

XVIII. CENTRAL INDIANA: ECONOMIC GROWTH REGION 5



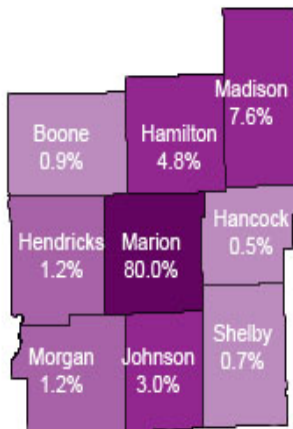
Nine central Indiana counties – Boone, Hamilton, Madison, Hendricks, Marion, Hancock, Morgan, Johnson, and Shelby – make up Economic Growth Region (EGR) 5. This region includes most of the Indianapolis Metropolitan Statistical Area (MSA) (Boone, Hamilton, Hendricks, Marion, Hancock, Morgan, Johnson, and

Shelby Counties are part of the Indianapolis MSA included in EGR 5; Putnam and Brown Counties are also part of the Indianapolis MSA but are not included in EGR 5). EGR 5 also includes the Anderson MSA (Madison County). The private, nonprofit sector is a major economic force in EGR 5, employing considerably more workers than several typically for-profit industries. Nonprofit employment in this region is concentrated in health services, with over half of the region’s nonprofit workers working in this region. Average weekly wages paid to nonprofit employees in this region are higher than the statewide average. The EGR 5 nonprofit sector grew modestly from 2001 to 2005.

Employment and Payroll: Nonprofits in EGR 5 employed 69,400 workers and had a total payroll of over \$2.51 billion.

- The distribution of this region’s nonprofit employment differs notably by county, as shown in Figure 100.

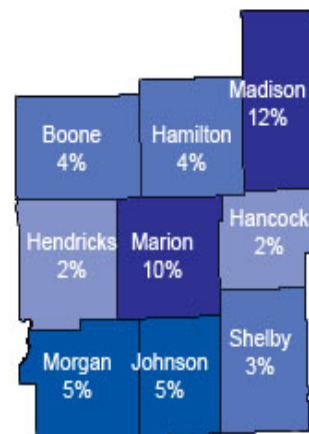
Figure 100: Distribution of EGR 5 nonprofit employment, by county, 2005



- Marion County contained the vast majority (80 percent) of EGR 5’s nonprofit employment.
- The county with the next highest share was Madison County, with 7.6 percent.
- Hamilton County contained 4.8 percent of the region’s nonprofit employment.
- Johnson County accounted for 3 percent of the region’s nonprofit employment.
- Hendricks and Morgan Counties each contained only 1.2 percent of the region’s nonprofit employment.
- Boone, Shelby, and Hancock Counties each contained less than 1 percent of the region’s nonprofit employment (0.9 percent, 0.7 percent, and 0.5 percent, respectively).

- The 69,400 employees accounted for 8 percent of the region’s total employment of 867,500, about the same proportion seen statewide.
- The nonprofit share of total employment differs by county, as shown in Figure 101.

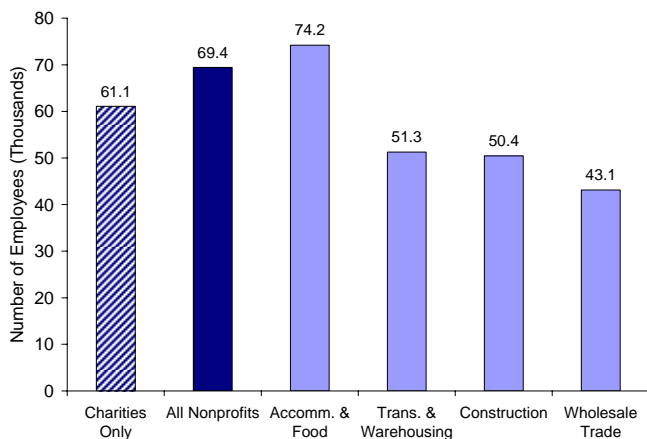
Figure 101: Nonprofit share of total employment, by county, 2005



- At 12 percent and 10 percent, respectively, Madison and Marion Counties’ nonprofit shares of total employment were higher than the statewide share of 8 percent.

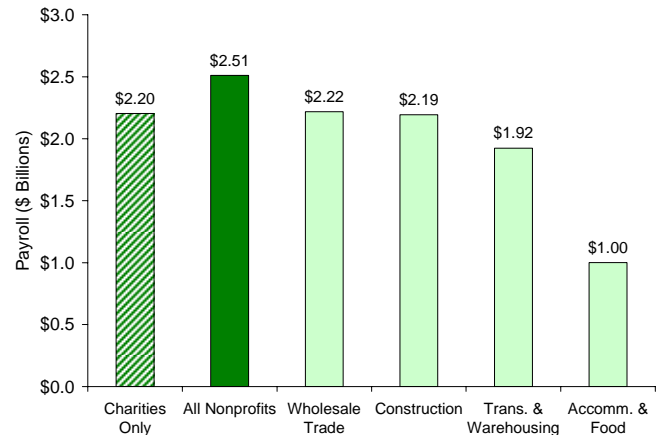
- At 5 percent of total employment, Morgan and Johnson County nonprofit shares of total employment were lower than the statewide share.
 - Nonprofit shares of total employment in Boone and Hamilton Counties were about half the statewide share (4 percent vs. 8 percent).
 - Nonprofit shares of total employment in Shelby, Hendricks, and Hancock Counties were less than half the statewide level.
- Total nonprofit employment in EGR 5 exceeds the number of employees in several key industries.⁵⁶ As Figure 102 shows, the EGR 5 nonprofit sector employed:

Figure 102: Employment in EGR 5's nonprofit sector in comparison to certain industries, 2005 (in thousands)



- Somewhat fewer people than the 74,200 people employed by the region's accommodation and food service industry.
 - More people than the transportation and warehousing industry (51,300 employees), construction industry (50,400 employees), or wholesale trade industry (43,100 employees).
- EGR 5's nonprofit sector accounted for \$2.51 billion of the region's total payroll of \$34 billion, or 7 percent. As Figure 103 illustrates, payroll for jobs in the region's nonprofit sector was:

Figure 103: Payroll in EGR 5's nonprofit sector in comparison to certain industries, 2005 (in billions)



- Greater than total payroll in the wholesale trade industry (\$2.22 billion), construction industry (\$2.19 billion), or transportation and warehousing industry (\$1.92 billion).
- More than two times greater than the total payroll for the accommodation and food service industry (\$1.00 billion), even though this industry had more employees than the nonprofit sector.

Nonprofit Industries: The region's nonprofit employment is concentrated in several fields, with over half of nonprofit employees working in the health services field. Nonprofits account for a considerable portion of the employment in some fields.

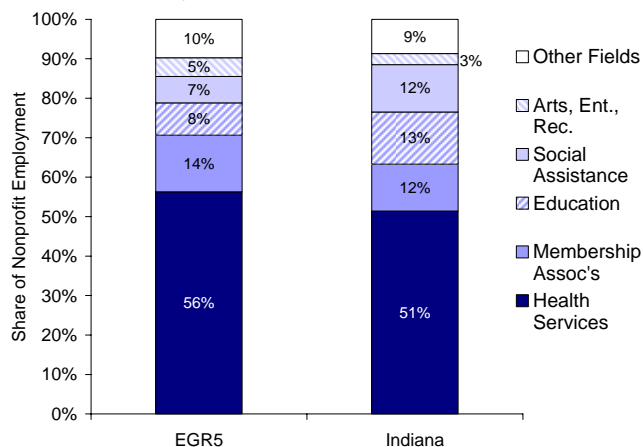
- As Figure 104 shows, the distribution of nonprofit employment across industries differs some from the corresponding distribution statewide.
 - Health services accounted for a slightly larger share of total nonprofit employment in EGR 5 (56 percent) than it did statewide (51 percent).⁵⁷
 - Membership associations also accounted for a slightly larger share of nonprofit employment in EGR 5 than statewide (14 percent vs. 12 percent).⁵⁸

⁵⁷ Although the NAICS classification system groups health services and social assistance together as NAICS 62, we have separated social assistance (NAICS 624) from other health-related employment both here and throughout the report in order to simplify our presentation.

⁵⁸ Some membership associations, most notably religious congregations, are not required to register with the IRS as tax-exempt organizations. As a result, some private associations participating in the

⁵⁶ Less than 0.4 percent of employment in these industries was nonprofit employment, meaning there is little overlap.

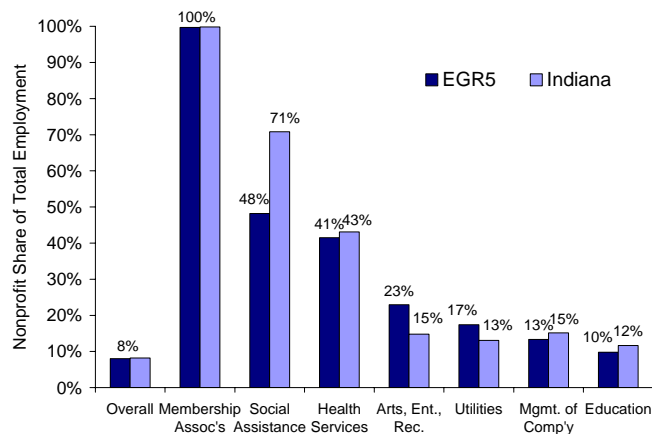
Figure 104: Distribution of nonprofit employment, by industry, EGR 5 vs. Indiana, 2005



- Education organizations made up a smaller share of nonprofit employment in EGR 5 than statewide (8 percent vs. 12 percent).
- Social assistance organizations accounted for 7 percent of nonprofit employment in EGR 5, which is smaller than the statewide share of 12 percent.
- Arts, entertainment, and recreation organizations made up 5 percent of EGR 5 nonprofit employment, which is larger than the statewide share of 3 percent.
- Other fields accounted for 10 percent of nonprofit employment in EGR 5, while the statewide share was slightly smaller, at 9 percent.
- Nonprofit employment dominates in several industries, as illustrated in Figure 105.
 - Nearly all (almost 100 percent) of employment in membership associations in both EGR 5 and Indiana was attributed to nonprofits.
 - Nonprofits accounted for about half (48 percent) of employment in social assistance organizations

in EGR 5. This is considerably smaller than the statewide share of 71 percent.

Figure 105: Nonprofit share of total employment for selected industries, 2005



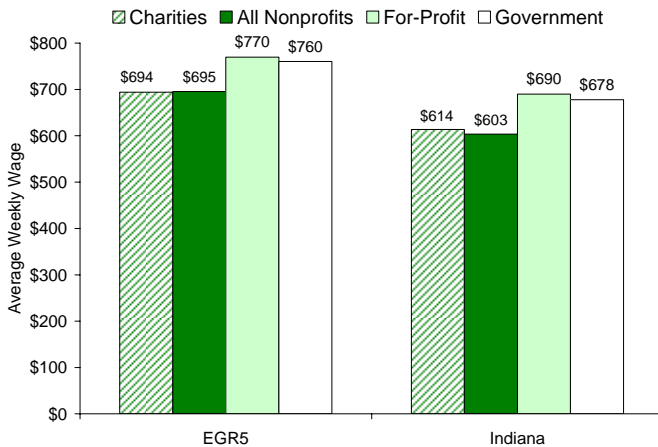
- About two-fifths (41 percent) of the employment in health services in EGR 5 was in the nonprofit sector, which is slightly lower than the statewide share of 43 percent.
- Nonprofits made up 23 percent of the employment in arts, entertainment, and recreation organizations in EGR 5, and this is notably higher than the statewide share of 15 percent.
- Nonprofits accounted for 17 percent of the employment in EGR 5 utilities, which is higher than the statewide share of 13 percent.
- Nonprofits accounted for 13 percent of employment in management of companies in EGR 5, lower than the statewide share of 15 percent.
- One tenth (10 percent) of the employment in education organizations in EGR 5 was accounted for by nonprofits, and this is lower than the statewide share of 12 percent.

Wages: Overall, average weekly wages paid to nonprofit employees are lower than those paid to employees in the for-profit and government sectors. However, this is not always true in the fields in which nonprofits are concentrated, as often nonprofit employees' wages are actually greater than the wages of their for-profit or government counterparts.

CEW reporting system would not be classified as nonprofit organizations under our methodology. On the assumption that all of these private membership associations are indeed nonprofit, we reclassified as nonprofit the relatively small number of private membership associations not registered with the IRS as tax-exempt organizations.

- In both EGR 5 and Indiana as a whole, workers in nonprofit organizations overall earn less than those in the for-profit and government sectors.⁵⁹ See Figure 106.

Figure 106: Nonprofit, for-profit, and government average weekly wages in EGR 5 and Indiana, 2005



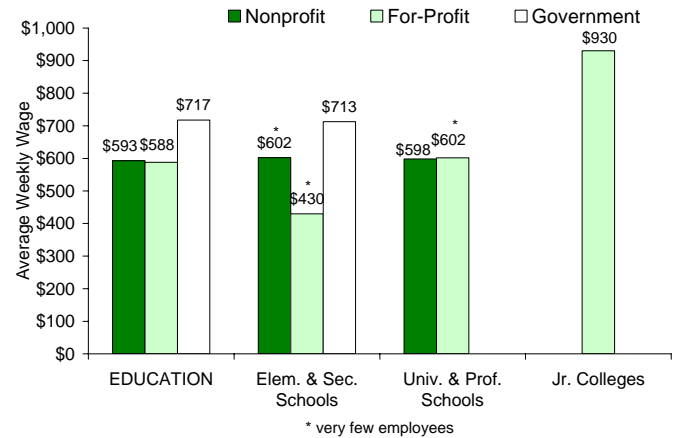
- Nonprofit workers in EGR 5 earned an average weekly wage of \$695, about 10 percent less than the region’s for-profit workers. This gap is smaller than the statewide gap of 13 percent.
- Nonprofit workers in EGR 5 earned about 9 percent less than the region’s government workers. This gap is also smaller than the statewide gap of 11 percent.
- However, in industries in which nonprofits are concentrated, nonprofit workers sometimes earn more than their for-profit or government counterparts.⁶⁰
- Nonprofit employees in education earn slightly more than for-profit employees but less than government employees. (See Figure 107.) The three sub-

⁵⁹ These average weekly wages do not include fringe benefits and make no adjustment for full-time or part-time work (these details are not included in the CEW reporting system). Industries or sectors with more reliance on part-time workers could show up as having lower average weekly wages than those with fewer part-time workers, even if the actual hourly pay rates are higher.

⁶⁰ When a sector had less than three establishments in an industry or sub-industry, the data was suppressed for confidentiality reasons. When a sector had three or more establishments but still a very small relative number of employees in a given industry or sub-industry (less than 4 percent of the total employment for the industry or sub-industry), the data are reported but marked with an asterisk in the corresponding graph. While we report data for these relatively few employees, the results should be interpreted with caution.

industries shown comprised 95 percent of total employment in the educational services industry in EGR 5.

Figure 107: Average weekly wages in EGR 5 education organizations, 2005



- On average, employees of nonprofit education organizations earned average weekly wages about 1 percent higher than for-profit employees but about 17 percent lower than government employees.
- The few nonprofit elementary and secondary school employees earned about 40 percent more than the very few for-profit employees but about 16 percent less than government employees.⁶¹
- Nonprofit employees in universities and professional schools earned about 1 percent less than the very few for-profit employees. Government data was suppressed because there were too few establishments.
- There was no nonprofit employment in junior colleges in EGR 5, and government data was suppressed because there was only 1 establishment.
- Workers in EGR 5 nonprofit health service organizations earn less than their for-profit and government counterparts. (See Figure 108.) The three sub-

⁶¹ Government made up the vast majority of this subfield, accounting for 95.7 percent of the total employment. Nonprofits accounted for 3.6 percent of the employment, and for-profits made up only 0.6 percent.

industries shown accounted for 100 percent of the employment in the EGR 5 health services industry.

cent more than the very few government employees.

Figure 108: Average weekly wages in EGR 5 health services organizations, 2005

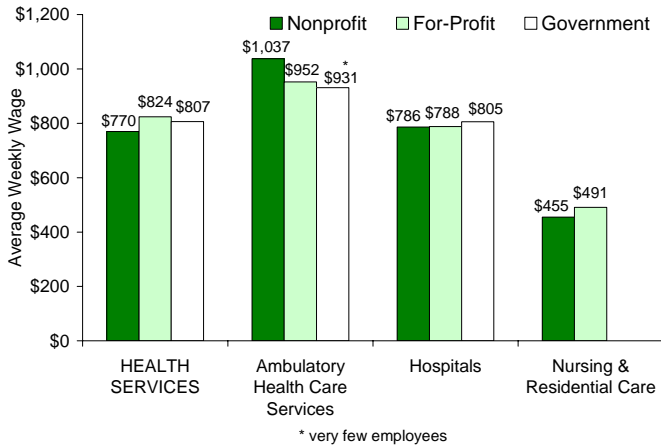
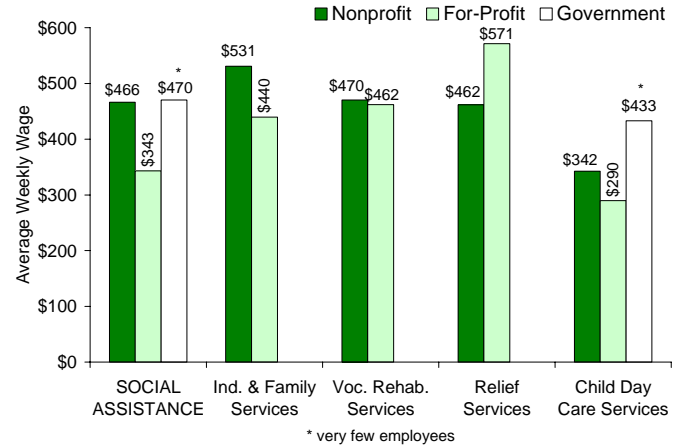


Figure 109: Average weekly wages in EGR 5 social assistance organizations, 2005

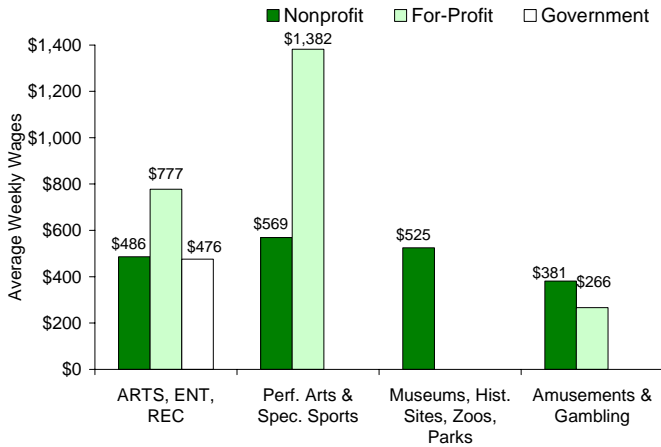


- Overall in the EGR 5 health services industry, nonprofit workers earned about 7 percent less than for-profit workers and about 5 percent less than government workers.
- In ambulatory health care services, nonprofit employees earned about 11 percent more than for-profit employees and about 9 percent more than the few government employees.
- Nonprofit hospital employees earned average weekly wages that were about the same (only about 0.25 percent less) as those for for-profit hospital employees and about 2 percent less than those for government hospital employees.
- Nonprofit employees in nursing and residential care earned about 7 percent less than for-profit employees. There were no government employees in this sub-industry.
- Overall, nonprofit social assistance employees in EGR 5 earn higher average weekly wages than for-profit employees but lower average weekly wages than government employees. (See Figure 109.) The four sub-industries shown comprised 100 percent of the employment in social assistance.
 - On average, nonprofit social assistance nonprofit employees in EGR 5 earned about 36 percent more than for-profit employees and about 1 per-

- In individual and family services, nonprofit employees earned about 21 percent more than for-profit employees. There were too few government establishments to report separately.
- Nonprofit vocational rehabilitation employees earned about 2 percent more than for-profit employees. There were no government employees in this category.
- Nonprofit relief services workers earned about 19 percent less than for-profit workers. There were no government workers in this category.
- Nonprofit workers in child day care services earned about 18 percent more than for-profit workers but about 21 percent less than the very few government workers.
- Overall in the arts, entertainment, and recreation industry, nonprofit employees earn lower average weekly wages than for-profit employees but higher average weekly wages than government employees. (See Figure 110.) The three sub-industries shown accounted for 100 percent of the employment in the EGR 5 arts, entertainment, and recreation industry.
 - On average, nonprofit arts, entertainment, and recreation employees earned about 37 percent less than for-profit employees but about 2 percent more than government employees.

- In performing arts and spectator sports, nonprofit employees earned about 59 percent less than for-profit employees. There were too few government establishments to report separately.

Figure 110: Average weekly wages in EGR 5 arts, entertainment, and recreation organizations, 2005



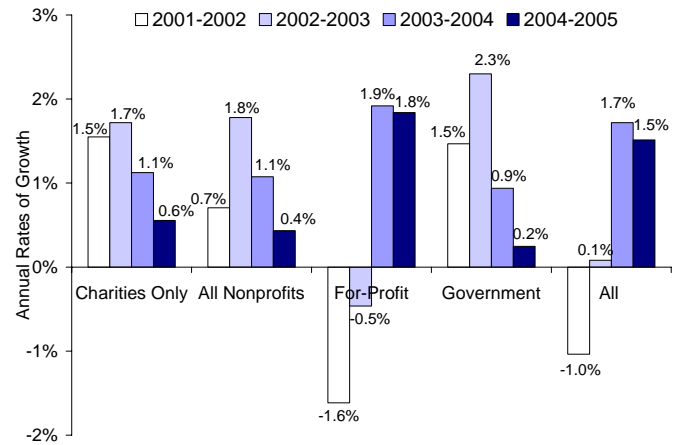
- On average, nonprofit arts, entertainment, and recreation employees earned about 37 percent less than for-profit employees but about 2 percent more than government employees.
- In performing arts and spectator sports, nonprofit employees earned about 59 percent less than for-profit employees. There were too few government establishments to report separately.
- Nonprofit workers in museums, historical sites, zoos, and parks earned an average weekly wage of \$525. The for-profit and government sectors each had too few establishments to report separately.
- Nonprofit workers in amusements and gambling earned about 43 percent more than their for-profit counterparts. There were too few government establishments to report separately.

Growth: Overall, between 2001 and 2005, employment in the EGR 5 nonprofit sector grew by 4.0 percent, employment in the for-profit sector grew by 1.6 percent, and employment in the government sector grew by 5.0 percent.

- However, as Figure 111 shows, these overall trends mask differences in annual growth rates.

- Nonprofit employment experienced growth each year during the four-year period. The largest annual growth rate was 1.8 percent from 2002 to 2003, the smallest was 0.4 percent between 2004 and 2005.

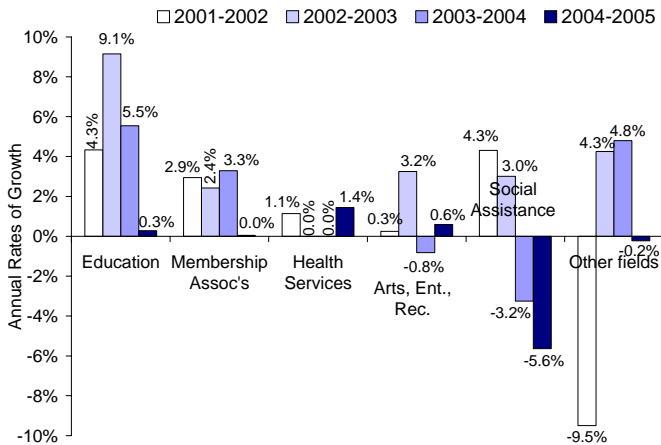
Figure 111: Annual rates of growth in EGR 5 employment by sector, 2001-2005



- For-profit employment decline during 2001 to 2002 (1.6 percent) and 2002 to 2003 (0.5 percent) but then recovered, growing 1.9 percent between 2003 and 2004 and 1.8 percent between 2004 and 2005.
- Employment in government grew each year during the four-year period. The largest annual growth rate was 2.3 percent during 2002 to 2003, the smallest was 0.2 percent during 2004 to 2005.
- Nonprofit employment trends differ notably by industry. As Figure 112 shows, education organizations experienced the most growth, while social assistance organizations saw the greatest declines.
 - Employment in nonprofit education organizations grew by 20.5 percent between 2001 and 2005. The greatest annual growth rate was 9.1 percent during 2002 to 2003, and the smallest annual growth rate was 0.3 percent during 2004 to 2005.
 - Membership organizations experienced 8.2 percent growth in nonprofit employment between 2001 and 2005. The greatest annual growth rate was 3.3 percent during 2003 to 2004; there was no growth during 2004 to 2005.

- Health services experienced a 2.6 percent growth in nonprofit employment between 2001 and 2005. Employment grew by 1.1 percent from 2001 to 2002, remained steady during the next two years, then grew by 1.4 percent during 2004 to 2005.

Figure 112: Annual rates of growth in EGR 5 nonprofit employment, by industry, 2001-2005



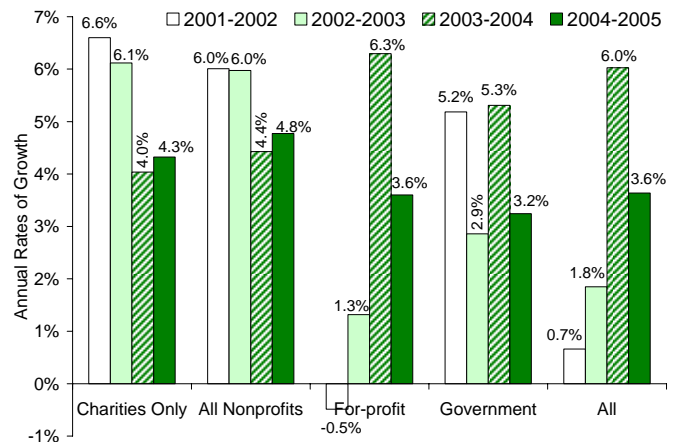
- Employment in nonprofit arts, entertainment, and recreation organizations grew by 3.3 percent between 2001 and 2005. Annual trends fluctuated, with 0.3 percent growth in 2001 to 2002, 3.2 percent growth from 2002 to 2003, 0.8 percent decline during 2003 to 2004, and 0.6 percent growth between 2004 and 2005.
- Nonprofit social assistance organizations saw a 1.9 percent decline in employment between 2001 and 2005. Employment grew during the first two years of this time period (by 4.3 percent and 3.0 percent), but then it declined by 3.2 percent during 2003 to 2004 and by 5.6 percent during 2004 to 2005.
- Nonprofit employment in other fields declined by 1.3 percent from 2001 to 2005. Employment shrank by 9.5 percent between 2001 and 2002. It then recovered, growing 4.3 percent between 2002 and 2003 and 4.8 percent between 2003 and 2004. It then declined again from 2004 to 2005, by 0.2 percent.

- From 2001 to 2005, the nonprofit sector's total payroll increased at a faster rate than the for-profit and

government sectors' total payrolls.⁶² See Figure 113.

- Nonprofit payroll grew by 22.9 percent between 2001 and 2005. The greatest annual growth rate was 6.0 percent (between 2001 and 2002 and between 2002 and 2003), and the smallest annual growth rate was 4.4 percent between 2003 and 2004.

Figure 113: Annual rates of growth in EGR 5 payroll, by sector, 2001-2005



- For-profit payroll grew only half as quickly as nonprofit payroll – 11.0 percent from 2001 to 2005. Payroll declined by 0.5 percent between 2001 and 2002, then rebounded to grow by 1.3 percent during 2002 to 2003, 6.3 percent during 2003 to 2004, and 3.6 percent during 2004 to 2005.
- Government payroll grew by 17.6 percent between 2001 and 2005. Annual growth rates for each of the four years were 5.2 percent, 2.9 percent, 5.3 percent, and 3.2 percent, respectively.

⁶² These growth rates are not adjusted for inflation.