

first edition

GEORGIA NONPROFIT

Employment Report

In the  of the Industry



GEORGIA CENTER
for NONPROFITS

www.gcn.org

Georgia Nonprofit Employment Report

A joint product of The Johns Hopkins Employment Data Project and the Georgia Center for Nonprofits, January 2004.

This research covers private, nonprofit hospitals, day care centers, soup kitchens, foster care and adoption agencies and environmental groups—organizations and efforts that channel our impulses of charity, justice and compassion to serve the common good and to help those in greatest need. It also includes art galleries, museums, theaters, symphonies, universities and schools—those institutions and activities that nurture our passions for learning and human expression.

Key Findings

1. The nonprofit sector is a major economic force in Georgia, accounting for nearly one out of every 20 paid workers—more than six times as many people as the state's paper and allied products industry.
2. The 178,657 nonprofit employees in Georgia earned over \$5.6 billion in wages in 2002, or 4.2 percent of the state's total.
3. While nonprofit employment in Georgia is primarily concentrated in the Atlanta metropolitan area, it is not restricted to any one region. To the contrary, nonprofit employment accounts for an even larger share of total employment outside of Atlanta—e.g., in the Augusta region and in the southeastern and southwestern regions of the state.
4. The bulk of nonprofit employment in the state (54 percent) is in the health services field, and another 21 percent is in educational services.
5. Although nonprofit average weekly wages overall are below those of for-profit workers, in industries in which nonprofits and for-profits are both significantly involved, nonprofit average weekly wages generally outpace for-profit wages.

Detailed Findings

I. A MAJOR ECONOMIC FORCE

The private nonprofit sector in Georgia, including private hospitals, clinics, colleges, universities, schools, day care centers, social service providers, museums, theaters, soup kitchens, and many more, is a major economic force in the state.

Employment: Georgia's private, nonprofit organizations employed 178,657 paid workers as of the second quarter of 2002.

- This represents 4.6 percent of the total Georgia workforce and 5.5 percent of the private workforce, or one out of every 18 workers.
- Although, as shown in Figure 1, the nonprofit share of total employment in Georgia is below the U.S. average (4.6 percent vs. 7.2 percent), the Georgia nonprofit sector still employs:
 - More than six times as many people as the state's paper and allied products industry;
 - Two and a half times as many people as the state's food and kindred products industry;
 - More than twice as many workers as the state's textile manufacturing industry and its communications industry;
 - Almost a quarter more people than Georgia's state government (see Figure 2).

Payroll: The 178,657 nonprofit employees in Georgia earned over \$5.6 billion in wages in 2002.¹

- Nonprofit organizations thus accounted for 4.2 percent of the state's total payroll.
- Nonprofit payrolls equaled or exceeded those for the following industries:
 - Paper and allied products manufacturing (\$1.4 billion).
 - Food and kindred products manufacturing (\$2.3 billion).
 - Textile manufacturing (\$2.8 billion).
 - Communications (\$4.3 billion).
 - State government (\$4.7 billion).

II. STATEWIDE PRESENCE

While close to half of all nonprofit employment in Georgia is concentrated in the Atlanta metropolitan area, nonprofits account for a significant share of total employment throughout the state.²

- Similar to Georgia's population, most (48 percent) of the state's nonprofit employment is located in Region 3, which includes the Atlanta Metropolitan

¹ All payroll data are annual estimates computed by multiplying second quarter data by 4. Actual annual payrolls may differ slightly due to seasonal variations.

² In this report, regions refer to the 1999 legislated Georgia Service Delivery Regions. See <http://www.dca.state.ga.us/regions/> for information about their boundaries, demographics, and other key characteristics.

Statistical Area. Two counties within this region (Fulton and DeKalb) account alone for 38 percent of the state's nonprofit employment.

- Still, the nonprofit share of total private employment in this region is slightly below that for the state overall (5.1 percent vs. 5.5 percent, respectively).
- At nearly 8 percent of total private employment, the area surrounding Augusta (Region 7) has the highest share of total nonprofit employment in the state.
- Nonprofit organizations also account for a considerable 7 percent of total private employment in the southeastern and southwestern regions of the state (i.e., Regions 6, 8, 10, and 12).
- In some counties, nonprofit employment accounts for an even larger share of total private employment, reaching 16 percent in Ware county, 14 percent in Sumter county, and 13 percent in both Clarke and Thomas counties (see Appendix B).

III. HEALTH DOMINANCE

Health organizations account for over half of Georgia's nonprofit jobs, but social service and education organizations also account for significant shares (see Figure 3).

- Fifty-four percent of all nonprofit employment in Georgia is in the health service field (close to 95,800 jobs). These jobs include work in hospitals, nursing and personal care facilities, and clinics.
- Twenty-one percent of all nonprofit employment in Georgia is in educational services (over 37,500 jobs), including elementary and secondary schools, colleges, and universities.
- Fourteen percent of all nonprofit jobs in Georgia are in social services (over 25,000 jobs). This includes employment in individual and family services, job training and related services, child day care services, and residential care.
- Six percent of all nonprofit employment is in membership organizations (nearly 11,000 jobs).
- As shown in Figure 4, the distribution of nonprofit employment in Georgia is similar to the national average, although Georgia has a larger share of nonprofit employment in education and a smaller share in social services and health.

IV. NONPROFIT WAGE RATES

Overall average weekly wages of nonprofit employees are higher than those of local government employees but lower than those of for-profit and state government workers. In industries in which nonprofits and for-profits are significantly involved, however, average weekly wages for nonprofit employees often exceed those of for-profit workers.

- At \$610, nonprofit average weekly wages are 5 percent higher than those of local government workers but 2 percent below those of state government employees and 10 percent below those of for-profit employees (see Figure 5).
- When we focus only on the industries in which both nonprofits and for-profits are significantly involved, however, average weekly wages of nonprofit employees are often actually higher than those of for-profit employees. For example, as shown in Figure 6:
 - Nonprofit home health care workers earn over 35 percent more than their for-profit counterparts;
 - In the social services field, nonprofit child day care workers earn 26 percent more than their for-profit counterparts, and nonprofit residential care workers earn 33 percent more;
 - Similarly, in the educational services field, nonprofit workers earn close to 14 percent more than those employed by for-profit entities.
- This nonprofit wage advantage may be a result of a heavier use of part-time workers on the part of for-profit employers, which would pull down the for-profit average, but it is not possible to determine this from the available data.³

Conclusion

Throughout the state of Georgia, nonprofit organizations serve citizens and communities, addressing issues of concern and improving the quality of life. Georgia's nonprofits range from hospitals to boys and girls clubs, from universities to environmental groups, from museums and theaters to organizations working with the elderly, veterans, and the disabled.

But nonprofit organizations are not only vital to Georgia communities; they are also a major force in the state's economy and in the economies of the state's regions. Regrettably, however, the economic significance of the nonprofit sector as a source of jobs and wages is not well understood. As a result, this sector is often overlooked in economic development as well as in education and training efforts that could prove extremely beneficial to the sector in the long term. The data presented in this report are intended to correct this situation, promote greater understanding of the economic contributions and impact of the nonprofit sector, and demonstrate the immense stake that Georgia citizens consequently have in this sector's continued health.

This report was prepared for the Georgia Center for Nonprofits by Stephanie Lessans Geller and Lester Salamon at the Center for Civil Society Studies, Institute for Policy Studies, Johns Hopkins University. Copyright 2004. All rights reserved.

³ The average weekly wage reported in the ES-202 survey data makes no adjustment for full-time or part-time work. Industries with a greater number of part-time workers could show up as having lower average weekly wages than those with fewer part-time workers even if the actual pay rates are equal.

Figure 1: Nonprofit share of total employment, Georgia vs. the national average

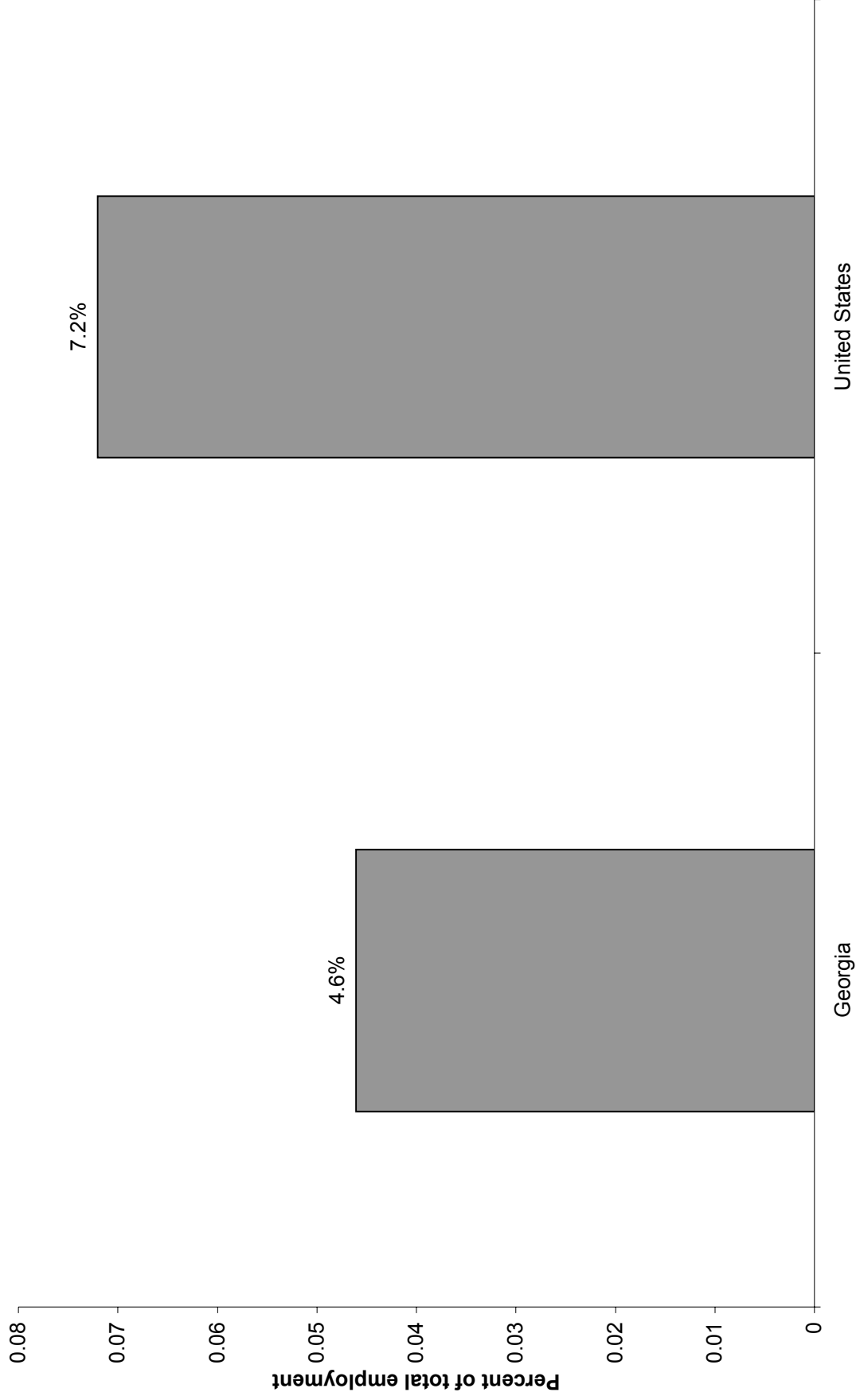


Figure 2: Employment in Georgia nonprofit sector in comparison to selected industries, 2002

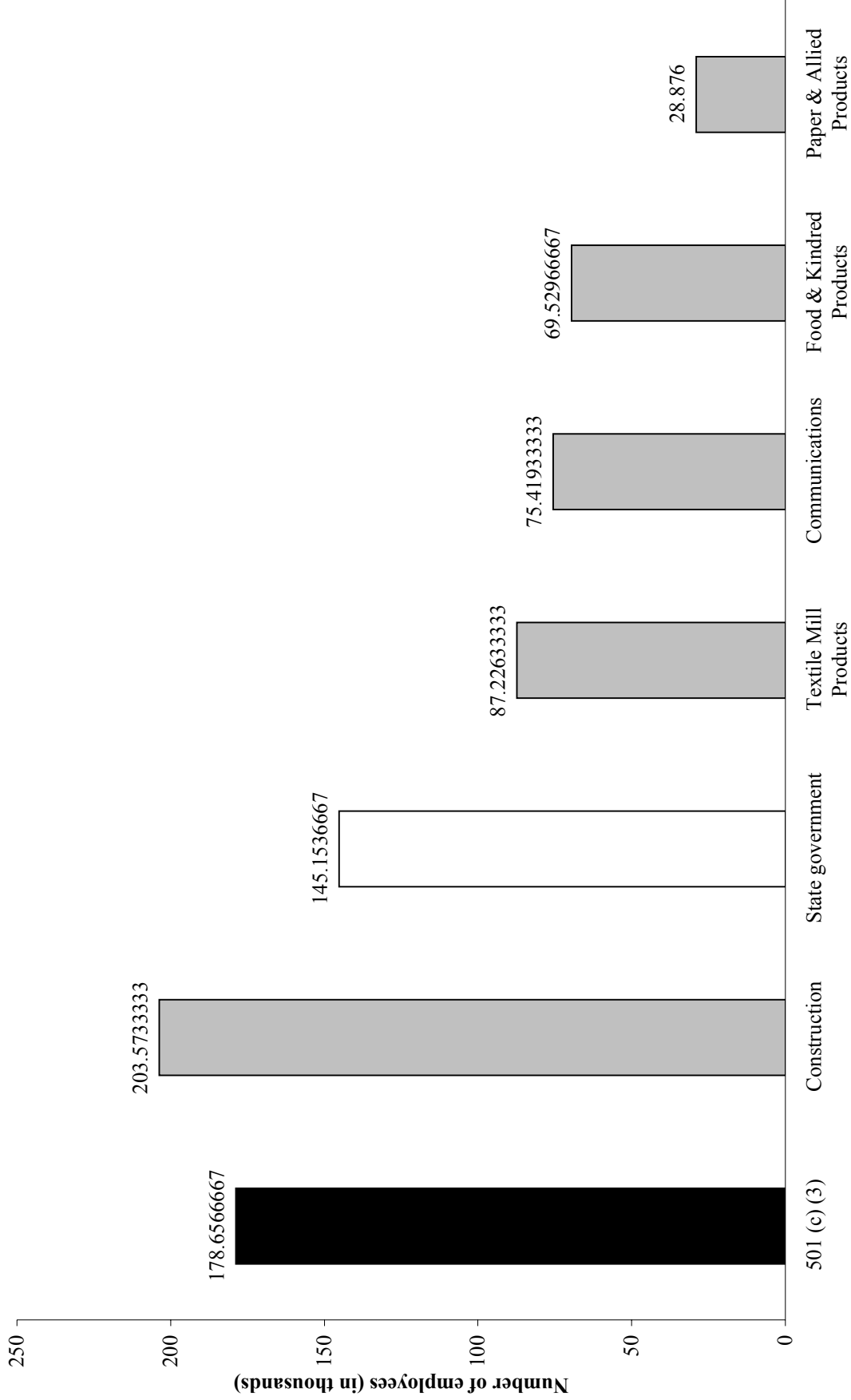


Figure 3: Distribution of Georgia nonprofit employment by field, 2002

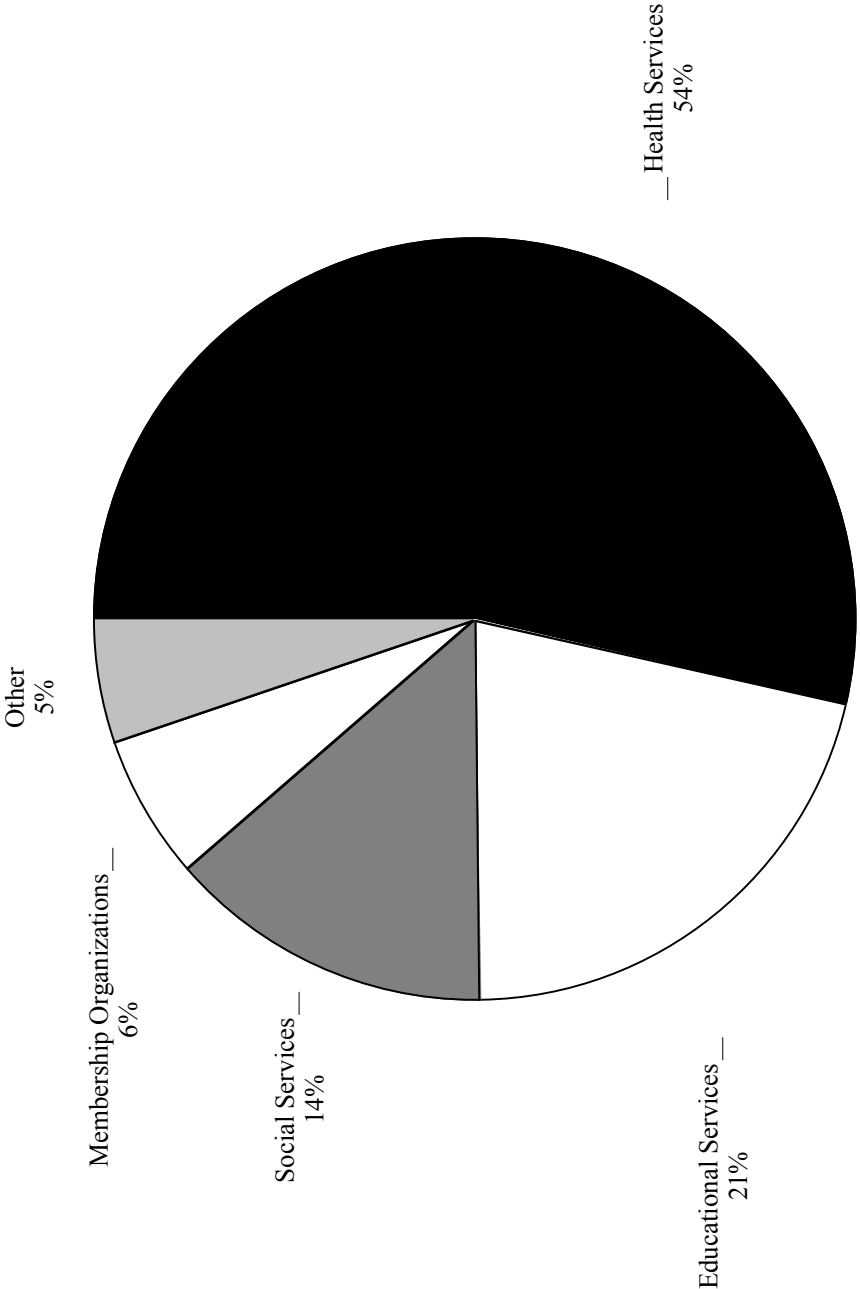


Figure 4: Distribution of nonprofit employment, Georgia vs. the nation

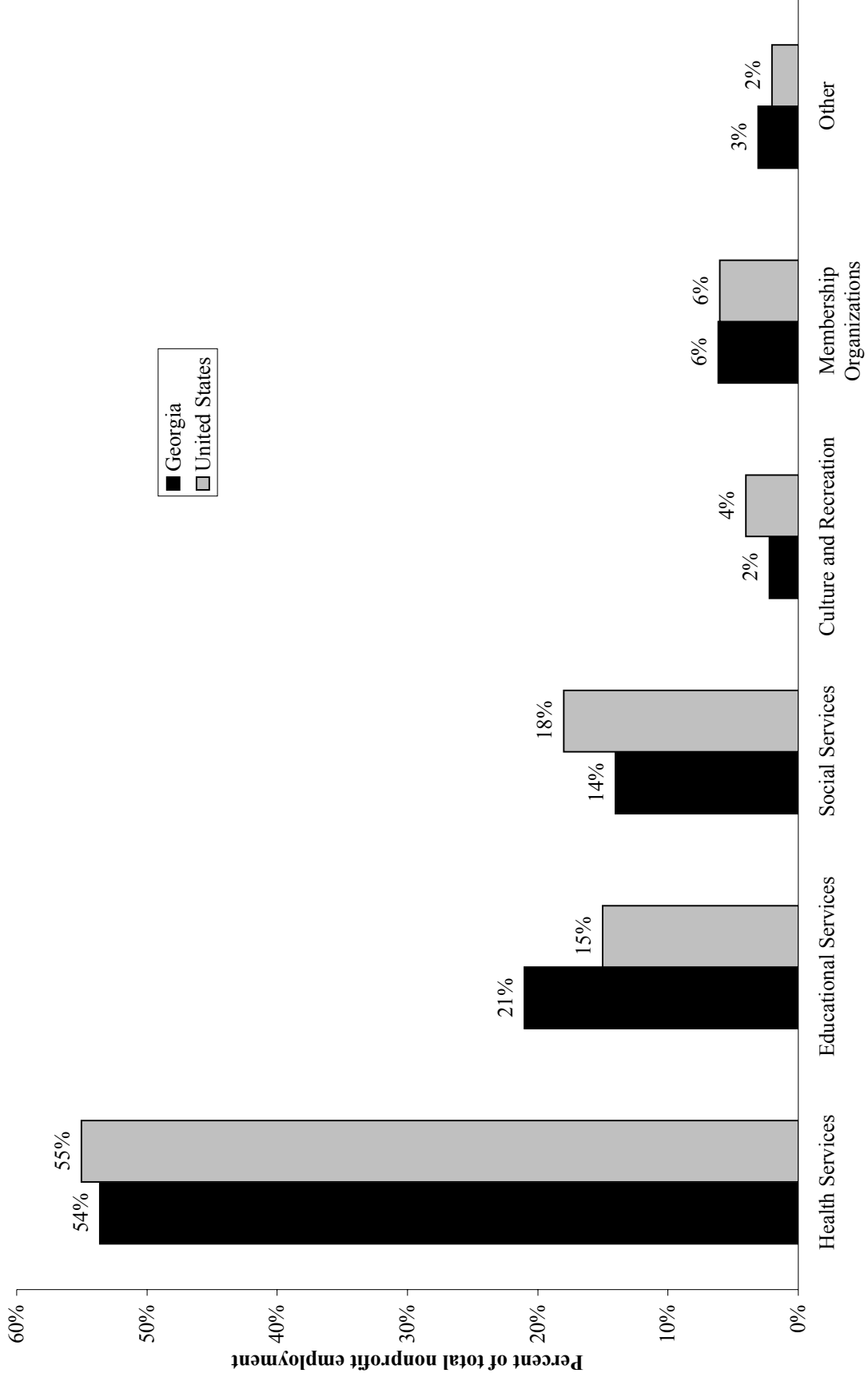


Figure 5: Nonprofit, for-profit, and government average weekly wages, Georgia, 2002

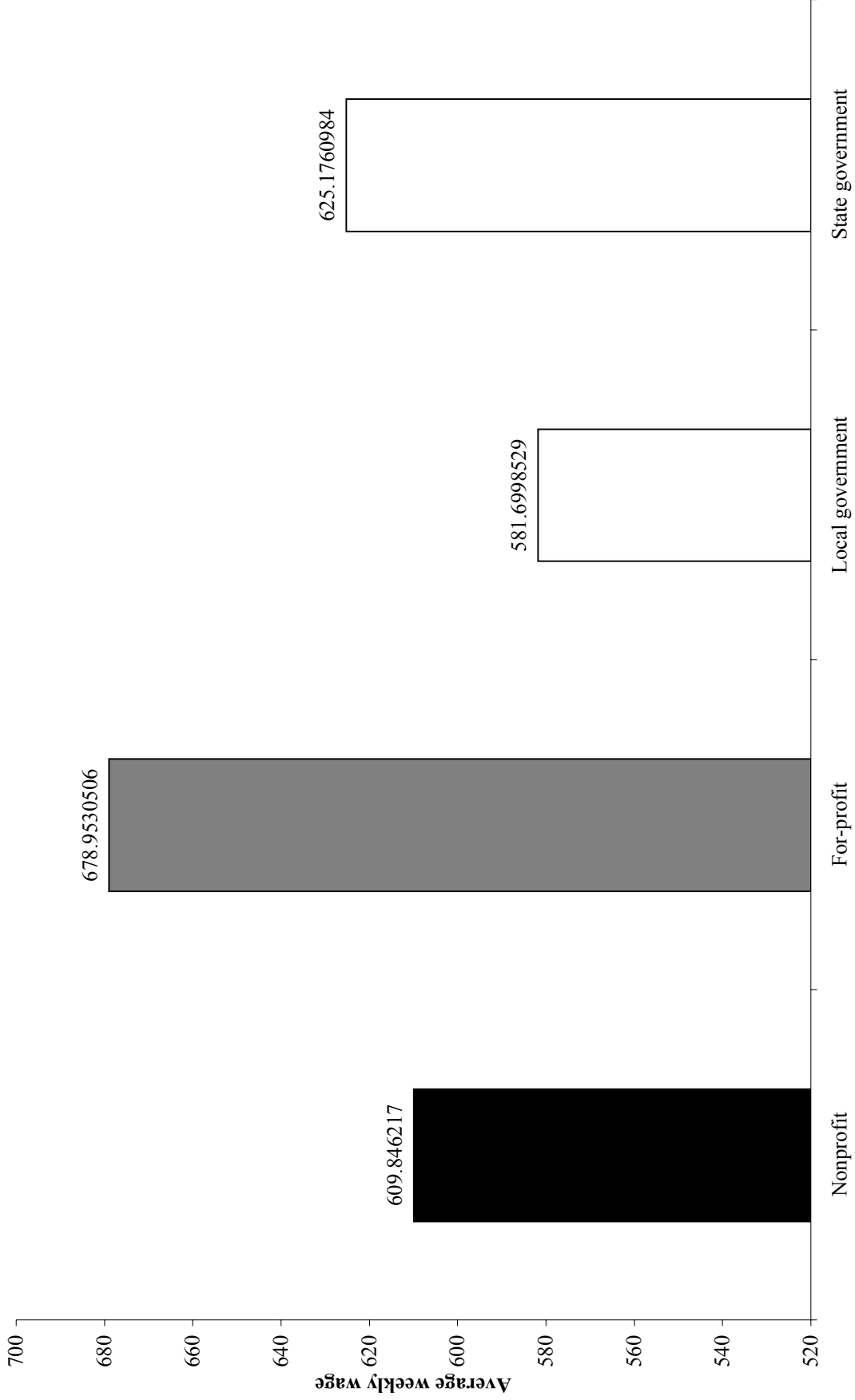
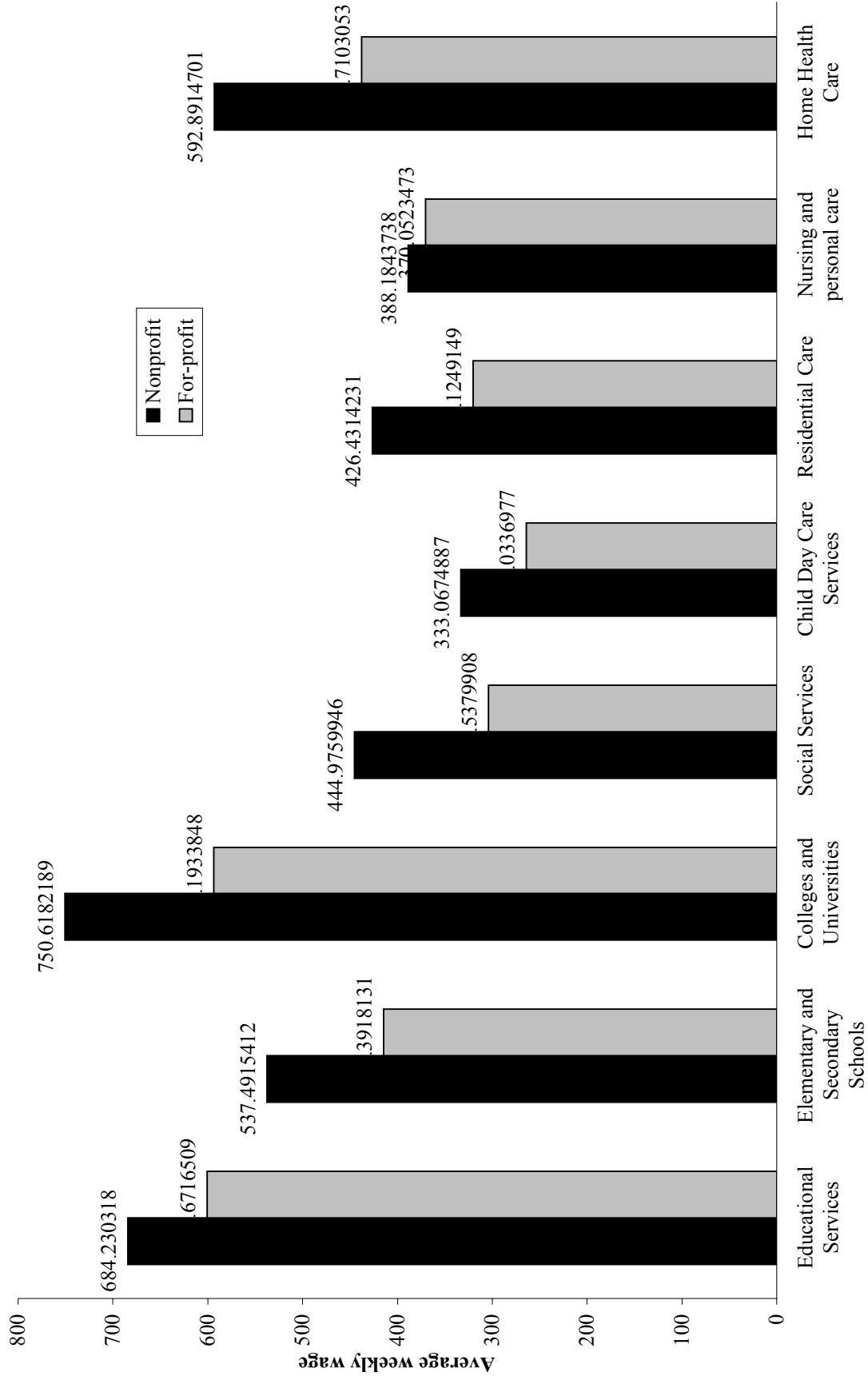


Figure 6: Comparative average weekly wages in selected service fields, Georgia, 2002



APPENDIX A: THE ES-202 UNEMPLOYMENT INSURANCE LABOR MARKET INFORMATION PROGRAM

Source of data

The major source of employment and wage data for this report is the Covered Employment and Wages Program, commonly referred to as the ES-202 program, a cooperative initiative involving state employment security agencies and the U.S. Bureau of Labor Statistics. The ES-202 program produces a comprehensive tabulation of employment and wage information for workers covered by state unemployment insurance laws and federal workers covered by the Unemployment Compensation for Federal Employees Program. Data contained in this report represent all employees covered by the Unemployment Insurance Law of Georgia as well as federal workers covered by the Unemployment Compensation of Federal Employees Program. The data on state-insured workers are compiled from quarterly contribution reports submitted by employers subject to Georgia law. Employment data pertaining to the federal government are obtained from similarly required reports submitted by the various government installations in Georgia.

Scope of coverage

The ES-202 program accounts for approximately 98 percent of all wage and salary civilian employment nationally (the program does not cover self-employed and family workers). The principal exclusions from the ES-202 data set are employees of religious organizations, railroad workers, small-scale agriculture workers, domestic service workers, crew members on small vessels, state and local government elected officials, and insurance and real estate agents who receive payment solely by commission. In terms of nonprofit employment, the exclusion of religious organizations is the most significant; however, religious organizations may elect to be covered by the unemployment insurance program and those that do are covered in the data. At this time the level of noncoverage is unknown.

The number of employees is measured by the number of filled jobs for the pay period that includes the 12th day of each month as reported by the employer. Both part-time and full-time employees are included in the data set. If a person holds two jobs, that person would be counted twice in the data set. Wages include bonuses, stock options, the cash value of meals and lodging, and tips and other gratuities.

The employment data for nonprofit organizations were identified by matching the Federal Employer Identification Numbers (FEINs) of firms in the Georgia ES-202 system with the FEINs of firms that have registered with the IRS for tax-exempt status. Georgia tax-exempt firms were identified using the Exempt Organization Master File (EOMF), which is a listing of all organizations exempt from taxation under section 501(c) of the Internal Revenue Code. The file is cumulative; information on new organizations is added to the file on an ongoing basis and an effort is made to delete defunct organizations. The file includes the name, address, and zip code of the organization, the Federal Employer Identification Number, and the exact Internal Revenue Code

subsection under which the organization has claimed tax exemption. By matching the FEINs in the EOMF with those on the ES-202 data set, it is possible to identify all nonprofit entities in the state registered with the IRS, including not only the 501(c)(3)s, the so-called “charitable” portion of the tax-exempt universe, but other types of tax-exempt organizations as well, such as social clubs, trade associations, and civic organizations.

For the purpose of this report, we have chosen to focus on the “charitable” portion of the nonprofit sector. This includes organizations registered with the U.S. Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code, which embraces private, not-for-profit hospitals, clinics, colleges, universities, elementary schools, social service agencies, day care centers, orchestras, museums, theaters, homeless shelters, soup kitchens, and many more. In addition to Section 501(c)(3), the Internal Revenue Code contains 25 other subsections under which organizations can claim exemption from federal income taxation as nonprofit organizations. Section 501(c)(3) is by far the most important of these, the one that covers the bulk of nonprofit organizations, and the one with the organizations most commonly associated with the nonprofit sector.