
Nonprofit Organizations in New York State:

Profile of Employment and Wages



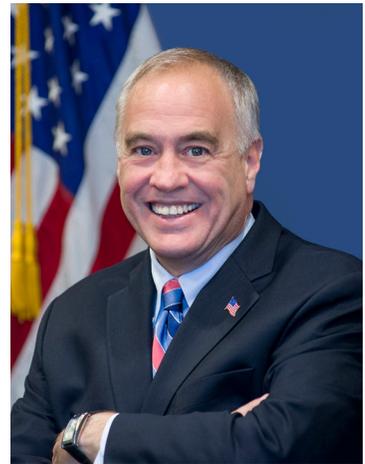
OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

JULY 2019

Message from the Comptroller

July 2019

Nonprofit organizations, large and small, provide a multitude of services throughout New York State. Many nonprofits deliver essential services on behalf of the State and other governmental entities, including health care, social welfare, care for the disabled, education and more. Given these important functions, the major role that nonprofits play in our economy and the ongoing challenges many of these organizations face, it is important to develop a better understanding and appreciation of this key sector.



Nonprofits designated as 501(c)(3) organizations, which the Internal Revenue Service refers to as charitable organizations, provided over 1.4 million jobs and comprised nearly 18 percent of private employment in the State as of 2017 (the latest data available). New York led the nation in both the number of people employed by nonprofits and total wages paid by these organizations. Wages for these workers totaled just over \$78 billion. The annual average wage was \$55,572 per employee, although that varied widely from higher-paid industries such as educational services and healthcare to the lower-paid social assistance sector.

From 2007 through 2017, these entities added more than 175,000 jobs in New York, a gain of 14 percent. During and after the Great Recession, they helped stabilize overall employment as jobs declined elsewhere in the private sector and among governmental employers.

Nonprofits play an important role not only in the statewide economy but in our regional economies as well. In every region of New York, at least one of every eight jobs is at a nonprofit. In five counties—Tompkins, Franklin, Otsego, Sullivan and Bronx—nonprofits provide more than one in three private-sector jobs. From 2013 to 2017, nonprofit employment and wages grew at a faster pace than in the rest of the private sector in most regions of the State.

Nonprofit charitable organizations have a significant and growing impact on New York's economy. Yet many face challenges, including the potential impact of federal tax changes and difficulties in attracting and retaining workers, which require ongoing attention. The data in this report highlight their critical contributions, and can help inform policy makers, nonprofit leaders and other stakeholders as New York looks for the best ways to strengthen this important sector.

Thomas P. DiNapoli
State Comptroller

Introduction

Nonprofit organizations provide essential services to New Yorkers in areas including health care, social services, education, the arts and more. In recent years, nonprofit sector employment has shown continued growth, even during the Great Recession when other private sector employment and public sector jobs declined.

Nonprofits take a variety of forms, many of which are recognized as tax-exempt under section 501(a) of the Internal Revenue Code. Those categorized under Section 501(c)(3) are the most prevalent, representing over two-thirds of all U.S. tax-exempt organizations. Nonprofit organizations classified under Section 501(c)(3) include those engaged in charitable, educational, literary, animal welfare, child welfare, public safety, religious, and scientific pursuits. These entities may receive tax-deductible contributions and thus are also referred to by the IRS as charitable organizations.¹

Until recent years, the U.S. Bureau of Labor Statistics (BLS) did not report detailed statistics on nonprofit employment, establishments and wages by industry sector within each state. In 2016, BLS released such figures for the first time for organizations classified as 501(c)(3)s, providing annual data from 2007 to 2012. A 2016 report by the Office of the State Comptroller outlined the relevant figures for New York State.²

BLS has now updated and expanded its publicly available statistics on these organizations, providing annual figures for 2013 through 2017 and, for the first time, has published county level data for the number of establishments operated by nonprofit organizations as well as their employment and wages.³ This report summarizes the updated data for nonprofits in New York State, including certain comparisons to the rest of the private sector and to public sector employers in the State.⁴ References in this report to “nonprofits” refer to 501(c)(3) organizations unless otherwise indicated.

1 Examples of nonprofits organized under other IRC sections and not included in this analysis include labor organizations, chambers of commerce, fraternal societies, social clubs and political organizations.

2 Office of the State Comptroller, Profile of Nonprofit Organizations in New York State, December 2016; available at https://www.osc.state.ny.us/reports/economic/nonprofits_in_nys.pdf. The Office of the State Comptroller also publishes other reports with important information related to the State’s business dealings with nonprofit organizations. The 2018 Calendar Year Not-For-Profit Prompt Contracting Annual Report is available at https://www.osc.state.ny.us/contracts/reports/2018/pcl_report.pdf.

3 The U.S. Bureau of Labor Statistics defines an establishment as an economic unit at one physical location and engaged in one, or predominantly one, type of economic activity.

4 Monthly Labor Review, U.S. Bureau of Labor Statistics, February 2016, p. 1, which can be accessed at the following link: <http://www.bls.gov/opub/mlr/2016/article/nonprofits-in-america.htm>. A nonprofit organization is one whose earnings do not inure to any private shareholder or individual.

Nonprofit Establishments and Employment

In 2017, there were almost 300,000 nonprofit establishments nationwide, an increase of nearly 29 percent from 2007. While these organizations only accounted for 3.1 percent of all private sector employers in the country, they employed nearly 12.5 million people, more than 10 percent of all private sector employment.⁵

New York had the second largest number of nonprofit establishments in the nation, over 33,700. These comprised 5.4 percent of all private sector establishments in the State and 11.3 percent of all nonprofits nationwide. This increase of over 5,400 establishments from a decade ago represents growth of 19.3 percent.

New York's nonprofit sector led the nation in total employment in 2017, as shown in Figure 1. More than one in 10 nonprofit jobs nationwide were located in New York.

New York ranked third among the states in the concentration of nonprofit employees in the private sector workforce, at 17.8 percent, as shown in Figure 2.

FIGURE 1
Top 10 States for Nonprofit Employment, 2017

	Number of Jobs
New York	1,404,492
California	1,144,666
Pennsylvania	807,075
Illinois	585,086
Ohio	570,420
Massachusetts	551,117
Florida	535,385
Texas	519,465
Michigan	402,228
Minnesota	368,278
Total United States	12,488,563

Source: U.S. Bureau of Labor Statistics

FIGURE 2
Concentration of Nonprofit Employees, 2017

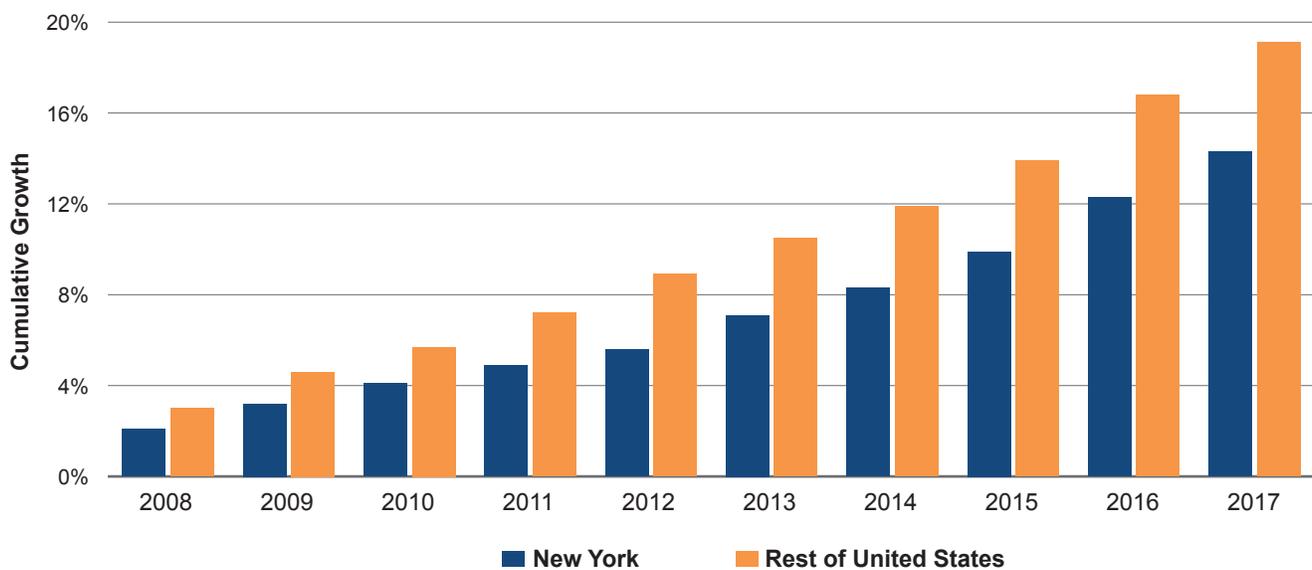
	Percentage of Private Sector Employment
Vermont	19.1%
Maine	18.1%
New York	17.8%
Massachusetts	17.7%
Rhode Island	16.6%
North Dakota	16.0%
Pennsylvania	15.7%
New Hampshire	15.0%
Minnesota	14.9%
Montana	14.8%
Total United States	10.2%

Source: U.S. Bureau of Labor Statistics

⁵ Data for this report is drawn primarily from the U.S. Bureau of Labor Statistics, Research Data on the Nonprofit Sector, supplemented by the U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

As shown in Figure 3, employment by nonprofit organizations in New York and the rest of the nation rose continually over the decade ending in 2017, with increases of 14.3 percent and 19.1 percent, respectively. Even during the Great Recession, when other private sector establishments were shedding jobs, nonprofits continued to hire. While nonprofit employment growth was not as robust in New York as it was nationally during this time period, the number of jobs increased faster than at other private sector establishments.

FIGURE 3
Nonprofit Employment Growth, New York and the Rest of the United States, 2008–2017

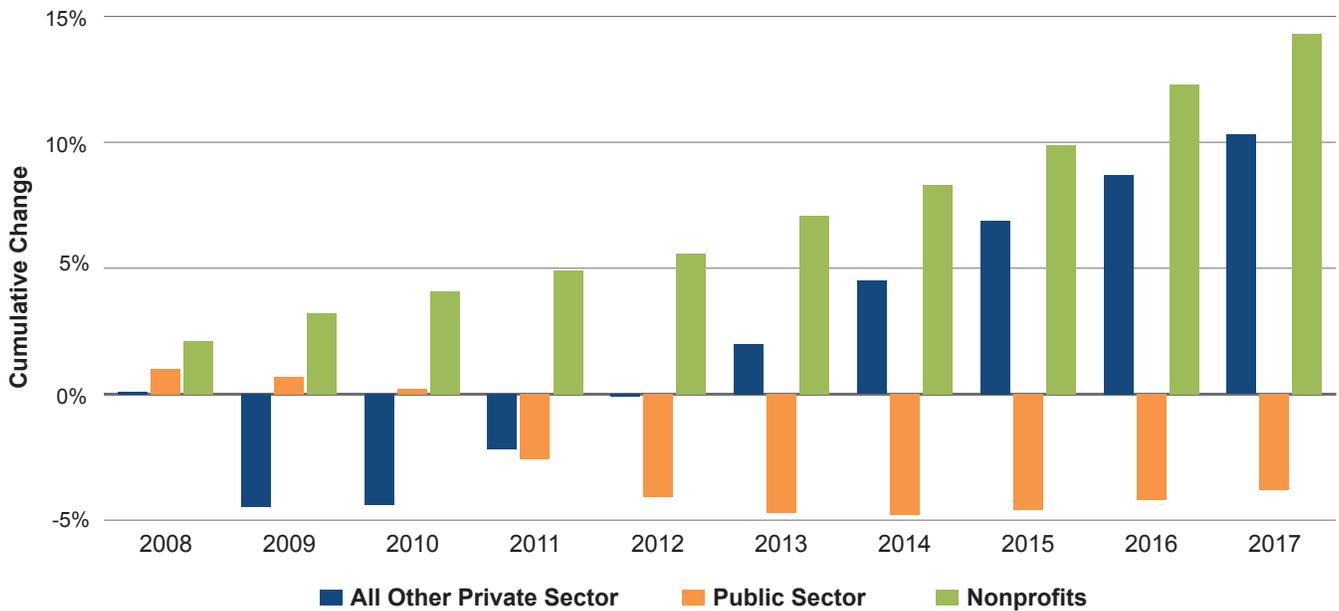


Source: U.S. Bureau of Labor Statistics

Figure 4 compares the annual growth in employment for New York’s nonprofits to that in the rest of the State’s private sector as well as its public sector. Although the rate of growth at nonprofits slowed during the Great Recession and into the economic recovery, this sector continued to add jobs, unlike other private sector establishments and the public sector. From 2007 to 2012, nonprofit employment increased by 5.6 percent, over 68,000 jobs. Over this same period, the rest of the private sector and the public sector lost a combined total of 64,000 jobs, most of which were in the public sector.

As the recovery transitioned to economic expansion, nonprofit employment continued to rise. From 2012 to 2017, nonprofits created an additional 106,000 jobs, an increase of 8.2 percent. During this time, the private sector regained the jobs it had lost during the previous time period and increased its employment at a faster rate of 10.4 percent. However, job losses continued in the public sector until 2015, and only 4,400 of those lost during the recession had been regained by the end of 2017.

FIGURE 4
Employment Change in New York:
 Nonprofits, All Other Private Sector and Public Sector, 2008–2017



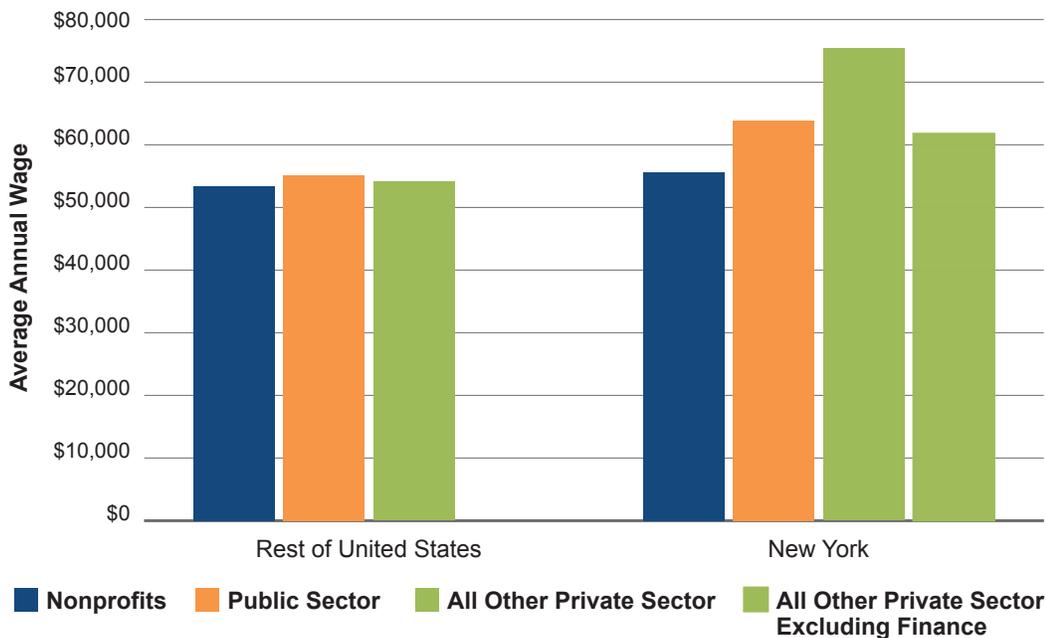
Source: U.S. Bureau of Labor Statistics/New York State Department of Labor

Wages in the Nonprofit Sector

In 2017, nonprofits paid over \$670 billion in wages nationwide. New York ranked first among the states for total nonprofit wages with over \$78 billion, due primarily to its large number of employees. The overall average annual wage for nonprofits in New York, \$55,572, was eighth in the nation and 3.5 percent higher than the national average for such employers. Among all states, Massachusetts had the highest paid nonprofit employees on average.

Average annual wages for employees in the nonprofit sector are lower in New York than those for other private sector employees or their public sector counterparts, as shown in Figure 5.

FIGURE 5
Average Annual Wages:
Nonprofits, All Other Private Sector and Public Sector, 2017



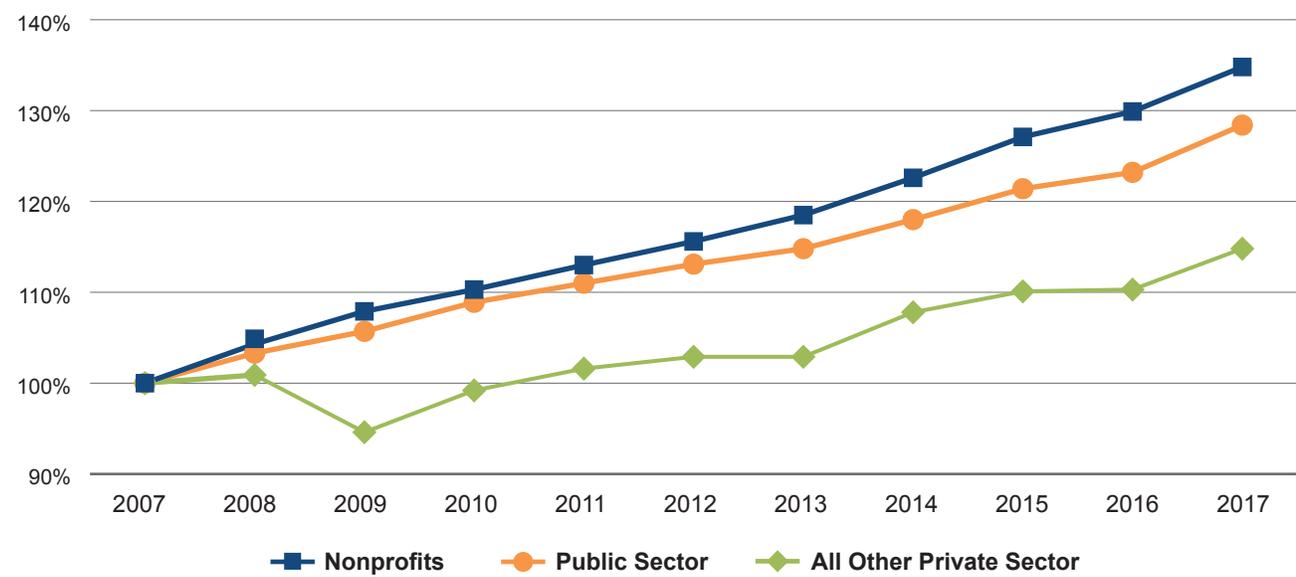
Source: U.S. Bureau of Labor Statistics/New York State Department of Labor

The wage difference between nonprofit employees and all other private-sector employees in New York is influenced by the prevalence of high wage jobs in the finance and insurance industry, which drive the other private-sector average up by more than \$13,000. Even after excluding the finance sector, however, wages paid in the nonprofit sector were still 10 percent lower than the \$61,768 figure for average wages in all other private sector industries.

Wage growth in New York’s nonprofit sector fared better than the rest of the private sector and the public sector from 2007 to 2017, again due in part to the period in and around the Great Recession. For the overall period, average wages paid by nonprofits increased by nearly 35 percent, while those in the public sector and all other private sector businesses rose 28.4 percent and 14.8 percent, respectively.⁶

Figure 6 shows changes in average annual wages from 2007 to 2017 for nonprofit organizations, the rest of the private sector and the public sector in New York. Similar to employment, wages in the rest of the private sector were adversely impacted by the Great Recession. Although wages returned to pre-recession levels faster than employment, growth was slow from 2007 to 2013, increasing by less than 3 percent. In comparison, employees of the State’s nonprofits saw their wages increase consistently over this same period, for total gains of approximately 16 percent. Over the next four years, wages at nonprofits continued to grow at a stronger pace than those of other employers in the State, resulting in a narrowing of the wage gap between nonprofits and the other two sectors.

FIGURE 6
Cumulative Average Annual Wage Growth:
 Nonprofits, All Other Private Sector and Public Sector, New York, 2007–2017 (2007=100)



Source: U.S. Bureau of Labor Statistics, New York State Department of Labor

⁶ Excluding financial sector wages, all other private sector wages in New York increased by 20.7 percent over this period.

Nonprofits by Industry

In New York and throughout the nation, nonprofit organizations operate establishments in nearly every industry sector. As shown in Figure 7, the industries in which nonprofits in New York had the highest employment in 2017 were health care, education and social assistance, comprising over 81 percent of all nonprofit employment in the State. Other industries that also have a large number of nonprofit jobs are professional services, arts and entertainment, and “other services,” which includes religious, civic, and social advocacy organizations.

With more than 618,000 jobs in 2017, the healthcare industry accounted for the largest share of nonprofit employment in New York. While over half of the health care industry’s employment was through nonprofits, these organizations were even more dominant in certain other industries. In the educational services industry, nearly five out of six private sector jobs were provided by nonprofits. This sector also had the highest average annual wage, \$65,609, generating a total of \$18.8 billion in wages in 2017. The social assistance industry, which includes positions such as personal and home care aides and child care workers, had the lowest average wage at \$30,504.

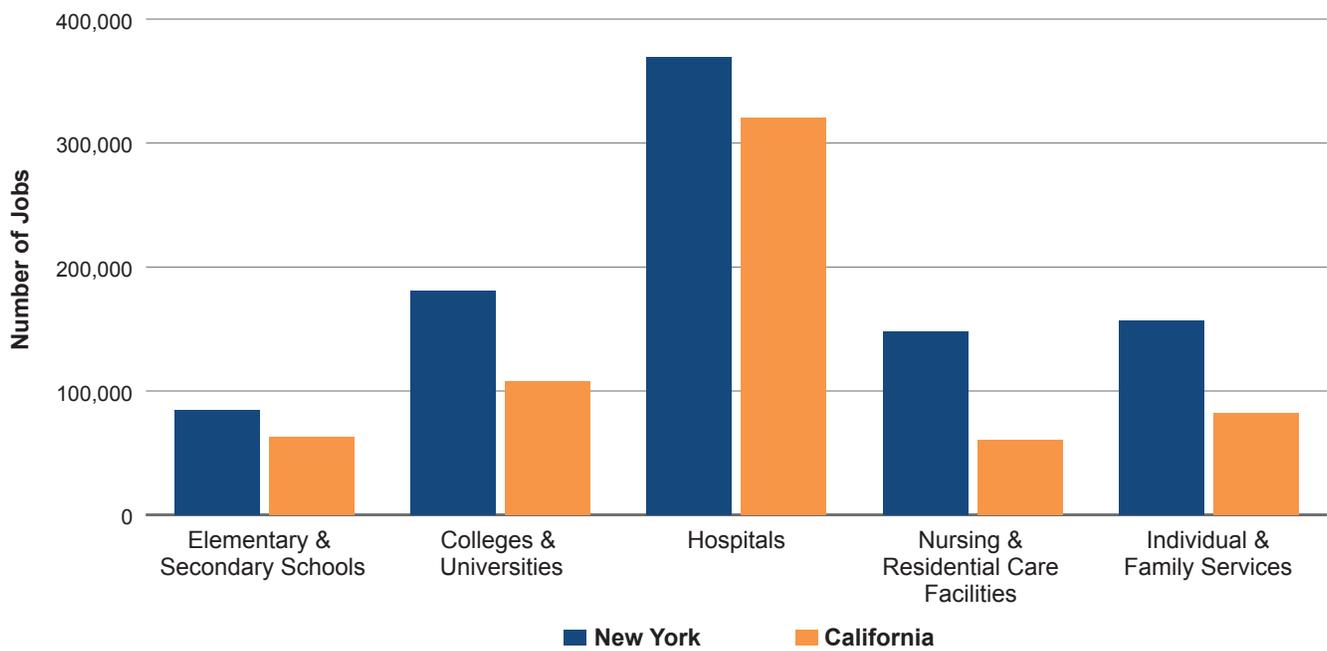
FIGURE 7
Nonprofit Employment by Industry Sector, New York, 2017

Industry	Employment			Average Annual Wage
	Total	Share of Nonprofit Sector	Share of Industry Sector	
Healthcare	618,025	44.0%	53.2%	\$63,125
Educational Services	286,494	20.4%	82.5%	\$65,609
Social Assistance	236,834	16.9%	69.8%	\$30,504
Other Services	107,584	7.7%	29.1%	\$43,584
Professional Services	72,441	5.2%	5.5%	\$61,036
Arts, Entertainment, & Recreation	41,101	2.9%	24.1%	\$45,956
All Other	42,013	2.9%	11.1%	\$47,095

Source: U.S. Bureau of Labor Statistics

Compared to the other states, New York and California ranked at the top nationally for employment in the industries with the largest levels of nonprofit employment in 2017, with New York first in all but the professional services industry. In certain subsectors of the three largest industries, New York's nonprofits had a significantly larger number of jobs compared to those in California, as shown in Figure 8.

FIGURE 8
Comparison of Nonprofit Employment, Select Industry Subsectors, New York and California, 2017



Source: U.S. Bureau of Labor Statistics

Note: The Individual and Family Services subsector includes those establishments that provide personal care services for the elderly and persons with disabilities, exclusive of health care services.

Nonprofits by Region

With over 13,000 establishments, New York City had the highest number of nonprofit employees among all regions of the State in 2017, as shown in Figure 9. While the Hudson Valley ranked second for the number of establishments, Long Island's nonprofits had a larger number of employees.

Nonprofits are especially integral to the local economy in several upstate regions where other private employment has grown slowly or declined in recent years. In the Mohawk Valley and the Southern Tier, nonprofits provided almost a quarter of all private sector jobs.

FIGURE 9
Nonprofit Employment by Region, 2017

Region	Employment		Average Annual Wage	
	Number	Share of Private Sector	Nonprofits	All Other Private Sector
Capital Region	87,819	21.2%	\$45,153	\$51,828
Central New York	52,554	18.8%	\$43,466	\$43,117
Finger Lakes	102,801	21.9%	\$47,345	\$47,871
Hudson Valley	141,813	18.4%	\$48,331	\$59,134
Long Island	152,733	13.8%	\$62,392	\$56,734
Mohawk Valley	36,861	24.9%	\$39,946	\$38,930
New York City	662,025	17.8%	\$63,056	\$99,657
North Country	25,426	23.8%	\$44,980	\$36,651
Southern Tier	51,959	24.9%	\$48,119	\$47,013
Western New York	86,874	16.6%	\$40,267	\$45,259
New York State	1,404,492	17.8%	\$55,572	\$75,387

Source: U.S. Bureau of Labor Statistics

Note: Regional employment figures do not sum to the State total due to the absence of county designation by some employers when submitting reports under the Quarterly Census of Employment and Wages (QCEW) program.

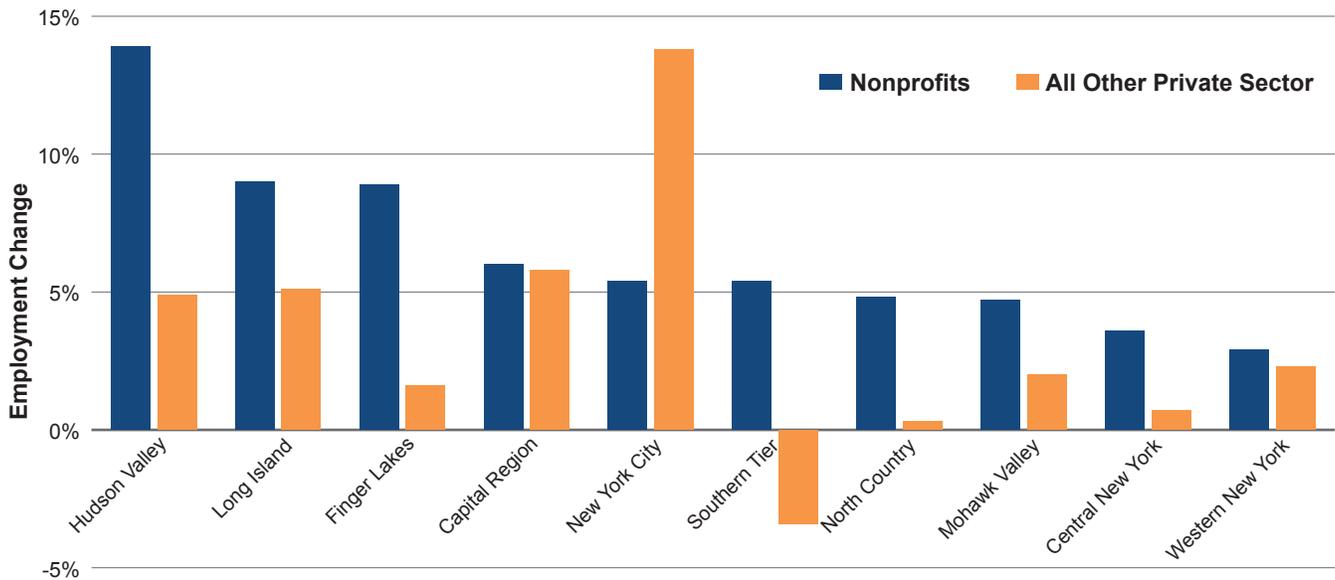
In 2017, average annual wages paid by nonprofits were higher than those paid by all other private sector employers in half of the regions of the State. On Long Island, where nonprofits had the second highest average annual wage, nonprofit employees were paid over \$5,600 more than other private sector employees. The highest differential among these regions was in the North Country, where nonprofits paid over \$8,300 more. Nonprofits also provided nearly 24 percent of all private sector employment in this region, the third highest of all regions.

New York City had the greatest disparity in annual pay, with nonprofit wages more than \$36,000 below the average for other private employers. While much of this difference is due to the presence of the high-wage finance and insurance sector, nonprofit wages were still lower (by approximately \$11,200) if this industry is excluded.

As shown in Figure 10, employment growth at nonprofits has outperformed the rest of the private sector in all regions of the State, except for New York City, since 2013.⁷ Nonprofit jobs in the Hudson Valley increased at the fastest rate during this time period, with growth of nearly 14 percent.

Other private sector employment declined in the Southern Tier, and rose only slightly in the North Country and Central New York. In these regions, job growth in nonprofits improved the overall employment picture.

FIGURE 10
Cumulative Employment Change by Region, 2013–2017

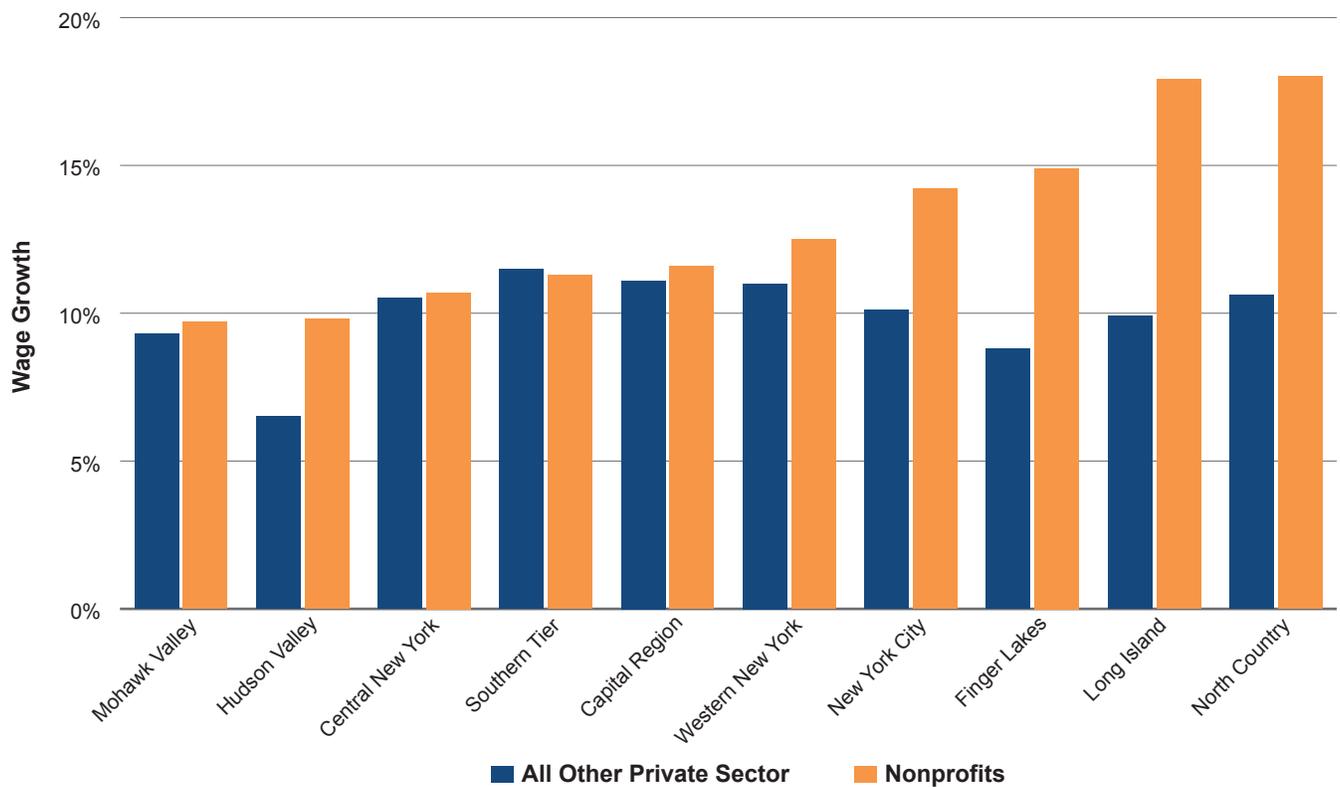


Source: U.S. Bureau of Labor Statistics

⁷ Updated research data published by the U.S. Bureau of Labor Statistics in March 2019 provides employment and wage data for nonprofits at the county level for 2013 through 2017 only.

Similar results can be seen in terms of wage growth for this same period; nonprofit wages increased at a faster rate than the rest of the private sector in nine of the ten regions. As shown in Figure 11, nonprofits in the North Country and on Long Island had the highest rates of wage growth, 18 percent and 17.9 percent, respectively. Six other regions had nonprofit wage increases in excess of 10 percent.

FIGURE 11
Cumulative Wage Growth by Region, 2013–2017



Source: U.S. Bureau of Labor Statistics

Figure 12 presents selected data for the 10 counties with the highest levels of nonprofit employment as a share of total private sector employment.⁸ The top five counties also rank in the top 10 counties nationwide for this metric; all but Oneida County were in the top 25. Other than Bronx County, the highest concentrations of nonprofit employment were primarily in less urbanized areas.

FIGURE 12
Top 10 New York Counties for Concentration of Nonprofit Employment, 2017

	Number of Jobs	Share of Private Sector
Tompkins County	20,751	47.1%
Franklin County	4,384	41.5%
Otsego County	7,308	38.1%
Sullivan County	7,257	34.6%
Bronx County	80,339	33.5%
Yates County	1,832	31.7%
St. Lawrence County	7,628	30.6%
Madison County	4,912	28.7%
Rensselaer County	11,634	28.2%
Oneida County	20,066	25.2%

Source: U.S. Bureau of Labor Statistics

The large share of nonprofit employment in many of these counties could be attributable to the presence of private colleges and universities. As stated earlier, nonprofits account for over 80 percent of private sector employment in the educational services industry. In all but one of the top 10 counties, there is at least one private college or university. For example, Cornell University and Ithaca College are located in Tompkins County, in which close to half of the private sector jobs are at nonprofits.

In Sullivan County, the only county among the 10 without a private college or university, more than one in three jobs are provided by nonprofits. Driving this large share of nonprofit employment is the healthcare and social assistance industry. This industry employs one-third of the private sector workers in the County, 85 percent of which are employed by nonprofits.

⁸ The Appendix to this report provides selected data for all counties in the State.

Conclusion

Nonprofit organizations meet critical economic and social needs in communities throughout New York State. Hospital patients, college students, the poor, elderly and disabled individuals, and those who participate in a myriad of artistic, religious, athletic and other activities are among those served by the State's vast array of nonprofit organizations.

Nonprofit charitable organizations range from multibillion-dollar institutions to small enterprises with limited or no staff. While they vary widely in size, structure and functions, nonprofits commonly rely on revenue streams that include resources from operating activities, private donors, and the federal, state and/or local governments. Because many nonprofits are engaged in labor-intensive activities, their operational costs often are dominated by personnel expenses.

Numerous nonprofit leaders in New York and other states have expressed concern regarding potential cost increases and declines in charitable contributions that may occur due to federal tax code revisions enacted in December 2017. Some of these leaders fear that charitable donations will be reduced because of factors such as a lower top tax rate, which may decrease the value of tax deductions for such contributions, and changes to the estate tax that may discourage some wealthy individuals from making such donations for tax planning purposes.⁹

Another provision imposes a 21 percent unrelated business income tax on expenses that nonprofits incur for providing employees with transportation fringe benefits such as transit and parking passes. In response to the new federal law, New York State decoupled its tax treatment of such expenses from the U.S. tax code to avoid imposing a new state-level tax on nonprofits.

Other concerns for many nonprofit leaders include the possibility of federal funding cuts for health care and other services, and difficulty attracting and retaining staff.

Finding effective solutions to these and other challenges facing nonprofit organizations is essential to preserving and strengthening organizations that contribute to New York's economic vitality and quality of life in countless ways.

⁹ See, for example, Howard Gleckman, "21 Million Taxpayers Will Stop Taking the Charitable Deduction Under The TCJA," Tax Policy Center, January 8, 2018; at <https://www.taxpolicycenter.org/taxvox/21-million-taxpayers-will-stop-taking-charitable-deduction-under-tcja>, accessed May 2, 2019.

Appendix: Nonprofit Employment and Average Annual Wage By County, 2017

County	Employment		Average Annual Wage	
	Number	Share of Private Sector	Nonprofits	All Other Private Sector
Albany	41,279	23.9%	\$49,463	\$54,692
Allegany	2,127	22.7%	\$35,312	\$35,851
Bronx	80,339	33.5%	\$60,019	\$43,041
Broome	15,086	22.2%	\$42,230	\$41,497
Cattaraugus	3,619	18.4%	\$33,185	\$39,255
Cayuga	3,969	20.1%	\$36,467	\$41,156
Chautauqua	7,755	19.5%	\$34,967	\$37,128
Chemung	6,003	20.5%	\$44,337	\$42,473
Chenango	1,562	11.9%	\$27,145	\$48,058
Clinton	4,388	16.8%	\$51,927	\$38,242
Columbia	4,203	24.3%	\$39,604	\$38,907
Cortland	2,908	20.7%	\$32,716	\$38,430
Delaware	2,248	21.7%	\$31,498	\$47,816
Dutchess	21,984	23.7%	\$50,763	\$50,152
Erie	64,336	16.2%	\$41,830	\$47,598
Essex	2,464	23.6%	\$39,878	\$35,866
Franklin	4,384	41.5%	\$41,297	\$34,490
Fulton	3,198	23.6%	\$39,032	\$36,122
Genesee	2,216	12.4%	\$34,003	\$38,248
Greene	700	6.8%	\$31,204	\$36,565
Hamilton	215	22.9%	\$25,612	\$25,634
Herkimer	1,724	13.9%	\$32,267	\$36,871
Jefferson	5,923	19.9%	\$43,789	\$35,235
Kings	130,247	21.2%	\$48,575	\$40,846
Lewis	424	10.2%	\$23,672	\$37,372
Livingston	2,330	16.3%	\$31,902	\$38,004
Madison	4,912	28.7%	\$42,012	\$37,804
Monroe	83,594	24.8%	\$49,955	\$50,433
Montgomery	3,328	19.6%	\$41,684	\$37,456
Nassau	90,441	16.4%	\$69,753	\$56,255
New York	344,709	15.7%	\$73,621	\$135,106
Niagara	9,037	15.4%	\$37,694	\$38,190

County	Employment		Average Annual Wage	
	Number	Share of Private Sector	Nonprofits	All Other Private Sector
Oneida	20,066	25.2%	\$36,671	\$40,987
Onondaga	36,680	18.0%	\$46,526	\$49,410
Ontario	7,574	16.9%	\$41,289	\$48,498
Orange	18,239	15.7%	\$45,015	\$41,830
Orleans	954	11.1%	\$31,474	\$37,113
Oswego	4,085	16.5%	\$32,189	\$49,248
Otsego	7,308	38.1%	\$52,169	\$34,724
Putnam	3,055	14.0%	\$45,384	\$47,818
Queens	82,566	14.6%	\$48,609	\$49,750
Rensselaer	11,634	28.2%	\$48,316	\$51,398
Richmond	24,164	24.9%	\$49,865	\$44,576
Rockland	22,529	21.2%	\$37,759	\$52,143
St. Lawrence	7,628	30.6%	\$47,405	\$38,042
Saratoga	10,752	14.5%	\$37,285	\$51,763
Schenectady	11,567	21.6%	\$40,294	\$59,354
Schoharie	1,237	19.8%	\$29,242	\$38,561
Schuyler	702	18.3%	\$39,335	\$36,127
Seneca	1,267	13.2%	\$33,342	\$40,270
Steuben	4,939	16.9%	\$36,059	\$61,773
Suffolk	62,292	11.2%	\$51,705	\$57,181
Sullivan	7,257	34.6%	\$32,373	\$37,889
Tioga	668	6.2%	\$27,594	\$52,668
Tompkins	20,751	47.1%	\$60,701	\$46,979
Ulster	7,312	15.4%	\$37,217	\$38,252
Warren	6,282	18.4%	\$41,348	\$42,169
Washington	1,402	13.6%	\$33,063	\$41,692
Wayne	2,508	12.1%	\$33,817	\$41,636
Westchester	61,437	16.8%	\$55,677	\$73,138
Wyoming	526	5.7%	\$22,652	\$37,815
Yates	1,832	31.7%	\$32,622	\$33,087

Source: U.S. Bureau of Labor Statistics

Note: Regional employment figures do not sum to the State total due to the absence of county designation by some employers when submitting reports under the Quarterly Census of Employment and Wages (QCEW) program.

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