



A PODCAST WITH RUSTY STAHL | S7 EP24

Making the Nonprofit Workforce Visible

WITH

Alan Abramson &
Chelsea Newhouse
George Mason University



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INTRO

Welcome to the Fund The People podcast. I'm your host, Rusty Stahl. I'm president and CEO of Fund The People where our mission is to maximize investment in America's nonprofit workforce. We give funders and nonprofits cutting edge ideas, research and tools to help drive equity effectiveness and endurance in the social sector. So let's start the show.

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RUSTY

Welcome, everybody, to your Fund The People podcast. I'm your host, Rusty Stahl. In today's episode, you'll gain valuable insights on the scope and scale of nonprofit jobs in America and the challenges and opportunities of getting and using data about our workforce. I'm honored to speak today with two deeply experienced scholars on this subject: Alan Abramson and Chelsea Newhouse.

Dr. Abramson is director of the Center on Nonprofits Philanthropy and Social Enterprise in the Schar School of Policy and Government at George Mason University. He teaches and conducts research on the nonprofit sector and philanthropy and has worked to save and sustain work done at Johns Hopkins University by his late colleague, Dr. Lester Salamon. For more than a decade, Dr. Abramson directed the Aspen Institute's Nonprofit sector and Philanthropy program. And before that, he worked at the Urban Institute. Alan is the author and coauthor of numerous books and articles and is involved with multiple academic associations related to the sector. Dr. Abramson received his Ph.D. in political science from Yale.

Chelsea Newhouse is Senior Program Manager at East-West Management Institute and a consultant on the George Mason University's Nonprofit Employment Data Project. Prior to

joining the East-West Management Institute in 2022, Chelsea was at the Johns Hopkins Center for Civil Society Studies, where she worked closely with the late center director, the aforementioned Dr. Salamon, on the Nonprofit Economic Data Project and the Nonprofit Works Interactive database, also the Comparative Nonprofit Sector project and a variety of other research projects focused on the nonprofit, philanthropic and voluntary sector.

Following Dr. Salamon's passing, she helped transfer the Nonprofit Employment Data Project to George Mason University. In addition to her work at George Mason, Johns Hopkins and the East-West Management Institute. Chelsea served as a consultant with Maryland nonprofits and the New York Council of Nonprofits. So that's a lot of work you all have been doing. Welcome to the Fund The People podcast, Alan and Chelsea.

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CHELSEA

Thank you, Rusty, for having us.

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ALAN

Thanks, Rusty, It's great to be here.

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RUSTY

Thank you so much for the work you do and for being here. Let's get right to it. Alan Do you have a main message for funders and or nonprofits who are listening to this episode?

00:03:21:00

ALAN

Thanks, Rusty. You know, this is clearly a critical time for nonprofits, a challenging time, where their budgets and their other kinds of activities are being challenged. What we hope is that funders, nonprofits, policymakers will look at Nonprofit Works, our new data portal, as a resource. The portal has important information on nonprofit employment, on nonprofit wages, how they compare to government and for profits. And we think this will be valuable information for nonprofits as they try to navigate these unsettled times.

I think it's particularly important for people concerned about the nonprofit sector to understand the basic revenue dynamics of nonprofits. And it's the case that government funding of nonprofits makes up a much more substantial part of nonprofit revenues than people generally understand. Most people think that nonprofits get by mostly on philanthropic contributions: donations from me and you, foundations, corporations. But when you look at the nonprofit sector as a whole, in fact earned revenue -fees for service- are the largest part of nonprofit revenue, government funding is second, and philanthropy is important, but actually in third place in terms of revenue sources. And what we have today, obviously, is a major threat to government funding.

And I think it's important that people understand how important that support is, that funding is, and it's funding to deliver services. So the problem is that cutting back government funding is going to impact nonprofit services and mean less support for the people that nonprofits serve.

So the point is that we need good information about what's happening to nonprofits and we believe that Nonprofit Works tells at least part of that story, an important part of that story, about the capacity of nonprofits to help people in need, to help communities. And so, again, we hope that nonprofit leaders, funders and policymakers will use Nonprofit Works as a resource to help them understand what's going on and to take appropriate action.

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RUSTY

Right. Thank you, how about you, Chelsea? Any key messages you want to get across that we can dig into as we go?

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CHELSEA

Oh, gosh. I think Alan covered a great deal of this. I do think that there's a general misunderstanding or misconception of the nonprofit sector, not only about the revenue sources (where government is much larger than philanthropy), but also a lot of people tend to fall into what Lester termed the volunteerism myth, where people assume that nonprofits, because they have the word nonprofit in their name, nobody should make money off of them and people should not be paid for their work or if they are paid for their work, they should be paid lower wages because of the value of their work.

That's something that this data really speaks to, is in fact, no, the nonprofit sector employs a large number of people and pays an enormous amount in wages each year, not only nationally, but in each community in the country. So, they're a very important part of our economy as well as our safety net. I think that that's something that a lot of people maybe don't understand.

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ALAN

Just to build on what Chelsea says or to emphasize. You know, I think a lot of people still believe that nonprofits it's all about volunteerism, that nonprofit staff are all volunteers, and that's definitely not the case. Volunteers are certainly important to the sector, but the nonprofit workforce, as Chelsea says, is about 10% of private employment, non-governmental employment. So the nonprofit workforce is huge, it's important. When you look at different industries, it's the third largest industry in terms of employment. So when we think about where people are working, where people are earning salaries, where people are earning money to feed their families, the nonprofit sector is hugely important.

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RUSTY

You know, it's interesting, you said the fees for service are the first largest income for nonprofits, which is, given your point, Chelsea, that people think nonprofits don't bring in revenue. The fact that earned revenue is the largest section of nonprofit income is a huge point in and of itself. But correct me if I'm wrong because I'm not enmeshed in the data, I assume that most of that is from universities and hospitals and museums and those kinds of large institutions that, you know, charge larger amounts for what they do, but that when you get down to, you know, more modest size, medium and small nonprofits or other categories of groups, that earn revenue would be less and maybe government would be the highest amount, or maybe philanthropy in some cases.

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ALAN

You're right, a lot of the earned revenue is patient fees at hospitals or tuition at universities, or admissions fees at arts institutions. But these days, it goes well beyond that: human service organizations charging for some of their services, counseling services or others. And over the last several decades, as government funding has been up and down, and philanthropy has held pace but not increased by much. Nonprofits of all kinds have, I think, looked harder at earned revenue and fees and service charges to fund any kind of expansion that they undertake. So it's been an interesting, important trend in the field. You know, what it leads to is the sense that nonprofits are looking more and more like businesses to some extent. After all, it's business that we think of as the institution that charges for its service, so some would say that there's a blurring of the sectors, that nonprofits look more like for profits to some extent; businesses, at least some of them, taking social missions more importantly. So you get nonprofits and for profits, at least some of them, converging and even evolving into what some people call a fourth sector, a hybrid sector, where both serving a social mission and earning revenue are important. And it's, I think, an interesting, important trend and, you know, has the potential to really, I think, drive more resources to doing good in this country.

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RUSTY

Well, I think that's one of the really great things about the data you all offer. You can look at a particular field of work and look at, you know, what's the density of nonprofits in that field of work or businesses in that field of work. We looked up hospitals the other day, because there was this leaked memo that was reported in the press from, I forget which part of the administration, but it was a list of things we could possibly cut and one of them was strip a nonprofit hospitals of their tax exempt status, so that the government could start bringing in tax revenue from those hospitals. And my colleague Erin here, looked it up and like half of U.S. hospitals are nonprofits, a minority are actual for profit hospitals.

So anyway, going down a rabbit hole there of comparing the sectors. But thank you for those initial key messages about both where money is coming from into the nonprofit sector and then where it's going, and the fact that the nonprofit workforce is such a big force, both in terms of delivering value to people and also employing people in our communities.

Let's talk about where this data is coming from and how it's available to us. So my understanding, please correct me if I've got this wrong, is that in the Department of Labor, there's the Bureau of Labor Statistics in the federal government or BLS, Bureau of Labor Statistics, and they collect data about employment overall in the U.S. economy, and they then release that data in various regular increments. And my understanding is, I think most of it comes out quarterly, in these jobs reports, but the nonprofit data is not disaggregated or shared in any way in those reports, it comes out every five years. Is that a correct representation of where things are, Chelsea?

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CHELSEA

Yes, that's correct. The BLS releases quarterly data on private employment and wages, which nonprofits are in there, but they don't disaggregate it on the quarterly or annual basis. They only pull out the nonprofit data and release it every five years as part of a special research program they have. So it's not even part of their mandated data release process.

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RUSTY

And I know there are folks who've been advocating to change that and improve that and we'll talk about that more in a bit. But before we do that, let's talk about the latest data we do have from the Bureau of Labor Statistics. So, they recently released their five year series of data on nonprofit employment and wages and George Mason University, following in their tradition of Johns Hopkins University, published a report with the data and top level analysis of the data. That latest report came out in December of 2024. So, Chelsea, tell us what data is in that report and what are the top findings?

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CHELSEA

Sure. So this most recent release of data covers 2018 - 2022. So it is the very first time we've gotten a look at hard data on the nonprofit sector just before, during and after the acute pandemic period. So this report really focuses on how nonprofits were impacted by the onset of the pandemic and how they've recovered in the subsequent couple of years that we now have data for. So the report itself is structured around five key findings that look at nonprofit employment and wages. So, I'm just going to run through the five key findings real quick.

The first one, Alan, already touched on a little bit. So as of 2022, which again is the most recent year for which we have data and unfortunately the most recent year for which we will have data for another five years or so, hopefully, the nonprofit sector employed 12.8 million paid workers, which meant that it was the third largest private employer, not counting government, and it was only behind retail trade and accommodation and food services. That is the same status it's held since 2017.

The second finding, which sounds great. Nonprofits lost 580,000 workers in the first year of the pandemic between 2019 - 2020, which was about 4.5% of the 2019 workforce. That sounds like

a lot. But they fared a lot better than for profits overall, which shed about 7% of their 2019 workforce in that first year of the pandemic. However, in the subsequent years, nonprofits faced real challenges in restaffing and lagged well behind their for profit counterparts in almost every field that we studied. So as of 2022, they had yet to recover about 185,000 workers, or about 1.4% of their 2019 workforce, whereas in for profits, the workforce was actually 2.2% larger in 2022 than in 2019.

So, as a result of that, we found that nonprofits lost ground to for profits in terms of market share overall and in a number of key fields. Their total share of the non-government workforce decreased from 10.2% in 2017 to that 9.9% that we found in 2022. And that did reflect losses in almost all fields in which they're significantly active, and particularly troubling the most pronounced decline was in social services, wherefor profits gained 5.2% of the overall market share in the five years between 2017 and 2022.

We then looked at wages to see if maybe the staffing issues, re staffing issues were because nonprofits weren't able to compete and pay equitable wages. However, we didn't find that to be the case. So in 2022, nonprofit annual average wages per employee remained nearly equal to those paid by for profits overall. Nonprofits paid 97.2 cents on the dollar in 2022, which was actually an improvement over the 96.7 cents on the dollar that they paid in 2017. However, that improvement was largely driven by wages in health care, while wages in social services and educational nonprofits, while still significantly higher than those paid by counterpart for profit organizations, lost a bit of ground during that time.

The data, like I said, ends in 2022, and there seemed to be some acceleration happening in wage and re staffing in the nonprofit sector in that last year of the data set. But unfortunately, like I said, we do not anticipate having updated data for 23 and 24 etcetera for quite some time.

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RUSTY

And if I recall from when we had Dr. Salamon on this podcast in season one, I think he shared data from the 2020 report. And I remember reading that and some of the other reports. And one of the points was that nonprofit employment was more stable over time, kind of looking over a longer arc of, you know, 20 or 30 years, than for profit, that nonprofits were more concerned with being loyal to their employees it seemed, you know, through recessions and great depressions and things. That it's a more stable place to work, just looking at the big data sets then than for profit. So, do you feel like that same factor maintained itself through those pandemic data or not? It seems like it did.

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CHELSEA

Yeah, well, I think we saw that in that first year, where nonprofits retained more of their staff than for profits did. And yes, you're correct, in the 2020 Report, we looked back at the previous two recessionary periods, and nonprofits were typically more resilient during economic downturns. What we see here with the difficulty with re staffing, that's something that is sort of

new compared to those two previous recessionary periods. During those previous recessionary periods, nonprofits grew the whole time, they didn't go down. They tend to be countercyclical because of the services that they're providing, as people need more services nonprofits need more workers to provide those services, so they tend to grow through recessions. But in this case, I'm not going to speculate on why, but the nonprofit sector did not grow through this particular economic downturn.

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ALAN

I think part of what happens is that government funding tends to increase during recessions, right? Government is trying to help us get through a recession, and increasing government spending is one way to help do that. And at least a good portion of that government spending is going to nonprofits to provide services. So, I think part of what's happening is that in the early parts of a recession, nonprofits are getting increased government funding to help people through the recession.

Often during the recession, philanthropy is a little bit more unstable because philanthropy generally reflects the state of the economy, right? When the economy is doing better, people have more income and can give more. I think there is also the case that people reach a little further when they see problems in the community. So it's a complicated story, a lot of different things going on, but at least I think that's part of the explanation of why nonprofits maybe are doing a little bit better during the recession than for profits, because governments is turning to them as a partner to help communities through the recession.

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RUSTY

Yeah, that makes sense. As you were talking, I was thinking about the Trump tax law in 2017, which I know the Indiana University, Lilly Family School of Philanthropy, has analyzed household charitable giving and shown that there was I forget the exact number, but over a billion dollar drop in giving when the tax deduction incentives were changed, so that poor and working class and middle class people who were giving, I think \$5,000 or less a year, stopped getting the deduction benefits in their taxes.

And so, I wonder if individual giving is so high up in the pie of revenue to nonprofits and it was dropping like that during the pandemic, because of that Trump tax law in 2017, if that had any impact on the ability of nonprofits to recover those jobs, once things like the PPP loans and the other government dollars stopped flowing?

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ALAN

Well, I think that philanthropy experts at the Lilly Family School and elsewhere, have pointed out some of the trends that you've referenced. And part of the concern is that it's not only what's happening to overall philanthropy, but the concern is what's happening to the kinds of people who are giving. And as you indicate, the 2017 Tax Act made, I think 90% of us non itemizes, we

take the standard deduction and don't itemize. So we don't get a tax break for our giving. Only the wealthy are getting a tax break for giving at this point.

So the composition of donors has changed over the last couple of decades. And it's not just the 2017 Tax Act, but seems to be a longer trend as well that giving is more and more the province of the wealthy and less and less engaging middle and lower income folks.

Now, we did during COVID have allowed for a modest tax break for non itemizers, so all of us could deduct, I think 300 or 600, I'm not sure, for our giving, but that's gone away now. And a lot of the sector is engaged now in trying to think about the new tax bills that will be up for debate this year. A lot of those 2017 tax provisions are expiring and so the expectation is that the new tax bill will emerge this year and the big question for the nonprofit sector is whether donations, whether philanthropy, will get any kind of break in terms of support for non itemizers.

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RUSTY

Right. I think what's helpful about this conversation for me is connecting the dots between nonprofit employment in terms of spending from nonprofits, and then these various revenue sources and what's happening to them.

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ALAN

One of the challenges for me is that the sector can unite around fighting for more tax breaks for giving. But what's challenging is for the sector to unite around government funding of nonprofits. And the irony is that that government funding ends up being 2 to 3 times as important for nonprofit revenues as philanthropy.

So, there's this large chunk of money which fills nonprofit activity that derives from government, but that's hard for the sector as a whole to unite and advocate for, right? Arts groups advocate for the arts programs, health groups advocate for health programs and so on. And there is no nonprofit budget as there is a defense budget, right? You can imagine that there's a lot of infighting among different defense contractors. But what they can do is unite around a top line defense budget. And unfortunately, I don't think the nonprofit sector has figured out how to do that, how to come together and unite around a nonprofit budget.

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RUSTY

Right. It's a good point. I mean, when I was just in D.C. a few weeks ago and I talked about it on this show for Foundations on the Hill, which is where all the foundations and philanthropy networks get together and go on Capitol Hill and build relationships and talk about what they want their senators and representatives to do, and the whole thing was focused on the Charitable Act, which was this thing about individual giving incentives, but no conversation officially, in our talking points, about the attempt to freeze all federal funding in the United

States, the successful freeze of funding to USAID and all the groups that are impacted by that, and all the other things happening.

So it was, first of all we have this division between the philanthropy networks and then the nonprofit networks, so we're not united between the two kinds of, you know, sides of the coin in our sector. And then, yeah, folks fight for earmarks and things like that or, like you said, arts programs in one agency, but not the overall picture. So that's a very good point.

Chelsea, I intervened in the middle of you're talking us through the findings. So I want to make sure that you've got everything out on the table in terms of the findings in the report.

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CHELSEA

Well, those are the really topline findings. There was one little tidbit that I think is pretty important to address, and this goes to the slow recovery rate and the initial losses. So we looked at nonprofit employment growth between 2016 and 2019. So the three or four years before the pandemic and nonprofit employment grew at an annual average rate of 1.9%. Well, what if this had continued, what if the pandemic hadn't happened? How big would the sector's workforce be now? And based on that growth rate, it would have been about three quarters of a million more nonprofit workers if it had continued at that rate of growth. So that would mean that with the current losses still from 2019, the nonprofit sector would have about a million more jobs if it hadn't been for the pandemic and the slow recovery. And I think that that's an important thing to understand, that it was growing to serve needs, and now it's a million people short of perhaps the needs that it needs to meet.

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RUSTY

Yeah, well, and let's not forget that nonprofits almost didn't get included in the PPP loans. Took advocacy from groups like the National Council of Nonprofits to make sure that the young folks working on Capitol Hill or in the White House at the time understood what nonprofits were and that they employ people and that there are employers and that they needed to maintain payroll just like for profit businesses around the country. And I'm just thankful everyday that that happened because can you imagine if nonprofits had not had access to those PPP loans, it would have been even much more disastrous.

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ALAN

Part of the problem there is that there is no voice for nonprofits within government, and there's the regulatory office, the IRS, which regulates nonprofits. But there is no voice speaking up for nonprofits when our policymakers are trying to figure out, you know, how to put people back to work or how to provide more services in communities. You know, farmers have the Agriculture Department, Labor has the Labor Department, business has the Commerce Department, nonprofits have the IRS and there is no positive voice that speaks up for nonprofit interests. And so too often nonprofits are afterthoughts when policy is being made, and nonprofit leaders, God

bless them, have to scramble to get nonprofits included in PPP loans and other sorts of programs where they could play important roles if government had a deeper understanding of their capacity. For too many, nonprofits are an afterthought. And I think part of the problem is that there is no even modest sized office, I don't think we need a whole new department, but even just a modest sized office that can speak up for nonprofits within government.

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RUSTY

Right. I represented Fund The People on a coalition that Independent Sector and Kaboom had co-convened during the Biden-Trump election, the first time so that was, I guess, 2020 election cycle, to propose a White House office on the nonprofit sector. It was so frustrating to me that President Biden could have signed an executive order any time he wanted to create that office. And yes, it probably wouldn't have lasted beyond his term, given where things are headed, but at least we could have had it for those four years or three years or whatever.

But I think that was also, you know, politically charged to put it in the White House, given separation of church and state, given the independence that the nonprofit sector wants to maintain. But if it was somewhere else in the agencies and not in the White House, I think it might be less provocative and more productive. But we need to be more united, as you say, in speaking to government and we could certainly use a main point of contact that understands our sector and supports it like the, you know, Small Business Administration tries to support and nurture small businesses because they're good for the country and good for the economy.

So that leads to my next question, really, which is what are the challenges or problems with government data on nonprofit employment that need to be addressed? Obviously, we've already said, it only comes out every five years, and so we don't have the data we need. And I think, you know, as we've been talking, it's like, well, it's a self-fulfilling prophecy, these policymakers can't see, you know, aren't aware of, don't recognize our sector and our workforce and so they don't prioritize getting data about it, which means they don't recognize it and see it.

So can you talk a little bit about what's been going on in terms of advocating for increasing the regularity or the intervals of delivering this data? And how did Johns Hopkins and now George Mason end up working with government, with the Bureau of Labor Statistics, to get this data out and make it make sense? I know that's multiple questions, but...

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ALAN

What I'll start with is the fact that for the for profit sector, we have the Dow Jones index. We know on a second by second basis how the for profit sector is doing. For the nonprofit sector we tend to know a year, 18 months, two years after the fact, how the sector is doing, and that just doesn't seem right to me for this important sector that employs a lot of the workforce that is serving important needs in communities, I feel like it sure would be better, we would sure be better off to have more timely data about the sector.

And so in some ways we started with the Bureau of Labor Statistics and the employment data and Johns Hopkins, and now George Mason has teamed up with coalitions that are certainly being led elsewhere by some of the nonprofit leadership organizations, Independent Sector and others, and the Aspen Institute has been involved, other nonprofit leaders, particularly that have links to important members of Congress have been involved.

And, you know, with the BLS, they rightly feel that they need more resources to produce these nonprofit employment data on a more regular basis. So, this coalition has been trying to make the case to Congress, to the administration, that a very modest amount of several million dollars of appropriation would really help this effort and go a long way to providing more timely data.

But there's other important data that the federal government collects, too, that could be helpful to policy makers, to nonprofit leaders, to funders to understand how the sector is doing. This coalition has also started to have conversations with the Bureau of Economic Analysis, an office within the Department of Commerce. They're the ones who tell us the economy has grown or declined in recent quarters, and they also collect numbers about the nonprofit sector, about how the sector has grown or declined as a share of the economy.

The problem with that is whereas with the BLS it's more of a timing issue, with BEA data, it's more of a definitional issue. The way they've been defining the nonprofit sector is just different because of the way they calculate things is just different from the way you and I and most of us would understand what the nonprofit sector is. So, they report on a smaller sector than you and I would think of.

So we're trying to have conversations with them about producing what's called a satellite account on the nonprofit sector that uses a more commonly used definition of this sector. And, Les Salamon, again, did a lot of work to get the United Nations to adopt it and some other countries have produced the satellite sector and we're lagging, you know, we don't have it quite yet. And so we started some conversations about that.

And then there are other data sources too, important ones that the government has. I'll just name one more USA Spending, that tells us where federal funding is going.

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RUSTY

That would be helpful.

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ALAN

It's a terrific website. The problem is, at least where the nonprofit sector is concerned, is that a lot of funding flows through state and local governments to nonprofits. And while USA Spending captures some of that pass through funding, it by no means captures all of it. And so you see large amounts of money that look like they're going to state capitals, that we know are actually

being passed through state capitals, to local governments, to nonprofits. So we need some improvements in that data source, too, as well.

So, we counted up about ten or so different federal data sources that could provide wonderful information about the nonprofit sector. A lot of them need a little bit of tweaking. The IRS has been probably the major source of data on the nonprofit sector. The Urban Institute and others have captured the information in the 990 forms that nonprofits have to file and that's been really the way we know a lot about the sector and its finances through that information.

But again, the problem is the lag. It's 18 months, two years before we have good financial information. Now, electronic filing should improve that some, but we still have a ways to go. And so, again, it's been a team effort, Independent Sector, National Council on Nonprofits, Aspen Institute, Urban Institute, others have been part of this effort to improve government data on the nonprofit sector and make it more available. So, the sector is on the map for policymakers.

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RUSTY

Yeah, that's great. And if there are organizations listening that want to help with this effort, I think it doesn't just have to be a beltway effort, really all us would benefit from this freedom of information about our sector that's locked up, maybe unintentionally, in these government data sets.

You know, I remember, it was a big push to get the electronic filing of the 990s because they had to be scanned, turned into PDFs and then... So the infrastructure funders had to spend millions of dollars, private philanthropic dollars, to help GuideStar, you know, go in and scan all these 990s doing basically what the government could have, should have been doing so that we had electronic forms of that data. And so the sector is underwriting government oversight and data about itself. And can you imagine if business had to go in and say, all right, this is who the cabinetmaker is, you got to give us the data, they're not going in there and...

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CHELSEA

They get that data quarterly. I did just want to chime in on the satellite account, so as Alan said, over 30 countries have produced nonprofit or third sector satellite accounts. And I mean, we're talking countries like Mongolia, Peru, Thailand, Cameroon, countries with tons and tons of money for this. But what they realized is that there's this whole guidebook that walks you through going into all of these different data sources in your government, that Alan was talking about and bringing them all into one report.

So you've got everything there on an annual or every couple of years, it's a pretty big undertaking. But once you get the systems in place, it's something that can be produced on a regular basis. And the newest version of that handbook is actually the Third Sector Handbook. So it also can capture things like B-corps or for profit hybrid businesses and things like that. So it would be an incredibly valuable tool and as Alan has said, we already have data sources we

can use for that, we just need to tweak them to make sure that they're all comparable, comparable and really capturing the full scope of the sector. As opposed to, I'm going to say, NPISH which is the dirty word that the BEA uses, and most national statistics agencies have used to define the nonprofit sector. And it does not capture the whole sector.

So yeah, I think that that's something that Independent Sector was heading up an effort to get that done. I think that we're certainly on a pause there, under the current circumstances, but I think that it's there, we just need to use it.

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ALAN

The unfortunate reality is that there is no political imperative for policymakers to pay attention to the nonprofit sector. There's no nonprofit voting bloc, nonprofits at least 501c3s can't endorse, they can't make political contributions. So, you know, the resources that lots of other interests have to try and get access to and influence policymakers are not available to the charitable portion of the nonprofit sector.

And so even the Biden administration, while there were certainly great conversations, you know, I think there was also some disappointment that more didn't get done. And so it's not just administrations of one party or the other that have been challenging for the sector to navigate. But I think there have been challenges, regardless of which party is in the White House or Congress.

Again, the unfortunate reality is that I think there have been too few champions of this sector, even as hard as some of the sector advocates have worked. You know, the talented staff at the Independent Sector, National Council of Nonprofits and elsewhere, it's just been a real challenge.

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RUSTY

Right. So, you know, we've been making progress. So we've got the 990s data and Johns Hopkins, Dr. Salamon and the two of you at George Mason now, you know, have been leading in terms of bringing us the data that we do have, you know, that we can get from the Bureau of Labor Statistics. So Chelsea, can you talk more about the Nonprofit Works database? It's such an important and wonderful resource, and I know it's been recently completely revamped and redesigned, so please share what people can get, is it free, where can they get it, how do they use it?

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CHELSEA

Yes. So I have been working on rebuilding Nonprofit Works for over a year now, and I'm really happy that we were able to launch it at this time, because I think that these data are going to be critical in pushing back against some of the attacks on the sector. What it is, is essentially an interactive data tool that contains all of the QCW data, all this BLS data on nonprofits, but it also

includes for profit and government data, and it includes establishments, employment, annual and average weekly wages for all three sectors. It's broken down on the national, state, county and city or MSA level.

00:41:46:05

RUSTY

MSA being the Metro area.

00:41:48:22

CHELSEA

Metro statistical area level, so cities, city level. If you want to be able to talk to somebody about how many people work for nonprofits in their congressional district or in a specific county or state, you can find that information and you can find it by field and even sub field. The data go all the way back to 1990. So it's 1990 through 2022 data and you can search all of it, download a spreadsheet with that data and use it however you need to. It is completely free, thanks to the Mott Foundation who has been supporting this project before my time. And I would be remiss if I didn't shout out to our developer EOS Tech Trust too, which is a nonprofit website and app developer, they were incredibly helpful. We had some real difficulties pulling the old data from the old site and they were really, really helpful and patient with me as we worked through those questions. So, that's essentially what it is. We'll put the link up, I guess.

00:42:53:11

RUSTY

Yep, with the show notes, yeah.

00:42:54:07

CHELSEA

It's a gmunonprofitworks.org We'll also put up my contact information in case people go in and have any questions about using it. But essentially you just tell it what area of the country you're interested in, and it does include the territories as well. So you can get USVI, you can get Puerto Rico, Washington, D.C., obviously, and what fields, what years, and you just grab the data and go.

00:43:24:24

RUSTY

You know, I used it a couple of weeks ago when I was going to speak to staff in congressional offices about the nonprofit workforce in their congressional district and the counties and cities where they serve and represent the constituency. And, you know, I think it's really powerful to be able to say, here's how many billions of dollars in annual wages people in your congressional district are earning through nonprofit employment. Here's the percentage of wages being paid by nonprofits in the overall labor market, compared to business and government jobs in your area.

I just did the snapshot from 2022, but you could also do it over time. And as you say, by categories. So I think as simple as that sounds, I know it took a lot of work to get us that information and policymakers don't know this information. They don't have it at their fingertips. So, we can start telling our story of our workforce using this data. It is a powerful tool.

The interface, I think, it's much easier than before. There was a small fee you had to sign up and pay before, now it's free. So if you're not using this, dear listeners, you are missing out on a real opportunity to educate yourself and your colleagues and influential funders and policymakers and journalists in your community. So just go to gmunonprofitworks.org to get to George Mason University's Nonprofit Works Data Explorer.

00:45:11:08

CHELSEA

I just also want to chime in because we mentioned the PPP loans and the effort to get nonprofits included. These data were used extensively in that campaign and those advocacy efforts because nonprofits are really good at telling their story and how they impact their beneficiaries and their communities and how they're embedded in the social fabric. But they're also embedded in the economic fabric and this is what these data can tell policymakers. It's also important, journalists reach out about the current threats to the sector, how would that impact this community and also these jobs are at threat if this funding goes away or if these organizations are further oppressed through closing civic space.

And there's one other thing I just wanted to say, because beyond advocacy, it's also a tool to track what's happening in the sector over time. So it can be really useful in understanding how the workforce is changing, what fields are growing, what fields are contracting, where are for profits making inroads into traditionally non profit areas? Are the wages going up versus for profits, or are they going down? And this can help to inform other advocacy efforts that you might need to undertake to get government funding for interventions.

But it's also really useful for funders to understand what we've been trying to impact. You know, we're not seeing the impact we wanted in this state from the funding that we've been giving, why? Is it because these social services nonprofits can't hire enough staff to make the impact? Well, maybe we need to pivot our funding model to support staff costs or to more flexible funding. So I think it has a lot of uses also, beyond basic advocacy.

00:47:04:20

RUSTY

Yeah, it's a good point. I tend to look at the data by decades, but you can pick your years, you can look at all the years, you can look at specific years or a couple of different years to look at those trends. Thanks for pointing that out, Chelsea, as well. So, do you all want to share just one story or moment to honor Dr. Salamon about like, how did you get involved with this whole effort? How did you connect with Les Salamon and get started in this work and what's kept you in it? And we'll end with that. So Alan, why don't you go first?

00:47:43:17

ALAN

Sure. I first met Les when he was actually in the Office of Management and Budget in the Carter administration. He was winding up his time there on the management side of OMB and had developed a real interest in what he calls third party government. The idea that so much, especially of what the federal government does, it does in partnership with other levels of government, state and local government, nonprofits, business.

You know, when you think about it, for good or for bad, the federal government is largely a check writer. It's largely providing funding to state and local governments, to nonprofits, to businesses to do the work. We believe that's an effective kind of system to have. And so, Les had started writing about this idea of third party government, of collaborative government. It turned out that in the audience at one of the talks he had given was Brian O'Connell, who was just starting Independent Sector, the organization that sort of grew out of the Filer Commission that was going to represent nonprofits and foundations.

And so Independent Sector was just being formed in 1980. And as we remember in the fall of 1980, Ronald Reagan was elected president. And Brian understood this election, this change of administration would pose a real challenge to the sector. And so Brian asked Les, and I was working with Les at the time, to do a report to try and help the sector understand the impact of the proposed budget cuts on nonprofits.

If you remember, President Reagan came into office wanting to cut back the federal government, but also suggesting don't worry about these cuts because private philanthropy will fill the gap. Well, the problem was no one really at the time understood how significant federal funding of nonprofits was and that there was, whether he wanted the cuts or not, it was really not possible to believe that philanthropy was going to offset those cuts. You know, the federal cuts were like this, philanthropy is like this and there was no way, in the short term, that philanthropy was going to grow to offset those cuts.

00:49:57:12

RUSTY

Echoes of that are happening right now in boardrooms around the country.

CHELSEA

Sounds familiar, yeah.

00:50:02:20

ALAN

So, that was the beginning. It turned out from the research perspective that the nonprofit research field was very young, just really getting started at the time. So, from a research perspective and a public policy perspective, and these were important issues that were being decided affecting communities all across the country, and so there was both research and real life interest in this work.

And so Les and I were at the Urban Institute at the time and that became a large national project looking at the nonprofit sector in 16 different cities around the country. And then in the late 1980s, Les moved to Johns Hopkins and in some ways replicated the work he had been doing in the U.S. globally, where there was also these huge gaps in our understanding of the nonprofit sector. And so, he started a field study that began in modest size, but grew to include many, many countries around the world, charting the size and scope and development of the nonprofit sector and Chelsea can pick up the story at Johns Hopkins.

00:51:13:23

CHELSEA

That would be the Comparative Nonprofit Sector Project, which then gave rise to the United Nations Handbook on Nonprofit Institutions in the System of National Accounts, which then became the Third Sector Handbook that we were talking about earlier, that guides the satellite accounts. So that's a straight line, almost.

My story is not very interesting, to be perfectly honest. I am not an academic. I came to work with Lester and my colleagues at the Center through your standard, spent my twenties, a lot of my twenties, doing grassroots organizing work, which as we all know, that's a high burnout profession. And decided to move into sort of whatever I could get that didn't require me to go door to door and beg people for money and letters, because I just couldn't do it anymore, especially after some electoral work that turned out to be an extremely disappointing outcome.

So I ended up at Johns Hopkins. I'm in Baltimore. That's almost a default employer here. And a couple of years later, I saw this really cool opportunity at the Center for Civil Society Studies, where I actually initially was supporting the comparative nonprofit sector project and the U.N. Handbook project with my colleague Megan Haddock, who now runs ISTR, the major international research association for people working in the nonprofit sector.

As people started leaving, I started taking on more responsibilities and eventually took over the Nonprofit Economic Data project. When my colleague Stephanie Geller left, who was the founding manager of that project, I just kind of kept doing it. And then when Lester passed away, this was the thing that was most important to me to keep going.

So I started reaching out to a couple of potential landing places for it and I think I talked to Aspen, I talked to Independent Sector, I talked to Candid, but really I thought it would be a good idea to maybe keep it in an academic institution. So, the obvious answer would be Alan and his colleague Stefan Tobler, who actually, I believe, entered this field through the Comparative Nonprofit Sector Project, and I think it's really great that we were able to keep this going and start to expand it in ways that Lester had in mind.

And I do just want to sort of close that with one of Lester's favorite quotes "what isn't counted doesn't count", and I think that that speaks a lot to the challenges that we were talking about earlier that nonprofits are facing in terms of making their case. I think the value of this project is

that it counts in really hard numbers how nonprofits are part of the overall economy. They need to be respected and protected the way that small businesses are, because they're small businesses, they just don't give money to people who are doing the work. So, I think that's an important point.

00:54:33:21

RUSTY

Well, I don't think your story's uninteresting at all, and I think there's a lot of people out there listening and not listening who are in burnout nonprofit jobs and are very passionate about their causes and about the sector and they deserve to be counted and they deserve to be respected. And so, you know, these hard numbers are important, but they also represent real people doing that work. And so I'm very, very appreciative that you landed there and have kept this work going. So it's really terrific that you and the CS Mott Foundation and Alan have kept this going for the sector. So, thank you for that.

00:55:16:20

CHELSEA

So in talking about the data that are included in the Nonprofit Work site, there are a couple of things I think it's important for people to know that it doesn't include. So, the data from QCW that it's all based on, does not include demographic information about the workers themselves and it does not include information on the position composition. So specific roles at these organizations, it's all aggregate.

So unfortunately, with just this data, we cannot identify any equity issues, pay equity issues, any challenges in terms of gender or race, ethnicity, educational levels, within the workforce itself. So, that's why we need to expand the universe of nonprofit data and engage in surveys and... I believe the EA data has some of that, but it's mostly on NPISH, which is not necessarily directly comparable.

So, it's just important that people understand that this data is super valuable in terms of localizing nonprofit employment and wages and establishments to their communities. But it's not, it's not everything, it doesn't have everything. Just like any data set is never going to have everything in it by itself.

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RUSTY

And what does NPISH stand for or mean?

00:56:47:20

CHELSEA

Nonprofit Institutions Serving Households. So, it's a subset of the nonprofit sector. Lester had a really great slide that sort of showed what was included in NPISH and what parts of the nonprofit sector or the civil society sector more broadly were not included in that.

00:57:08:22

RUSTY

Right. Well, thank you for adding that important note about the data. It's big data that can't be segmented in all these important ways.

00:57:16:13

ALAN

You can't pull out data on an individual organization, for example. It's anonymized in that way.

I would mention one more resource which I am very excited about, which is also in the emerging stage, which is a capacity to survey nonprofits in a more scientific way than has been done before. We've had to rely on largely one shot convenient samples of nonprofits that are completed by whatever nonprofits happen to get to surveys and these have provided important information about the sector. But these days we can do better.

And so I'm really pleased that actually one of my George Mason colleagues, Mirae Kim, has teamed up with folks at the Urban Institute and at American University Louis Fogg to develop a panel survey capacity. And this has already yielded several important reports about what's been happening to the sector. And I think it's really critical for nonprofit leaders and funders to understand that this kind of resource is now available and that we can go beyond the one shot convenience samples that we've been doing.

Independent Sector has used this survey capacity to do a report on advocacy, which has been quite interesting, showing that the sector is maybe even doing less advocacy than it was doing 20 years ago. And the survey instrument has also been used to look at the impact of the fact that it's more and more just the wealthy who are doing philanthropy.

And so it's already being used. My hope is that it gets used even more. We're pleased to be a partner in this. We've talked a lot about government funding and government data, which is important and which can go a long way. But there are other questions that that kind of information simply won't answer. And so, having this other tool to be able to survey nonprofits on a real time basis in a representative way, in a representative scientific way that yields high quality information, I just think is really important for the sector and I hope that sector leaders will, as they already are, coming to appreciate the added value of this kind of tool.

00:59:43:15

RUSTY

Is that something we can put a link to?

00:59:46:11

ALAN

Yeah, absolutely.

00:59:48:00

RUSTY

Right. We'll do that. That's fantastic. I really feel like we need a part two, but unfortunately I got too into asking follow up questions and didn't leave enough time for all the questions we were going to go over. Just really, really appreciate this. Thank you both for your extended time today and sharing your knowledge with us.

01:00:08:18

ALAN

Thank you, Rusty, for helping shine a light on this important sector that we all really depend on, but unfortunately don't really understand as well as we should. So thank you.

01:00:20:24

RUSTY

Absolutely. And I'll just say in the Jewish tradition, we often say: may Dr. Salamon's memory be a blessing, and it obviously is. And his work carries on. And for folks who want to hear from him, go to this podcast, our first, season one episode three in October of 2020. You can hear some of Dr. Salamon's very interesting personal history as well, how he got into this, which really goes back to Harvard and Mississippi in the civil rights era. So, not something to be missed.

Thank you for listening and take care of yourselves. I hope you'll join us next Wednesday morning as we continue our special biweekly series, Defend Nonprofits Defend Democracy, right here on your Fund The People podcast.

OUTRO

Thanks for listening to Fund the People podcast, visit fundthepeople.org and click on podcast to find a transcript for this and other episodes and all the links discussed in the episode. If you enjoyed this episode, we really appreciate a five star rating and a quick review if possible, on Apple Podcasts. It helps more people to find the show. Thank you for driving change in our communities. Remember to keep your tank full, take care of yourself and take care of one another.