

INDIANA NONPROFITS

Scope and Community Dimensions

Trends in Nonprofit Employment in the Fort Wayne Metropolitan Area, 2000-2011

Key Facts about Nonprofits in Indiana

- Nonprofits play a key role in the Indiana economy, with the proportion of employees employed by nonprofits increasing 23 percent between 2000 and 2011 and averaging over 8 percent of all employees statewide.
- Nonprofit payroll and wages during the same period outperformed those in government, which saw only minor growth, and for-profits, which declined.
- The dominant nonprofit industry in Indiana is health. Other prominent industries include education, social assistance, and arts, entertainment and recreation (AER).

This report analyzes trends between 2000 and 2011. To address volatility in trends due to the Great Recession, Figures 1-4 split the full time period in two: 2000-2007 and 2008-2011. Wages have been adjusted for inflation and reported in 2011 dollars.

Employment in Fort Wayne

- In 2011, 8.5 percent of employees in Fort Wayne were employed by a nonprofit organization as opposed to 6.7 percent in 2000.
- Between 2000 and 2007, employment in Fort Wayne nonprofits grew 19 percent, as opposed to 10 percent at the state level during that same time period (the first two sets of bars in Figure 1). Both Fort Wayne and the overall state nonprofit

employment increased 3 percent between 2008 and 2011.

- In each period, nonprofit job growth in Fort Wayne far outstripped growth in government jobs and especially for-profit jobs which actually declined (Figure 2). The nonprofit sector was the only sector to see positive growth for both the 2000-07 and 2008-11 time periods.

Figure 1: Percent Change in NP Employment, Payroll, and Average Wages in Fort Wayne and Indiana, 2000-2011

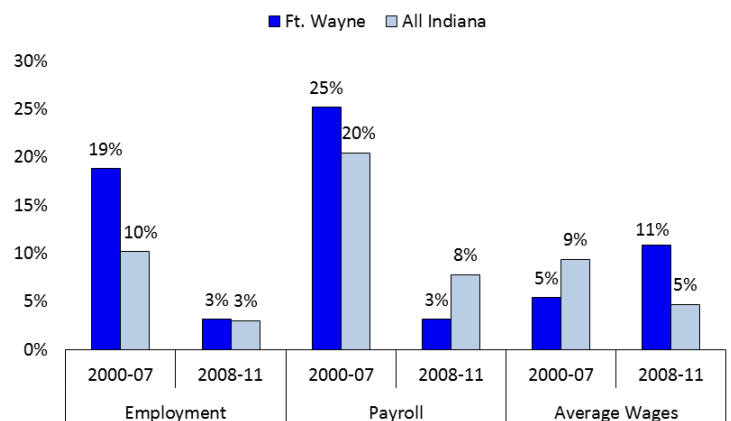
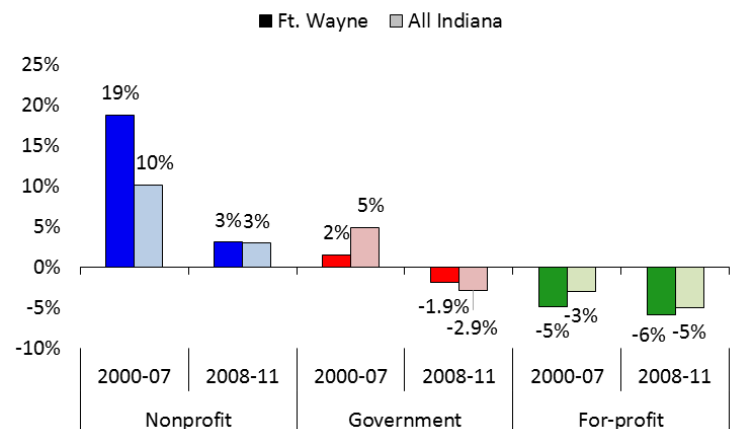


Figure 2: Percent Change in Employment by Sector in Fort Wayne and Indiana, 2000-2011

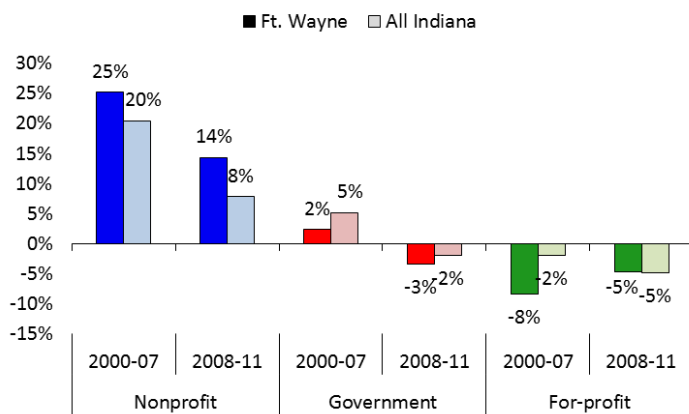


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Payroll in Fort Wayne

- Fort Wayne nonprofits saw increases in payroll between 2000 and 2011 (the two middle sets of bars in Figure 1).
- Between 2000 and 2007 particularly, nonprofit payroll in Fort Wayne experienced a large growth of 25 percent, as opposed to 20 percent at the state level during the same time period (Figure 1).
- However, between 2008 and 2011, overall state growth (8 percent) was greater than Fort Wayne (3 percent) (Figure 1).
- Sector growth for payroll was similar to trends in employment. Nonprofit growth far exceeded the negative trends in for-profit payroll and mixed trends in government (Figure 3). Fort Wayne nonprofit payroll growth exceeded the state’s in both periods.

Figure 3: Percent Change in Payroll by Sector in Fort Wayne and Indiana, 2000-2011

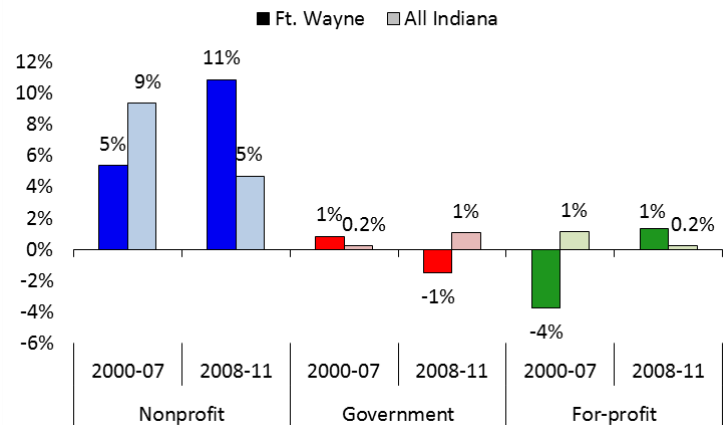


Average Wages in Fort Wayne

- Between 2000 and 2007, the growth in nonprofit wages (5 percent) in Fort Wayne was less than the overall growth at the state level (9 percent). During the next four years, 2008-2011, Fort Wayne’s growth overtook state growth by 6 percentage points (the last two sets of bars in Figure 1).
- Average nonprofit wages outperformed those in government and for-profits during both time periods (Figure 4).
- Nonprofits were the only sector to grow in both time periods, both in Fort Wayne and statewide. Fort Wayne’s growth in nonprofit wages between

2008 and 2011 (11 percent) was especially noteworthy, compared to nonprofit wages at the state level (5 percent), government wages (up 1 percent) and for-profit wages (up 0.2 percent) (Figure 4).

Figure 4: Percent Change in Average Wages by Sector in Fort Wayne and Indiana, 2000-2011



Nonprofit Industry Comparisons

We look first at changes over the entire 2000-2011 period, rather than for the two separate time periods (2000-2007 and 2008-2011) we used in our analysis above. Looking at the entire time period obscures changes over time, but allows us to examine growth and/or decline over the entire period. In the final section of this report, we consider annual changes in the four largest nonprofit industries.

- Between 2000 and 2011, there were divergent patterns of growth and decline across the major nonprofit industries: education, health, social assistance, and arts, entertainment and recreation (AER), as shown in Figures 5-7. Generally, the health and education industries show greater growth than social services and especially AER, which declined in both Fort Wayne and at the overall state level.

Nonprofit Employment

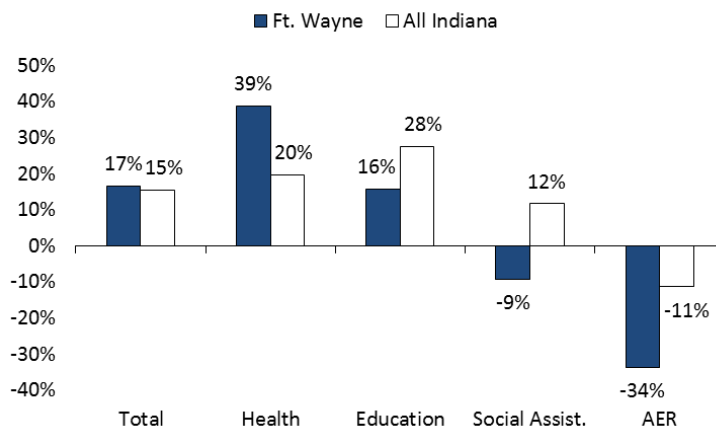
- Nonprofit employment in the health industry increased 39 percent, while health jobs increased by only 20 percent at the state level over the same time period (Figure 5).
- Nonprofit employment in education, social assistance, and AER in Fort Wayne either increased less than or decreased as compared to overall state trends (Figure 5). Only nonprofit health

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employment grew more than at the overall state level.

- Nonprofit employment in education increased by 16 percent for Fort Wayne nonprofits but by fully 28 percent at the state level (Figure 5).

Figure 5: Percent Change in Nonprofit Employment by Industry for Fort Wayne and Indiana, 2000-2011

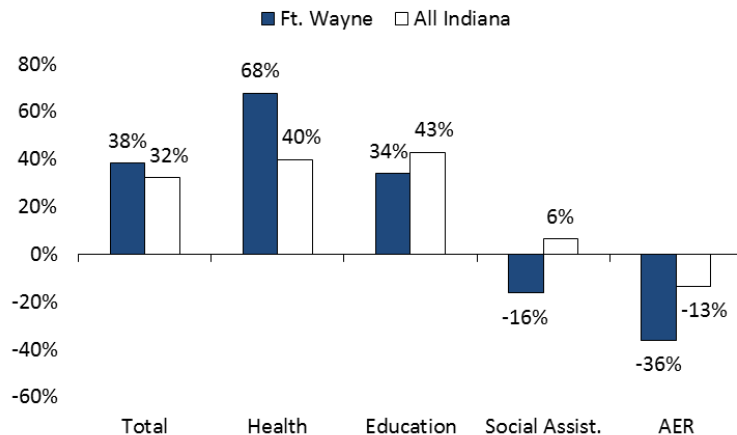


Nonprofit Payroll

- Trends in nonprofit payroll are similar to those in nonprofit employment. Health and education were the only industries in Fort Wayne where nonprofit payroll increased more than at the state level (68 versus 40 percent) (Figure 6).
- Nonprofit payroll for Fort Wayne social assistance and AER employers both decreased over the time period. For both industries, their statewide counterparts showed notably better performances, up 6 percent for social assistant (compared to a decline of 16 percent in Fort Wayne). Payroll in nonprofit AER declined both in Fort Wayne and statewide, but the decline was fully 36 percent in Fort Wayne compared to 13 percent at the state level (Figure 6).

FORT WAYNE ANALYSIS

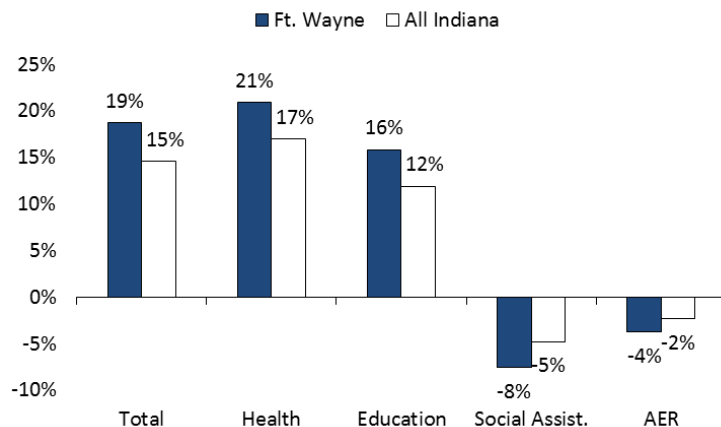
Figure 6: Percent Change in Nonprofit Payroll by Industry for Fort Wayne and Indiana, 2000-2011



Average Nonprofit Wages

- Average nonprofit wages for Fort Wayne increased over the time period in health (21 percent) and education (16 percent) more so than at the overall state level (17 and 12 percent, respectively) (Figure 7).
- Nonprofit average wages in social assistance and AER decreased for both Fort Wayne at the state level over the time period. Fort Wayne's decline exceeded the state's for both industries.

Figure 7: Percent Change in Nonprofit Average Wages by Industry for Fort Wayne and Indiana, 2000-2011



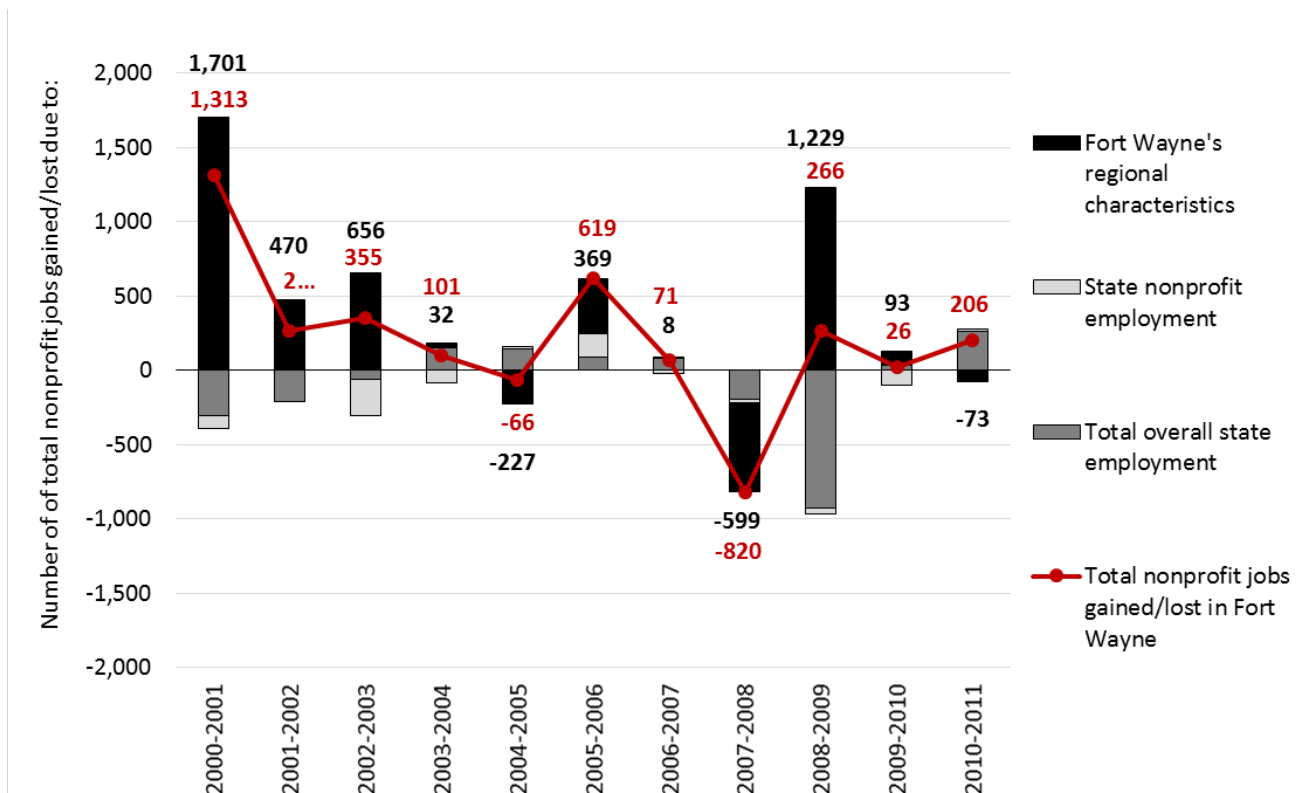
Detailed Industry Analyses

Our analysis of trends in nonprofit industries so far has examined only overall changes between 2000 and 2011 with no attention to changes from one year to the next or to whether such changes are particular to nonprofits or part of a broader shift in the composition of industries at the state level. We turn now to an analysis of trends in Fort Wayne nonprofit employment using a special “Shift Share” analysis. This methodology allows us to identify trends in nonprofit employment specific to the Fort Wayne region distinct from shifts in total statewide employment and in total nonprofit sector employment at the state level. Here we provide an example of how we apply this methodology to annual changes in nonprofit employment trends in the Fort Wayne metropolitan statistical area, first for total nonprofit employment and then for nonprofit employment in the four largest nonprofit industries.

The annual number of nonprofit jobs gained or lost in Fort Wayne are represented in red (Figure 8). For example, Fort Wayne gained 1,313 nonprofit jobs from 2000-2001. This growth can be attributed to a variety of factors. Represented in black are number of jobs added or lost if we only consider how the local characteristics of Fort Wayne influence nonprofit employment. For example, Fort Wayne would have actually added 1,701 new nonprofit jobs in 2000-2001 if only local factors affected employment. However, the state effects on nonprofit employment (displayed in dark and light gray) were negative, which brings the total number of jobs added down to 1,313.

Annual changes in Fort Wayne nonprofit employment are displayed by the red line in Figure 8. This line indicates overall nonprofit job gains/losses in Fort Wayne and – consistent with Figure 2 above – shows that nonprofit jobs grew mainly during the first three years of the period. For example, Fort Wayne added 1,313 nonprofit jobs between 2000 and 2001. However, the growth in total number of nonprofit jobs during the last three years of the period were at best modest and in one year (2007-2008) even negative (a loss of 599 nonprofit jobs). The stacked bars show the impact of three factors contributing to these trends.

Figure 8: Regional Effects on Changes in Fort Wayne’s Total Nonprofit Employment



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- **Overall state employment trends** (represented by the dark gray bars) - This indicates how many nonprofit jobs would have been gained/lost in Fort Wayne, if the Fort Wayne nonprofits had followed overall state trends in employment across all industries and all sectors (nonprofit, government, and for-profit). The negative effect of overall state employment trends is most pronounced at the beginning of the Great Recession as well as the smaller recession in the early 2000s. In 2000-2001, for example, Fort Wayne nonprofits would have lost more than 300 jobs if they had followed statewide trends in total employment.
- **Nonprofit employment trends at the state level** (indicated by the light gray bars) - Fort Wayne nonprofit employment is also affected by state level gains and losses of nonprofit jobs, compared to for-profit and government jobs. In 2000-2001, Fort Wayne nonprofits would have lost close to 100 jobs if they followed statewide trends in nonprofit employment. Generally state nonprofit job gains/losses move in the same direction as total state employment, except in 2003-2004 and 2009-2010. For 2000-2001, the combined effects of trends in overall state employment (across all sectors) and total state nonprofit employment would have reduced nonprofit employment in Fort Wayne by 388 jobs. In actuality, Fort Wayne gained 1,313 nonprofit jobs in 2000-2001, suggesting that Fort Wayne had a special regional competitive advantage in that year.
- **Fort Wayne's unique characteristics** (reflected in the black bars) - This indicates how many nonprofit jobs were gained/lost in Fort Wayne above and beyond the overall statewide employment trends (dark gray bars) or the state's nonprofit trends (light gray bars). For most years (all years except 2003-2004, 2006-2007, and 2010-2011), the black bars are above the break-even line, suggesting that Fort Wayne nonprofits had a comparative regional advantage. In these years, the effects of Fort Wayne's regional characteristics compensate for losses at the state level. For example, in 2000-2001, Fort Wayne would have lost 388 nonprofit jobs if the regional nonprofits had followed overall state trends. The region, however, added a total of 1,313 nonprofit jobs (red circle). In two of the years, Fort Wayne nonprofits respectively negated (2004-05) or aggravated (2007-08) changes at the statewide level. The analysis does not allow us to determine the reasons for these changes; for example, changes in funding patterns.

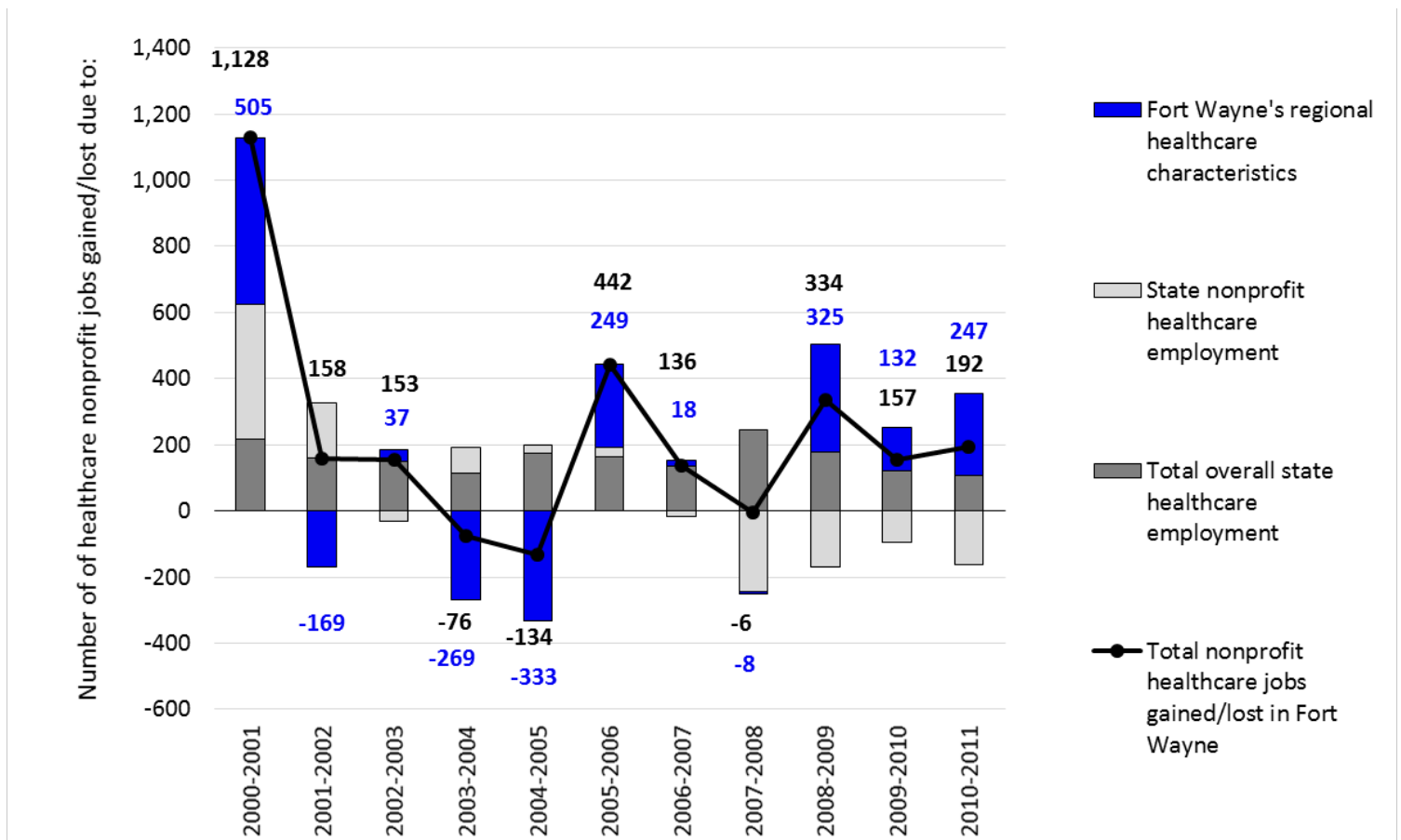
Healthcare

By isolating particular nonprofit industries, these patterns may be easier to understand. Over the 2000-2011 period, total nonprofit jobs in the healthcare industry increased 39 percent (as shown in Figure 5). Figure 9 shows how this overall growth played itself out from year to year and suggests a dramatic increase in the first year, followed by much more modest growth over the rest of the period – including three years of actual net decline in 2003-2004, 2004-2005, and 2007-2008, when the black solid circle/line dipped into negative territory.

For example, Figure 9 reveals that in 2000-2001 total Fort Wayne nonprofit employment in health care (the black solid circle/line) increased by 1,128 jobs. Most of this growth (623 new jobs) would have occurred if Fort Wayne simply followed statewide trends in **total** health care employment (dark grey bar) and statewide trends in **nonprofit** health care employment (light gray bar). However, the remaining 505 **Fort Wayne nonprofit health care** jobs (blue bars) were added above and beyond these statewide trends, suggesting that something special happened in Fort Wayne that year to allow nonprofit health care establishments in Fort Wayne to add this many new workers.

The following year, the number of additional nonprofit jobs in the Fort Wayne health care industry was only 158. If Fort Wayne nonprofits had followed statewide trends in total health care employment (dark grey bar) and in statewide nonprofit health care employment (light gray bar), the increase would have been 327. The difference (169 jobs) suggests that Fort Wayne nonprofit health care providers were less effective in capturing health care jobs than their counterparts in the rest of the state, perhaps because they had expanded more than expected the previous year.

Figure 9: Regional Effects on Changes in Fort Wayne’s Nonprofit Healthcare Employment



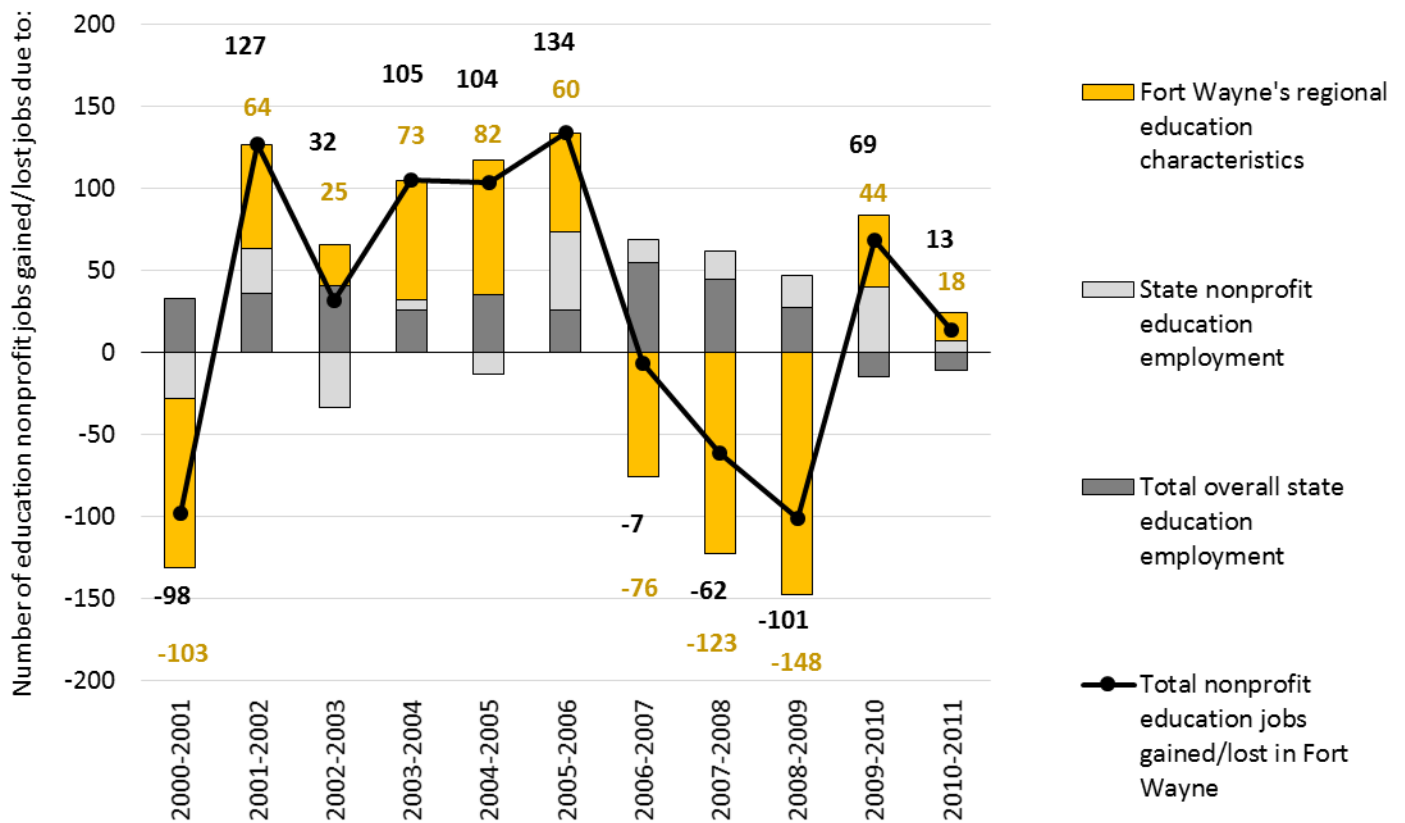
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Figure 9 shows that in eight of the eleven years included in the analysis, Fort Wayne nonprofit health care providers outperformed their statewide nonprofit counterparts (the blue bars show more jobs added than the light gray bars). However, they outperformed the entire healthcare sector at the statewide level in only four of the eleven years (the blue bars show more jobs added than the dark gray bars).

Education

Between 2000 and 2011 nonprofit jobs in education grew 16 percent in the Fort Wayne metropolitan area, but 28 percent at the state level (Figure 5). Figure 10 shows how these growth trends played themselves out on an annual basis. The analysis suggests that Fort Wayne nonprofit employment in education grew in seven of the 11 years above and beyond statewide trends. However, in 2000-2001 and each year between 2006 and 2009, Fort Wayne nonprofits lost jobs in education, despite positive statewide trends, suggesting that particular regional effects depressed nonprofit education jobs for those years. These effects were sufficiently pronounced to result in an overall lower growth in nonprofit employment jobs for the entire period than for similar jobs at the statewide level. A comparison of Figures 9 and 10 indicate that the regional effects in nonprofit health care followed a quite different pattern or cycle than those in nonprofit education.

Figure 10: Regional Effects on Changes in Fort Wayne’s Nonprofit Education Employment

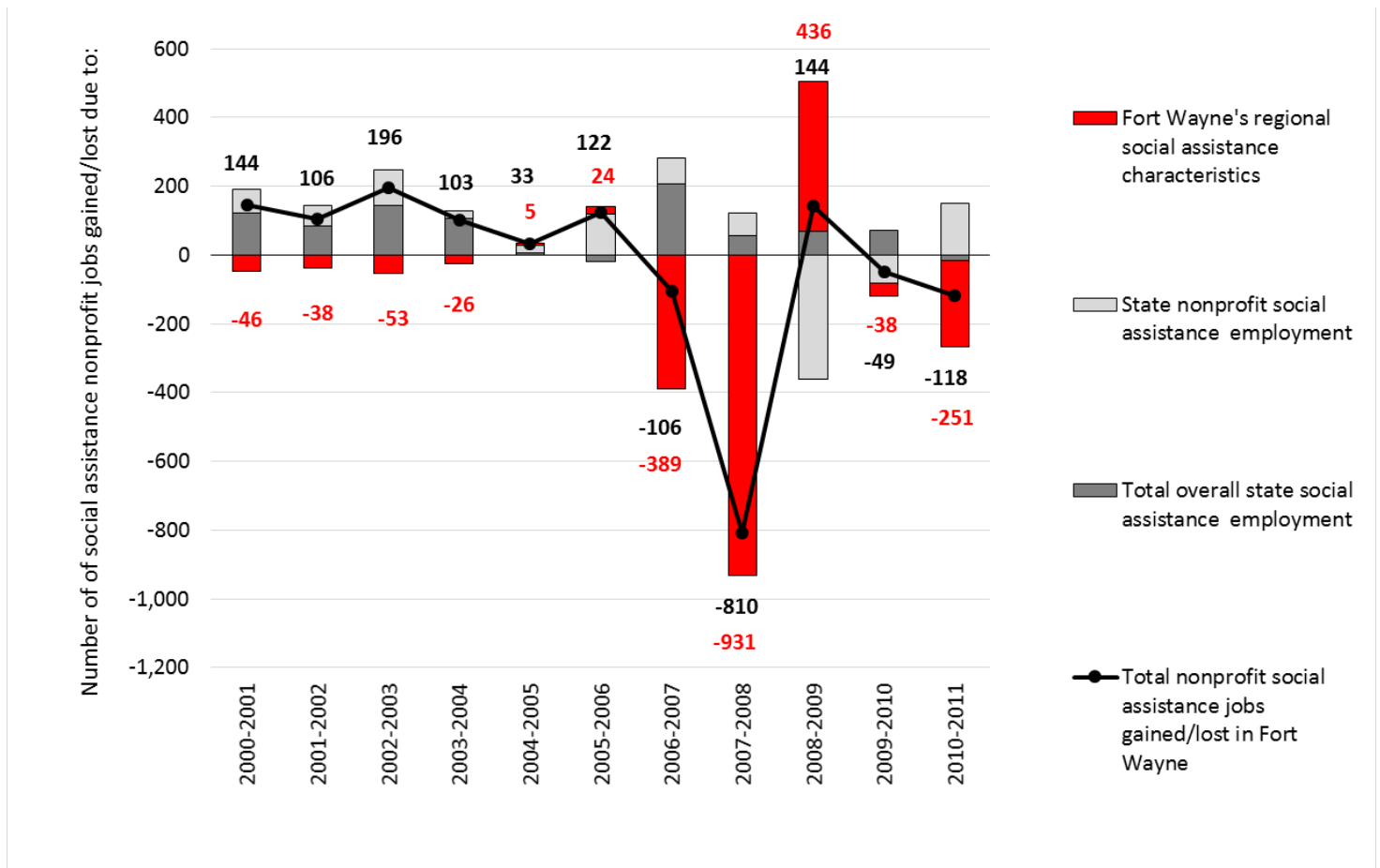


Social Assistance

Between 2000 and 2011, Fort Wayne nonprofit employment in social assistance decreased by 9 percent, while those jobs increased 12 percent at the state level (Figure 5 above). Figure 11 shows how the 9 percent decrease in Fort Wayne nonprofit assistant jobs played itself out on an annual basis. These patterns also differ markedly from the corresponding analysis of Fort Wayne’s nonprofit healthcare and nonprofit education employment.

In social assistance, Fort Wayne’s regional characteristics had a largely negative effect on nonprofit job growth except in 2004-2005, 2005-2006 and 2008-2009. These regional effects were more pronounced between 2006 and 2009 and in 2010-2011 than in other years, which suggests these years accounted for most of the overall decline in nonprofit social assistance jobs. The effects of state employment (both overall and specifically in social assistance nonprofits) generally were positive and compensated for jobs lost due to regional effects in many years. The exception was 2008-2009, when Fort Wayne’s regional characteristics accounted for the majority of nonprofit job growth; however, that was the only year in which the regional effects were positive and non-trivial.

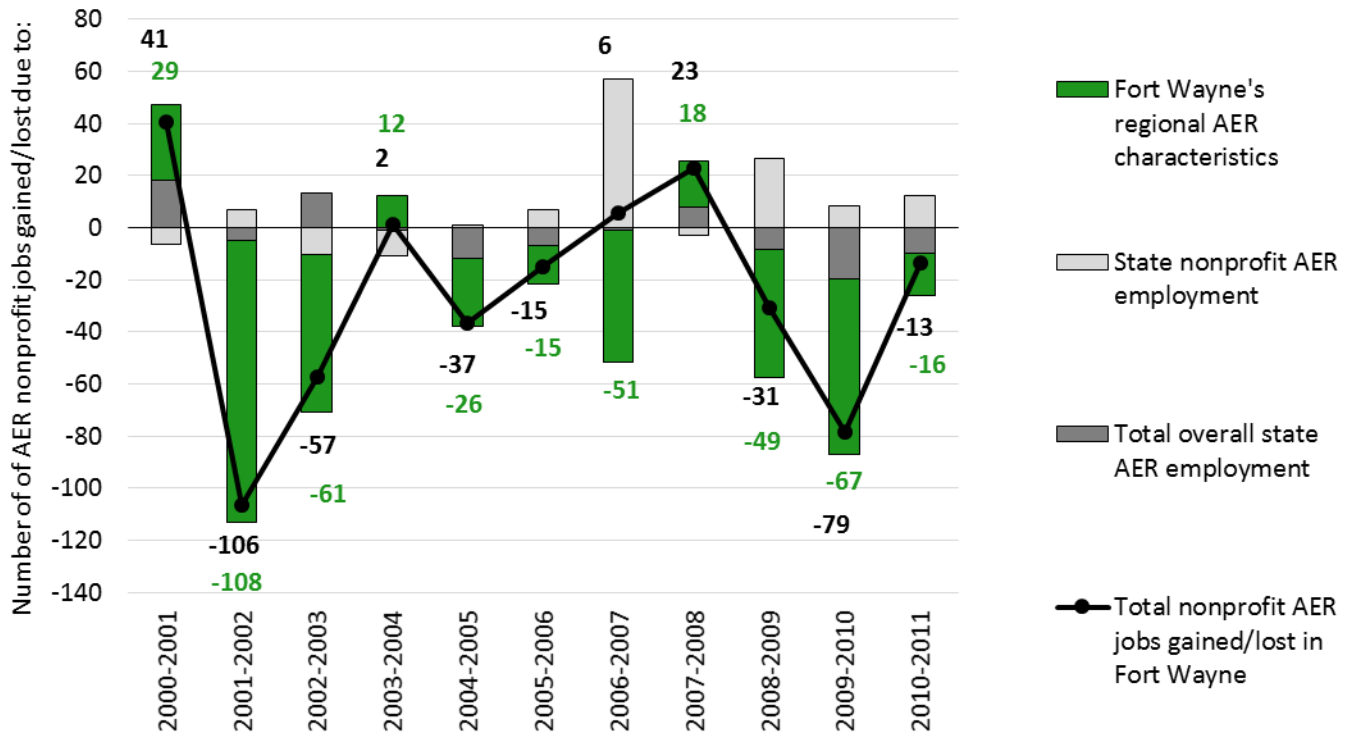
Figure 11: Regional Effects on Changes in Fort Wayne’s Nonprofit Social Assistance Employment



Arts, Entertainment, and Recreation

Figure 5 above shows that while both Fort Wayne and statewide changes in AER employment were negative, Fort Wayne saw a larger overall decrease between 2000 and 2011 (a loss of 14 percent compared to 11 percent). Figure 12 shows the annual changes in nonprofit jobs in the arts, entertainment, and recreation industry. Except for three years (2000-2001, 2003-2004, and 2007-2008), Fort Wayne nonprofits in this industry (green bars) persistently fell behind statewide trends in total employment (dark grey bars) and statewide trends in nonprofit arts, entertainment, and recreation jobs (light gray bars).

Figure 12: Regional Effects on Fort Wayne’s Nonprofit Arts, Entertainment and Recreation Employment



Methodology

The report draws data from the national Quarterly Census Employment and Wages (QCEW) filing. However, because of the unique position of nonprofits under federal law, many nonprofits are not required to complete these filings. For example, religious congregations as well as 501(c)(3) organizations employing fewer than four workers are exempt from QCEW filings. Because of these exclusions we are confident that our analysis underestimates nonprofit employment in Indiana. For a full explanation of methodology, please visit our website.