

Volume 7, Issue 2

Originally Published
January 27, 2012

Nonprofit Strategies



SAN LUIS OBISPO COUNTY COMMUNITY FOUNDATION

Nonprofits are important to economy

By Barry VanderKelen

A study on employment trends from Johns Hopkins University finds that the nonprofit sector is an important component of the U.S. economy.

The study, "Holding the Fort: Nonprofit employment during a decade of turmoil," reviews employment trends during the period of January 2000 through June 2010, a period that includes the recent economic downturn. Data are from the U.S. Bureau of Labor Statistics.

The study reports: In June 2010, nearly 10.7 million people were employed by nonprofits, which is 10.1 percent of the total private workforce. In California, nonprofit employees comprise

7.5 percent of the total private workforce.

The nonprofit sector is the third-largest employer, behind retail trade and manufacturing.

The sector workforce is twice as large as wholesale trade, finance and insurance, and construction.

More than half (57 percent) of nonprofit jobs are in health care, 15 percent in education and 13 percent in social services.

During the decade covered in the study, employment in the sector grew at an average annual rate of 2.1 percent. At the same time, the for-profit sector lost jobs at an average annual rate of -0.6 percent.

The steady growth seems to be because of the concentration of

nonprofit jobs in service fields. Eighty-seven percent of all workers in services are employed by nonprofits. Services are a growing component of the national economy, while other fields, such as manufacturing and construction, are shrinking.

Competition in some fields is increasing as entrepreneurs figure out how to make a profit from programs traditionally offered by nonprofits. This is especially true in health care, and it will intensify as provisions of the Patient Protection and Affordable Care Act take effect.

This study gives additional perspective on the importance of the nonprofit sector to the national economy.

Resource Use

- Support nonprofit leadership
- Board development/training
- Strategic planning

Nonprofit Business Column of *The Tribune*

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The Tribune publishes the column every other week in the Business Section. Each column is reprinted as a one-page handout for use by local organizations at www.slocf.org/nonprofit_strategies.php.