

# Health of the U.S. Nonprofit Sector

ANNUAL REVIEW  
NOVEMBER 2023



# Contents

- 1** Nonprofit Economy
- 3** Human Capital
- 8** Governance & Trust
- 11** Public Policy & Advocacy
- 16** Sources & Notes

**A** healthy nonprofit sector is essential to an American society in which all people can thrive. Nonprofit organizations provide a significant portion of the nation’s health care, higher education, environmental stewardship, human services, religious services, arts and culture, and other vital services essential to flourishing communities. Nonprofits are also among the most trusted institutions in America, relied upon to shape better policies and deliver better results in local communities.

Despite the sector’s scale, its economic impact, and its power to drive systemic change, assessments of the sector’s health proved sporadic at best over the past two decades. This lack of timely data leaves sector leaders, policymakers, and other stakeholders in the dark regarding how the nonprofit sector is faring. Independent Sector’s “Health of the U.S. Nonprofit Sector” annual review aims to fill this need by providing a timely, holistic picture of the health of the U.S. nonprofit sector.

Policymakers, nonprofit leaders, and sector stakeholders can use this information to better inform decisions that impact economies, employment, and the role nonprofits play in their local communities.

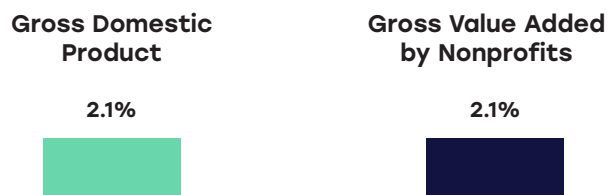


# Nonprofit Economy

Nonprofits make up a vital part of our society and our economy, fueled largely by income from fees and service charges, government payments for services, and philanthropy. It is imperative that nonprofit leaders and policymakers track the economic condition of the nonprofit sector – on its own and in comparison to other sectors of the economy – to have a complete understanding of how nonprofits are faring and what steps need to be taken to strengthen this important sector.

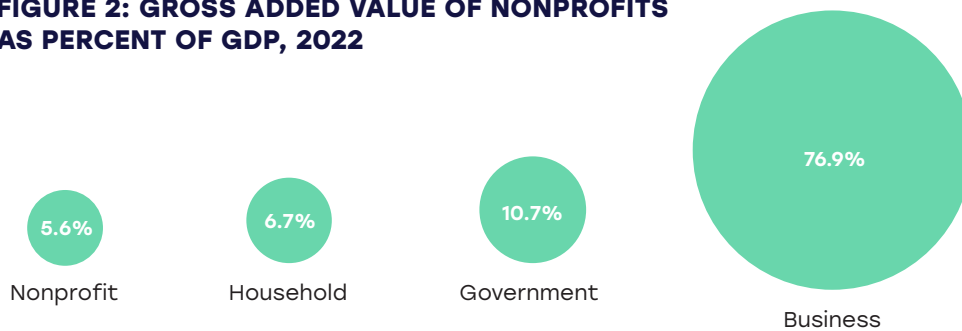
**FIGURE 1: GROSS VALUE ADDED BY NONPROFITS, 2022**

*Inflation-adjusted change year-over-year*



In 2022, growth in nonprofits' economic contribution matched the growth in the gross domestic product and is very close to business growth (2.2%).

**FIGURE 2: GROSS ADDED VALUE OF NONPROFITS AS PERCENT OF GDP, 2022**



**FIGURE 3: GROSS OUTPUTS OF NONPROFITS, 2022**

*Inflation-adjusted change year-over-year*

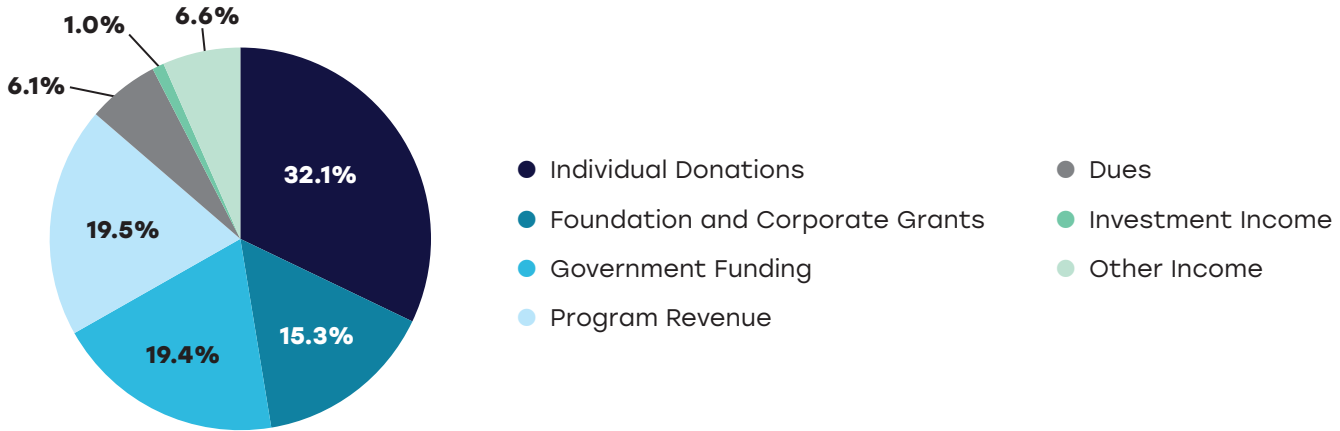
| All Nonprofits | Health Nonprofits | Education Nonprofits | Social Service Nonprofits | Religious Organizations | Foundations & Grantmakers |
|----------------|-------------------|----------------------|---------------------------|-------------------------|---------------------------|
| 1.8%           | 0.9%              | 3.9%                 | 1.7%                      | 1.2%                    | 0.4%                      |

**FIGURE 4: RECEIPTS FROM SALES OF GOODS AND SERVICES, 2022**

*Inflation-adjusted change year-over-year*

| All Nonprofits | Health Nonprofits | Education Nonprofits | Social Service Nonprofits | Religious Organizations | Foundations & Grantmakers |
|----------------|-------------------|----------------------|---------------------------|-------------------------|---------------------------|
| 1.6%           | 1.0%              | 4.8%                 | 2.9%                      | 1.1%                    | 12.0%                     |

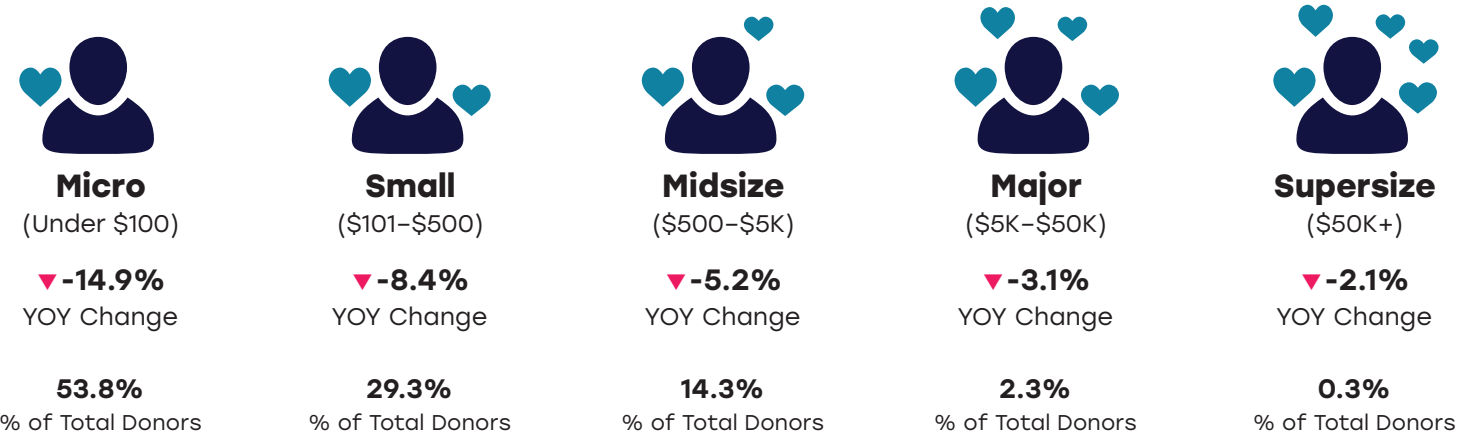
**FIGURE 5: NONPROFIT SOURCES OF REVENUE, 2022**



**FIGURE 6: CHARITABLE GIVING TRENDS, 2022**



- Dollars from large donors significantly weakened, leading to a decrease in overall money raised
- 2022 marks the second consecutive year with significantly decreased donor participation
- Almost all of the decrease in donors, roughly 90%, is attributable to losses of donors below \$500



**FIGURE 7: CHARITABLE GIVING TRENDS, Q1 2023**

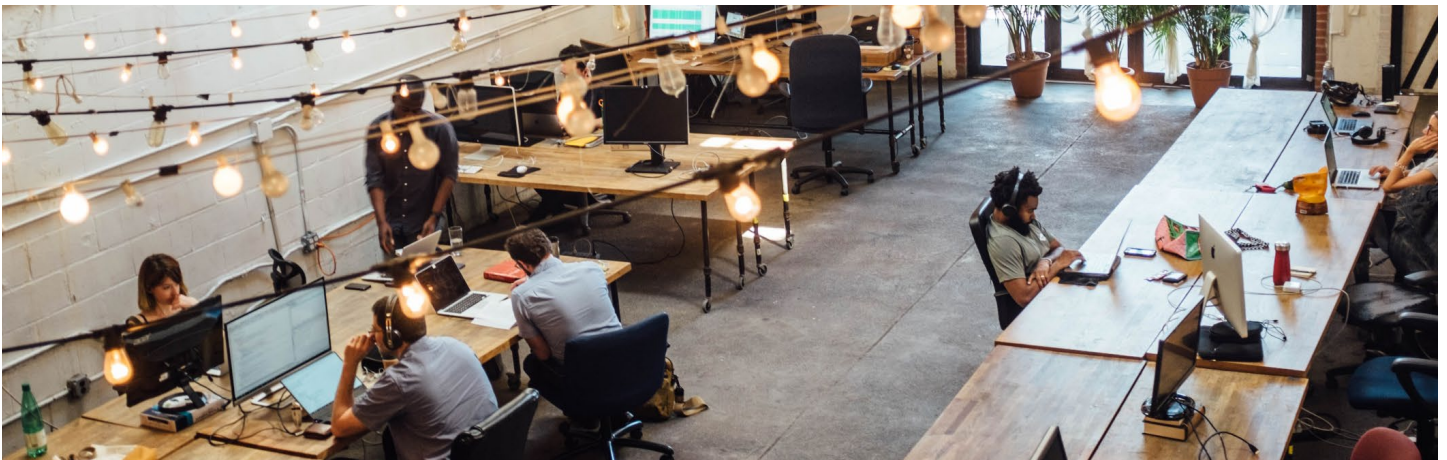




Nonprofits employ a significant proportion of the U.S. private workforce. However, many variables – including charitable giving trends, student debt, and child care – affect the sector’s ability to recruit and retain talent that reflects the demographics of the communities it serves. Timely data on the composition of the nonprofit workforce provides nonprofit leaders with early indicators of the potential impacts of macro trends on the workforce and identifies the need and opportunities for action. The need for timely employment data is even more acute now, as policymakers and sector leaders seek to respond to natural disasters and rebuild more resilient communities post-pandemic.

**FIGURE 8: NONPROFIT EMPLOYMENT COMPARED TO OTHER SECTORS, Q2 2023**

| Percent of overall workforce | Percent change since Q2 2022 |
|------------------------------|------------------------------|
| Nonprofits<br>■ 6.5%         | ▲ 3.9%                       |
| Business<br>■ 80.1%          | ▲ 1.5%                       |
| Local Government<br>■ 6.3%   | ▲ 2.7%                       |
| State Government<br>■ 4.5%   | ▲ 2.8%                       |
| Federal Government<br>■ 2.5% | ▲ 6.3%                       |



**FIGURE 9: CHARACTERISTICS OF NONPROFIT EMPLOYMENT COMPARED TO OVERALL WORKFORCE, Q2 2023**

| Race/ethnicity* in the nonprofit workforce | Percent change since Q2 2022 | Percent of overall workforce |
|--|------------------------------|------------------------------|
| White<br>75.4%                             | ▲ 0.7%                       | 76.6%                        |
| Black<br>14.3%                             | ▲ 22.0%                      | 12.8%                        |
| Hispanic<br>11.2%                          | ▲ 7.8%                       | 19.0%                        |
| Asian/Pacific Islander<br>6.7%             | ▼ -0.5%                      | 7.3%                         |
| Native American<br>1.2%                    | ▲ 24.1%                      | 1.1%                         |
| Multiple Races<br>2.5%                     | ▲ 23.0%                      | 2.2%                         |

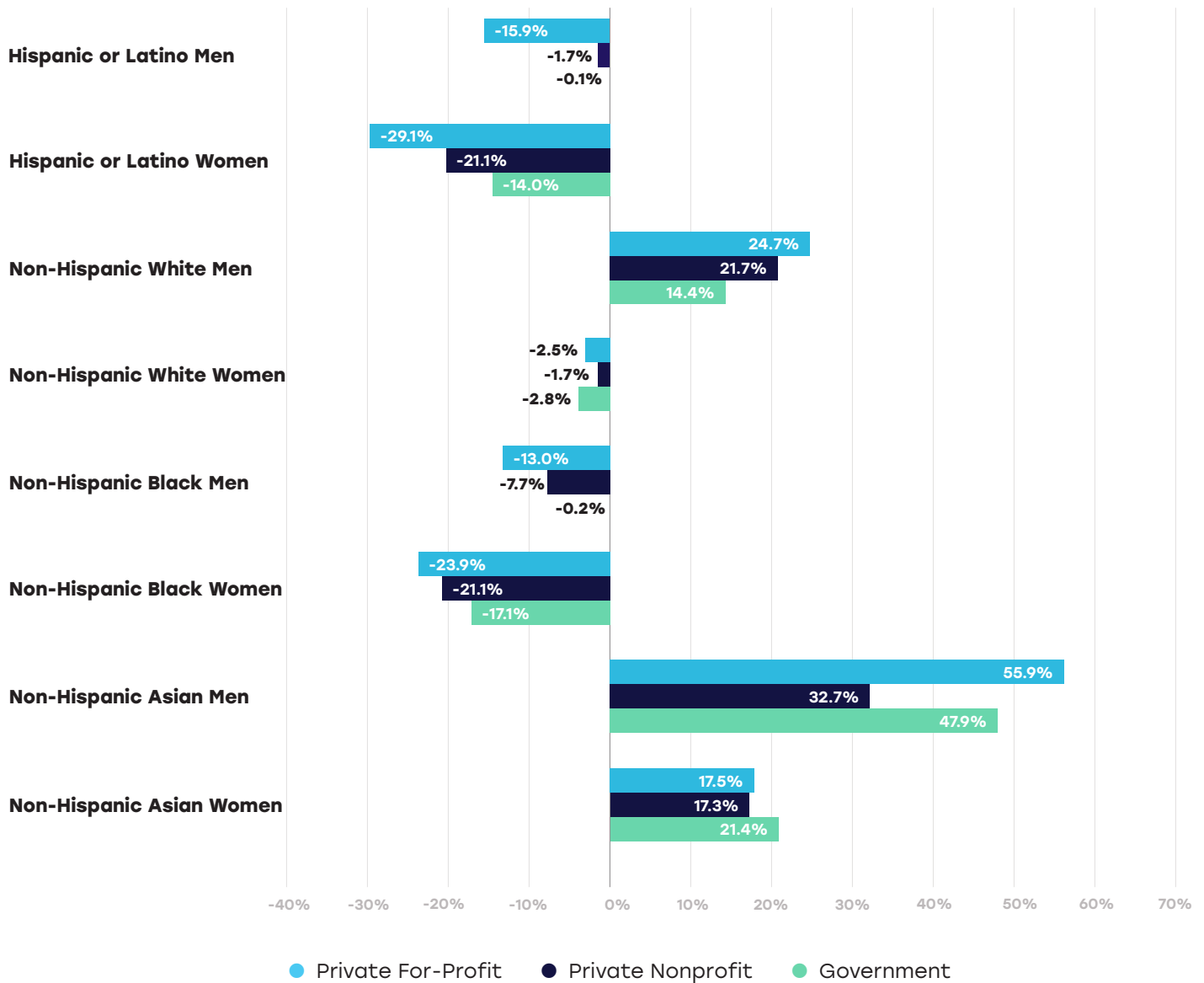
| Gender in the nonprofit workforce | Percent change since Q2 2022 | Percent of overall workforce |
|-----------------------------------|------------------------------|------------------------------|
| Female<br>66.2%                   | ▲ 4.4%                       | 46.9%                        |
| Male<br>33.8%                     | ▲ 3.1%                       | 53.1%                        |

| Family income from nonprofit employment | Percent change since Q2 2022 | Percent of overall workforce |
|---|------------------------------|------------------------------|
| Less than \$10,000<br>1.8%              | ▲ 88.4%                      | 1.6%                         |
| \$10,000–\$19,999<br>1.9%               | ▼ -18.6%                     | 2.7%                         |
| \$20,000–\$29,999<br>3.5%               | ▲ 4.8%                       | 4.4%                         |
| \$30,000–\$39,999<br>5.9%               | ▲ 8.5%                       | 7.0%                         |
| \$40,000–\$49,999<br>5.2%               | ▼ -8.8%                      | 6.2%                         |
| \$50,000–\$74,999<br>16.1%              | ▼ -2.6%                      | 17.4%                        |
| \$75,000–\$149,999<br>36.1%             | ▲ 11.3%                      | 34.1%                        |
| \$150,000 and Over<br>29.4%             | 0.0%                         | 26.5%                        |

\* Hispanic ethnicity data collected in a question separate from race. As a result, categories may add up to over 100%.


New analysis of Current Population Survey data between 2019 and 2023 shows the COVID-19 pandemic had the greatest negative impact on nonprofit employees earning below the median household income.

**FIGURE 10: PERCENT DIFFERENCE FROM MEDIAN WEEKLY FULL-TIME WAGE BY GENDER, RACE & ETHNICITY, 2022**



The nonprofit sector has greater education attainment levels than any other sector; nearly two-thirds of nonprofit employees over the age of 25 hold a bachelor’s degree or higher.

Despite high levels of education, important disparities exist within the sector regarding compensation.



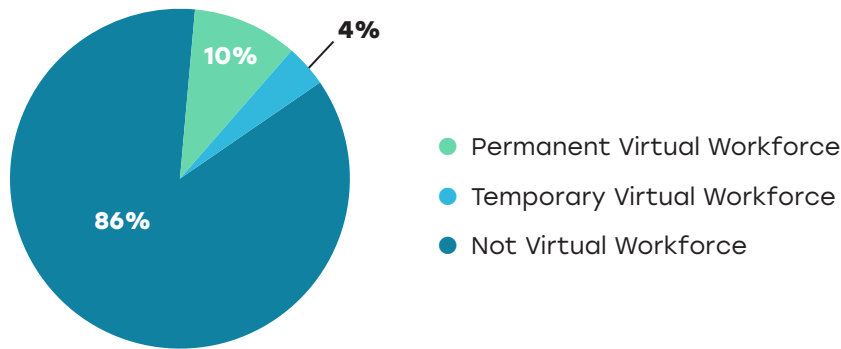
**Nearly two-thirds** of nonprofit employees over the age of 25 hold a bachelor’s degree or higher.

**FIGURE 11: PERCENT OF NONPROFITS EMPLOYEES WHO STRUGGLE PAYCHECK-TO-PAYCHECK, 2021**

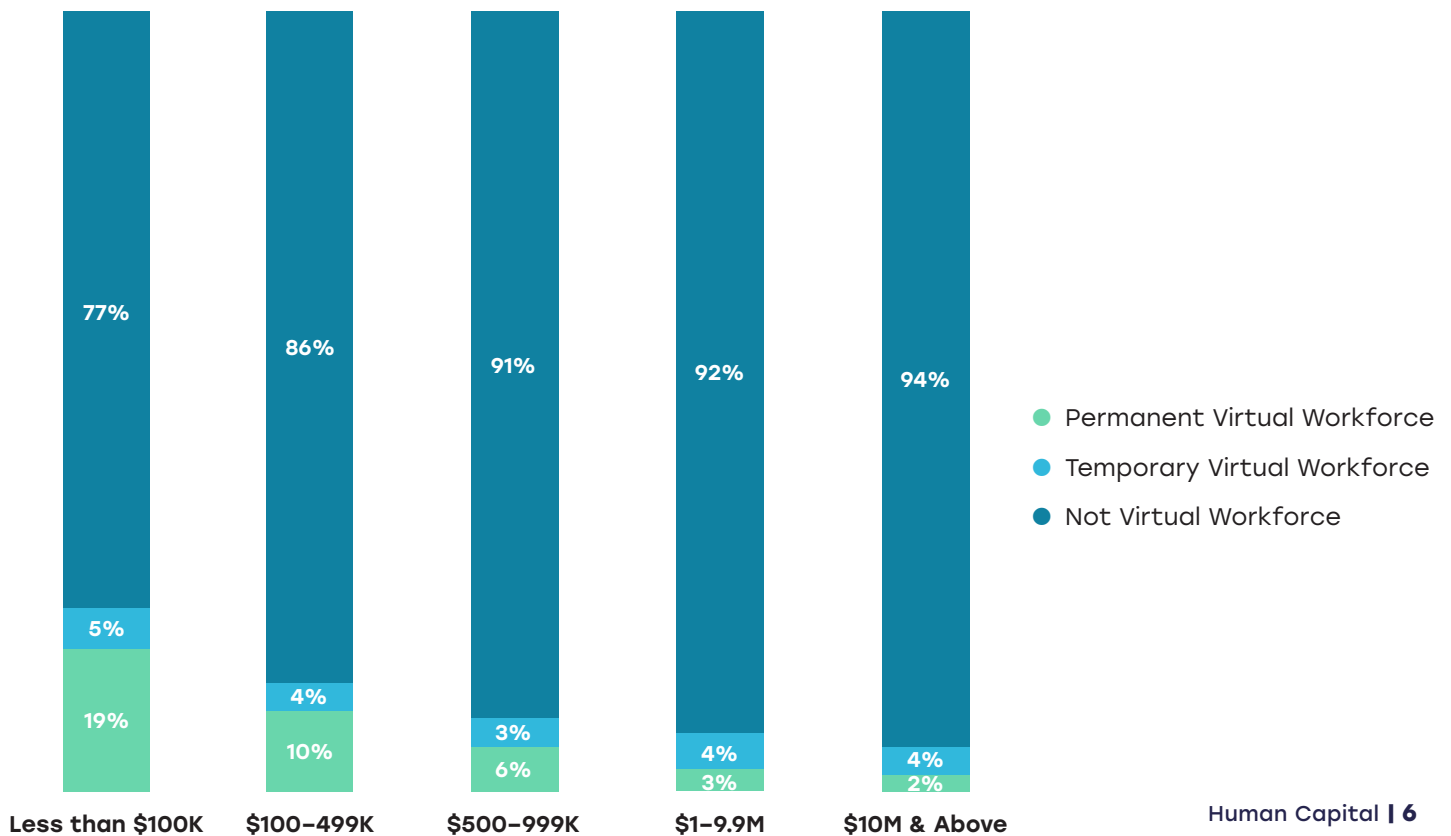


Of the employees who worked for a private not-for-profit, tax-exempt, or charitable organization in 2021, 20% (approximately 2.7 million) were below the ALICE (Asset Limited, Income Constrained, Employed) Threshold of Financial Survival. This means they lived in households that could not afford the basics of housing, child care, food, transportation, health care, a smart phone plan, or taxes, according to [United For ALICE](#).

**FIGURE 12: EXTENT NONPROFITS UTILIZE VIRTUAL WORKERS, 2022**

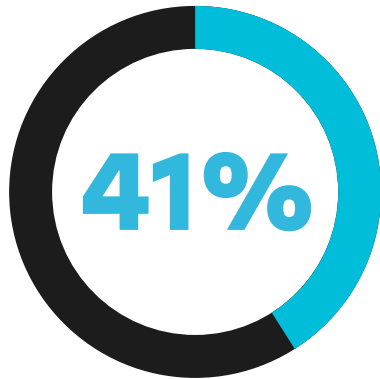


**FIGURE 13: NONPROFIT UTILIZATION OF VIRTUAL WORKERS BY ORGANIZATION BUDGET, 2022**





**FIGURE 14: NUMBER OF INDIVIDUALS WHO SELF-REPORT VOLUNTEERING IN PAST YEAR, 2023**

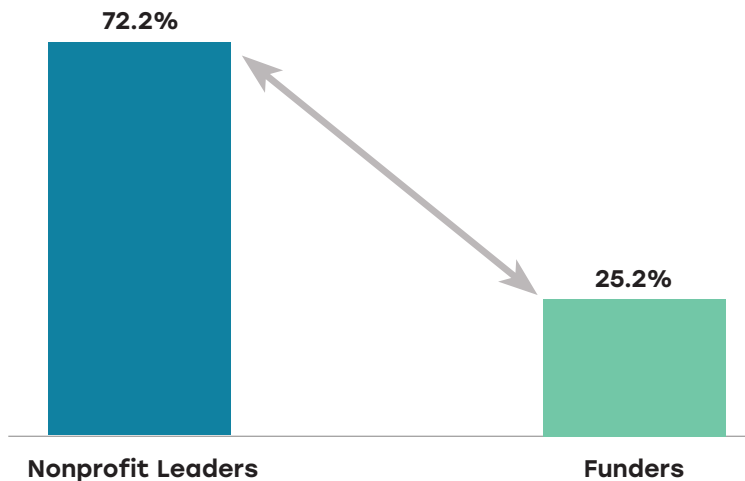


- Volunteered
- Did Not Volunteer

### According to the Do Good Institute:

- **48.5%** of nonprofits reported increasing staff workloads to meet rising demands for services. Researchers concluded, “Nonprofits will likely face staff burnout or service delivery issues if this continues.”
- **46.8%** of nonprofits said that recruiting sufficient volunteers is a big problem for their organization.
  - **38.4%** said it’s a “big problem” to find volunteers who are available during a traditional work day.
  - **35.4%** said it’s difficult to find volunteers with the necessary skills.
- **63%** of all nonprofits that involve volunteers had a paid staff member who manages them.

**FIGURE 15: NONPROFITS & FUNDERS THAT BELIEVE VOLUNTEERS GREATLY IMPROVE SERVICE QUALITY, 2022**



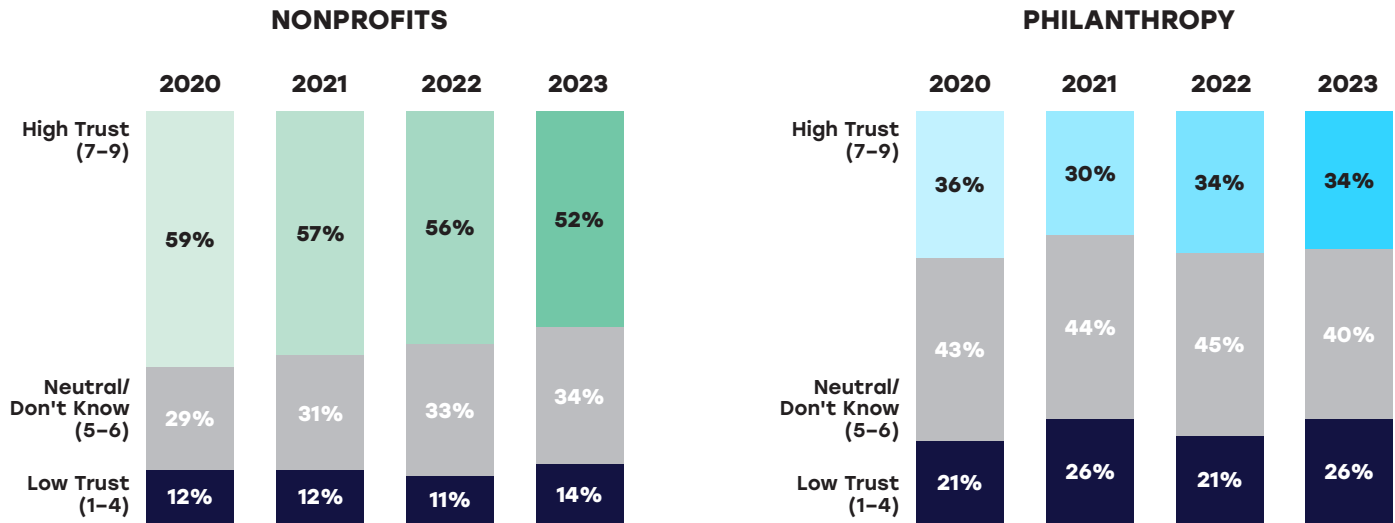


# Governance & Trust

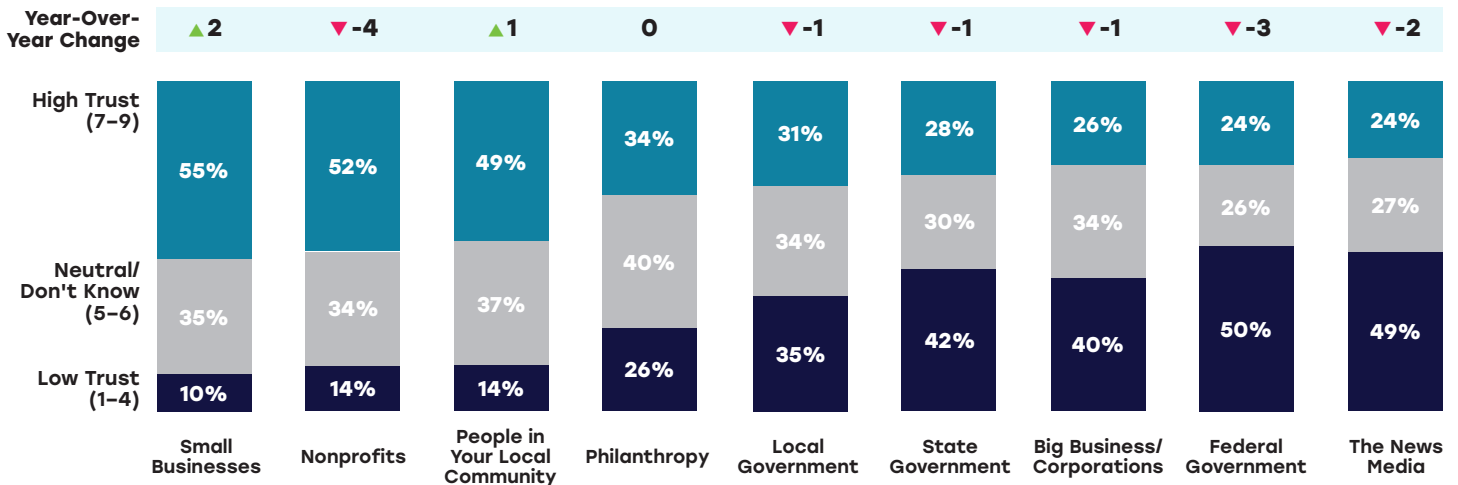
Public trust is the currency upon which nonprofits conduct their work. The extent to which the public believes nonprofits lead ethically and transparently impacts whether individuals will invest in or utilize services from nonprofits. It also impacts the extent to which nonprofits can legitimately represent and are accountable to the communities they serve.

Nonprofit leaders' daily choices regarding their organization's operations, transparency, strategy, mission, and workforce all influence levels of trust in individual organizations as well as the sector. Data also shows a correlation between the composition of nonprofit leadership and strategic choices made on behalf of the organization.

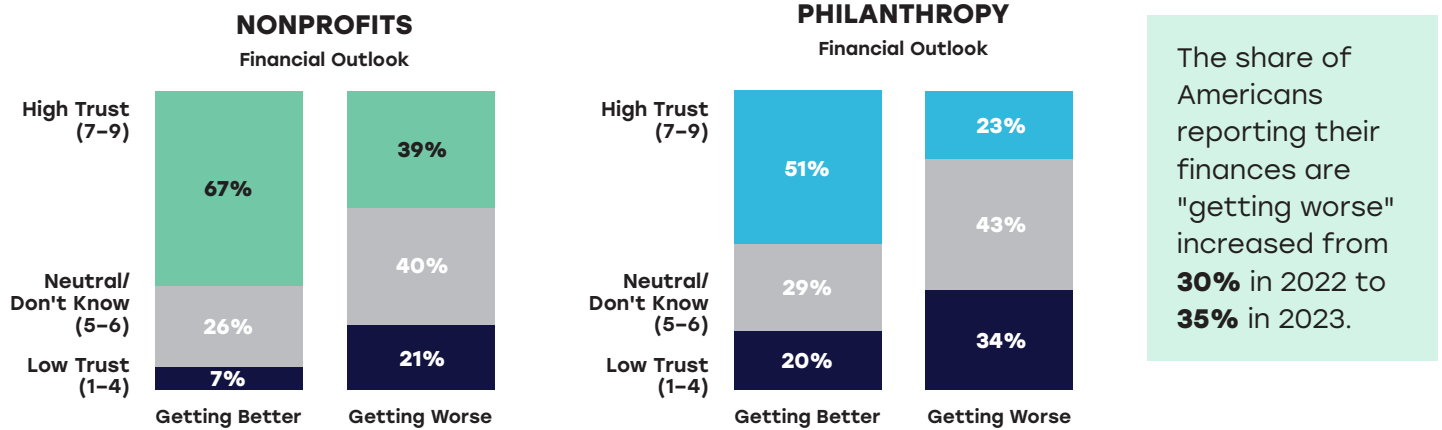
**FIGURE 16: PUBLIC TRUST IN NONPROFIT SECTOR TO DO WHAT IS RIGHT, 2023**



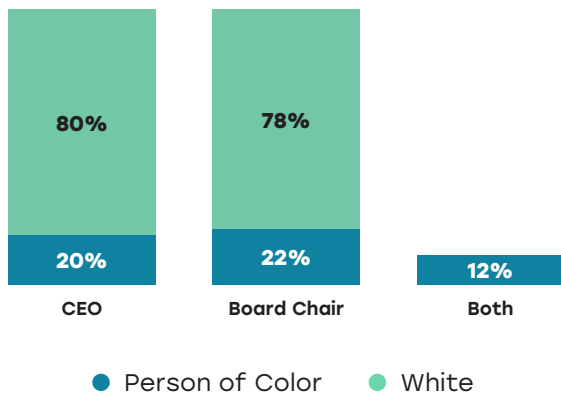
**FIGURE 17: PUBLIC TRUST IN NONPROFITS VS. OTHER SECTORS, 2023**



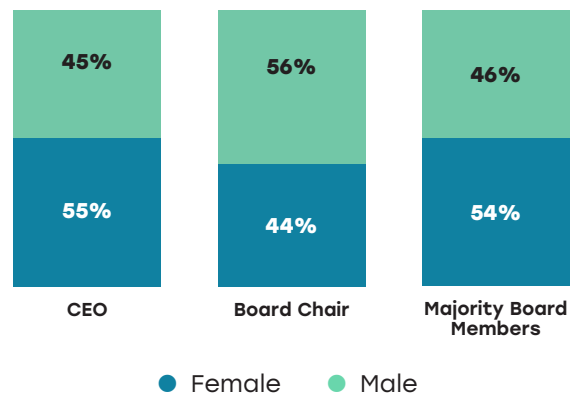
**FIGURE 18: IMPACT OF INDIVIDUALS' FINANCIAL OUTLOOK ON NONPROFIT TRUST, 2023**



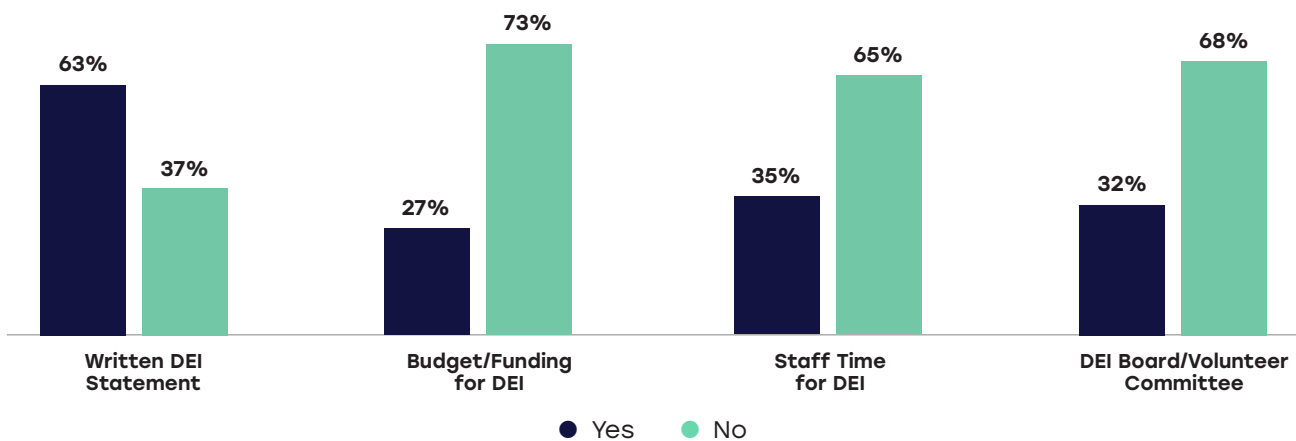
**FIGURE 19: RACIAL COMPOSITION OF NONPROFIT LEADERS, 2022**

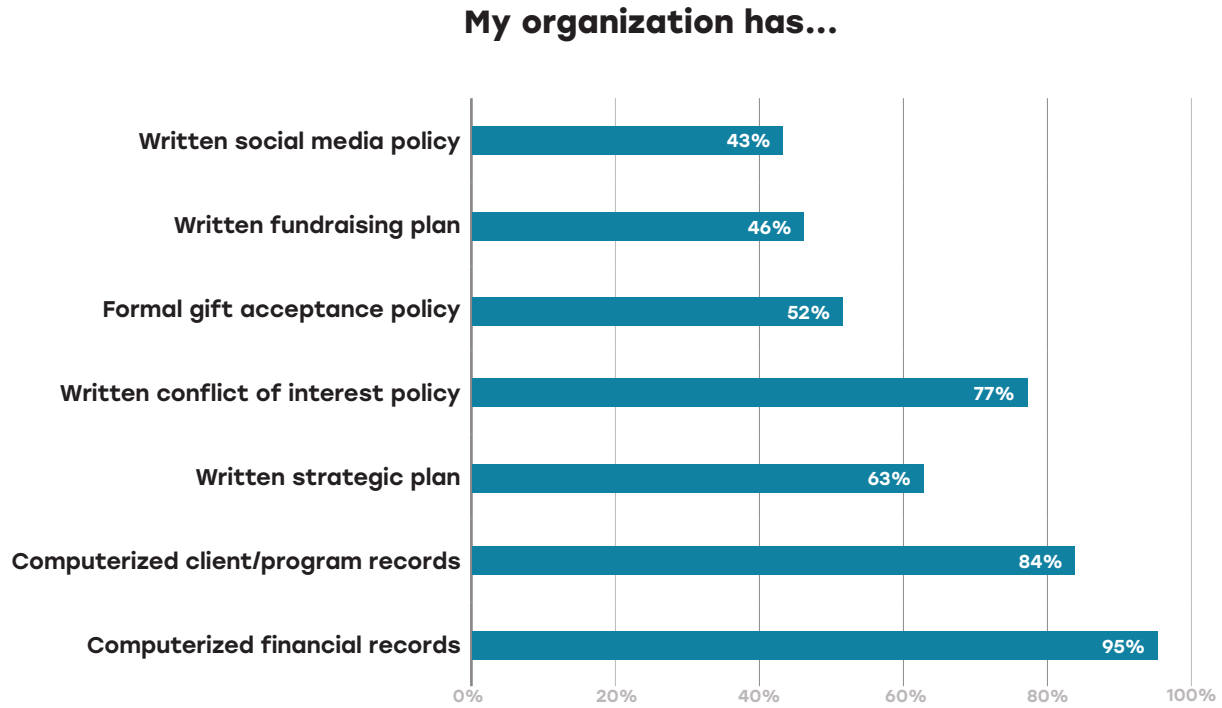


**FIGURE 20: GENDER COMPOSITION OF NONPROFIT LEADERS, 2022**



**FIGURE 21: NONPROFITS' REPORTED LEVELS OF INVESTMENT IN DIVERSITY, EQUITY & INCLUSION (DEI), 2022**



**FIGURE 22: NONPROFIT GOVERNANCE POLICIES & PLANS, 2022**

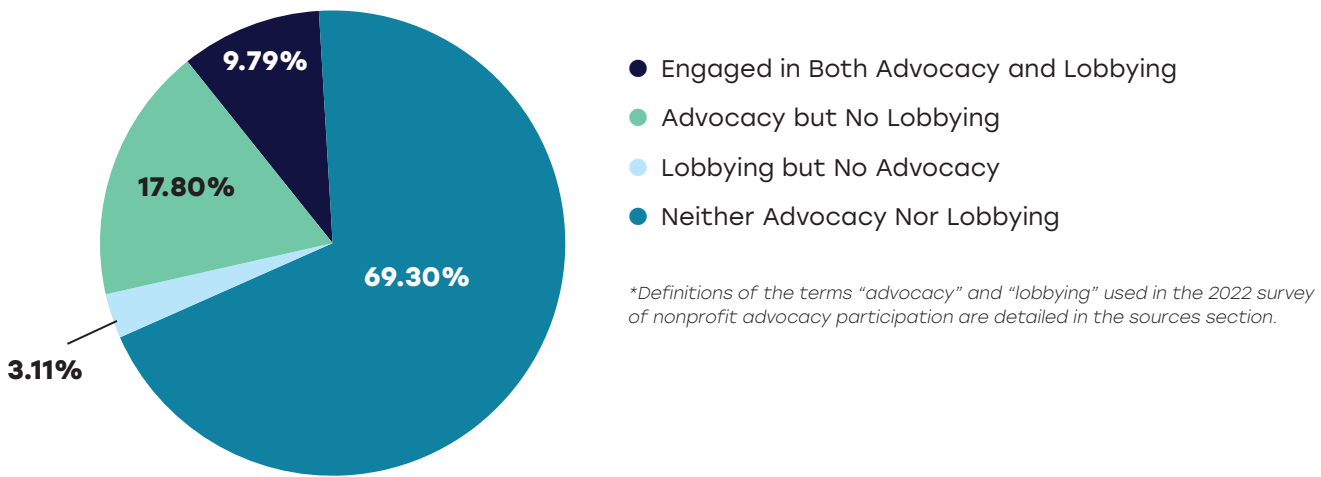


# Public Policy & Advocacy

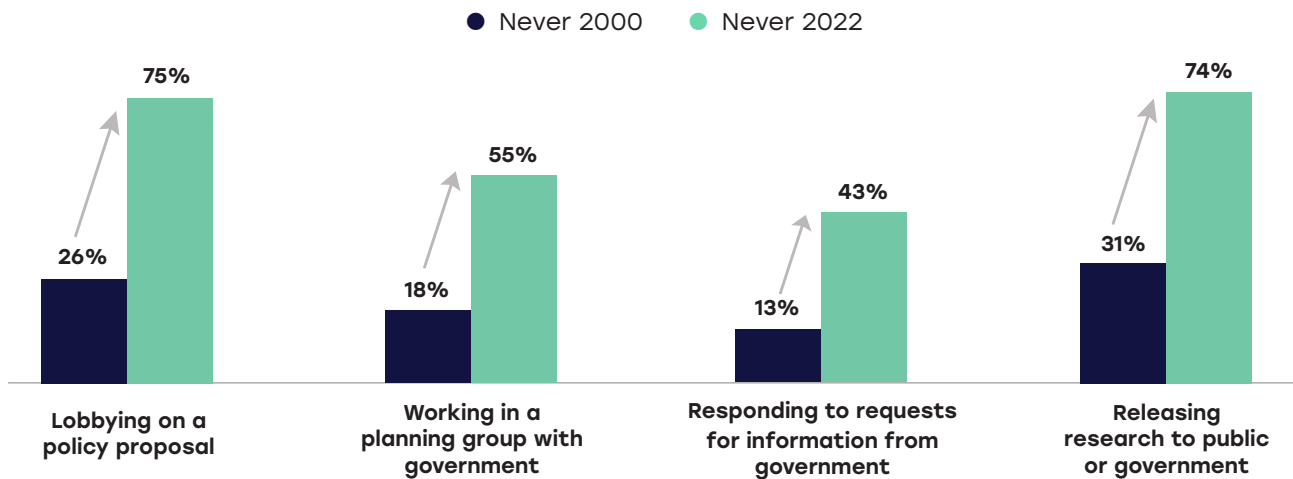
Public policy defines what it means to be a nonprofit and is a key determinant of an organization’s ability to deliver its mission. Advocacy is proven to be a common characteristic of high-impact nonprofits, in part because advocacy enables organizations to proactively shape their environment and community, not just react to it. Individuals who advocate through nonprofits report higher rates of giving, volunteering, and voting – indicating advocacy strengthens other forms of civic engagement that support nonprofit work.

Finally, it is not possible to make systems more equitable for all members of our community without advocating for change. Therefore, the capacity for nonprofits to monitor public policy and advocate for solutions that align with their missions serves as a major indicator of the sector’s agency and impact – thus providing critical insight into its overall health.

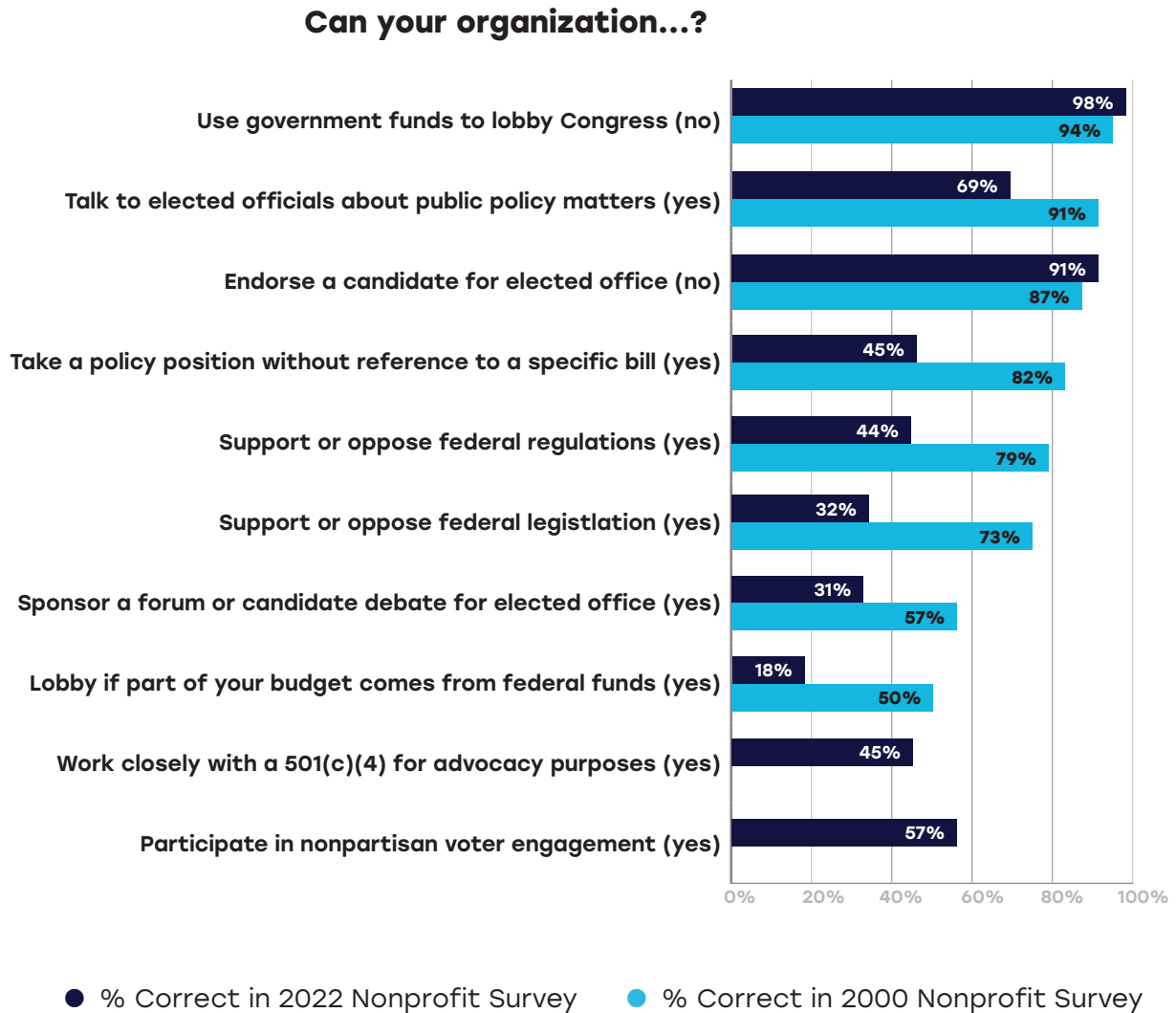
**FIGURE 23: NONPROFIT PARTICIPATION IN ADVOCACY OR LOBBYING, 2022\***



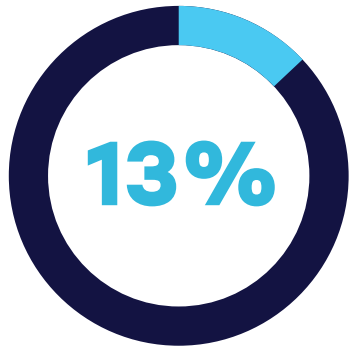
**FIGURE 24: NONPROFITS THAT REPORT NEVER ENGAGING IN LOBBYING OR ADVOCACY (2022 VS. 2000)\***



\*See sources section for more information about how the samples of respondents differed between the 2000 and 2022 surveys.

**FIGURE 25: NONPROFIT UNDERSTANDING OF LEGAL ADVOCACY RULES (2022 VS. 2000)**

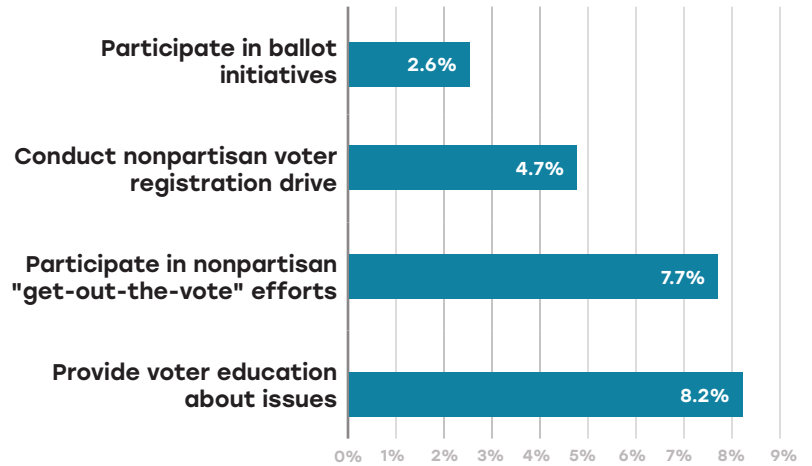
**FIGURE 26: PERCENT OF NONPROFITS THAT REPORT ENGAGING VOTERS, 2022\***



- Engage Voters
- Do Not Engage Voters

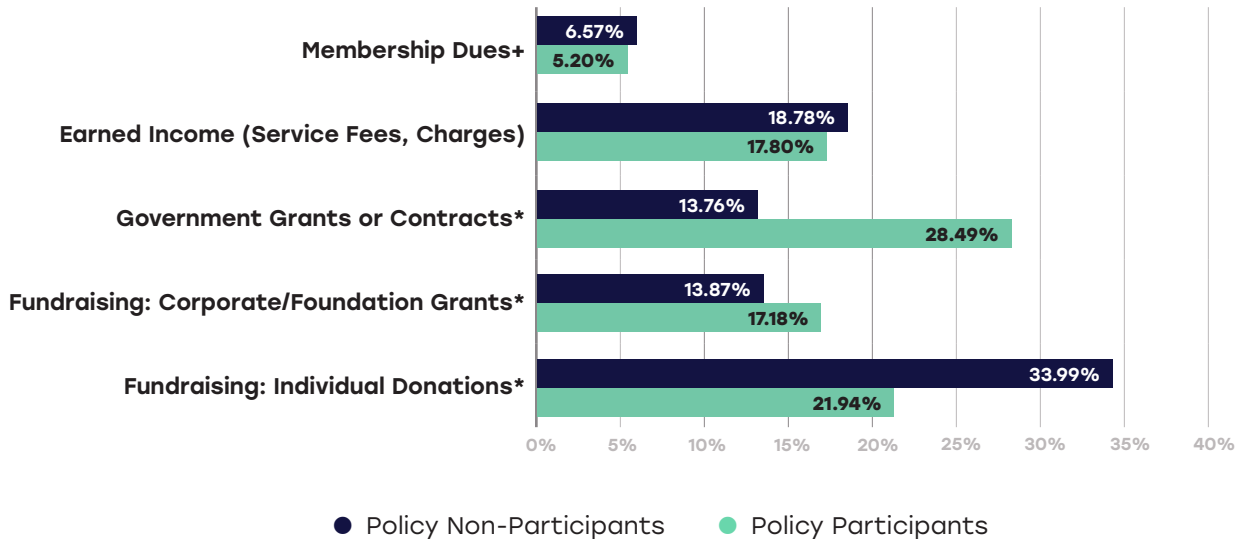
\*Engaging voters includes voter education, get-out-the-vote, voter registration, and ballot initiatives.

**FIGURE 27: PERCENT OF NONPROFITS THAT REPORT ENGAGING VOTERS BY ACTIVITY, 2022**



**FIGURE 28: NONPROFIT REVENUE SOURCES AND THEIR POLICY PARTICIPATION, 2022\*\***

**Percent of Total Revenue**

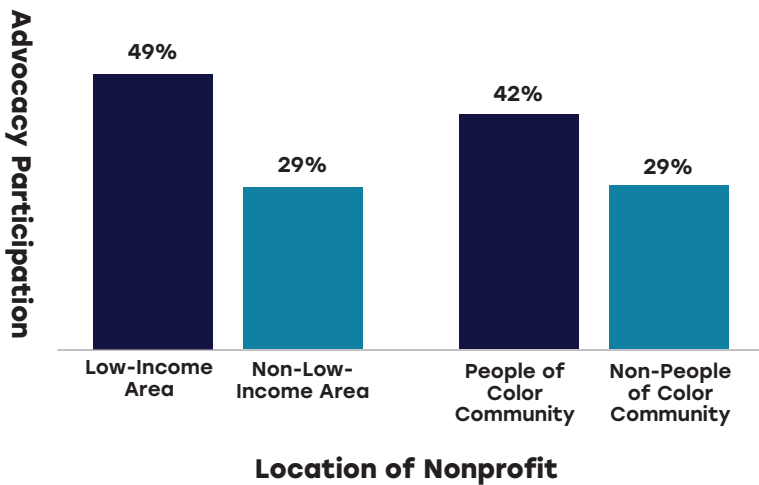


\* Indicates statistically significant differences between two groups at the  $p < 0.05$  level.

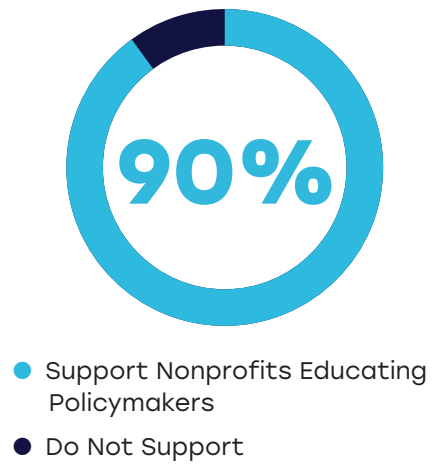
+ Indicates a marginal statistical difference at the  $p < 0.1$  level.

\*\* Policy participation includes any reported lobbying or advocacy activities by nonprofits.

**FIGURE 29: RELATIONSHIP BETWEEN NONPROFIT LOCATION & ADVOCACY, 2022**

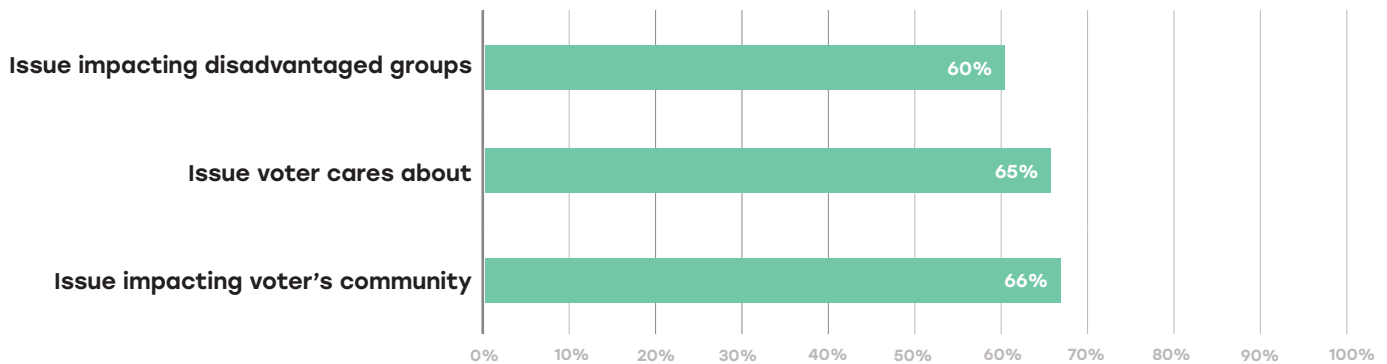


**FIGURE 30: PUBLIC SUPPORT OF NONPROFITS EDUCATING POLICYMAKERS ON COMMUNITY NEEDS, 2023**



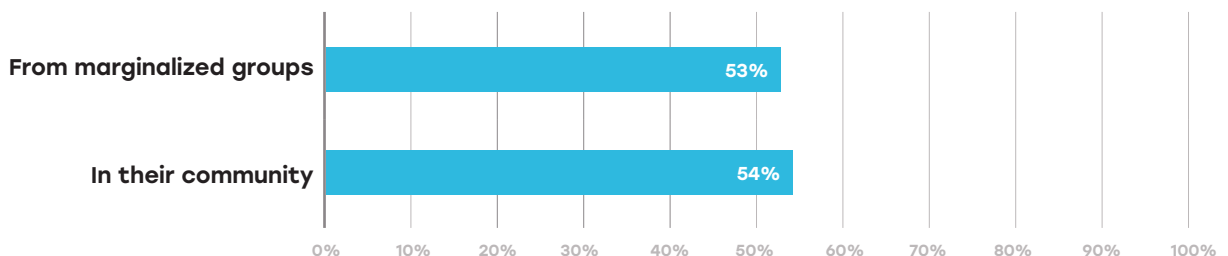
**FIGURE 31: ADVOCACY ACTIVITY IMPACT ON DONATIONS, 2023**

**Voters more likely to donate to a nonprofit if it advocates on an...**

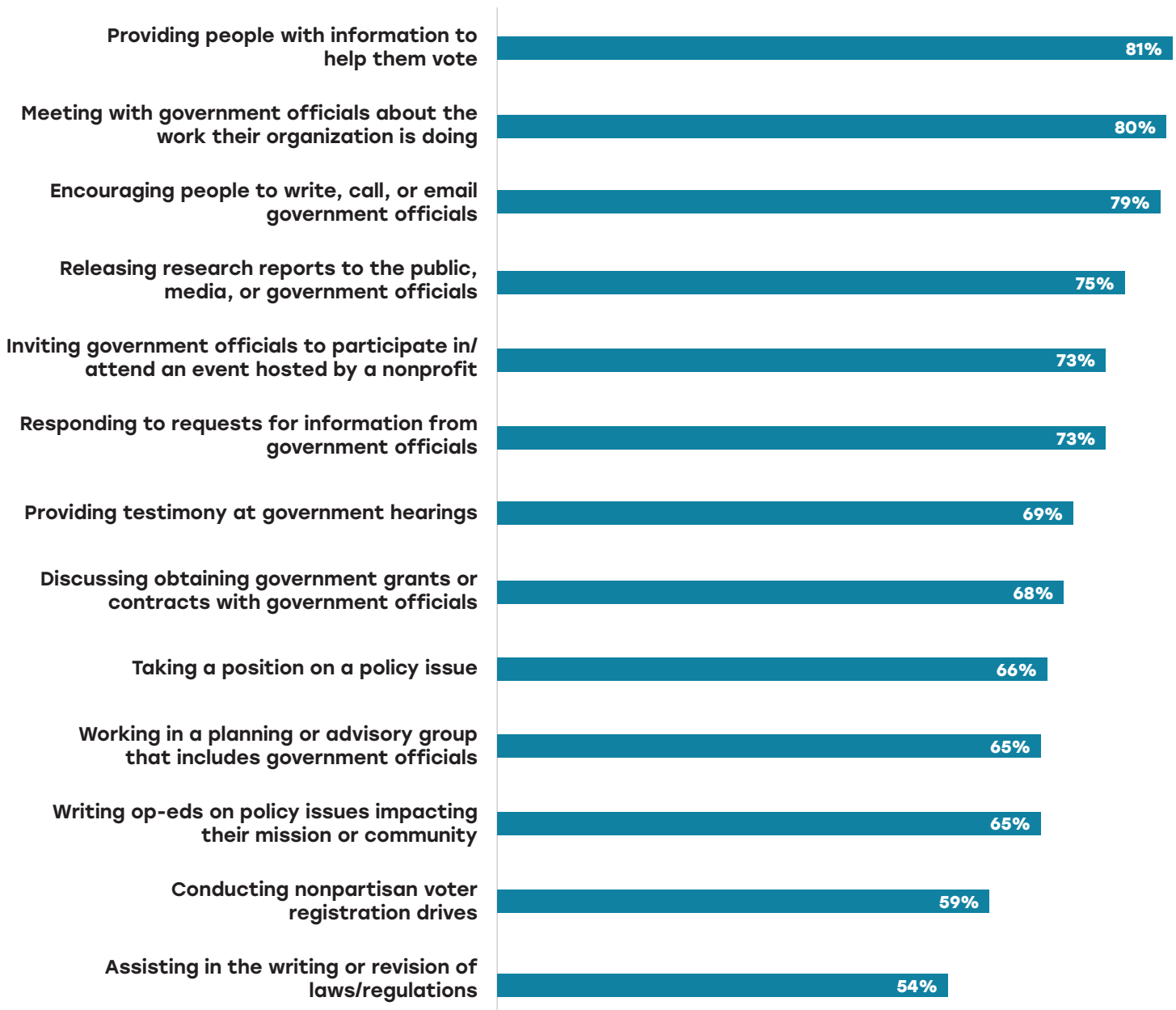


**FIGURE 32: VOTER ENGAGEMENT IMPACT ON DONATIONS, 2023**

**Voters more likely to donate to a nonprofit if it helps voters...**





**FIGURE 33: PUBLIC APPROVAL OF NONPROFIT ADVOCACY ACTIVITIES, 2023**

# Sources & Notes

## NONPROFIT ECONOMY

Much of the data in the economy section is drawn from quarterly reports by the U.S. Bureau of Economic Analysis (BEA) on the state of the U.S. economy.

### Figure 1

Table 1.3.6, “Real Gross Value Added by Sector, Chained Dollars”

### Figure 2

Table 1.3.5, “Gross Value Added by Sector”

### Figures 3 & 4

Table 2.4.6, “Real Personal Consumption Expenditures by Type of Product, Chained Dollars”

For data on the nonprofit sector, BEA generally reports on Nonprofit Institutions Serving Households (NPISH), which it describes as including tax-exempt health, recreation, arts, education, social services, religious, grantmaking, social advocacy, civic and social, legal services, and professional labor and political and similar organizations.

NPISH does not include organizations, like chambers of commerce and other business associations, that mainly serve businesses. NPISH also does not include tax-exempt entities, like cooperatives, credit unions, and mutual financial institutions that sell goods and services in the same way as for-profit businesses. BEA includes these business-serving and business-like organizations in the business sector even if they are tax-exempt entities. According to BEA, “Because NPISHs produce services that are not generally sold at market prices, the value of these services is measured as the costs incurred in producing them.” See the following:

- *NIPA Handbook: Concepts and Methods of the National Income and Product Accounts*. U.S. Bureau of Economic Analysis.
- Mead, C. I., McCully, C. P., & Reinsdorf, M. B. (2003). “Income and outlays of households and of nonprofit institutions serving households.” *Survey of Current Business* (pp. 13–14). U.S. Bureau of Economic Analysis.

### Figure 5

The source of nonprofit revenue is drawn from Independent Sector’s [The Retreat of Influence](#) report, which reflects survey responses from a nationally representative sample of U.S. nonprofit organizations.

### Figures 6 & 7

Charitable giving data is derived from the [Fundraising Effectiveness Project](#) by Giving Tuesday.

## HUMAN CAPITAL

### Figures 8 & 9

Information about the demographics of paid workers is from the monthly Current Population Survey (CPS).

#### *Nonprofit Employment Compared to Overall Workforce (CPS Survey)*

The CPS is hosted by the U.S. Census Bureau and the U.S. Bureau of Labor Statistics. Figures were calculated from publicly available IPUMS-CPS data.

The CPS collects information on a monthly basis from a probability-selected sample of about 60,000 U.S. households. Households are in the survey for four consecutive months, out for eight months, and then return for another four months before leaving the sample permanently. One person generally responds for all eligible members of the household.

#### *Nonprofit Employment Compared to Private Workforce (Johns Hopkins Estimates)*

In recent years, an alternative source of information on nonprofit employment has been available through a collaboration of the U.S. Bureau of Labor Statistics and the Center for Civil Society Studies at Johns Hopkins University and its analysis of data from the Quarterly Census of Employment and Wages (QCEW). This collaboration [estimated](#) that, prior to COVID-19, the U.S. nonprofit sector employed 12.5 million paid workers, which accounted for 10.2% of the total private workforce. The global pandemic resulted in the estimated loss of 1.6 million nonprofit jobs.

In contrast to the CPS, which surveys a sample of 60,000 households, the QCEW draws on quarterly reports submitted by almost 10 million U.S. establishments. With the differences in the ways that the CPS and QCEW collect data, it is perhaps not surprising that they report somewhat different estimates of nonprofit employment. It appears that the CPS figures for nonprofit employment are lower, perhaps by a couple of percentage points, than the QCEW figures. For example, in 2020, CPS had nonprofit employment as 7% of workers compared to BLS/QCEW data that relatively consistently puts nonprofit employment at 10%. Note that the 7% figure shows nonprofit employment as a percentage of nonprofit, business, and government workers, and not just as a percentage of private – that is, nonprofit and business – workers.

### Figure 10

The Bureau of Labor Statistics released [2022 data](#) detailing how the nonprofit workforce compares to other sectors and specifically regarding education levels of nonprofit workers and disparities regarding median wages for full-time employees broken down by gender, race, and ethnicity.

### Figure 11

Data about the percentage of nonprofit workers living paycheck-to-paycheck is from [United For ALICE](#), a national leader in financial hardship research. This analysis done in 2023 uses the U.S. Census Bureau's American Community Survey Public Use Microdata Samples (PUMS) and focuses on workers by class of worker and income status.

### Figures 12 & 13

Data regarding nonprofits' utilization of virtual workers is drawn from Independent Sector's [The Retreat of Influence](#) report, which reflects survey responses from a nationally representative sample of U.S. nonprofit organizations.

### Figure 14

Data about individuals' volunteer behavior is from Independent Sector's 2023 [Trust in Civil Society](#) report.

### Figure 15

Data about the volunteer needs of nonprofits is from research by the University of Maryland's Do Good Institute titled ["The State of Volunteer Engagement: Insights from Nonprofit Leaders and Funders"](#) published in February 2023. See the [press release](#) for the report for more information.

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## GOVERNANCE & TRUST

**Figures 16–18**

Statistically representative, annual measures of public trust in nonprofits and philanthropy are from Independent Sector’s 2023 [Trust in Civil Society](#) report.

**Figure 19 & 20**

Racial and gender demographics of nonprofit leaders in 2022 is drawn from Independent Sector’s [The Retreat of Influence](#) report, which reflects survey responses from a nationally representative sample of U.S. nonprofit organizations.

**Figure 21**

Nonprofits’ level of investment in equity activities in 2022 is from Independent Sector’s [The Retreat of Influence](#) report, which reflects survey responses from a nationally representative sample of U.S. nonprofit organizations.

**Figure 22**

The range of nonprofit governance decisions in 2022 are from Independent Sector’s [The Retreat of Influence](#) report, which reflects survey responses from a nationally representative sample of U.S. nonprofit organizations.

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## PUBLIC POLICY & ADVOCACY

**Figures 23–29**

Advocacy, lobbying, and voter engagement data is drawn from a representative survey of nonprofit organizations fielded in Independent Sector’s [The Retreat of Influence](#) report. It is only the second-ever study of nonprofit public engagement and policy activities at this scale. The first study was fielded in 2000. The 2022 study collected data beyond the original scope of the 2000 survey, including nonprofit voter/election engagement and levels of equity participation cited in this report. A key difference between the samples drawn for the 2000 survey and the 2022 survey is that the 2000 study surveyed a larger number of nonprofits that chose the (h) election on their tax forms.

The survey provided the following definitions when asking nonprofit respondents the extent of their advocacy and policy participation:

- Lobbying – nonprofits take a position on specific legislation (local, state, or federal level) and communicate this position to legislators or their staff, either directly or indirectly.
- Advocacy – nonprofits attempt to influence government policy at the local, state, or federal level. This may include lobbying but it also involves educating the public or policymakers on issues and policies that impact the organization through events, communications, or research. It also includes participating in advocacy through coalitions.

**Figure 30–32**

Data on the public’s overall support of nonprofit advocacy and investment in nonprofits based on advocacy and elections activities are from [Independent Sector’s public poll](#), fielded in August 2023.

**Figure 33**

Data on the public’s support of a range of specific nonprofit advocacy activities is from Independent Sector’s 2023 [Trust in Civil Society](#) report.

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