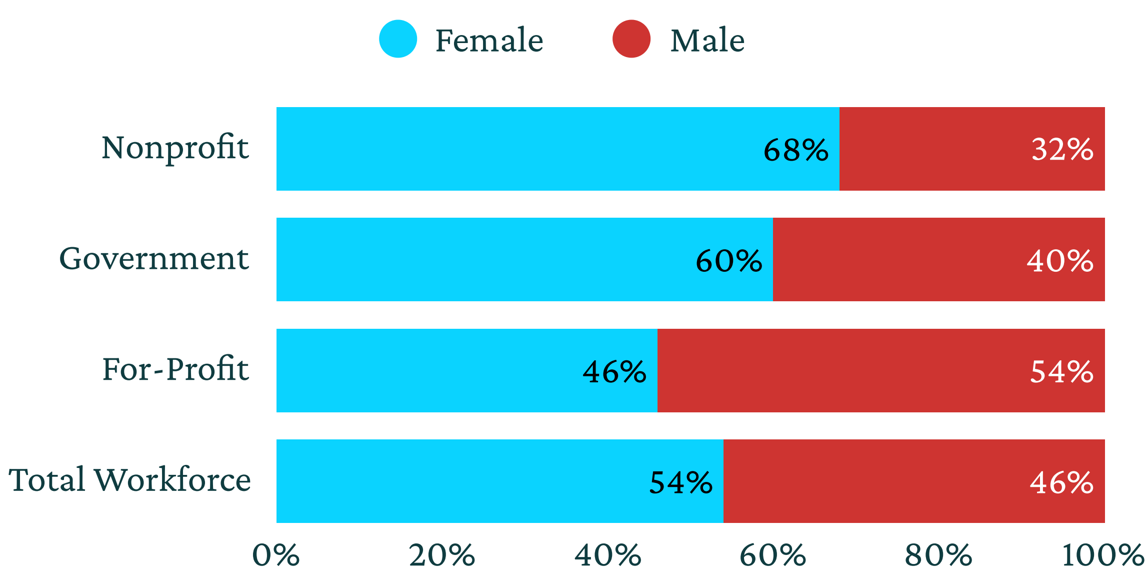
The Southeast region employs 22.4 percent of Minnesota's health care workers. The next largest activity area in terms of the Southeast region's nonprofit employment is education.



Southeast Nonprofit Employees by Activity Area (2025)



Gender Distribution by Sector, Southeast (2025)



Note: *The employee charts above are based on data from DEED, while the employer charts utilize IRS data. These category differences for activity areas and employer groups result in different splits in realms describing the nonprofit sector. The IRS data provides a means to filter for financially active nonprofits, while the DEED data reports on organizations with at least one employee, which often overlap, but not exactly. See Appendix A for more information.*

Southwest Region

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

19,169
Nonprofit Employees

761
Nonprofit Employers

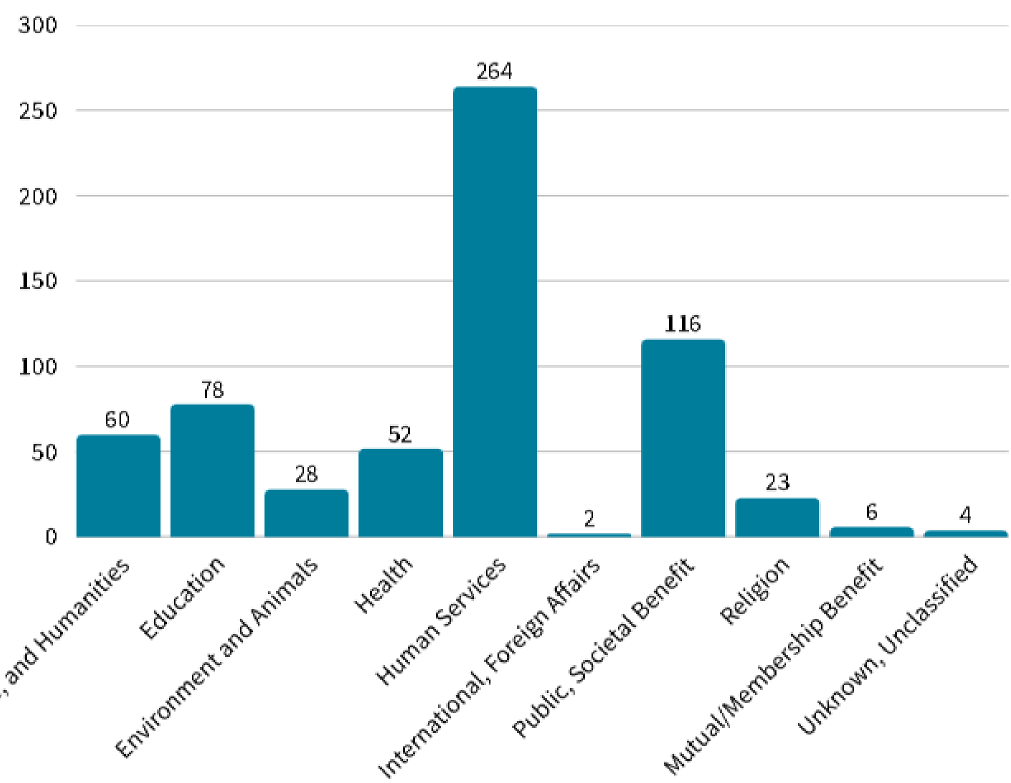
Nonprofit Industry's Share of Region's Total Workforce
11.1%

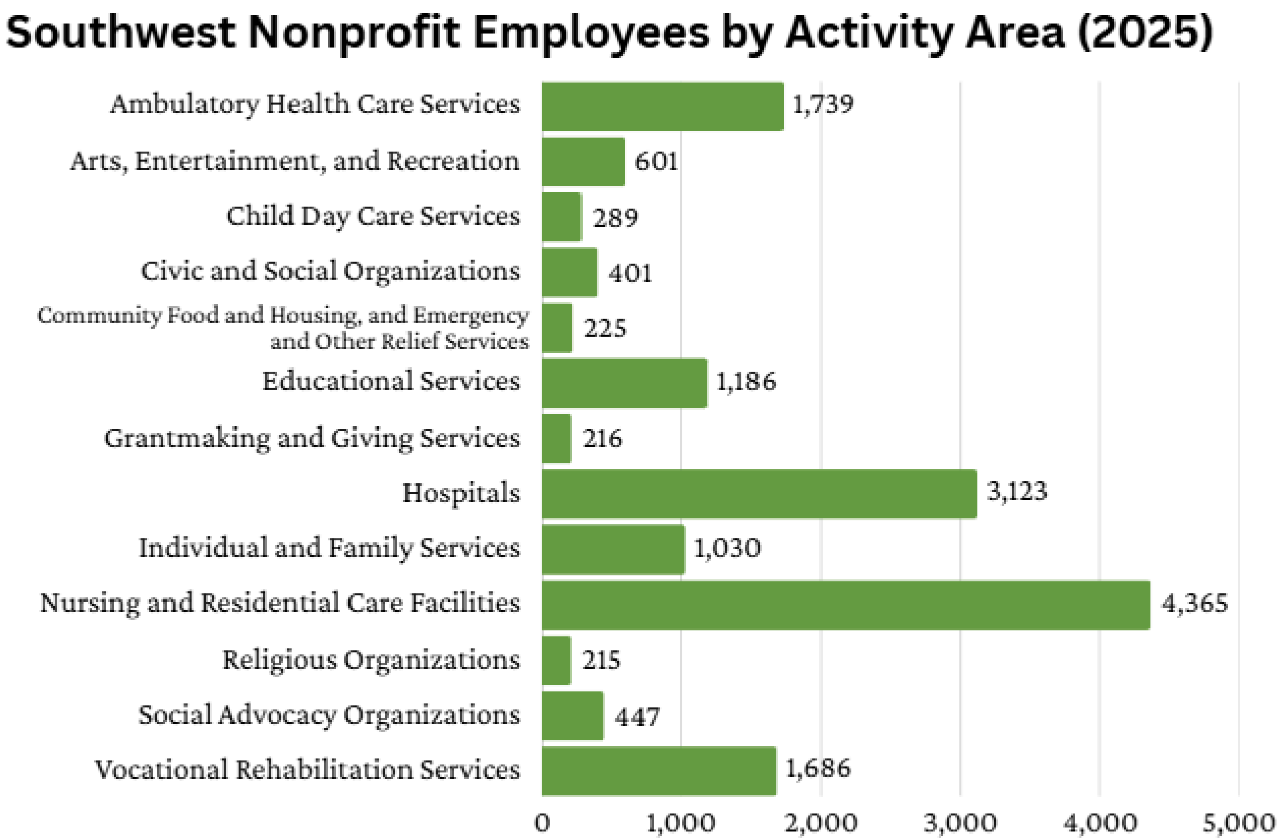
Region's Percent of Total Nonprofit Employees
4.9%

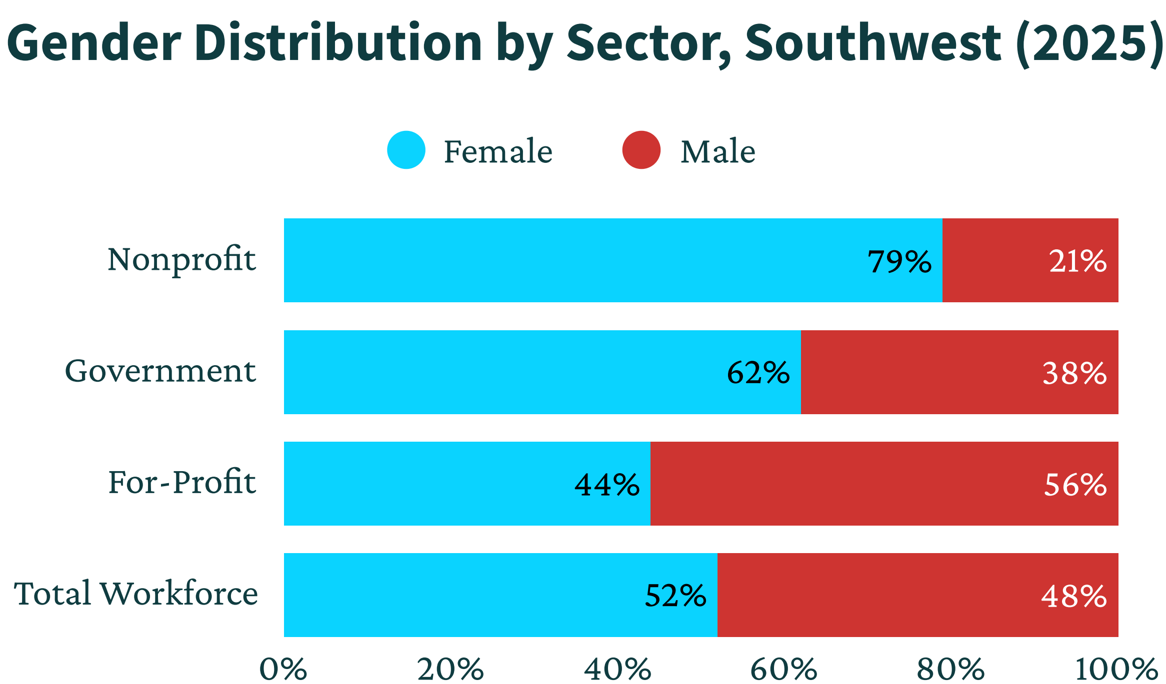
The Southwest has the smallest number of nonprofit employees across all regions and consistently has average annual nonprofit wages below other regions. The Southwest region has 761 employers and 19,169 employees, making up only 4.9 percent of nonprofit employees across Minnesota.

The Southwest employs fewer educational workers than other sectors and instead has a larger presence of nonprofits engaged in vocational work, which seeks to support the development of specific skills or training required for a trade or job.

Financially Active Nonprofits by Activity Area, Southwest (2025)







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Twin Cities Region

Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, Washington

219,499
Nonprofit Employees

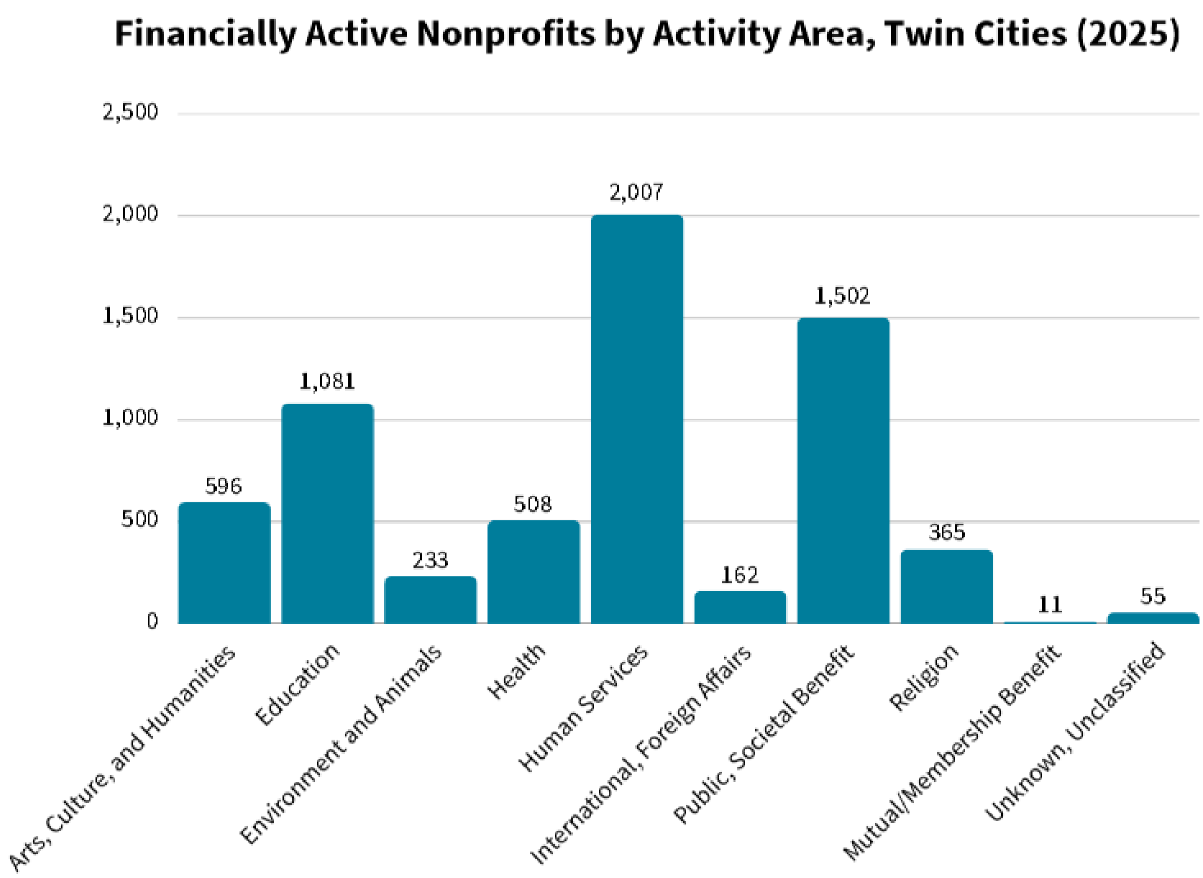
4,662
Nonprofit Employers

Nonprofit Industry's Share of Region's Total Workforce
12.4%

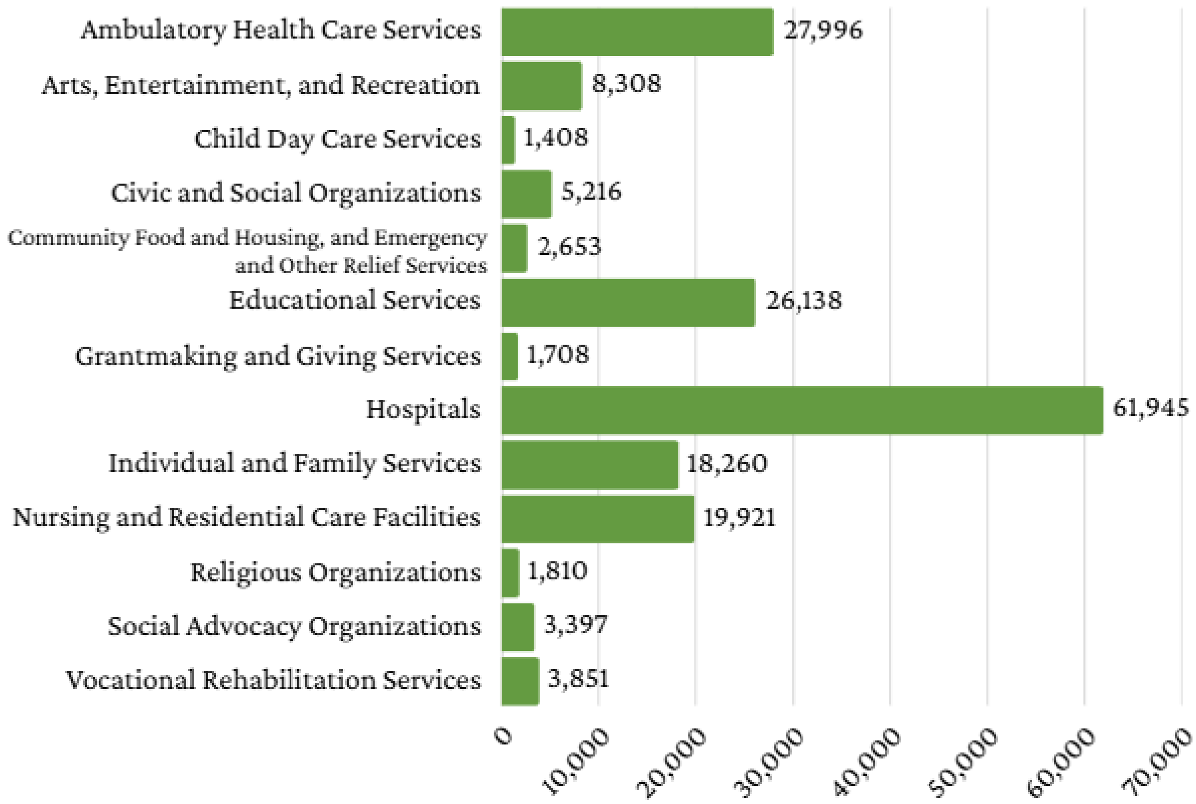
Region's Percent of Total Nonprofit Employees
55.8%

With 4,662 organizations, the Twin Cities Metro Area is home to over half of Minnesota's nonprofits. The Metro Area is also the most densely populated region of Minnesota, being the home to over 55 percent of all Minnesota residents. The Twin Cities has 219,499 nonprofit employees across its organizations, around 55.8 percent of the statewide nonprofit workforce.

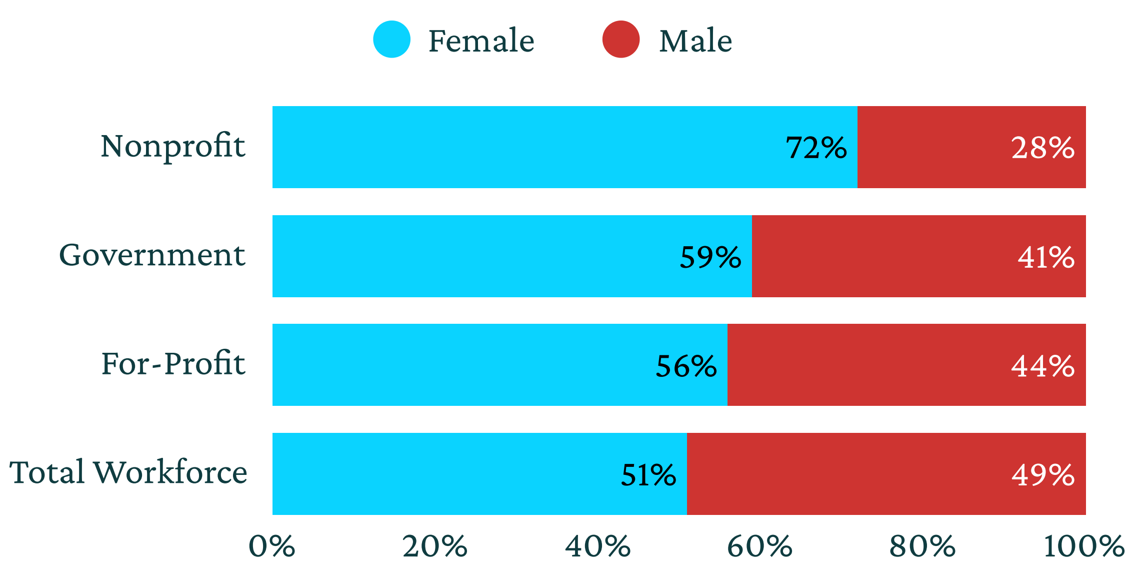
A little less than half of the state's nonprofit health care employees work in the Twin Cities. The Twin Cities is also home to large education and individual, family, and childcare sectors, employing most of the total workforce for each sector.



Twin Cities Nonprofit Employees by Activity Area (2025)



Gender Distribution by Sector, Twin Cities (2025)



Note: *The employee charts above are based on data from DEED, while the employer charts utilize IRS data. These category differences for activity areas and employer groups result in different splits in realms describing the nonprofit sector. The IRS data provides a means to filter for financially active nonprofits, while the DEED data reports on organizations with at least one employee, which often overlap, but not exactly. See Appendices 1 and 2 for more information.*

Appendix A: 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 fostercare, 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.

Simplified categories used in this report include:
Health Care: NAICS 621, 622, and 623
Arts, Entertainment, Recreation: NAICS 71
Community Relief: NAICS 6242
Education: NAICS 611
Vocational: NAICS 6243
Religious: NAICS 8131
Individual, Family, and Childcare: NAICS 6241 and 6244
Social Advocacy, Grantmaking, Civic, Professional: NAICS 8132, 8133, and 8134

Appendix A: 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) began using 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 was developed by the National Center for Charitable Statistics and divides the universe of nonprofit organizations into 26 major groups under the following 10 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 - 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 B: Data Sources & Methodology

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 2024 in this report may differ slightly from what was reported in the 2025 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. For the first time in an MNER report, the QCEW is used to analyze demographic data. The gendered data is limited; many survey respondents instead have annual salaries that must be converted to some measure of hourly wage for the data, and there are limited sample sizes of male and female workers. Additionally, regional workers are counted by employer location, so workers who are employed by statewide employers are not counted in regional breakdowns.

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 2025 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 Dataset Between the 2017 Report and the 2018 Report

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.

Changes to the Dataset Between the 2023 Report and 2024 Report

Between the 2023 Minnesota Economy Report and the 2024 Report, DEED improved their methodology for collecting and filtering data following changes to the QCEW data collection and processing made in 2021. DEED's refinement in methodology resulted in 4 percent of employees and establishments who had previously been identified as nonprofits being re-coded as government or for-profit, which explains variances between the numbers reported in MCN's 2023 report and the 2024 report.

Appendix B: Data Sources & Methodology

Changes to the Dataset between the 2024 Report and 2025 Report

Between the 2024 Minnesota Economy Report and the 2025 report, DEED improved their methodology for filtering data within the QCEW data. In 2022, QCEW transitioned to a new database and all existing accounts with nonprofit codes were transferred. There are several ways that nonprofit accounts are captured depending on their status with the Unemployment Insurance Tax Department (UI). For the 2025 dataset, DEED worked with the QWEC team to sync how they each code for nonprofits. When the two departments filtered for nonprofits in the same way, the new data analysis added 5 percent more nonprofit establishments to the total.

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 10,072 organizations filing from an address located in Minnesota. Only nonprofits that reported an income were included in the dataset.

Suppression of Data

In the regional, county, or city breakdowns, the totals for number of employees and employers do not match the overall totals. This difference is because DEED suppresses data if there are less than three employees or employers in a specific region, county, or city. Because data is suppressed in the spreadsheets that break down numbers of employees or employers in specific regions, counties, or cities, this lessens the overall numbers in those respective spreadsheets. Therefore, some of the totals in the regional breakdowns do not equal the total number of nonprofit employers or employees in the statewide totals given throughout the report.

Manual Sorting of County Spelling

In the IRS Masterfile, some city names appeared to be misspelled. In these cases, reasonable assumptions were made about the intended city, and the entries were included in the corresponding region data totals. This approach maintains data completeness but may also have a small margin of error if a misspelled name was unclear or challenging to read, which may lead to slight misclassification.

Part-Time Employment Analysis

Information reported to Unemployment Insurance (UI) by the employer regarding part-time and full-time hours worked by employees is typically inaccurate and UI does not have mandates to guarantee accurate reporting. In past reports, part-time employee data was determined by using $5,000 earned income a quarter as the benchmark. But this pans out to mean that the average wage for a part-time employee would be $11, which is well below the state average full-time salary of $28 per hour. Therefore, DEED has suggested using the new benchmark of $11,000 earned income a quarter, which equates to be about $24 per hour, bringing the hourly wage closer to the state average for hourly wages for full-time workers. This is also corroborated by research suggesting that employees who do part-time work average about 20 percent less than those with fulltime jobs.

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