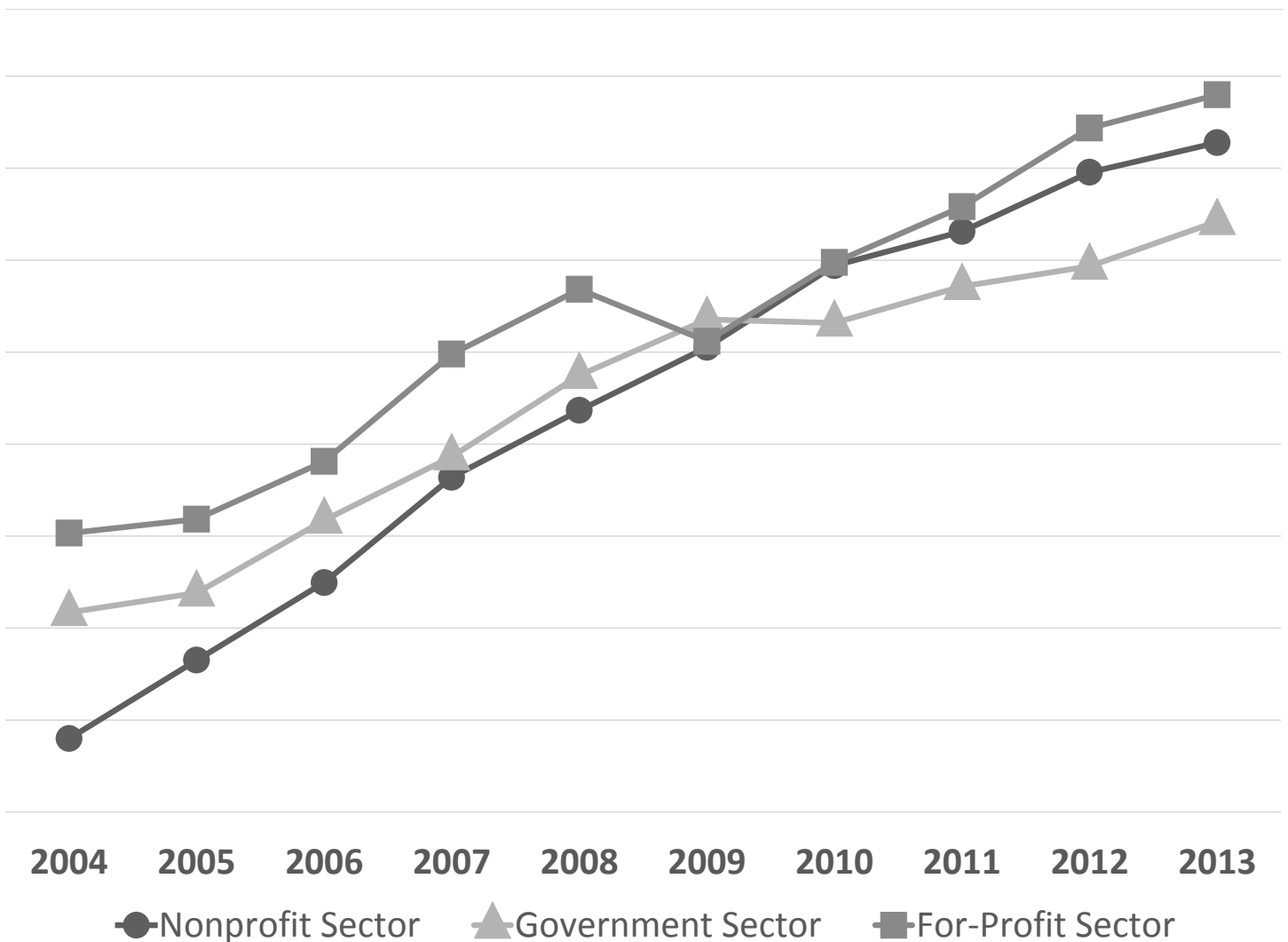


Minnesota Nonprofit Economy Report 2014



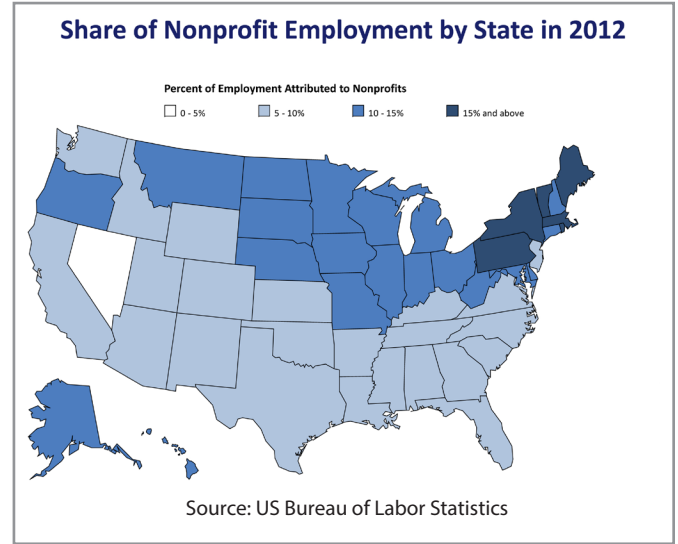
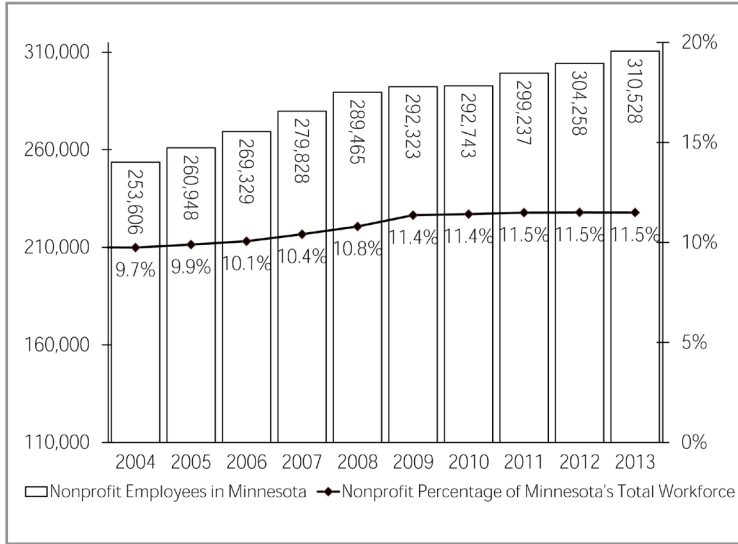
Data in this report comes from the Minnesota Department of Employment and Economic Development, Quarterly Census of Employment and Wages, with a supplemental map from the US Bureau of Labor Statistics. Additional information about the nonprofit sector is available on MCN's website at www.minnesotanonprofits.org.



The Nonprofit Workforce

Nonprofit organizations play an important role in Minnesota's communities – providing essential services, employing local residents and improving the quality of life. During the Great Recession and the prolonged recovery that followed, nonprofit employers were an important source of stable employment. Minnesota ranked 9th among the states for share of nonprofit employment in 2012 after the New England states, New York and Pennsylvania, based on a recently released Bureau of Labor Statistics national compilation of the Quarterly Census of Employment and Wages (see map below).

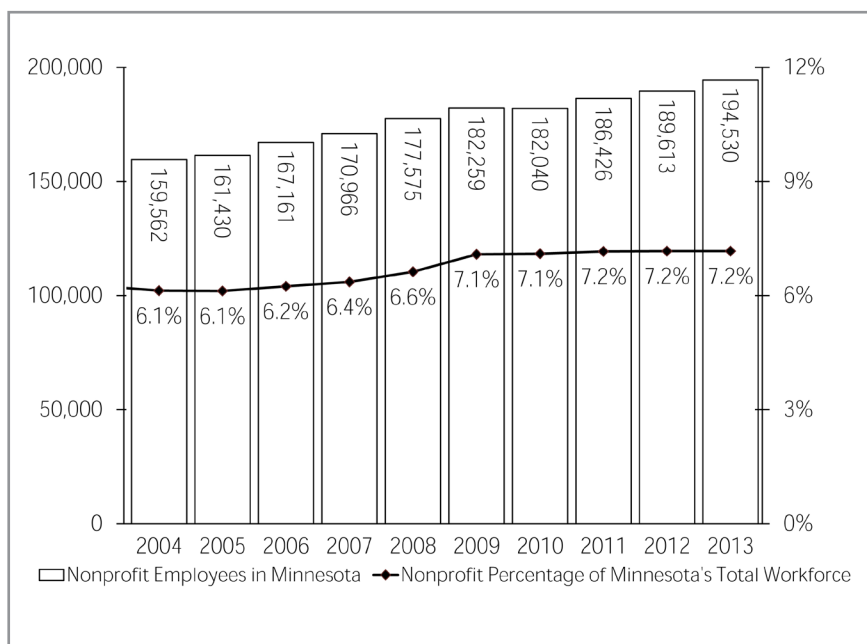
Nonprofit Employment in Minnesota Shows Slow, Steady Growth Through The Great Recession



Hospitals, colleges and universities are large institutions that account for a significant share of the nonprofit workforce in Minnesota. In 2013, hospitals accounted for one-third of all nonprofit employment and higher education accounted for another 5 percent. These institutions, however, have experienced slow growth since 2007, with employment increasing an average of just 1 percent per year.

Once hospitals, colleges and universities are removed from the analysis (as in the chart below), nonprofit employment in Minnesota actually shows stronger growth during the Great Recession and the prolonged recession that has followed. Between 2007 and 2013, nonprofit employment outside of hospitals and higher education grew an average of 2 percent per year.

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

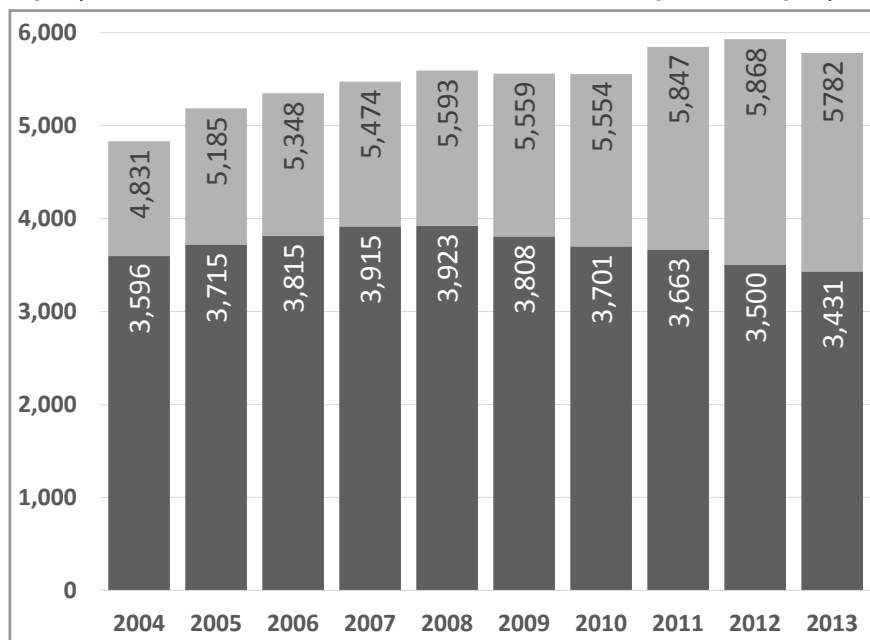


Nonprofit Employers

The overall number of nonprofit employers in Minnesota has been falling in recent years, with fewer than 3,500 employers in 2013. However, a single employer may operate more than one location in the state. Minnesota's nonprofit sector has been expanding its reach, with the number of nonprofit locations 4 percent above when the last recession ended in 2009.

There are always changes occurring among these organizations. Each year, a number of nonprofits merge, some dissolve and new organizations start up – reflecting normal churning in a healthy and dynamic section of the economy. While substantial numbers of organizations are incorporated each year (including 2,186 in 2013), most are small, all-volunteer initiatives that do not develop to the level where they hire employees or be required to file financial information with the state or IRS.

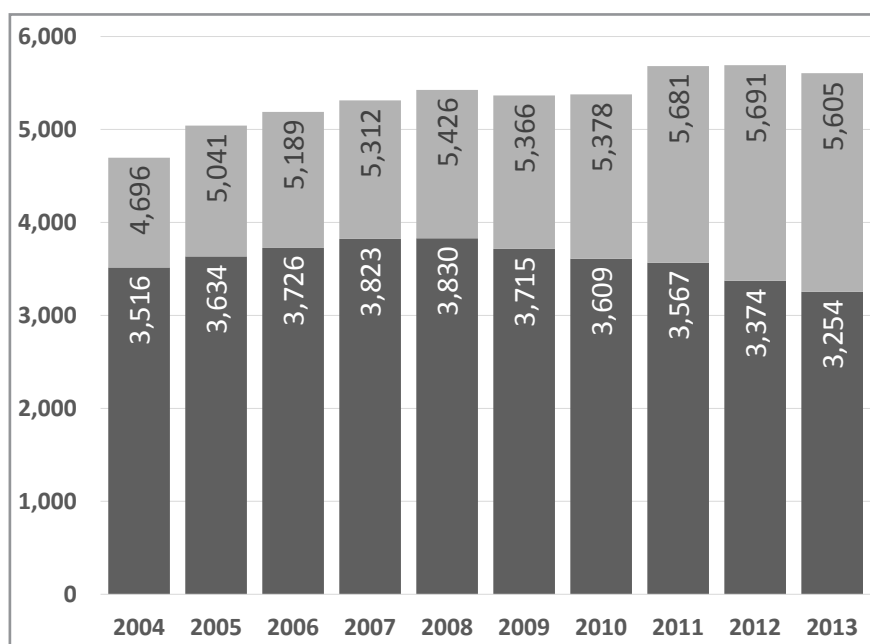
Number of Nonprofit Employers Reduced in Minnesota, but More Nonprofit Employment Locations



To better understand how the nonprofit sector has fared over the last decade, it can be helpful to remove hospitals, colleges and universities from the analysis. The large size of hospitals and higher education institutions relative to the rest of the nonprofit sector can overwhelm the overall picture and hide interesting trends in the rest of the nonprofit sector.

Hospitals and higher education institutions account for just 3 percent of all nonprofit employers and nonprofit employment locations in Minnesota. So, even after removing them, the number of nonprofit employment locations in the state continues to be 5 percent above the number when the recession ended in 2009.

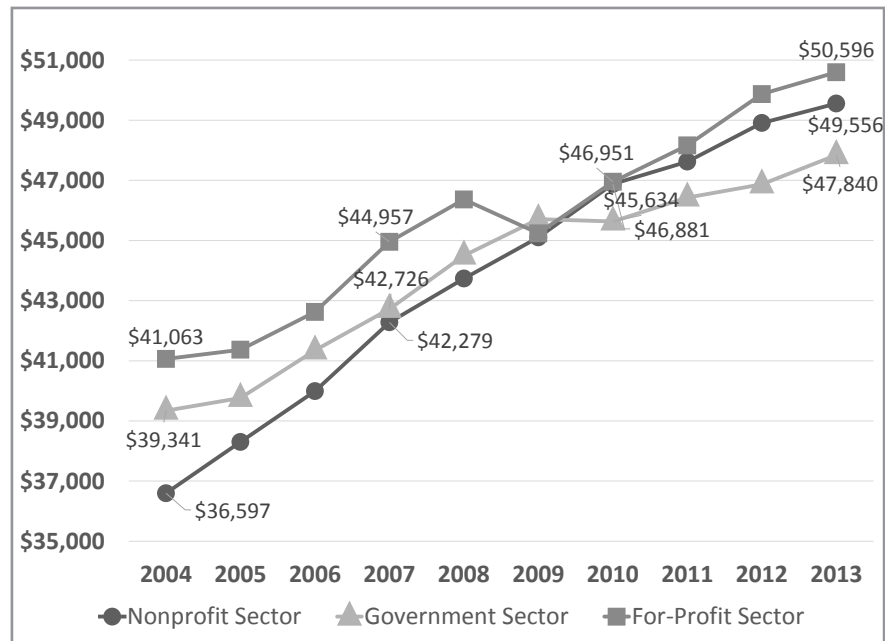
Nonprofit Employment Locations Increasing Gradually (Excludes Hospitals & Higher Education)



Nonprofit Compensation

Over time, nonprofit average annual wages have been closing the gap with average annual wages for for-profit and government employees. In 2003, average annual wages in the nonprofit sector were 12 percent below for-profit wages. By 2013 with hospitals and higher education included, nonprofit wages rose to within 2 percent of for-profit wages. Average annual wages in the nonprofit sector are highest in the health care industry, and the lowest for vocational rehabilitation services, child care providers and civic organizations.

Nonprofit Average Annual Wages Close Gap With For-Profit Wages



Employees of hospitals report higher average wages and stronger wage growth than is the case for much of the nonprofit sector. Removing them from the analysis has a dramatic impact on average annual wages in the nonprofit sector. Without hospitals and higher education institutions, the wage gap between the nonprofit sector and the for-profit sector remains significant, with nonprofit wages 10 percent below for-profit average annual wages in 2013, and 5 percent below the government sector.

However, while the overall nonprofit average annual wage is lower than employees of business and government, a different picture emerges when comparing median wages within the same activity area. Nonprofit median wages compare more favorably, and are often higher than for-profit wages, in areas such as arts and entertainment, health care, individual and family services, child care, and community services.

Nonprofit Average Annual Wages Remain Substantially Lower than For-Profit and Government Wages (Excludes Hospitals & Higher Education)

