

## X. NORTH CENTRAL INDIANA: ECONOMIC GROWTH REGION 2



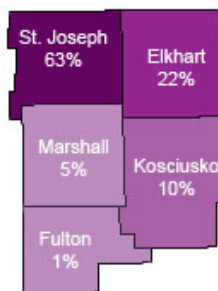
*Economic Growth Region (EGR) 2 is comprised of five north central Indiana counties – St. Joseph, Elkhart, Marshall, Kosciusko, and Fulton Counties. EGR 2 includes both the South Bend Metropolitan Statistical Area (St. Joseph County) as well as the Elkhart Metropolitan Statistical Area (Elkhart County).*

*The private nonprofit sector is a major economic force in EGR 2, employing a greater percentage of the total workforce than the statewide percentage and employing considerably more workers than several typically for-profit industries. Nonprofit employment in this sector is concentrated in the health and education fields, with over three-fourths of the sector’s total nonprofit employment accounted for by these two fields. Nonprofit employment and payroll in this region has grown each year during the 2001 to 2005 period.*

**Employment and Payroll:** Nonprofits in EGR 2 employed 34,400 workers and had payrolls of over \$1.1 billion.

- The distribution of this region’s nonprofit employment differs notably by county, as shown in Figure 58.

**Figure 58: Distribution of EGR 2 nonprofit employment, by county, 2005**

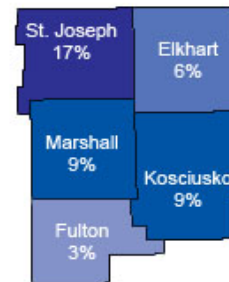


- St. Joseph County employed the largest percentage of EGR 2 nonprofit employees by far, with 63 percent.
- The county with the next highest share of the region’s nonprofit employment was Elkhart County, with 22 percent.

- Kosciusko County accounted for 10 percent of the region’s nonprofit employment.
- Marshall and Fulton Counties contained the smallest shares of the region’s nonprofit employment, with 5 percent and 1 percent, respectively.

- The 34,400 nonprofit employees account for 11 percent of the total employment in this region, which is higher than the sector’s share statewide (8 percent).
- The nonprofit share of total employment differs by county, as shown in Figure 59.

**Figure 59: Nonprofit share of total employment, by county, 2005**

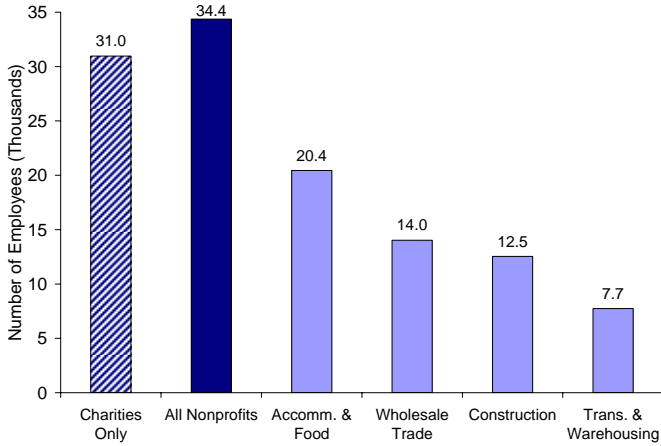


- St. Joseph County’s nonprofit share of total employment was over twice as high as the sector’s share statewide (17 percent vs. 8 percent).
- Nonprofit employment in Kosciusko and Marshall Counties made up a slightly larger share of total employment (about 1 percentage point) than the statewide share.
- Elkhart County nonprofits accounted for a slightly smaller share of total county employment than the statewide share (6 percent vs. 8 percent).
- Fulton County nonprofits accounted for a considerably smaller share of total employment than the statewide share (3 percent vs. 8 percent).
- Total nonprofit employment in EGR 2 exceeds the number of employees in several key industries.<sup>37</sup> As

<sup>37</sup> Less than 0.5 percent of employment in these industries was nonprofit employment, meaning there is little overlap.

Figure 60 shows, the 34,400 workers employed in the EGR 2 nonprofit sector was:

**Figure 60: Employment in EGR 2's nonprofit sector in comparison to certain industries, 2005 (in thousands)**



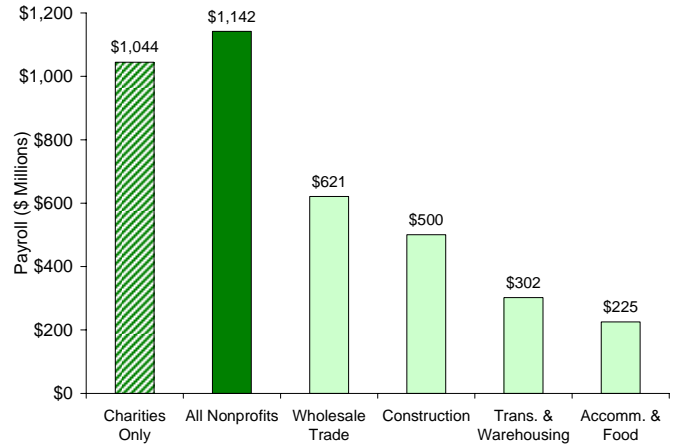
- Considerably more people than the 20,400 people employed by the region's accommodation and food service industry.
- Over twice as many people as the 14,000 people employed in the region's wholesale trade industry and over twice as many people as the 12,500 employees in the region's construction industry.
- More than four times as many people as the 7,700 people employed by the region's transportation and warehousing industry.

- The nonprofit sector in EGR 2 accounted for \$1.14 billion of the region's total payroll of \$10.83 billion, or 11 percent. As Figure 61 shows, the payroll for nonprofit jobs in EGR 2 was considerably larger than the payroll for the accommodation and food service, wholesale trade, construction, and transportation and warehousing industries.

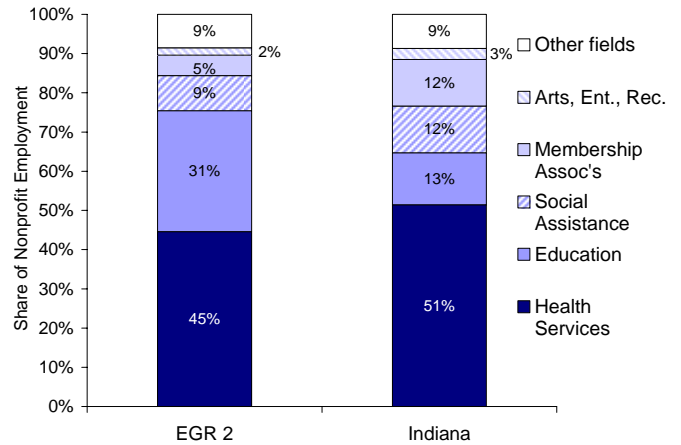
**Nonprofit Industries:** The region's nonprofit employment is concentrated in several industries, with the largest concentration in health services. Nonprofits account for a considerable portion of the employment in some industries.

- As Figure 62 shows, the distribution of nonprofit employment across industries differs some from the corresponding distribution statewide.

**Figure 61: Payroll in EGR 2's nonprofit sector in comparison to certain industries, 2005 (in millions)**



**Figure 62: Distribution of nonprofit employment, by industry, EGR 2 vs. Indiana, 2005**

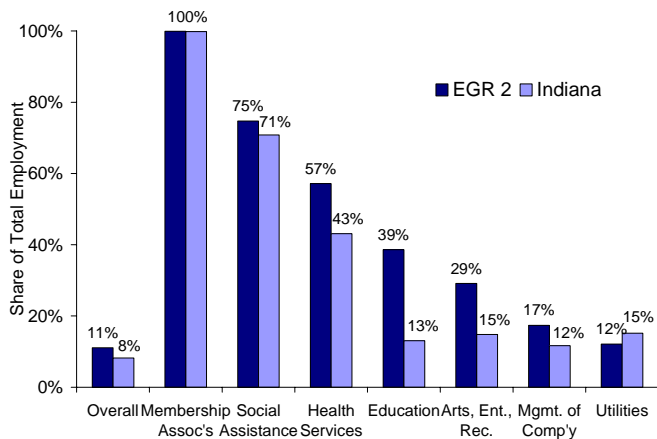


- Health services accounted for nearly half (45 percent) of total nonprofit employment. This was smaller than the statewide share of 51 percent.<sup>38</sup>
- Education services made up a much larger share of EGR 2's nonprofit employment than the share statewide (31 vs. 13 percent).
- Social assistance organizations made up a smaller share of nonprofit employment in EGR 2 than they did in the state as a whole (9 percent vs. 12 percent)

<sup>38</sup> 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.

- Membership associations accounted for 5 percent of nonprofit employment in EGR 2, and this is considerably smaller than the statewide share of 12 percent.<sup>39</sup>
  - Arts, entertainment, and recreation accounted for a slightly smaller share of nonprofit employment in EGR 2 than it did statewide (2 percent vs. 3 percent).
  - The share of nonprofit employment in other fields were approximately the same for EGR 2 and Indiana (9 percent each).
- Nonprofits dominate the employment in certain key industries. As Figure 63 shows:

**Figure 63: Nonprofit share of total employment for selected industries, EGR 2 vs. Indiana, 2005**



- Nearly all (almost 100 percent) of employment in membership associations in both EGR 2 and Indiana was attributed to nonprofits.
- Nonprofits accounted for about three-fourths (75 percent) of social assistance organizations in EGR 2; this is slightly higher than the statewide percentage (71 percent).

<sup>39</sup> 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 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.

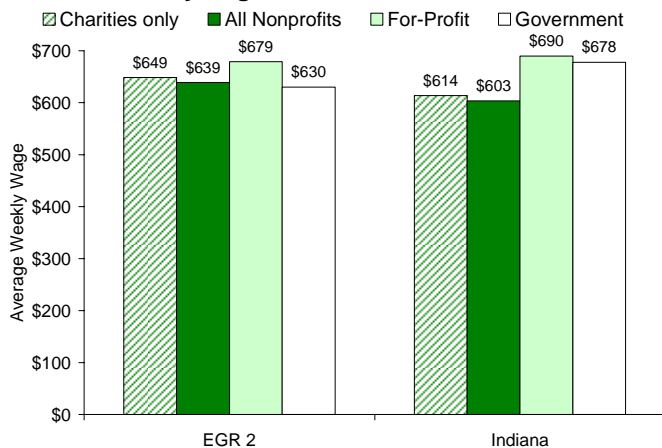
- Over half (57 percent) of employment in health services in EGR 2 was in the nonprofit sector, which is notably higher than the Indiana percentage (43 percent).
- Nearly two-fifths (39 percent) of employment in educational services in EGR 2 was attributed to nonprofits. This is considerably higher than the statewide share of 13 percent.
- Nonprofits comprised about 29 percent of employment in the arts, entertainment, and recreation field in EGR 2, nearly twice as high as the state as a whole (15 percent).
- Although utilities and organizations concerned with the management of companies or enterprises are not typically thought of as containing a significant nonprofit presence, in EGR 2 nonprofits accounted for 17 percent of employment in management organizations and 12 percent of utilities. The management organizations share was higher than the statewide average of 12 percent, and the utilities share was lower than the statewide average of 15 percent.

**Wages:** Overall, average weekly wages paid to nonprofit employees are lower than those paid to for-profit workers but higher than those paid to government workers. However, in industries in which nonprofits are concentrated, nonprofit employees in some cases earn more than their for-profit and government counterparts.<sup>40</sup>

- Nonprofit employees in EGR 2 earned less per week than for-profit employees but more per week than government employees, while nonprofit employees statewide earned less than both for-profit and government employees. See Figure 64.
- Nonprofit workers in EGR 2 earned about 6 percent less than for-profit workers in EGR 2. This gap was much smaller than the gap statewide, with Indiana nonprofit workers earning about 13 percent less than Indiana for-profit workers.

<sup>40</sup> 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.

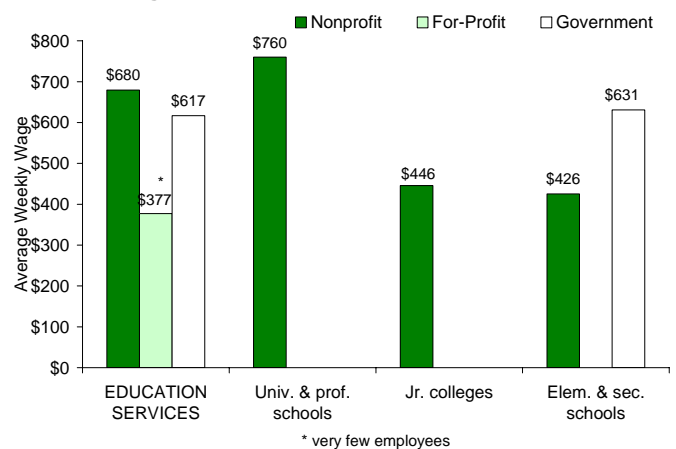
**Figure 64: Nonprofit, for-profit, and government average weekly wages in EGR 2 and Indiana, 2005**



- Nonprofit workers in EGR 2 earned about 1 percent more than the region’s government workers. In contrast, statewide, Indiana nonprofit workers earned about 11 percent less than Indiana government workers.
- However, in industries in which nonprofits are concentrated, nonprofit workers often earn more than both their for-profit and government counterparts.<sup>41</sup>
- Nonprofit employees in education earned more, on average, than for-profit and government employees. (See Figure 65.) The three sub-industries shown made up 98 percent of total employment in EGR 2’s education services field.
  - On average, employees of nonprofit education organizations earned about 80 percent more than the few employees in for-profit education organizations, and they earned about 10 percent more than workers in government education organizations.
  - Nonprofit university and professional school employees earned an average weekly wage of \$760. Data for for-profit and government wages was suppressed because there were too few establishments in these sectors.

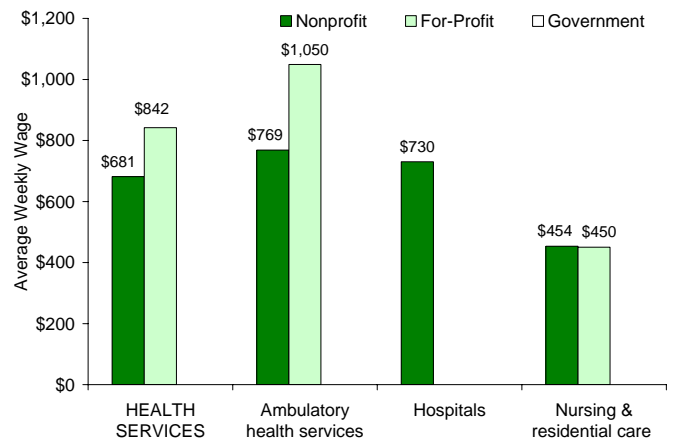
<sup>41</sup> When a sector had less than three establishments in an industry or sub-industry, the data was suppressed for confidentiality reasons. When a sector had three or more establishments but still a very small relative number of employees in a given industry or sub-industry (less than 4 percent 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.

**Figure 65: Average weekly wages in EGR 2 education organizations, 2005**



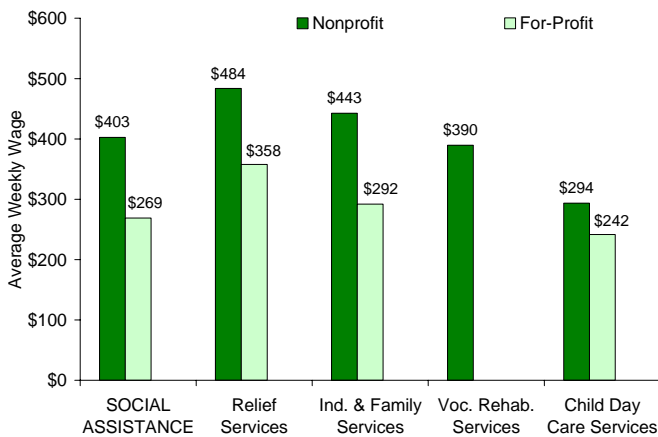
- Employees of nonprofit junior colleges earned an average weekly wage of \$446. Data for for-profit and government wages was suppressed because there were too few establishments in these sectors.
- Nonprofit employees in elementary and secondary schools earned wages about 33 percent lower than those for government employees. There were too few for-profit establishments to report separately.
- Overall, nonprofit workers in the health services industry earn less than for-profit workers. (See Figure 66.) Government employment was too small to report separately. The three sub-industries shown made up 100 percent of the employment in the health services industry.

**Figure 66: Average weekly wages in EGR 2 health services organizations, 2005**



- On average, nonprofit workers in the health services industry earned about 19 percent less than for-profit workers.
- In the ambulatory health services sub-field, nonprofit workers earned about 27 percent less than for-profit workers.
- Workers in nonprofit hospitals had average weekly wages of \$730. There were too few for-profit establishments to report separately.
- Nonprofit nursing and residential care employees earned slightly more (about 1 percent) than for-profit employees.
- Employees of nonprofit social assistance organizations earn more than those of for-profit social assistance organizations. (See Figure 67.) Government employment was too small to report separately. The four sub-industries shown comprise 100 percent of the social assistance employment.

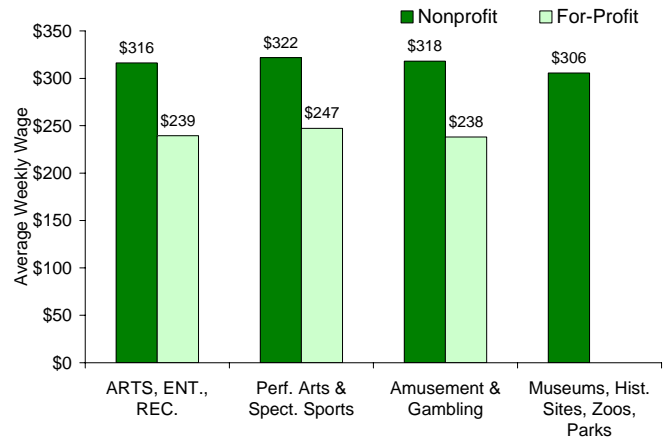
**Figure 67: Average weekly wages in EGR 2 social assistance organizations, 2005**



- Overall, nonprofit employees in the social assistance industry earned average weekly wages about 1.5 times higher than those of for-profit employees.
- Nonprofit relief services workers earned about 35 percent more than for-profit workers.
- In individual and family services, nonprofit employees earned about 52 percent more than for-profit employees.

- All of the employment in vocational rehabilitation services was attributed to nonprofits.
- Workers in nonprofit child day care services earned average weekly wages about 22 percent higher than for-profit workers' wages.
- Employees of nonprofit arts, entertainment, and recreation organizations earn more than their counterparts in for-profit organizations. There was no government employment in this industry. (See Figure 68.) The three sub-industries shown accounted for 100 percent of total employment in the arts, entertainment and recreation field.

**Figure 68: Average weekly wages in EGR 2 arts, entertainment, and recreation organizations, 2005**



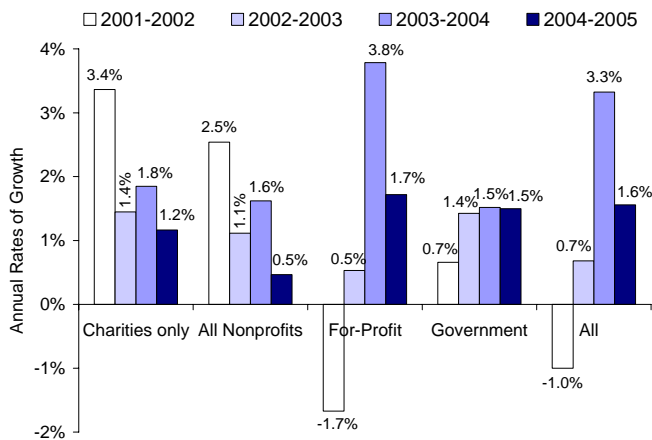
- Nonprofit employees in the arts, entertainment, and recreation industry earned about 32 percent more than their for-profit counterparts.
- In the performing arts and spectator sports category, nonprofit employees earned about 30 percent more than for-profit employees.
- Employees in nonprofit amusement and gambling establishments earned about 34 percent more than their for-profit counterparts.
- All of the employment in museums, historical sites, zoos, and parks was accounted for by nonprofits.

**Growth:** Between 2001 and 2005, the nonprofit sector grew by 5.9 percent, the for-profit sector grew by 4.4 percent and the government sector grew by 4.6 percent.



- However, as Figure 69 shows, these overall trends mask differences in annual growth rates.

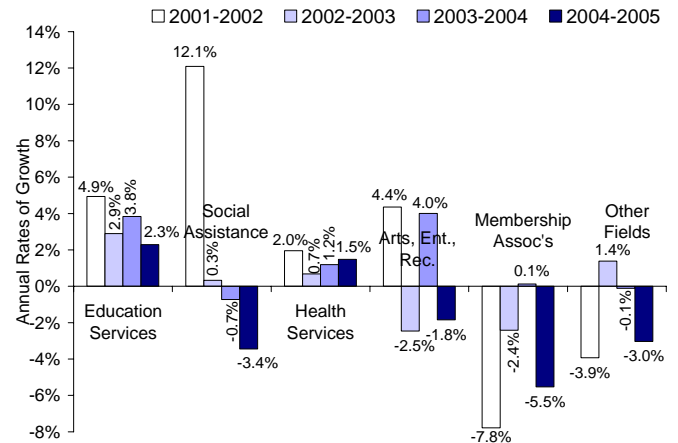
**Figure 69: Annual rates of growth in EGR 2 employment by sector, 2001-2005**



- Nonprofit employment grew each year during the four-year period, with the greatest growth rate (2.5 percent) from 2001 to 2002 and the smallest growth rate (0.5 percent) between 2004 and 2005.
- The for-profit sector shrank by 1.7 percent during the 2001 to 2002 period. During the next three years it rebounded, growing by 0.5 percent from 2002 to 2003, by 3.8 percent from 2003 to 2004, and by 1.7 percent from 2004 to 2005.
- Government employment grew relatively slowly each year during the four-year period. The smallest rate of growth in government employment (0.7 percent) was from 2001 to 2002, and the greatest growth rate (1.5 percent) was between 2003 and 2004.
- Nonprofit employment trends differ notably by industry. As Figure 70 shows, education organizations experienced the most growth, while membership organizations saw the greatest declines.

- Nonprofit education services experienced the highest overall growth rate during the four-year period (15 percent) and grew each year during the period, with the highest growth rate (4.9 percent) occurring between 2001 and 2002, and the lowest growth rate (2.3 percent) occurring between 2004 and 2005.

**Figure 70: Annual rates of growth in EGR 2 nonprofit employment, by industry, 2001-2005**

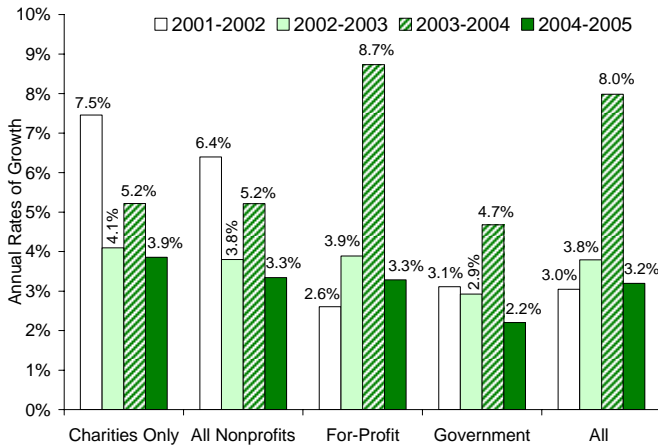


- Nonprofit social assistance organizations experienced the highest single-year growth rate (12.1 percent between 2001 and 2002), but growth then declined in later years. Between 2004 and 2005, employment shrank by 3.4 percent. Overall growth during the four-year period was 8 percent.
- Nonprofit employment in health services grew 5 percent between 2001 and 2005. This field experienced relatively low growth each year during the period, with the greatest growth (2.0 percent) occurring between 2001 and 2002, and the least growth (1.2 percent) occurring between 2003 and 2004.
- Overall, employment in nonprofit arts, entertainment, and recreation organizations grew 4 percent between 2001 and 2005. However, annual trends reflect a mix of growth and decline. Employment grew by 4.4 percent between 2001 and 2002 and then shrank by 2.5 percent from 2002 to 2003. Employment then grew by 4.0 percent between 2003 and 2004, shrinking once again by 1.8 percent between 2004 and 2005.
- Employment in nonprofit membership associations declined by 15 percent between 2001 and 2005. Employment declined considerably during three of the four years. From 2004 to 2005 the rate of decline was 5.5 percent.
- Nonprofit employment in other fields shrank by 6 percent from 2001 to 2005. Employment shrank 3.9 percent between 2001 and 2002, and

then grew by 1.4 percent from 2002 to 2003. Employment then began to decline again, and during the 2004 to 2005 period shrank by 3.0 percent.

- Between 2001 and 2005, nonprofit, for-profit, and government payroll all experienced growth each year. Nonprofit payroll grew slightly faster than for-profit payroll, and it also grew faster than government payroll. See Figure 71.<sup>42</sup>

**Figure 71: Annual rates of growth in EGR 2 payroll, by sector, 2001-2005**



- Nonprofit payroll grew by 20.1 percent between 2001 and 2005. The lowest rate of growth was 3.3 percent between 2004 and 2005, and the highest rate of growth was 6.4 percent between 2001 and 2002.
- For-profit payroll grew by 19.7 percent between 2001 and 2005. The lowest rate of growth was 2.6 percent from 2001 to 2002, and the highest rate of growth was 8.7 percent from 2003 to 2004.
- Government payroll grew by 13.5 percent between 2001 and 2005. The lowest growth rate was 2.2 percent during the 2004 to 2005 period, and the highest growth rate was 4.7 percent during the 2003 to 2004 period.

<sup>42</sup> Growth rates are not adjusted for inflation.