
Profile of Nonprofit Organizations in New York State



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

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Message from the Comptroller

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Nonprofit organizations, large and small, provide a multitude of diverse services in health care, education, the arts and other sectors throughout New York State. Now, thanks to data made available for the first time by the federal Bureau of Labor Statistics, we have a better sense of the significant economic role that nonprofits play in our State.

Nonprofits across New York provided nearly 1.3 million jobs and comprised more than 18 percent of private employment in the State as of 2012 (the latest data available). Wages for these workers totaled nearly \$62 billion, with an annual average of \$47,700 per employee. New York led the nation in both the number of people employed and total wages paid by these organizations.

The new data show that, during and after the Great Recession, employment in the nonprofit sector continued to grow, even as employment in other areas declined. Both other private and public sector jobs in the State declined in 2009, and public employment continued to contract in each of the next three years. Nonprofit employment rose continuously, if modestly, throughout the period, representing one positive trend during a challenging economic time.

Often, these organizations fulfill important public functions with direct or indirect funding from the federal, state and local governments. Examples include many hospitals, nursing homes, social services agencies and private colleges. We also know that many nonprofits rely heavily on private contributions.

New York's nonprofit organizations face a wide variety of challenges that require ongoing attention. Both the vital work they do, and the level of public and charitable funding many receive, make it all the more important that we develop a better understanding of this key sector of our economy.

Thomas P. DiNapoli
State Comptroller



Introduction

Nonprofit organizations provide a variety of services to New Yorkers in a wide range of areas including health care, social services, education, the arts and more. From an economic perspective, nonprofit sector employment provided a stabilizing effect on the State's economy during and after the Great Recession, showing continued growth while other private sector employment and public sector jobs declined. As of 2012, the latest year for which detailed figures are available, nonprofits provided almost 1.3 million jobs and wages of nearly \$62 billion in New York State.

Data from the U.S. Bureau of Labor Statistics (BLS), reported for major industry categories within each state for the first time earlier this year, provide new context on the number of nonprofit establishments¹ as well as their employment and wages. This report summarizes the newly available 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.

¹ 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. For the purposes of this report, the words "organization" and "establishment" are used interchangeably. A nonprofit organization is one whose earnings do not inure to any private shareholder or individual.

Nonprofit Firms and Employment

While various forms of nonprofit organizations exist, the most common type are those created under Section 501(c)(3) of the Internal Revenue Code, with more than two-thirds of nonprofits in this category. Nonprofit organizations classified under Section 501(c)(3) include establishments engaged in charitable, educational, literary, animal welfare, child welfare, public safety, religious, and scientific pursuits. The newly released BLS data are restricted to this class of nonprofits in the private sector.² In 2012, there were nearly 268,000 nonprofit establishments nationwide. While these organizations only accounted for 3 percent of all private sector employers in the country, they employed over 11.4 million people, representing more than 10 percent of all private sector employment.³

FIGURE 1
Top 10 States for Nonprofit Establishments, 2012

	Establishments	Employment
New York	31,040	1,297,883
California	29,869	1,035,436
Pennsylvania	18,148	776,258
Texas	9,886	454,673
Florida	9,762	466,719
Massachusetts	9,441	501,595
Ohio	9,217	519,210
Illinois	8,447	549,092
Oregon	7,878	167,759
Minnesota	7,533	328,019

Source: U.S. Bureau of Labor Statistics

² *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>

³ 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. Detailed BLS data on nonprofit establishments are only available through 2012 in part because they rely on Internal Revenue Service data, which generally are finalized several years after the reporting period.

As shown in Figure 1, New York ranked first in the nation for both the number of nonprofit organizations and nonprofit employment in 2012. With over 31,000 establishments and nearly 1.3 million employees, nonprofits in New York comprised over 5 percent of all private sector establishments and accounted for more than 18 percent of private employment in the State. New York's nonprofits represented more than 11 percent of the national totals of nonprofit establishments and employment.

FIGURE 2
Top 10 States for Concentration of Nonprofit Employees, 2012

	Percentage of Private Sector Employment
New York	18.1%
Rhode Island	18.1%
Vermont	17.9%
Maine	17.7%
Massachusetts	17.7%
Pennsylvania	15.9%
Montana	14.8%
North Dakota	14.7%
South Dakota	14.6%
New Hampshire	14.6%

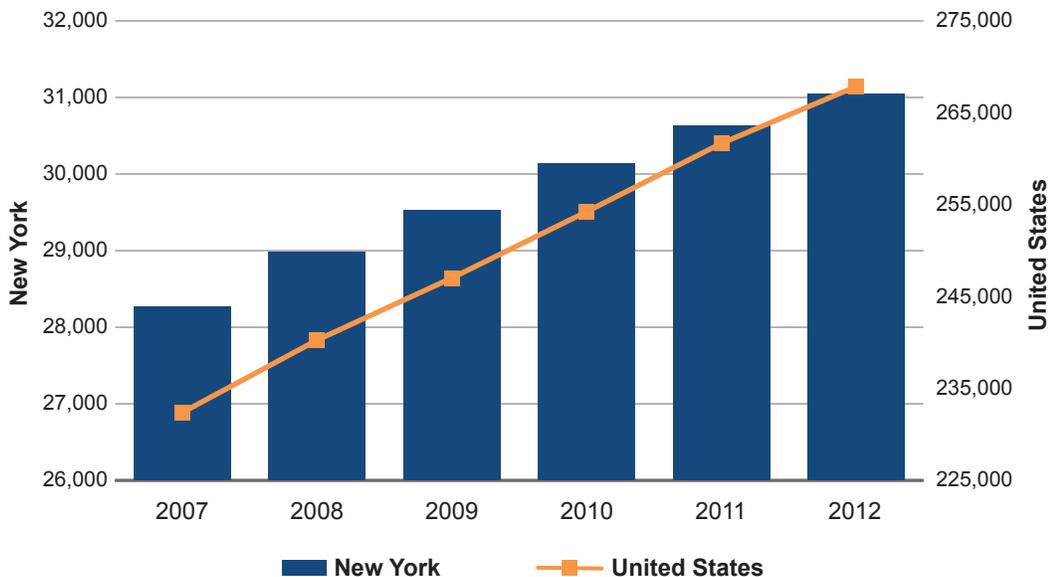
Source: U.S. Bureau of Labor Statistics

New York and Rhode Island rank highest among the states in the concentration of nonprofit employees in the private sector workforce, as shown in Figure 2. (The District of Columbia has an even higher percentage of its private sector employees working for nonprofits, at 26.6 percent.) The larger states of California, Florida, and Texas, which are in the top 10 for the number of nonprofit workers, all rank in the bottom third nationally for the nonprofit share of the private sector workforce.

As shown in Figure 3, the number of nonprofit organizations both in New York and nationwide increased annually from 2007 to 2012, the period for which BLS data are available. On average, the number of establishments nationwide grew by nearly 3 percent each year over the five-year period. In comparison, the total number of private sector establishments realized annual average growth of only 0.3 percent for this same period.

While growth was not as robust in New York as it was nationally, the number of nonprofits in New York increased at an annual average rate of almost 2 percent over the five-year period. As was seen at the national level, this growth rate outpaced that of all New York private sector establishments, which increased on average by 0.8 percent annually.

FIGURE 3
Nonprofit Establishments in New York and the United States, 2007-2012

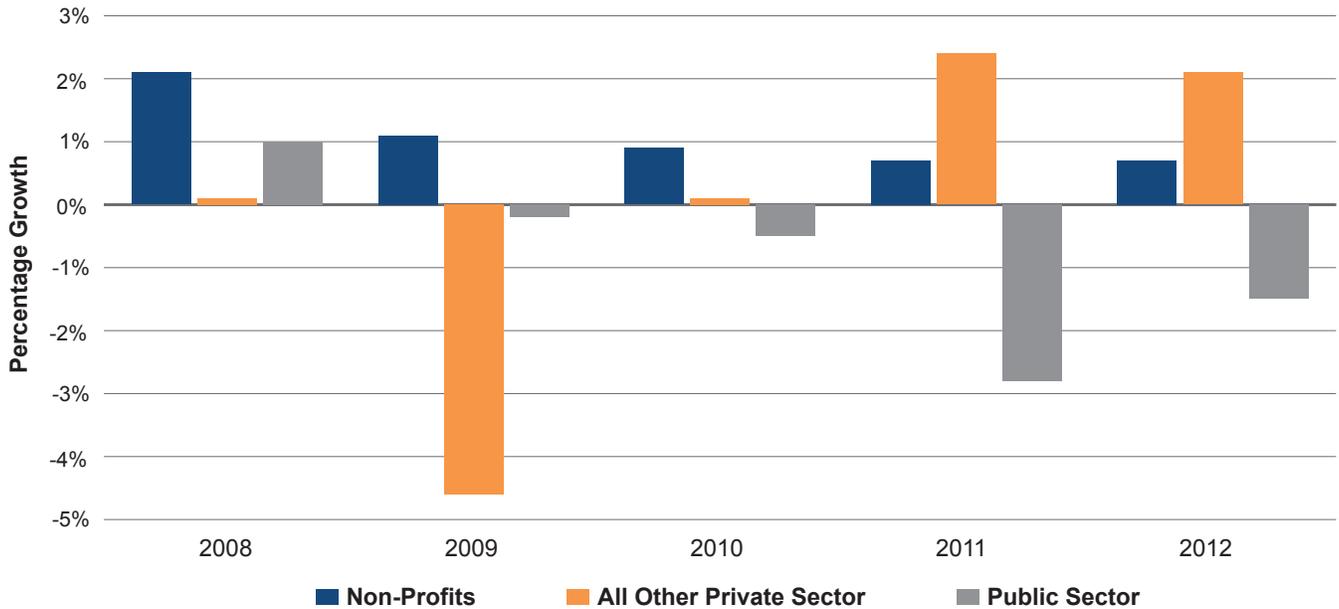


Source: U.S. Bureau of Labor Statistics

In addition to the increased number of establishments, employment at nonprofits in both the nation and in New York State increased from 2007 to 2012. Employment at nonprofit organizations in New York rose by 5.6 percent from 2007 to 2012. The rest of the private sector experienced uneven employment growth over most of the same period, including a sharp decline in 2009, which resulted in an overall net loss of jobs.

Figure 4 compares the annual growth in employment for New York’s nonprofits to the rest of the State’s private sector employment as well as to its public sector. As shown, employment growth in the nonprofit sector slowed during the Great Recession, but these establishments continued to add jobs while both the rest of the private sector and the public sector lost jobs overall. During the economic recovery, nonprofits maintained a steady level of job creation, around 0.7 percent to 0.9 percent annually from 2010 through 2012, as employment growth accelerated in the rest of the private sector. However, employment in the public sector continued to decline.

FIGURE 4
Employment Growth in New York:
Nonprofits, All Other Private Sector and Public Sector, New York, 2008–2012



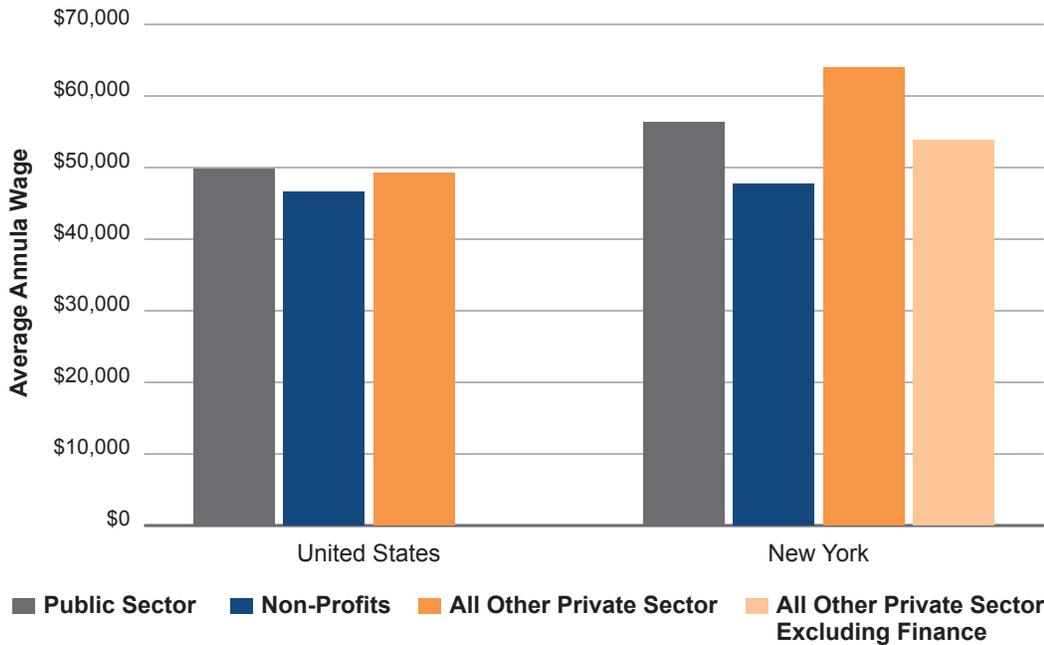
Source: U.S. Bureau of Labor Statistics / New York State Department of Labor

Wages in the Nonprofit Sector

In 2012, nonprofits paid over \$532 billion in wages nationwide. New York ranked first in the country for total annual wages, with nearly \$62 billion, due to its large number of nonprofit establishments and employees. The overall average annual wage for nonprofits in New York, \$47,700, was 12th in the nation and 2.4 percent higher than the national average for such employers. Among all states, Massachusetts had the highest paid nonprofit employees on average.

Employees in the nonprofit sector, both nationally and in New York, have lower average annual wages than other private sector employees as well as their public sector counterparts, as shown in Figure 5.

FIGURE 5
Average Annual Wages: Nonprofits, All Other Private Sector and Public Sector, 2012



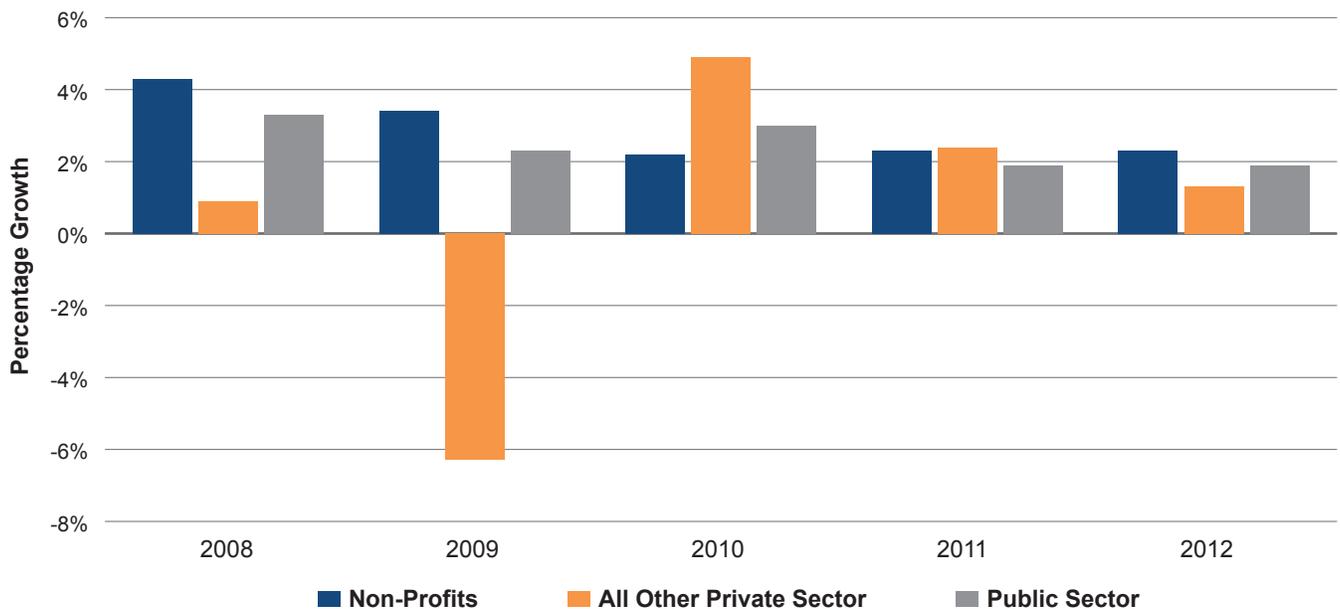
Source: U.S. Bureau of Labor Statistics/New York State Department of Labor

The wage difference between nonprofit employees and all other private sector employees in New York is exacerbated by the prevalence of high wage jobs in the finance and insurance industry, which drive the overall private sector average up by more than \$10,000. Even after excluding the finance sector, however, wages paid in the nonprofit sector were still noticeably (11 percent) lower than the \$53,900 figure for average wages in all other private sector industries.

In terms of wage growth, the nonprofit sector in New York fared better than the rest of the private sector and the public sector. From 2007 to 2012, average wages in the nonprofit sector increased by approximately 16 percent, while those in the public and the rest of the private sector increased by 13 percent and 3 percent, respectively.⁴

Figure 6 shows year-by-year average wage growth from 2008 to 2012 for nonprofit organizations, the rest of the private sector and the public sector in New York. Similar to employment, while wages declined in the rest of the private sector in 2009, wages in the nonprofit sector grew. In 2010, the year after the end of the recession, wage growth in both the rest of the private sector and the public sector outpaced that of nonprofits. However, in subsequent years, nonprofit wages in New York increased at a similar or stronger pace than those in the rest of the private and public sectors.

FIGURE 6
Average Annual Wage Growth:
Nonprofits, All Other Private Sector and Public Sector, New York, 2008–2012



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

⁴ The low private sector wage growth in New York is due primarily to a decline in financial sector wages from 2007 to 2012. Excluding financial sector wages, private sector wages in New York increased by 9.3 percent over the same time period.

Nonprofits by Industry

While nonprofit organizations exist across all industries, they are most prevalent in the health care and social assistance sector, which contains almost half of all nonprofits nationwide. While the educational services sector also includes a large number of nonprofits, it is only the third largest industry for these organizations. The “other services” sector, which includes religious, civic, and social advocacy organizations, ranks second, with over one in five nonprofits nationally.

FIGURE 7
Five Largest Nonprofit Industries in New York, 2012

Industry	Number of Establishments	Number of Employees	Employment as Share of Industry Total	Average Annual Wage
Health Care & Social Assistance	12,870	804,457	61.2%	\$47,196
Other Services	9,524	100,390	30.0%	\$37,484
Education	2,946	254,716	81.4%	\$53,377
Arts & Entertainment	1,506	35,595	24.3%	\$42,465
Professional Services	910	37,228	6.2%	\$52,118

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

Figure 7 shows the five largest industry sectors, in numbers of establishments as well as employment, for nonprofits in New York (these are also the five largest nationally). The health care and social assistance industry, which constitutes almost half of all nonprofit establishments in New York, is also the largest employer among nonprofits. In addition, employees of nonprofits in this industry comprise over 60 percent of the total employment in health care and social assistance. Overall wages for nonprofit employees in the sector totaled nearly \$38 billion in 2012.

While the education sector ranks third statewide for the number of nonprofit establishments, it is the second largest employer, with nearly one in five nonprofit employees. These employees also constitute over 80 percent of all private sector employees in the education industry. Of the top five industries for nonprofits, the education sector has the highest average annual wage; it generated a total of \$13.6 billion in wages in 2012.

Conclusion

Hospital patients, college students, the poor, and elderly and disabled individuals are among the many who are served by New York's vast array of nonprofit organizations. In many cases, these entities fulfill important public functions supported by funding from federal, state and local governments.

While nonprofits are mostly concentrated within the health and social services industry, they exist in a wide range of industry sectors and provide a multitude of diverse services. During and after the Great Recession, their employment and wages helped stabilize the State's overall economy, when job levels in the rest of the private sector and the public sector declined or were relatively flat. During an era of continuing economic challenges for many New Yorkers, nonprofit organizations continue to play vital roles both as service providers and as an important sector of the State's economy.

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