

IX. NORTHWEST INDIANA: ECONOMIC GROWTH REGION 1

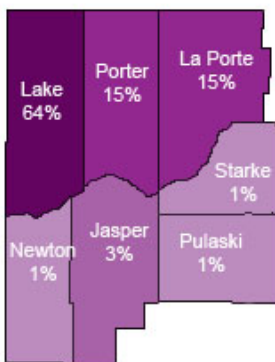


Seven northwest Indiana counties – Lake, Porter, LaPorte, Starke, Newton, Jasper, and Pulaski – comprise Economic Growth Region (EGR) 1. This region includes both the Gary/Northwest Metropolitan Statistical Area (MSA), which encompasses Jasper, Lake, Newton, and Porter Counties, and the LaPorte MSA, which encompasses LaPorte County. The private nonprofit sector is a major economic force in EGR 1, employing a greater percentage of the total workforce than the statewide percentage, and employing more workers than several typically for-profit industries. From 2002 to 2005, nonprofit employment and payroll in EGR 1 grew considerably. The region’s nonprofit employment is heavily concentrated in the health services field, with close to two-thirds of the region’s nonprofit employees working in this one field.

Employment and Payroll: Nonprofits in EGR 1 employed 27,900 workers and had a total payroll of about \$820 million.

- The distribution of nonprofit employment differs notably by county, as shown in Figure 44.

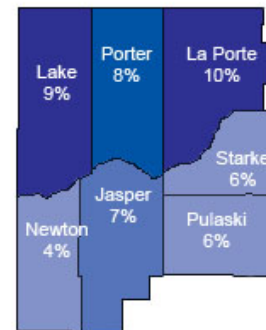
Figure 44: Distribution of EGR 1 nonprofit employment, by county, 2005



- Lake County contained the majority of EGR 1’s nonprofit employment, with 64 percent.
- Porter and LaPorte Counties had the next highest share, with 15 percent each.

- Jasper County’s share of nonprofit employment was only 3 percent.
- Newton, Starke, and Pulaski Counties had the lowest proportions of the region’s nonprofit employment, with only 1 percent each.
- The 27,900 nonprofit employees accounted for 9 percent of the region’s total employment of 317,300. This was slightly higher than the percentage for Indiana as a whole (8 percent).
- The nonprofit share of total employment differs by county, as shown in Figure 45.

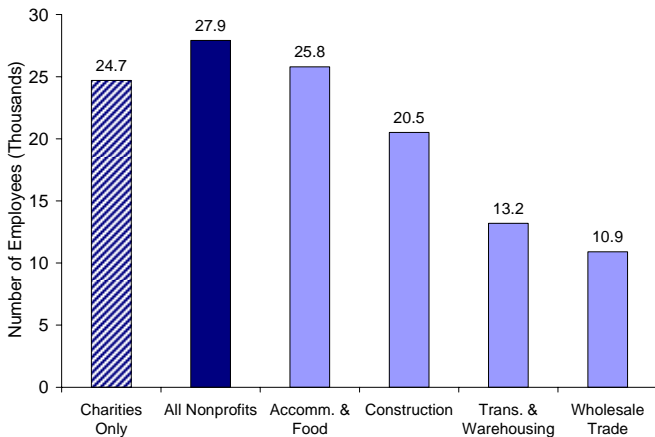
Figure 45: Nonprofit share of total employment, by county, 2005



- Nonprofit shares of total employment in LaPorte and Lake Counties were slightly higher (by 1 or 2 percentage points) than the share of total employment for nonprofits statewide.
- Porter County nonprofit employment comprised about the same percentage of total employment as the state’s percentage.
- Nonprofit shares of total employment in Jasper, Pulaski, and Starke Counties were somewhat smaller (by 1 or 2 percentage points) than for nonprofit employment statewide.
- The nonprofit share of total employment in Newton County was only about half as large as the statewide share.

- Total nonprofit employment in EGR 1 exceeds the number of employees in several key industries.²⁹ As Figure 46 shows, the EGR 1 nonprofit sector employed:

Figure 46: Employment in EGR 1's nonprofit sector in comparison to certain industries, 2005 (in thousands)

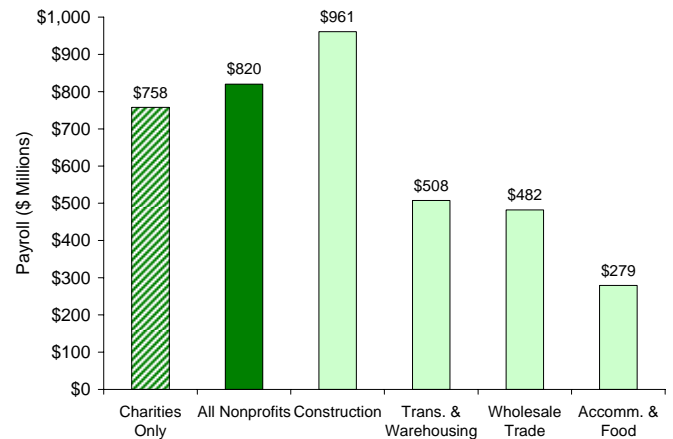


- Slightly more people than the 25,800 people employed by the region's accommodation and food service industry.
- More people than the 20,500 people employed by the region's construction industry.
- More than twice as many people as the region's transportation and warehousing or wholesale trade industries (13,200 and 10,900, respectively).

- EGR 1's nonprofit sector accounted for \$820 million of the region's total payroll of \$11 billion, or 7 percent. As Figure 47 illustrates, payroll for jobs in the region's nonprofit sector was:

- Nearly three times greater than total payroll for jobs in the accommodation and food service industry (\$279 million), even though the number of employees is comparable.
- Considerably higher than total payroll for jobs in the transportation and warehousing industry (\$508 million) and wholesale trade industry (\$482 million).

Figure 47: Payroll in EGR 1's nonprofit sector in comparison to certain industries, 2005 (in millions)

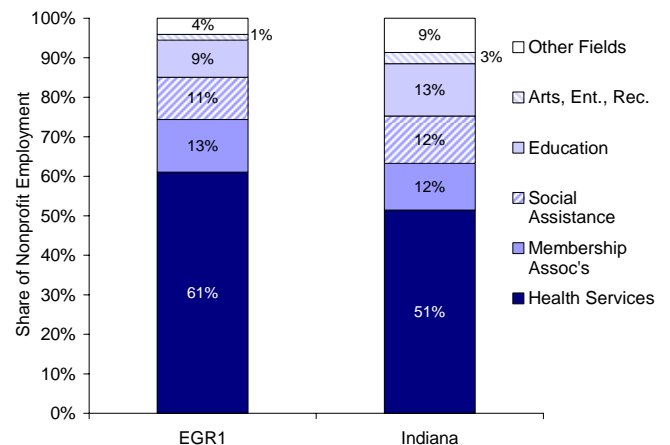


- Lower than total payroll for jobs in the construction industry (\$961 million).

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

- As Figure 48 shows, the distribution of nonprofit employment across industries in EGR 1 differs some from the corresponding distribution statewide.

Figure 48: Distribution of nonprofit employment, by industry, EGR 1 vs. Indiana, 2005



- Health services accounted for a considerably larger share of total nonprofit employment in EGR 1 (61 percent) than it did statewide (51 percent).³⁰

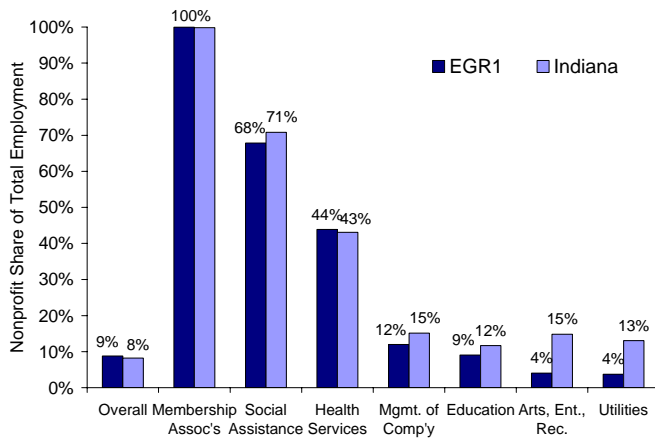
²⁹ Less than 0.4 percent of employment in these industries was nonprofit employment, meaning there is little overlap.

³⁰ Although the NAICS classification system groups health services and social assistance together as NAICS 62, we have separated social

- Membership associations accounted for a slightly larger share than the statewide share (13 percent vs. 12 percent).³¹
- With health services and membership associations taking a larger share of overall nonprofit employment in this region, there are proportionally fewer nonprofit employees in social assistance and education organizations in this region. The share of social assistance nonprofit employment was 11 percent in EGR 1, compared to 12 percent statewide, and the share of education nonprofit employment was 9 percent in EGR 1, compared to 13 percent statewide.
- Arts, entertainment, and recreation, though typically a small share of total nonprofit employment, also had a slightly lower share in EGR 1 than the share statewide (1 percent vs. 3 percent).

- Nonprofit employment dominates in several industries, as illustrated in Figure 49.

Figure 49: Nonprofit share of total employment for selected industries, EGR 1 vs. Indiana, 2005



assistance (NAICS 624) from other health-related employment both here and throughout the report in order to simplify our presentation.

³¹ 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 associations 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.

- Nearly all (almost 100 percent) of employment in membership associations in both EGR 1 and Indiana was attributed to nonprofits.
- Nonprofits accounted for over two-thirds (68 percent) of employment in social assistance organizations in EGR 1; this is slightly less than the statewide share (71 percent).
- About two-fifths (44 percent) of employment in health services in EGR 1 was in the nonprofit sector, which is similar to the statewide share (43 percent).
- Nearly one-tenth (9 percent) of employment in educational services in EGR 1 was attributed to nonprofits, compared to slightly over one-tenth (12 percent) statewide.
- Nonprofits comprised about 4 percent of the employment in arts, entertainment, and recreation in EGR 1, which is considerably smaller than the statewide share of 15 percent.
- Although the management of companies or enterprises and utilities are not typically thought of as containing a significant presence of nonprofit employment, in EGR 1 nonprofits accounted for 12 percent and 4 percent of employment in these industries, respectively. These percentages are lower than the statewide shares of 15 percent for management organizations and 13 percent for utilities.

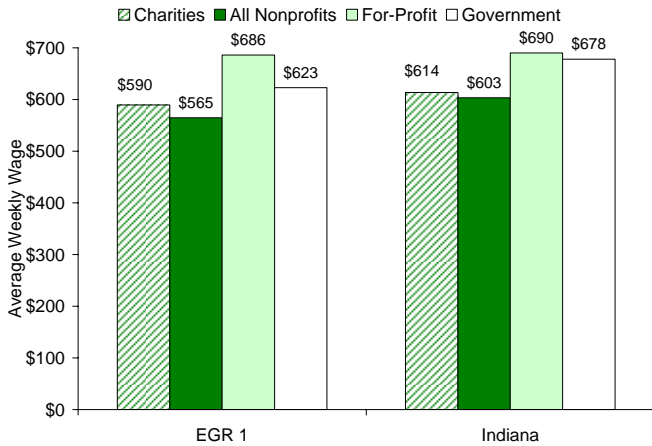
Wages: Overall, average weekly wages paid to nonprofit employees are lower than those paid to employees in the for-profit and government sectors. However, this is not always true in the industries in which nonprofits are concentrated, as often nonprofit employees' wages are actually greater than the wages of their for-profit or government counterparts.³²

- In both EGR 1 and Indiana as a whole, workers in nonprofit organizations overall earn less than those

³² 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.

in the for-profit and government sectors. See Figure 50.

Figure 50: Nonprofit, for-profit, and government average weekly wages in EGR 1 and Indiana, 2005

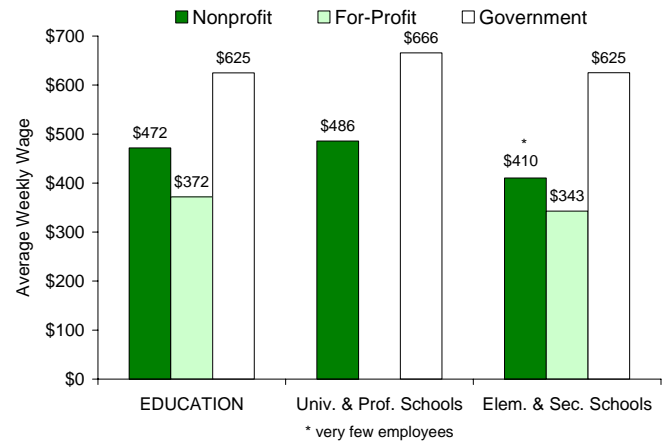


- Nonprofit workers in EGR 1 earned an average weekly wage of \$565, or about 18 percent less than for-profit workers in EGR 1. This wage gap is larger than the statewide gap of 13 percent, reflecting the relatively low average weekly wages of nonprofit employees in EGR 1, while those of for-profit workers in EGR 1 are roughly on par with their counterparts statewide.
- Nonprofit workers in EGR 1 earned about 9 percent less than the region’s government workers. This gap is somewhat smaller than the statewide gap, as Indiana’s nonprofit employees earned about 11 percent less than Indiana’s government employees.
- However, in industries in which nonprofit organizations are concentrated, nonprofit workers sometimes earn more than their for-profit or government counterparts.³³
- Nonprofit employees in education earn more than for-profit employees but less than government employees. (See Figure 51.) The two education categories shown accounted for 94 percent of total em-

³³ 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.

ployment in the educational services field in EGR 1. A third category, junior colleges, had too few nonprofit establishments to report separate data.

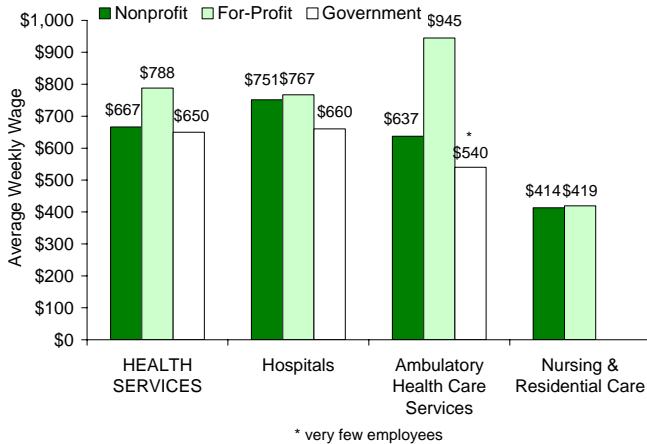
Figure 51: Average weekly wages in EGR 1 education organizations, 2005



- On average, employees of nonprofit education organizations earned about 27 percent more than those employed with for-profit education organizations, but about 24 percent less than government workers, who account for the majority of employment in this industry.
- Nonprofit employees in universities and professional schools earned about 27 percent less than government employees. There were too few for-profit establishments to report separately.
- The very few nonprofit employees in elementary and secondary schools earned about 20 percent more than their for-profit counterparts but about 34 percent less than government employees.
- Workers in nonprofit health service organizations earn less than those in for-profit organizations but more than those in government organizations. (See Figure 52.) Ambulatory services, hospitals, and nursing and residential care comprise 100 percent of all employment in the health services field.
 - Nonprofit workers in the health services industry on average earned about 15 percent less than for-profit workers but slightly more (about 2 percent) than government workers.
 - Workers in nonprofit hospitals earned slightly less (about 2 percent) than those in for-profit

hospitals but about 14 percent more than those in government hospitals.

Figure 52: Average weekly wages in EGR 1 health services organizations, 2005

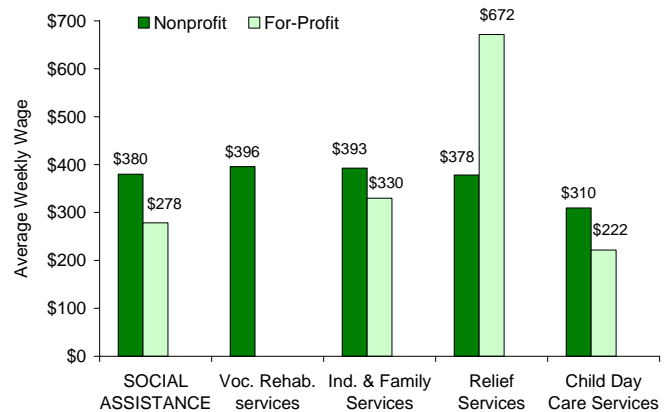


- In ambulatory health care services, nonprofit workers earned about 33 percent less than for-profit workers but about 18 percent more than the relatively few government workers.
- Nonprofit and for-profit wages in nursing and residential care were similar, with nonprofit workers earning about 1 percent more. There were no government employees in this subfield.

- As Figure 53 shows, relative wages in the social assistance field are more mixed. There was no government employment in this field in EGR 1, so only non-profit and for-profit employees are compared. The four sub-industries shown made up 100 percent of all employment in the social assistance field.

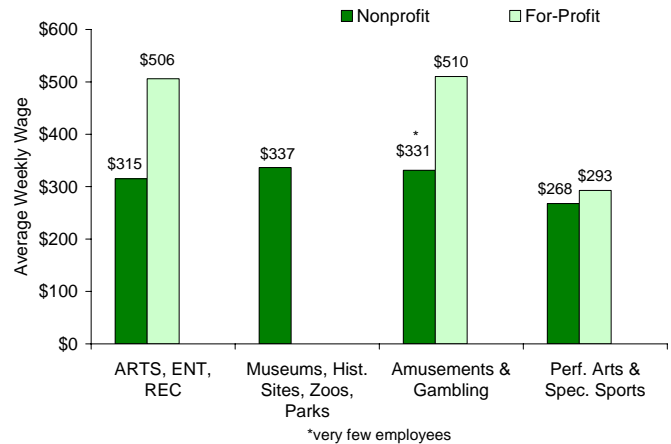
- Overall nonprofit wages in the social assistance industry were about 37 percent higher than for-profit wages.
- Employees in nonprofit vocational rehabilitation services earned average weekly wages of \$396. Nonprofit employees made up the vast majority of employment in this category; for-profit employment was too small to report separately.
- Workers in nonprofit individual and family services organizations earned about 19 percent more than workers in for-profit organizations.

Figure 53: Average weekly wages in EGR 1 social assistance organizations, 2005



- Those employed in nonprofit relief service organizations earned 44 percent less than those in for-profit relief services.
- Workers in nonprofit child day care services earned about 40 percent more than workers in for-profit child day care services.
- In the arts, entertainment, and recreation industry, nonprofit employees earn less than their for-profit counterparts. (See Figure 54.) The three sub-industries shown comprise 100 percent of the employment in arts, entertainment, and recreation in EGR 1.

Figure 54: Average weekly wages in EGR 1 arts, entertainment, and recreation organizations, 2005



- Overall in this industry, the few nonprofit employees earned about 38 percent less than the relatively few for-profit employees.³⁴

³⁴ For-profits accounted for the vast majority of employees in this industry, with about 95 percent. Nonprofits contributed about 4 per-

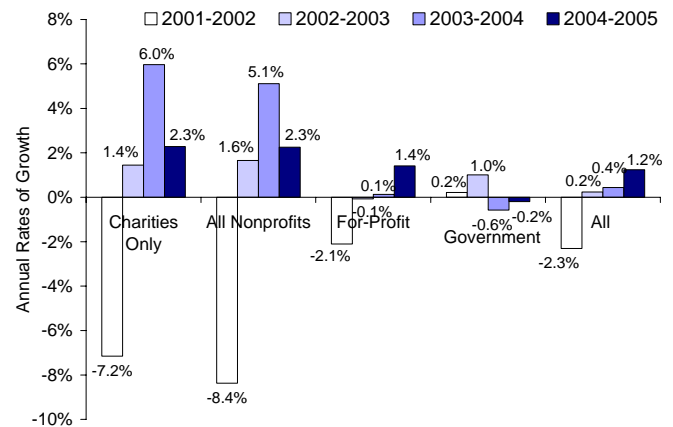
- The very few nonprofit employees in museums, historical sites, zoos, and parks earned an average weekly wage of \$337. EGR 1 had no for-profit employees in this category.³⁵
- The relatively few workers in nonprofit amusement and gambling establishments earned about 35 percent less than those in for-profit establishments. EGR 1 had no government employees in this category.
- Employees in nonprofit performing arts and spectator sports organizations earned about 9 percent less than those in for-profit organizations. EGR 1 had no government employees in this category.

Growth: Between 2001 and 2005 employment in the EGR 1 nonprofit sector grew by only 0.1 percent, employment in the for-profit sector shrank by 0.7 percent, and employment in the region’s government sector grew by 0.4 percent.

- However, as Figure 55 shows, these overall trends mask considerable differences in annual growth rates.
 - Employment in the nonprofit sector declined by 8.4 percent from 2001 to 2002. It then rebounded during the next three years, experiencing growth rates of 1.6 percent, 5.1 percent, and 2.3 percent, respectively.
 - Employment in the for-profit sector also experienced decline and recovery, though to a lesser extent than the nonprofit sector. For-profit employment shrank by 2.1 percent from 2001 to 2002 and by 0.1 percent between 2002 and 2003. For-profit employment then grew during the next two years, with a growth rate of 0.1 percent during the 2003 to 2004 period and a

growth rate of 1.4 percent during the 2004 to 2005 period.

Figure 55: Annual rates of growth in EGR 1 employment by sector, 2001-2005



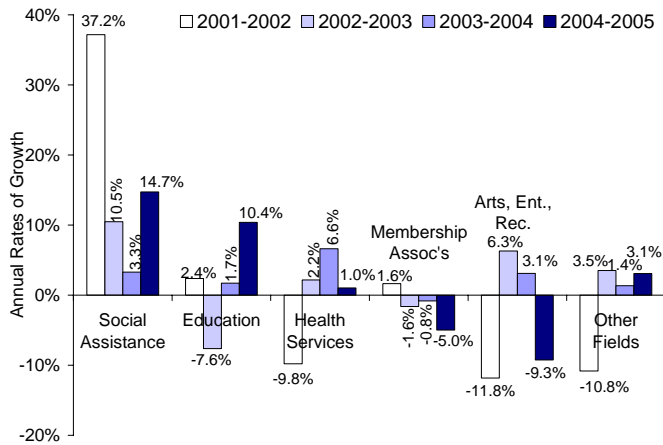
- Government employment experienced a different trend, with growth during the first two years and decline during the next two years. Employment grew by 0.2 percent between 2001 and 2002 and by 1.0 percent between 2002 and 2003. Employment then shrank by 0.6 percent during the 2003 to 2004 period and by 0.2 percent during the 2004 to 2005 period.
- Nonprofit employment trends differ notably by industry. As Figure 56 shows, social assistance organizations experienced the most growth, while arts, entertainment, and recreation establishments saw the greatest declines.
 - Overall, nonprofit employment in social assistance organizations in 2005 was up 79.5 percent over 2001. The highest growth rate (37.2 percent) occurred between 2001 and 2002. The industry then grew 10.5 percent from 2002 to 2003, 3.3 percent between 2003 and 2004, and 14.7 percent between 2004 and 2005.
 - Overall employment in nonprofit education services grew by 6.2 percent between 2001 and 2005. The industry experienced increasing growth in employment each year except between 2002 and 2003, when employment declined by 7.6 percent. Growth between 2004 and 2005 was 10.4 percent.
 - Overall, nonprofit employment in social assistance organizations in 2005 was up 79.5 percent

cent. Government employees made up about 1 percent of the total; however, all of the government employees were employed by only one establishment, so the data was suppressed for confidentiality reasons.

³⁵ Government employees made up the vast majority of the employment in this category, with 91 percent; however, all of these employees were employed by one establishment, so the data was suppressed for confidentiality reasons. Nonprofit employees accounted for the remaining 9 percent.

over 2001. The highest growth rate (37.2 percent) occurred between 2001 and 2002. The industry then grew 10.5 percent from 2002 to 2003, 3.3 percent between 2003 and 2004, and 14.7 percent between 2004 and 2005.

Figure 56: Annual rates of growth in EGR 1 nonprofit employment, by industry, 2001-2005

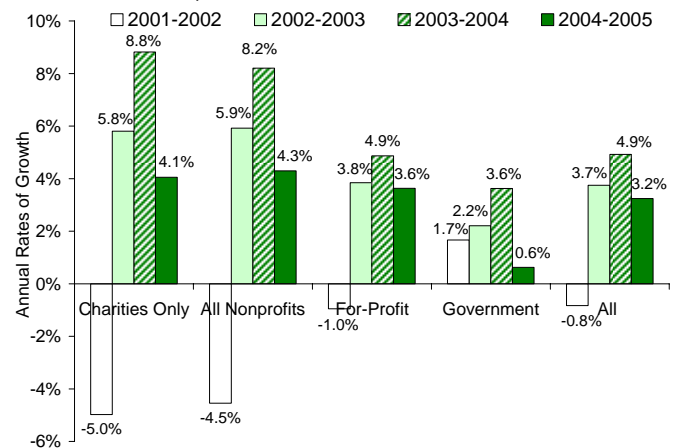


- Overall employment in nonprofit education services grew by 6.2 percent between 2001 and 2005. The industry experienced increasing growth in employment each year except between 2002 and 2003, when employment declined by 7.6 percent. Growth between 2004 and 2005 was 10.4 percent.
- Overall, employment in nonprofit health services organizations declined by 0.7 percent between 2001 and 2005. Employment declined during the 2001 to 2002 period (by 9.8 percent) but rebounded during the next three years. The rate of growth peaked at 6.6 percent during the 2003 to 2004 period then grew at a more modest amount (1.0 percent) between 2004 and 2005.
- Employment in nonprofit membership associations experienced a downward trend, shrinking by 5.7 percent during the 2001 to 2005 period. The industry experienced 1.6 percent growth in employment during the first year, but then experienced declines for each of the next three years. From 2004 to 2005 employment declined by 5.0 percent.
- Nonprofit employment in arts, entertainment, and recreation had the largest rates of decline – overall 12.3 percent during the 2001 to 2005 pe-

riod. Employment in this field declined by 11.8 percent between 2001 and 2002, recovered during the next two years (6.3 and 3.1 percent growth), but then declined by 9.3 percent from 2004 to 2005.

- Overall, employment in nonprofit organizations in other fields shrank by 3.6 percent between 2001 and 2005. Employment declined by 10.8 percent from 2001 to 2002 then grew from 2002 to 2005. Growth between 2004 and 2005 was 3.1 percent.
- From 2002 to 2005, the nonprofit sector's total payroll increased at a faster rate than that for the for-profit and government sectors. See Figure 57.³⁶

Figure 57: Annual rates of growth in EGR 1 payroll, by sector, 2001-2005



- Overall growth in payroll for EGR 1 nonprofits from 2001 to 2005 was 14.1 percent. Nonprofit payroll declined at a rate of 4.5 percent between 2001 and 2002 and then rebounded during the next three years. Growth peaked at 8.2 percent from 2003 to 2004 then grew by a lesser amount (4.3 percent) between 2004 and 2005.
- Overall growth in for-profit payroll between 2001 and 2005 was 11.8 percent. For-profit payroll experienced annual growth trends similar to those of nonprofits, with decline during the 2001 to 2002 period and growth during the 2002 to 2005 period, but the rates were more modest than those of the nonprofits. For-profit payroll shrank by 1.0 percent from 2001 to 2002. Growth peaked at 4.9 percent between 2003 and

³⁶ These growth rates are not adjusted for inflation.

2004 then grew at the more modest amount of 3.6 percent between 2004 and 2005.

- Government payroll grew by 8.3 percent during the 2001 to 2005 period, and it experienced growth during each of the four years. The growth rates steadily increased from 1.7 percent between 2001 and 2002 to 3.6 percent from 2003 to 2004, dropping to a rate of 0.6 percent between 2004 and 2005.