Nonprofits In America

New BLS Research Data on the Nonprofit Sector

October 17, 2014
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<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>Host</td>
<td>Thomas Maloney</td>
<td>Office of Field Operations</td>
</tr>
<tr>
<td>Presenters</td>
<td>Rick Clayton</td>
<td>Chief, Division of Administrative Statistics and Labor Turnover</td>
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<tr>
<td>Presenters</td>
<td>David Talan</td>
<td>Chief, Branch of Business Employment Dynamics</td>
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Outline for Today’s Webinar

- Highlights
- BLS nonprofit methodology
- Nonprofit data series
- Request for public comment:
  http://data.bls.gov/cgi-bin/forms/bdm?/bdm/home.htm

Nonprofit Website:
http://www.bls.gov/bdm/nonprofits/nonprofits.htm
Nonprofits accounted for 11.4 million employees (10.3% of all private sector employment) in 2012.

Healthcare and Social Assistance (NAICS 62) is the largest component of the nonprofit sector, accounting for 68 percent of all nonprofit employment in 2012.

Employment for nonprofit organizations steadily increased from 2007 through 2012.
Demand for Nonprofit Data

- BLS receives frequent information requests
- State partners cite demand and some produce their own data
- Prior research has shown usefulness
  - Johns Hopkins
  - Urban Institute
Scope of BLS Nonprofit Data

- Published as Unofficial Research Data
- Private Sector only
- 501c(3) organizations only
  - An organization must be organized and operated exclusively for exempt purposes set forth in section 501(c)(3), and none of its earnings may inure to any private shareholder or individual.
  - In addition, it may not be an action organization, *i.e.*, it may not attempt to influence legislation as a substantial part of its activities and it may not participate in any campaign activity for or against political candidates.
What BLS Nonprofit Data are Available?

- Annual data from 2007 through 2012
- National NAICS 2-digit and 3-digit industry
- State NAICS 2-digit industry
- Variables in each series
  - Annual average number of establishments
  - Annual average employment
  - Total annual wages
  - Annual average wages per employee
  - Average weekly wages
Description of QCEW

- Quarterly data
- UI based, mandatory collections to run UI
  - Wages - 98% reported data
  - Employment - 97% reported data
  - Units - 95% reported data
- Released 6 months after reference period – timely
- Highly accurate data with low revisions
- Units, employment and wages
Description of IRS Data

- Organizations request nonprofit status through Form 1023, Form 1023-EZ or Form 1024
- Information collected includes:
  - Employer Identification Number (EIN)
  - Primary name of the organization
  - Address
- Data maintained on the Exempt Organization Business Master File (EOBMF)
  - Available on the Tax Exempt and Government Entities Division (TEGE) website
Methodology

1. Matching QCEW data to IRS
   • Use Employer Identification Number (EIN) to match QCEW to IRS
   • These matches were applied for all years

2. Reimbursables
   • Under state UI laws most states allow nonprofits to “reimburse” the UI system for employee claims rather than provide quarterly contributions
   • Most states limit this to 501(c)3
   • Added unmatched reimbursable establishments
   • These reimbursables were updated for each year

3. Review and eliminate false positives
   • Conducted by the QCEW staff, state staff and outside researchers
Creating the Data

Two datasets: QCEW and IRS

B: IRS EOBMF
1.5 million EINs

A: QCEW
6.1 million private sector EINs

Note: Not Drawn to Scale
Creating the Data

The two data sources are merged by EIN

A: QCEW
B: IRS
C: Matched EINs

Note: Not Drawn to Scale
Creating the Data

Reimbursable units are added

A: QCEW
B: IRS EOBMF
C: Matched EINs
D: Matched Reimbursables
E: Unmatched Reimbursables

Note: Not Drawn to Scale
Creating the Data

Incorrectly identified records are removed

Nonprofits = C + D + E - F

A: QCEW
B: IRS
C: Matched EINs
D: Matched Reimbursables
E: Unmatched Reimbursables
F: False Positives

Note: Not Drawn to Scale
Summary of 2012 Nonprofit Data

- 11,426,870 employed in nonprofits
  - 10.3% of total private employment
- $532 billion in wages
  - 9.8% of total private wages
- 267,855 private sector establishments
  - 3.0% of total private establishments
- 152,585 firms
  - 2.5% of total private firms
Largest Sectors of Nonprofit Employment

Total Nonprofit Private Sector Employment: 11,426,870

- Healthcare and Social Assistance: 7,716,964 employees (68%)
- Education: 1,812,270 employees (16%)
- Other Services: 784,675 employees (7%)
- Arts, Entertainment and Recreation: 289,111 employees (3%)
- All Remaining Sectors: 817,683 employees (7%)

Based upon 2012 Annual Averages
Largest Share of Nonprofit Employment by Sector in 2012

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Educational Services</td>
<td>70%</td>
</tr>
<tr>
<td>Health Care and Social Assistance</td>
<td>46%</td>
</tr>
<tr>
<td>Other Services</td>
<td>17%</td>
</tr>
<tr>
<td>Arts, Entertainment and Recreation</td>
<td>15%</td>
</tr>
<tr>
<td>Management of Companies and Enterprises</td>
<td>11%</td>
</tr>
<tr>
<td>Professional, Scientific and Technical Services</td>
<td>3%</td>
</tr>
<tr>
<td>Information</td>
<td>2%</td>
</tr>
<tr>
<td>Real Estate and Rental Leasing</td>
<td>2%</td>
</tr>
</tbody>
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Comparing Nonprofits to QCEW: Total Private Employment

Nonprofits: 100,000,000
QCEW: 75,000,000

2007: 125,000,000
2008: 100,000,000
2009: 75,000,000
2010: 50,000,000
2011: 25,000,000
2012: 125,000,000
Comparing Nonprofits to QCEW: Total Private Employment
Comparing Nonprofits to QCEW: Total Annual Wages

Billions of Dollars

<table>
<thead>
<tr>
<th>Year</th>
<th>Nonprofits</th>
<th>QCEW</th>
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<tbody>
<tr>
<td>2007</td>
<td>5,000</td>
<td>6,000</td>
</tr>
<tr>
<td>2008</td>
<td>4,000</td>
<td>5,000</td>
</tr>
<tr>
<td>2009</td>
<td>3,000</td>
<td>4,000</td>
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<td>2010</td>
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<tr>
<td>2011</td>
<td>1,000</td>
<td>2,000</td>
</tr>
<tr>
<td>2012</td>
<td>1,000</td>
<td>1,000</td>
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Comparing Nonprofits to QCEW: Total Annual Wages

Nonprofit Wages (in billions of dollars)

QCEW Wages (in billions of dollars)
Share of Nonprofit Employment by State in 2012

Percent of Employment Attributed to Nonprofits

- 0 - 5%
- 5 - 10%
- 10 - 15%
- 15% and above

Nationally 10.3%

Highest
- Washington, DC 26.6%
- New York 18.1%
- Rhode Island 18.1%

Lowest
- Nevada 2.7%
- Texas 5.1%
- Alabama 5.4%
Share of Nonprofit Employment without Educational Services and Healthcare and Social Assistance by State in 2012

Percent of Employment Attributed to Nonprofits

- 0 - 1%
- 1 - 2%
- 2 - 3%
- 3% and above

Nationally 2.1%

Highest
- Washington, DC 13.2%
- New York 4.3%
- Rhode Island 3.6%

Lowest
- Nevada 0.6%
- Mississippi 0.9%
- Texas 1.0%
Big Data

- Nonprofit project is an example of “Big Data”
- Merging existing administrative datasets with no new collection or respondent burden
- Similar to QCEW Hurricane Zones
  - [http://www.bls.gov/cew/hurricane_zones/home.htm](http://www.bls.gov/cew/hurricane_zones/home.htm)
- OMB Circular M-14-06, *Guidance for Providing and Using Administrative Data for Statistical Purposes*
  - Published February 14, 2014
Seeking Public Comment

• BLS is seeking comments on:
  • Data
  • Methodology

• Submit comments by December 31, 2014

• Send comments to:
  http://data.bls.gov/cgi-bin/forms/bdm/?/bdm/home.htm
Special Thanks!

- **Erik Friesenhahn (Bureau of Labor Statistics)**
  - For research, reviewing, and creating the data
- **BLS State QCEW Staff**
  - For data review and guidance
- **Wojtek Sokolowski (Johns Hopkins University)**
  - For extensive assistance, guidance and review of the data
- **Nathan Dietz (Urban Institute) and Thomas Pollak (Urban Institute)**
  - For assistance and guidance
- **Cinthia Schuman Ottinger (The Aspen Institute)**
  - For assistance and guidance
- **Lester Salamon (Johns Hopkins University)**
  - For assistance and guidance
Contact Information

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