

Maine Nonprofit Employment

Johns Hopkins Nonprofit Employment Data Project

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with the technical assistance of
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Nonprofit Employment Bulletin Number 12

A Joint Product of the Johns Hopkins Center for Civil Society Studies, the Unity Foundation, the Maine Community Foundation, the Dead River Company, and the Maine Association of Nonprofits

The Maine Association of Nonprofits (MANP) is committed to advancing and strengthening Maine's nonprofit sector. With a membership that consists of over 500 nonprofit members and 55 business and individual supporters, MANP offers members professional skill development programs, affordable healthcare and benefit plans, discounts on related programs and services, and advocacy resources, and is part of a national network of state nonprofit associations. (www.nonprofitmaine.org).



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As a national public grantmaking foundation, the Unity Foundation invests primarily in capacity benchmarking and building initiatives. Headquartered in Maine (but with a national scope and emphasis in New England), the Unity Foundation operates according to the venture philanthropy model of investing in organizational capacity. (www.unityfdn.org).



A statewide organization with offices in Ellsworth and Portland, the Maine Community Foundation (MCF) makes grants and provides leadership to strengthen Maine communities. This year MCF is celebrating 20 years of philanthropic service to the state of Maine. (www.mainecef.org).



This report was prepared by Lester M. Salamon and Stephanie Lessans Geller at the Center for Civil Society Studies, Institute for Policy Studies, Johns Hopkins University.

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MAINE NONPROFIT EMPLOYMENT

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A JOINT PRODUCT OF
THE JOHNS HOPKINS
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AND
THE UNITY FOUNDATION
THE MAINE COMMUNITY
FOUNDATION
THE DEAD RIVER COMPANY
THE MAINE ASSOCIATION
OF NONPROFITS

KEY FINDINGS

1. The nonprofit sector is a major economic force in Maine, accounting for roughly 1 out of every 8 paid workers—almost three times as many people as are employed by state government and well above the average for many other states (see page 3).
2. The 70,352 nonprofit employees in Maine earned over \$2 billion in wages in 2002 (see page 4).
3. While nonprofit employment in Maine is primarily concentrated in the state's urban counties, it is not restricted to any one region. Rather, it is distributed broadly throughout the state (see page 5).
4. Fifty percent of nonprofit employment in the state is in the health services field, and another 28 percent is in social services (see page 7).
5. On average, weekly wages of nonprofit employees are 18 percent below those of state government employees (see page 8).
6. In industries in which nonprofits and for-profits are both significantly involved, nonprofit average weekly wages generally outpace for-profit wages (see page 9).

INTRODUCTION

Nonprofit organizations contribute to the quality of life for all Maine citizens through the health care, education, job training, youth development, nursing home care, arts, culture, and other services they provide, and through the opportunities they offer for democratic participation in the life of Maine communities. What is not widely appreciated, however, is that nonprofit organizations are also a major force in the state's economy, and in the economies of all the state's regions.

This report presents new information on the size, composition, and distribution of paid employment in the private nonprofit sector in Maine as of the second quarter of 2002. The report draws on data generated by the Maine Department of Labor through the quarterly surveys of Maine workplaces it carries out under the national ES-202 labor market information program administered by the U.S. Bureau of Labor Statistics as part of the unemployment insurance program. These data are compiled from quarterly reports submitted by employers in compliance with U.S. and Maine law.

By law, all nonprofit places of employment are required to complete these quarterly surveys and either be covered by the federal unemployment insurance system or make other arrangements to provide unemployment coverage to laid-off workers. The one major exclusion is religious congregations, which are not required to take part in the unemployment insurance system, although the significance of this exclusion is unknown as some religious organizations nevertheless elect to be covered by unemployment insurance.

For the purpose of this report, we have chosen to focus on the "charitable" portion of the nonprofit sector. This includes organizations registered with the U.S. Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code, which embraces private, not-for-profit hospitals, clinics, colleges, universities, elementary schools, social service agencies, day care centers, orchestras, museums, theaters, environmental organizations, homeless shelters, soup kitchens, and many more.

For further information on the ES-202 data source, the definition of the nonprofit sector, and the method used here to extract data on nonprofit organizations from the Maine ES-202 records, see Appendix A.

DETAILED FINDINGS

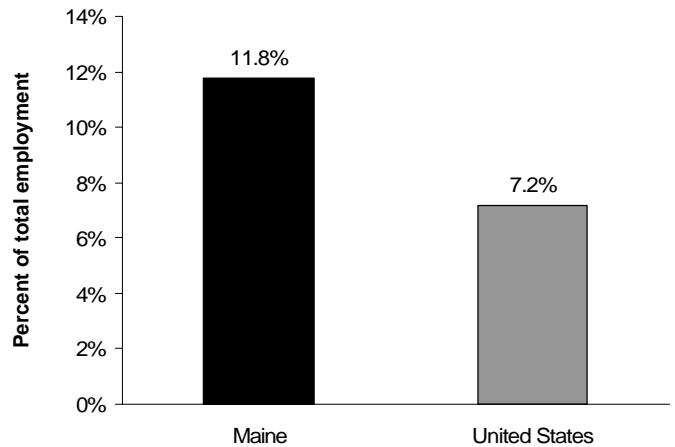
I. A MAJOR ECONOMIC FORCE

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

Employment: Maine's private, nonprofit organizations employed 70,352 paid workers as of the second quarter of 2002.

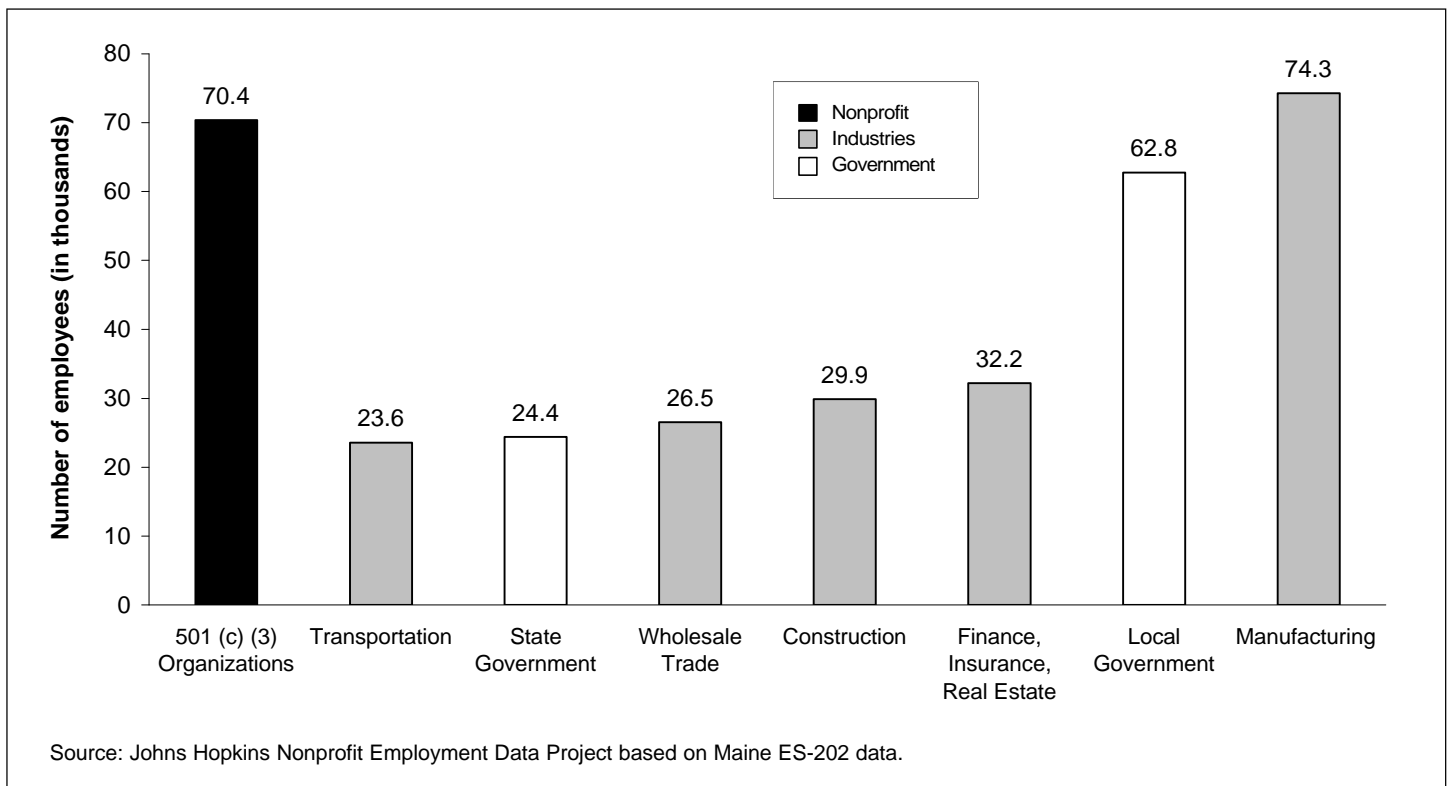
- This represents almost 12 percent of total Maine employment (or about 1 out of every 8 workers) and over 14 percent of total private employment in the state (or about 1 out of every 7 private workers). This puts Maine significantly above the U.S. average in terms of the nonprofit share of total employment (11.8 percent vs. 7.2 percent) (see Figure 1).

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



Source: Johns Hopkins Nonprofit Employment Data Project based on Maine ES-202 data, and Census of Service Industries (1997).

Figure 2: Employment in Maine's nonprofit sector in comparison to selected industries, 2002



Source: Johns Hopkins Nonprofit Employment Data Project based on Maine ES-202 data.

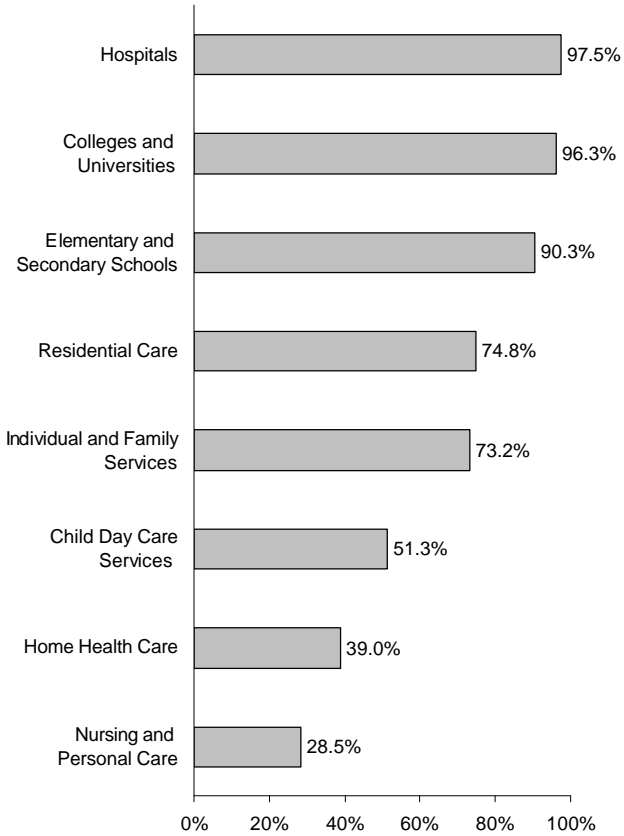
- As shown in Figure 2, the Maine nonprofit sector employed:
 - Nearly three times as many people as the state government;
 - Almost three times as many people as the state’s transportation industry and its wholesale trade industry;
 - More than twice as many workers as the state’s construction industry and its finance, insurance, and real estate industry;

- More people than all local governments combined;
- Almost as many people as the state’s entire manufacturing sector.

- The nonprofit sector accounts for the lion’s share of private employment in a number of key fields (see Figure 3). This includes:

- Over 97 percent of all private hospital employment (vs. 86 percent nationally);
- Over 96 percent of private higher education employment;
- Over 90 percent of private elementary and secondary education employment;
- Close to three-fourths of all private residential care and individual and family service employment;
- Over half of all private child day care employment.

Figure 3: Nonprofit share of private employment in selected fields in Maine, 2002



Emp. in 501 (c) (3) organizations as a share of private employment

Payroll: The 70,352 nonprofit employees in Maine earned approximately \$2 billion in wages in 2002.¹

- Nonprofit organizations thus accounted for almost 12 percent of the state’s total payroll.
- Nonprofit payrolls exceeded those for:
 - Finance, insurance, and real estate (\$1.3 billion).
 - Wholesale trade (\$994 million).
 - Construction (\$923 million).
 - Transportation (\$817 million).
 - State government (\$853 million).
 - Local government (\$1.7 billion).

Source: Johns Hopkins Nonprofit Employment Data Project based on Maine ES-202 data.

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

II. STATEWIDE PRESENCE

Nonprofit employment is not restricted to any one region in Maine. Rather, it is found in every county in the state (see Appendix C).

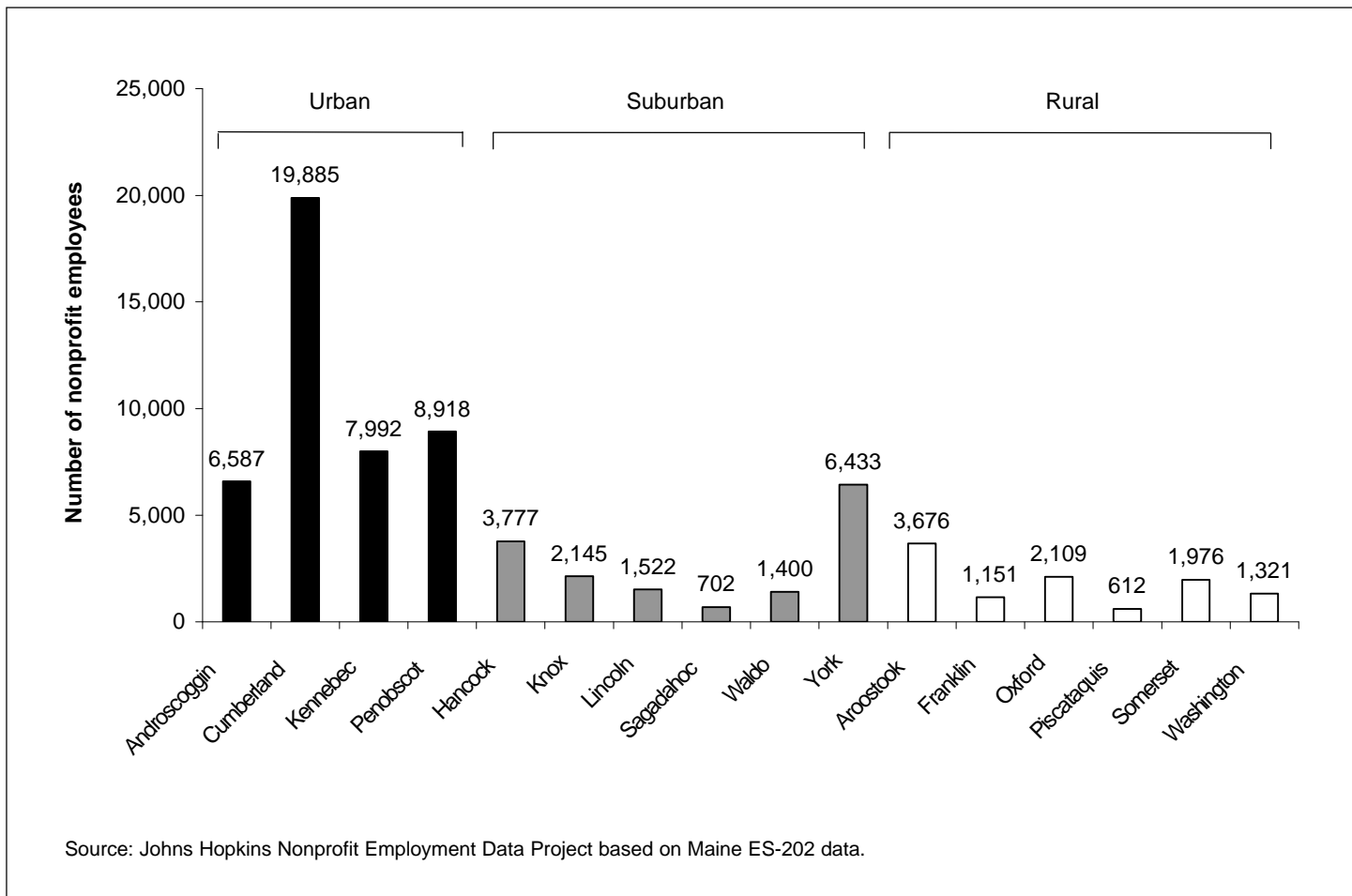
Like Maine’s population, most of the state’s nonprofit employment is located in the state’s urban counties (see Figure 4).

- Sixty-two percent of Maine private nonprofit employment is located in the state’s urban counties, which include Androscoggin, Cumberland, Kennebec, and

Penobscot Counties. Home to the state’s largest city of Portland, Cumberland County employs the bulk (28 percent) of the state’s nonprofit workers.

- Twenty-three percent of the state’s nonprofit employment is located in the suburban counties, which include Hancock, Knox, Lincoln, Sagadahoc, Waldo, and York Counties.
- The remaining 15 percent of the state’s nonprofit employment is located in the rural counties, which include Aroostook, Franklin, Oxford, Piscataquis, Somerset, and Washington Counties.

Figure 4: Maine nonprofit employment, by county, 2002

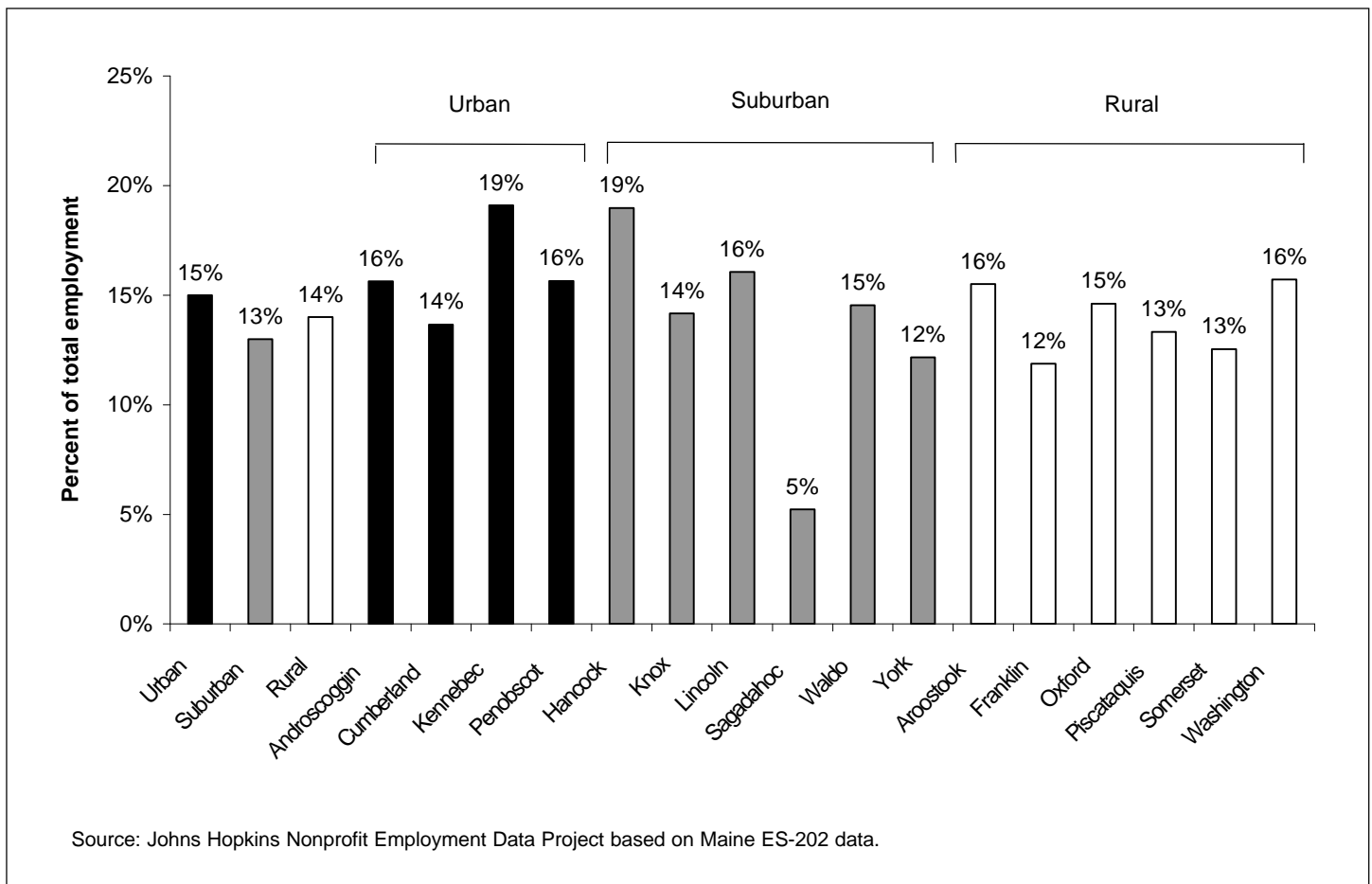


Despite the concentration of nonprofit employment in the urban counties, nonprofit employment accounts for a significant share of total private employment in all regions of the state (see Figure 5).

- In the urban counties, nonprofit employment accounts for about 15 percent of total private employment.
- In the suburban counties, nonprofit employment accounts for slightly more than 13 percent of total private employment.

- In the rural counties, nonprofit employment accounts for about 14 percent of total private employment.
- Nonprofit organizations play a particularly important role in Kennebec and Hancock Counties, accounting for nearly 20 percent of total private employment.

Figure 5: Nonprofit employment as a percent of total private employment, by county, 2002



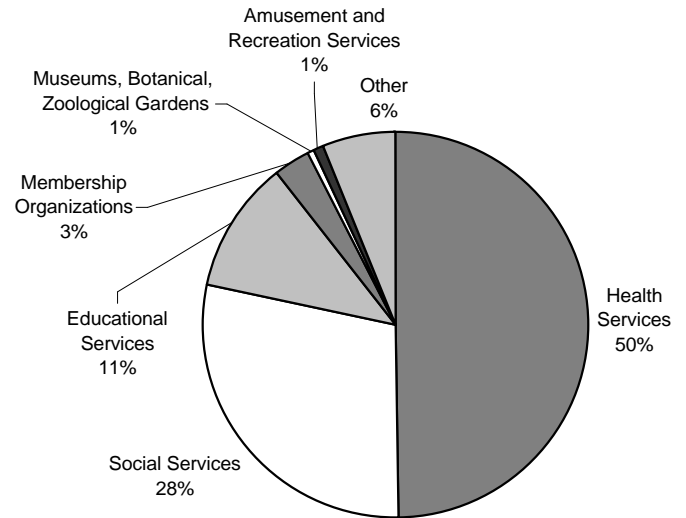
III. HEALTH DOMINANCE

Health organizations account for nearly half of Maine's nonprofit jobs, but social service and education organizations also account for significant shares (see Figure 6).

- Fifty percent of all nonprofit employment in Maine is in the health services field (over 34,900 jobs). These jobs include work in hospitals, nursing and personal care facilities, and clinics.
- Twenty-eight percent of all nonprofit jobs in Maine are in social services (over 19,850 jobs). This includes employment in individual and family services, job training and related services, child day care services, and residential care.
- Eleven percent of all nonprofit employment in Maine is in educational services (nearly 7,800 jobs), including elementary and secondary schools, colleges, and universities.
- Three percent of all nonprofit employment is in membership organizations (over 2,250 jobs) (see also Appendix B).

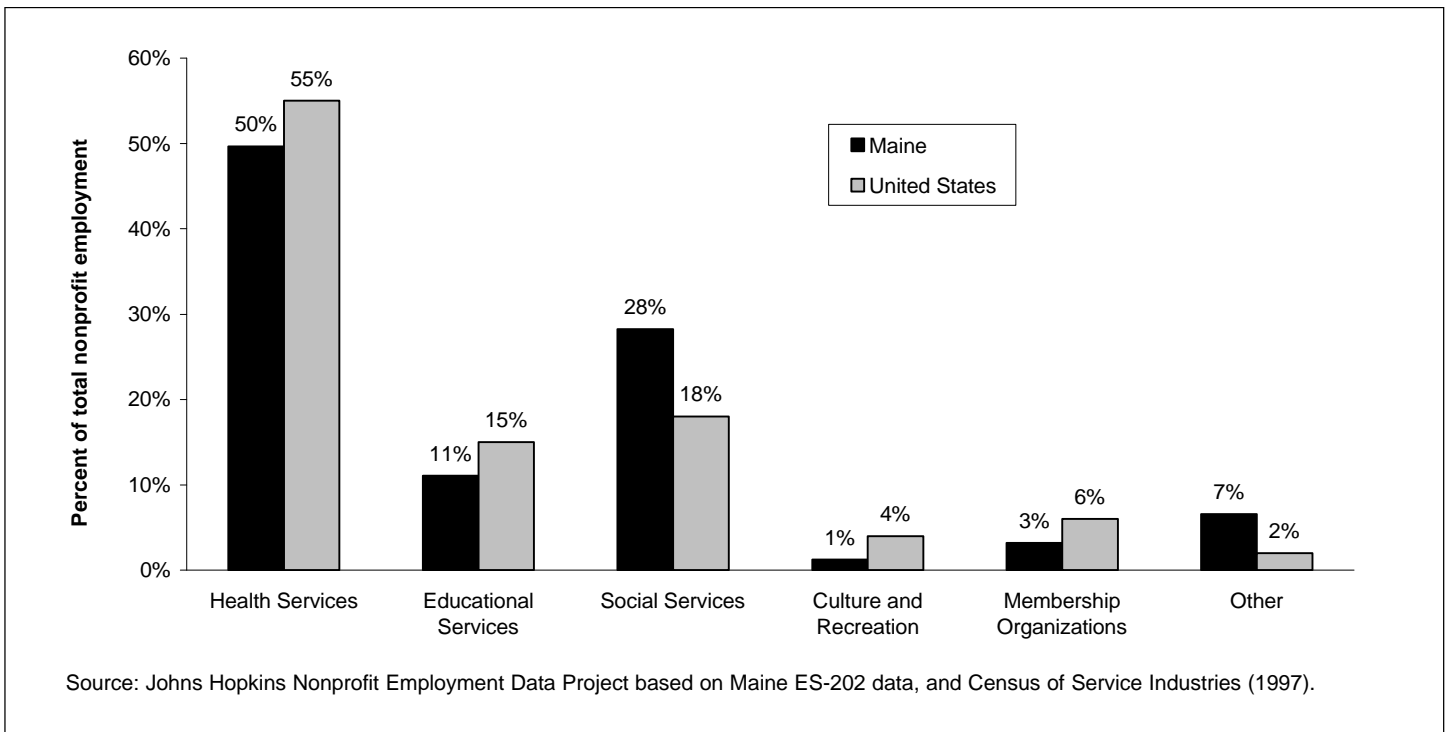
As shown in Figure 7, the distribution of nonprofit employment in Maine is similar to the national average, although Maine has a larger share of nonprofit employment in social services and a smaller share in health and education.

Figure 6: Distribution of Maine nonprofit employment, by field, 2002



Source: Johns Hopkins Nonprofit Employment Data Project based on Maine ES-202 data.

Figure 7: Distribution of nonprofit employment, Maine vs. the nation

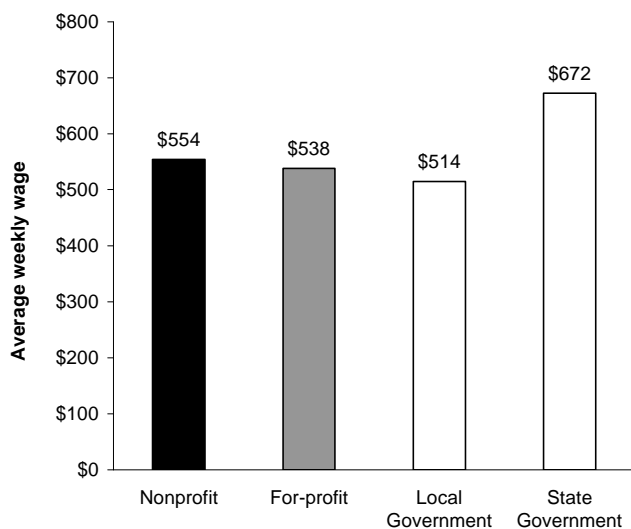


V. NONPROFIT WAGE RATES

Average weekly wages of nonprofit employees are lower than those of state government employees but higher than those of for-profit and local government employees.

- Nonprofit average weekly wages, at \$554, are 18 percent below those of state government employees but 3 percent higher than those of for-profit employees and 8 percent higher than those of local government employees (see Figure 8).

Figure 8: Nonprofit, for-profit, and government average weekly wages in Maine, 2002

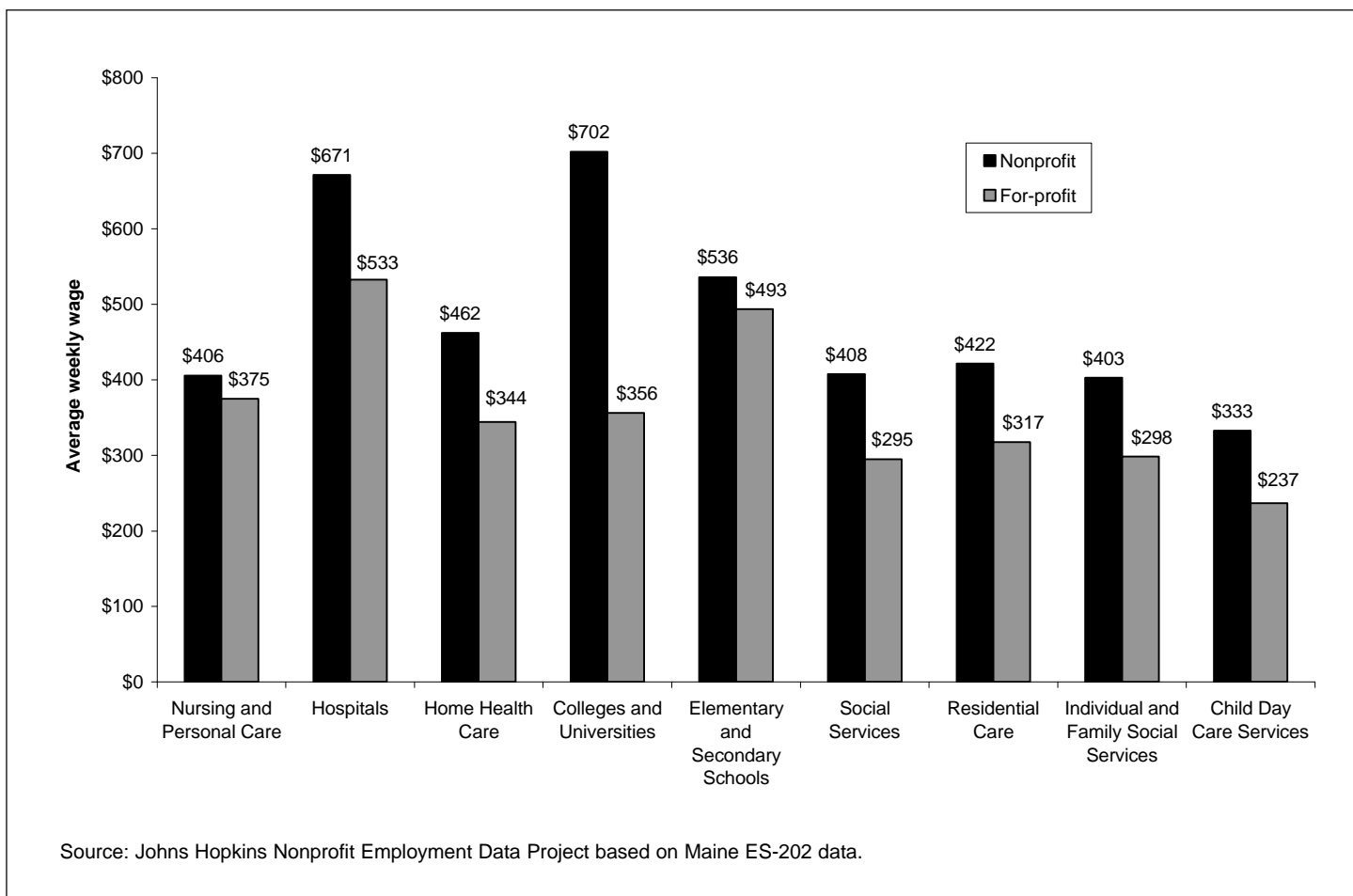


Source: Johns Hopkins Nonprofit Employment Data Project based on Maine ES-202 data.

- In industries in which nonprofits and for-profits are both significantly involved, the nonprofit wage advantage is more pronounced (see Figure 9).
 - Workers in nonprofit elementary and secondary schools earn 9 percent more than their for-profit counterparts;
 - Similarly, nonprofit nursing and personal care workers earn 8 percent more than their for-profit counterparts, and nonprofit home health care workers earn 34 percent more;
 - In the social services field, nonprofit workers earn, on average, 38 percent more than their for-profit counterparts.
- Whether the variations in comparative earnings are a result of different wage rates or differing use of part-time workers cannot be determined from this data set.²

² The average weekly wage reported in the ES-202 survey data makes no adjustment for full-time or part-time work. Industries with a greater number of part-time workers could appear to have lower average weekly wages than those with fewer part-time workers even if the actual pay rates are equal.

Figure 9: Comparative nonprofit and for-profit average weekly wages in selected industries in Maine, 2002



CONCLUSION

Nonprofit organizations are active across the state of Maine serving citizens and communities, addressing issues of concern, and improving the quality of life. Maine’s nonprofits range from hospitals to sports clubs, from schools to theaters, and from environmental groups to organizations working with the elderly, veterans, and people with disabilities. Nonprofit organizations are not only critical service providers to Maine communities, but also are a major force in the state’s economy and in the economies of the state’s regions.

Regrettably, the economic significance of the nonprofit sector as a source of jobs and wages is not well understood. As a result, this sector is often overlooked in economic development as well as in education and training efforts that could prove extremely beneficial to the sector and the state in the long term. The data presented in this report are intended to correct this situation, to promote greater understanding of the economic contributions and impact of the nonprofit sector, and to demonstrate the immense stake that Maine’s citizens have in this sector’s continued health.

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

SOURCE OF DATA

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

SCOPE OF COVERAGE

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

The number of employees is measured by the number of filled jobs for the pay period that includes the 12th day of each month as reported by the employer. Both part-time and full-time employees are included in the data set. If a

person holds two jobs, that person would be counted twice in the data set. Wages include bonuses, stock options, the cash value of meals and lodging, and tips and other gratuities.

The employment data for nonprofit organizations were identified by matching the Federal Employer Identification Numbers (FEINs) of firms in the Maine ES-202 system with the FEINs of firms that have registered with the IRS for tax-exempt status. Maine tax-exempt firms were identified using the Exempt Organization Master File (EOMF), which is a listing of all organizations exempt from taxation under section 501(c) of the Internal Revenue Code. The file is cumulative; information on new organizations is added to the file on an ongoing basis and an effort is made to delete defunct organizations. The file includes the name, address, and zip code of the organization, the Federal Employer Identification Number, and the exact Internal Revenue Code subsection under which the organization has claimed tax exemption. By matching the FEINs in the EOMF with those on the ES-202 data set, it is possible to identify all nonprofit entities in the state registered with the IRS, including not only the 501(c)(3)s, the so-called “charitable” portion of the tax-exempt universe, but other types of tax-exempt organizations as well, such as social clubs, trade associations, and civic organizations.

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

APPENDIX B: DISTRIBUTION OF NONPROFIT EMPLOYMENT IN MAINE, BY INDUSTRY, 2002

SIC codes ³	Industry	Type of organizations	Number of nonprofit employees	Percent of total nonprofit employment
80	Health Services	Hospitals, nursing and personal care facilities, home health care organizations	34,935	49.7%
81	Legal Services	Legal aid clinics, conflict resolution programs	88	0.1%
82	Educational Services	Private colleges and universities, elementary and secondary schools	7,790	11.1%
83	Social Services	Child day care services, residential care, job training and related services, individual and family services	19,866	28.2%
79, 84	Culture and Recreation	Museums, theaters, art galleries, orchestras, membership sport and recreation clubs, amateur sports clubs, day camps	888	1.3%
86	Membership Organizations	Business associations, professional associations, neighborhood associations, social clubs, hiking clubs, environmental organizations	2,257	3.2%
All other	Other	Research, development, and testing firms; printing and publishing firms; religious, educational, and charitable trusts, and others	4,528	6.4%
Total			70,352	100.0%

³ SIC codes are based on the *Standard Industrial Classification Manual* (U.S. Office of Management and Budget, 1987).

APPENDIX C: NONPROFIT EMPLOYMENT IN MAINE, BY COUNTY, IN COMPARISON TO TOTAL PRIVATE EMPLOYMENT, 2002

County	Nonprofit employment 501 (c)(3)	Total private employment	Nonprofit employment as a percent of total private employment
Androscoggin	6,587	42,111	16%
Aroostook	3,676	23,707	16%
Cumberland	19,885	146,253	14%
Franklin	1,151	9,692	12%
Hancock	3,777	19,898	19%
Kennebec	7,992	41,837	19%
Knox	2,145	15,142	14%
Lincoln	1,522	9,474	16%
Oxford	2,109	14,432	15%
Penobscot	8,918	56,968	16%
Piscataquis	612	4,593	13%
Sagadahoc	702	13,403	5%
Somerset	1,976	15,761	13%
Waldo	1,400	9,626	15%
Washington	1,321	8,403	16%
York	6,433	52,870	12%
Unallocated	145	9,911	
Total	70,352	494,080	14%

The Johns Hopkins Nonprofit Employment Data Project

The Nonprofit Employment Data (NED) Project is utilizing a previously untapped source of up-to-date data to shed new light on nonprofit employment and wages in the U.S. and to chart the relationship among nonprofit, for-profit, and government employment both nationally and locally. To do so, the project is drawing on data compiled as part of the U.S. Unemployment Insurance Program. A collaboration between the Center for Civil Society Studies and state employment security agencies, the U.S. Bureau of Labor Statistics, and state nonprofit associations, the NED Project is yielding a vital new resource for understanding the nonprofit sector.

The Johns Hopkins Center for Civil Society Studies

The Johns Hopkins Center for Civil Society Studies seeks to improve understanding and the effective functioning of not-for-profit, philanthropic, or “civil society” organizations in the United States and throughout the world in order to enhance the contribution these organizations can make to democracy and the quality of human life. The Center is part of the Johns Hopkins Institute for Policy Studies and carries out its work through a combination of research, training, and information-sharing both domestically and internationally.



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