

2021 NONPROFIT ECONOMIC IMPACT REPORT

SEPTEMBER 2021



WASHINGTON NONPROFITS

**Jobs and Wages in the 501(c)(3)
Nonprofit Sector in Washington State**

OVERVIEW

The charitable nonprofit sector contributes to the overall health and vitality of every community in Washington State. The economic impact of the sector is less often recognized. The statistics available in this report show the scope and importance of nonprofits as major employers, and outline how nonprofit employment has been impacted by the COVID-19 pandemic. The focus of this report is on charitable nonprofits, also known as 501(c)(3) tax-exempt organizations. Additional information and interactive infographics are available at www.washingtonnonprofits.org/research, including breakdowns by county and legislative district.

EXECUTIVE SUMMARY

In 2019, 6,557 active 501(c)(3) nonprofits employed 252,949 people.

In 2020, nonprofit jobs dropped 6% to 238,032 statewide, although the number of nonprofit employers grew to 6,666.

Nonprofits make up 7.31% of the workforce of Washington, more than the construction industry or the hospitality industry.

The impact of the pandemic varied by subsector. For example, **the arts, culture, and recreation subsector lost 38% of jobs**, while the education subsector lost 7.6% and the social assistance subsector was down 5.5%. Impacts from the pandemic also differed greatly by county.



Apiary volunteer planting

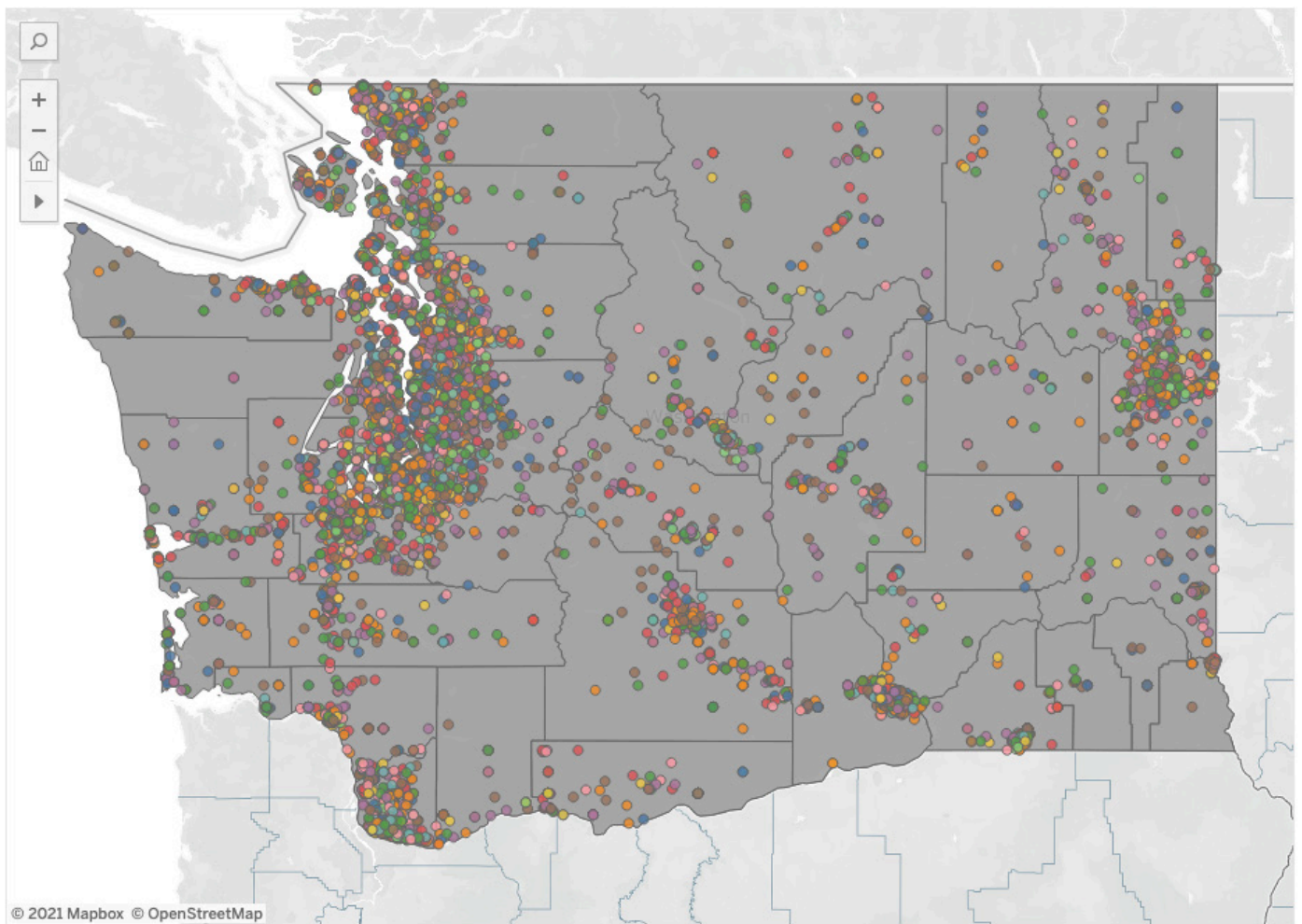
ACKNOWLEDGEMENTS

This report was authored by Aishe Memetova, Fullbright Fellow interning at Washington Nonprofits from 2019-2021, with guidance and assistance from Laura Pierce, Executive Director and Daniel Parkhurst, Director of Policy & Communications.

The report would not have been possible without the generous assistance of Jeff Robinson, Current Labor Force Statistics Manager, Labor Market and Economic Analysis at the Washington State Economic Security Department.

MAPPING NONPROFITS IN WASHINGTON STATE

501(c)(3) Organizations in Washington State (2021)



Nonprofits exist in all counties in Washington. The map above shows the distribution of active charitable nonprofits, also known as 501(c)(3) organizations. **Overall, there are 24,375 charitable organizations active in Washington State in 2020.**

JOB AND WAGE TRENDS IN THE NONPROFIT SECTOR IN WASHINGTON

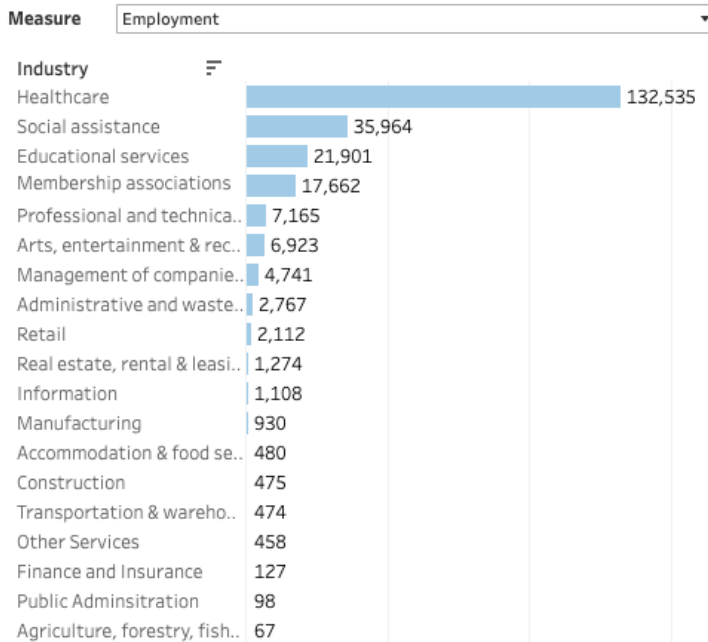
Employment as % of total employment

2017	2018	2019	2020
7.15%	7.25%	7.36%	7.31%
235,253	244,457	252,949	238,032
Employees	Employees	Employees	Employees
6,208	6,424	6,557	6,666
Employers	Employers	Employers	Employers

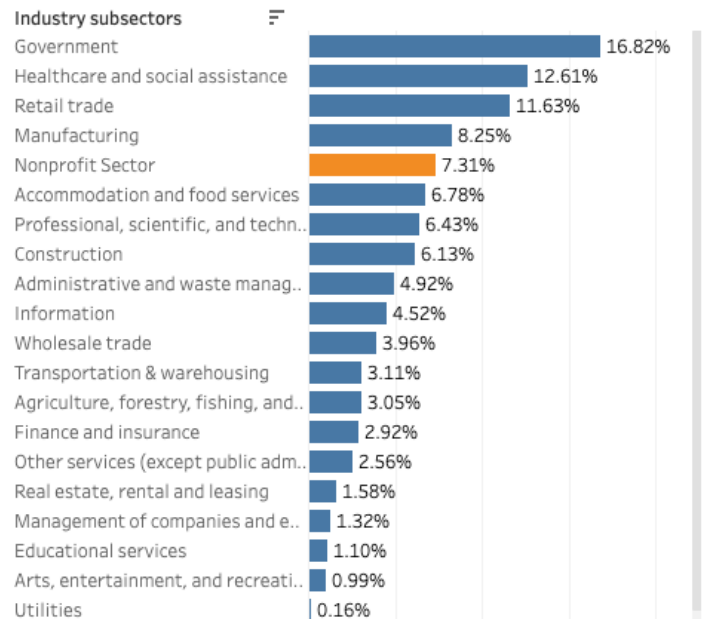
Wages as % of total employment

2017	2018	2019	2020
6.56%	6.46%	6.45%	6.59%
\$13.40B	\$14.41B	\$15.43B	\$15.78B
Wages paid	Wages paid	Wages paid	Wages paid

Nonprofit Employment in WA, 2020



Nonprofit Employment Compared to Other Sectors



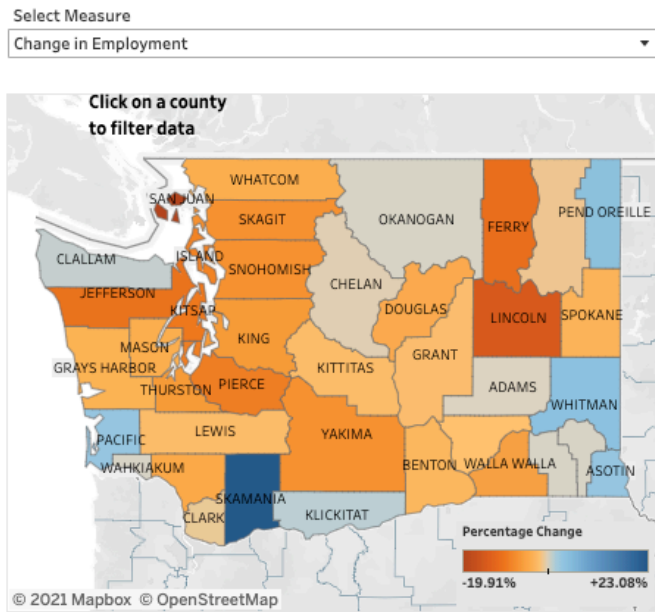
Most nonprofits are volunteer-based organizations with no employees. According to the Washington State Employment Security Department (ESD), 6,666 of our state's charitable nonprofits employed staff in 2020.

In 2020, the nonprofit sector employed 7.31% of the workforce in Washington, behind only four other sectors: Government, Healthcare and Social Assistance, Retail Trade, and Manufacturing. **Nonprofits also paid 6.59% of all wages in the state.**

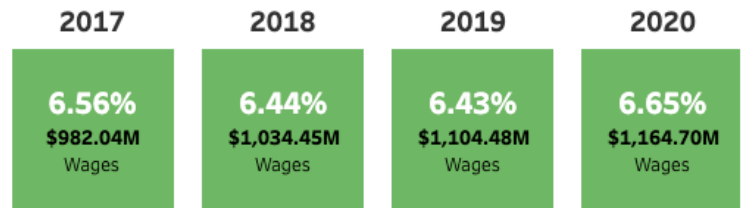
Over the last four years, the non-profit sector experienced a steady and stable growth in the number of employers and the average salary paid to its employees. A similar pattern was observed for the number of employees until 2020. There was a significant drop in jobs in March and April of 2020 due to the global COVID-19 pandemic. Interestingly, the total amount of wages paid continued to grow even in 2020, which reflects rising average annual wages.

NONPROFIT JOBS AND WAGES BY COUNTY

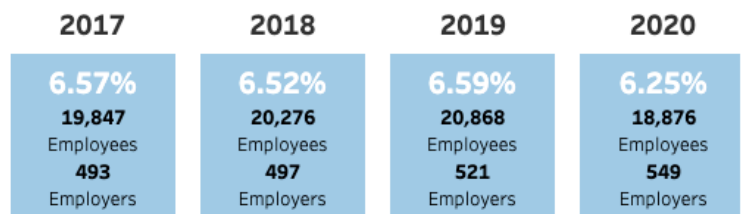
Effect of the Pandemic on the Nonprofit Sector



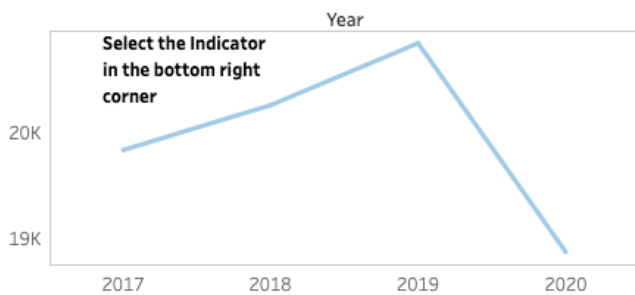
PIERCE COUNTY Wages as % of total



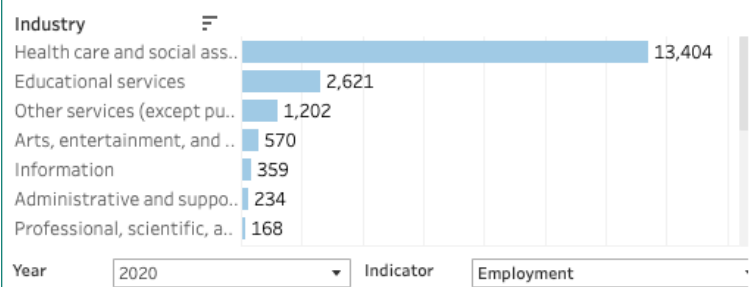
PIERCE COUNTY Employment as % of total



Change of Employment in PIERCE COUNTY



Employment in PIERCE COUNTY



The chart above shows data for Pierce County only. The [online presentation](#) of this data allows a user to generate charts showing wage and jobs data for all individual counties, legislative, and congressional districts in Washington State. A heat map also indicates the relative impact of the pandemic on nonprofit wage and jobs in 2020.

Data for rural counties is incomplete due to privacy considerations. Additional information is available in the methodology section.

CHANGE IN NONPROFIT EMPLOYMENT IN 2020

From January to December 2020, the number of jobs in the nonprofit sector fell 6%. Job losses were not spread evenly across all types of nonprofits. As shown by the line graphs on the next page, many subsectors showed a dramatic loss in jobs from March to April 2020 followed by slow, partial recovery.

The arts, entertainment, and recreation subsector was hit the hardest during the pandemic. This subsector lost 3,694 employees, or 38% of its workforce, over the course of 2020.

Almost every county experienced a significant decrease in nonprofit employment in 2020. The only exceptions are the counties where the nonprofit sector is primarily represented by healthcare and social assistance organizations.

The nonprofit sector remains vulnerable and has not yet fully recovered from the pandemic.



Día de los Muertos in Tieton

Industry	01/2020	12/2020	Change	% Change	Trend line, Jan-Dec 2020
All Sectors	247,278	232,383	14,895	-6.02%▼	
Membership associations and organizations	21,278	16,668	4,610	-21.67%▼	
Arts, entertainment, and recreation	9,738	6,044	3,694	-37.93%▼	
Social assistance	38,376	36,260	2,116	-5.51%▼	
Educational services	23,748	21,946	1,802	-7.59%▼	
Health Care	134,706	133,146	1,560	-1.16%▼	
Manufacturing	1,424	970	454	-31.88%▼	
Other services (except public administration)	485	206	279	-57.53%▼	
Retail trade	1,977	1,759	218	-11.03%▼	
Administrative and support and waste management and remediation services	2,501	2,672	171	+6.84%▲	
Accommodation and food services	469	306	163	-34.75%▼	
Information	1,083	944	139	-12.83%▼	
Management of companies and enterprises	2,843	2,716	127	-4.47%▼	
Construction	258	329	71	+27.52%▲	
Real estate and rental and leasing	1,134	1,190	56	+4.94%▲	
Professional, scientific, and technical services	7,119	7,071	48	-0.67%▼	
Finance and Insurance	73	86	13	+17.81%▲	
Agriculture, forestry, fishing and hunting	66	70	4	+6.06%▲	

METHODOLOGY

The official taxonomy of economically active entities in the USA does not recognize nonprofit or charitable organizations as a separate sector, so these organizations are dispersed throughout other recognized sectors. Washington Nonprofits is grateful to the Washington State Employment Security Department (ESD) for their collaboration and assistance in our effort to bring the economic impact of the nonprofit sector into the spotlight. The data illustrates how valuable and important this sector is for the state's economy and various communities.

The primary data source used for the mapping project is Business Master File of the Exempt Organizations administered by the Internal Revenue Service. This dataset includes all tax-exempt organizations, including civic league and associations, labor organizations, chambers of commerce, social and recreational clubs etc. This report focuses only on 501(c)(3) organizations which are commonly referred to as nonprofits or charitable organizations.

Since an exempt organization that is required to file an annual return loses its exempt status if it does not do so for three consecutive years, organizations whose most recent tax return was filed in 2017 or earlier were filtered out. Thus, the assumption is that only active nonprofit organizations are represented on the map.

Latitude and longitude of the organizations were derived by using R ggmap package. Since some organizations share the same address, the number of visible dots on the map are fewer than the number of organizations in the dataset.

The IRS classifies exempt organizations using National Taxonomy of Exempt Entities (NTEE codes). We relied on this classification when grouping nonprofits on the map showing the distribution of nonprofits. How we combined NTEE codes to create the categories in this report is indicated in Table 1. However, many nonprofits cannot be clearly classified as one or another if their activities overflow the category's boundaries and/or self-identification of a nonprofit might not correspond to its IRS NTEE code.



Table 1. Assigning Groups to Nonprofit Organizations

NTEE Code	NTEE Description	Assigned Categories as Shown on Map
A	Arts, Culture and Humanities	Arts, Culture & Humanities
B	Educational Institutions and Related Activities	Education
C	Environmental Quality, Protection and Beautification	Environment and Animals
D	Animal-Related	Environment and Animals
E	Health – General and Rehabilitative	Health
F	Mental Health, Crisis Intervention	Health
G	Diseases, Disorders, Medical Disciplines	Health
H	Medical Research	Health
I	Crime, Legal-Related	Public Benefit/Other
J	Employment, Job-Related	Human Services
K	Food, Agriculture and Nutrition	Human Services
L	Housing, Shelter	Human Services
M	Public Safety, Disaster Preparedness and Relief	Public Benefit/Other
N	Recreation, Sports, Leisure, Athletics	Public Benefit/Other
O	Youth Development	Human Services
P	Human Services – Multipurpose and Other	Human Services
Q	International, Foreign Affairs and National Security	International
R	Civil Rights, Social Action, Advocacy	Public Benefit/Other
S	Community Improvement, Capacity Building	Public Benefit/Other
T	Philanthropy, Voluntarism and Grantmaking Foundations	Philanthropy
U	Science and Technology Research Institutes, Services	Public Benefit/Other
V	Social Science Research Institutes, Services	Public Benefit/Other
W	Public, Society Benefit – Multipurpose and Other	Public Benefit/Other
X	Religion-Related, Spiritual Development	Religion-Related
Y	Mutual/Membership Benefit Organizations, Other	Public Benefit/Other
Z	Unknown	Unknown
NA	No data available	Unknown

The dataset used for the economic outlook dashboard was provided by the Washington State Employment Security Department (ESD). Data on 501(c)(3) nonprofit organizations from the IRS Business Master File of the Exempt Organizations was matched with the ESD data from quarterly unemployment tax forms filed by employers in Washington State (QCEW). The dataset consists only of 501(c)(3) organizations.

Due to privacy considerations, employment and wages information is not shown for easily identifiable nonprofits (for example, there is only one nonprofit organization in Adams County which is active in Retail Trade). For this reason, data for rural counties is incomplete. However, the Washington State total wages and employment data of nonprofits reflect data of all organizations.

ESD uses The North American Industry Classification System (NAICS) to classify the activities of nonprofits (Table 2). NAICS does not correspond to NTEE classification used by the IRS.

Since NAICS 2-digit code groups hospitals and social assistance organizations together, as well as religious, grantmaking, civic, professional, and similar organization with Other Services, the 3-digit NAICS code was used in order to separate them. However, it resulted in additional data being anonymized.

While map of the nonprofit organizations includes data about all organizations with 501(c)(3) tax exempt status, including unstaffed organizations, ESD includes only information about employers (nonprofits with paid staff). For charts showing jobs, the average annual employment was the indicator used.

For employment, annual average employment indicator was used.

Table 2. NAICS Codes

2-Digit Code	3-Digit Code	NAICS Industry Subsectors
11		Agriculture, forestry, fishing, and hunting
	111	Crop production
	112	Animal production
	113	Forestry and logging
	114	Fishing, hunting and trapping
	115	Support activities for agriculture and forestry
21		Mining
	211	Oil and gas extraction
	212	Mining (except oil and gas)
	213	Support activities for mining
		Other mining
22		Utilities
	221	Utilities
23		Construction

2-Digit Code	3-Digit Code	NAICS Industry Subsectors
	236	Construction of buildings
	237	Heavy and civil engineering construction
	238	Specialty trade contractors
31-33		Manufacturing
	311	Food manufacturing
	312	Beverage and tobacco product manufacturing
	313	Textile mills
	314	Textile product mills
	315	Apparel manufacturing
	316	Leather and allied product manufacturing
	321	Wood product manufacturing
	322	Paper manufacturing
	323	Printing and related support activities
	324	Petroleum and coal products manufacturing
	325	Chemical manufacturing
	326	Plastics and rubber products manufacturing
	327	Nonmetallic mineral product manufacturing
	331	Primary metal manufacturing
	332	Fabricated metal product manufacturing
	333	Machinery manufacturing
	334	Computer and electronic product manufacturing
	335	Electrical equipment, appliance, and component manufacturing
	336	Transportation equipment manufacturing
	337	Furniture and related product manufacturing
	339	Miscellaneous manufacturing
42		Wholesale trade
	423	Merchant wholesalers, durable goods
	424	Merchant wholesalers, nondurable goods
	425	Wholesale electronic markets and agents and brokers
44-45		Retail trade
	441	Motor vehicle and parts dealers
	442	Furniture and home furnishings stores
	443	Electronics and appliance stores
	444	Building material and garden equipment and supplies dealers
	445	Food and beverage stores
	446	Health and personal care stores
	447	Gasoline stations
	448	Clothing and clothing accessories stores

2-Digit Code	3-Digit Code	NAICS Industry Subsectors
	451	Sporting goods, hobby, book, and music stores
	452	General merchandise stores
	453	Miscellaneous store retailers
	454	Nonstore retailers
48-49		Transportation & warehousing
	481	Air transportation
	482	Rail transportation
	483	Water transportation
	484	Truck transportation
	485	Transit and ground passenger transportation
	486	Pipeline transportation
	487	Scenic and sightseeing transportation
	488	Support activities for transportation
	491	Postal service
	492	Couriers and messengers
	493	Warehousing and storage
		Other transportation and warehousing
51		Information
	511	Publishing industries (except internet)
	512	Motion picture and sound recording industries
	515	Broadcasting (except internet)
	517	Telecommunications
	518	Data processing, hosting and related services
	519	Other information services
52		Finance and insurance
	521	Monetary authorities - central bank
	522	Credit intermediation and related activities
	523	Securities, commodity contracts, other financial investments and related activities
	524	Insurance carriers and related activities
	525	Funds, trusts, and other financial vehicles
		Other finance and insurance
53		Real estate, rental and leasing
	531	Real estate
	532	Rental and leasing services
	533	Lessors of nonfinancial intangible assets (except copyrighted works)
54		Professional, scientific, and technical services
	541	Professional, scientific, and technical services
55		Management of companies and enterprises

2-Digit Code	3-Digit Code	NAICS Industry Subsectors
	551	Management of companies and enterprises
56		Administrative and waste management services
	561	Administrative and support services
	562	Waste management and remediation services
61		Educational services
	611	Educational services
62		Healthcare and social assistance
	621	Ambulatory healthcare services
	622	Hospitals
	623	Nursing and residential care facilities
	624	Social assistance
71		Arts, entertainment, and recreation
	711	Performing arts, spectator sports, and related industries
	712	Museums, historical sites, and similar institutions
	713	Amusement, gambling, and recreation industries
72		Accommodation and food services
	721	Accommodation
	722	Food services and drinking places
81		Other services (except public administration)
	811	Repair and maintenance
	812	Personal and laundry services
	813	Religious, grantmaking, civic, professional, and similar organizations
	814	Private households



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