

XII. NORTHWEST CENTRAL INDIANA: ECONOMIC GROWTH REGION 4



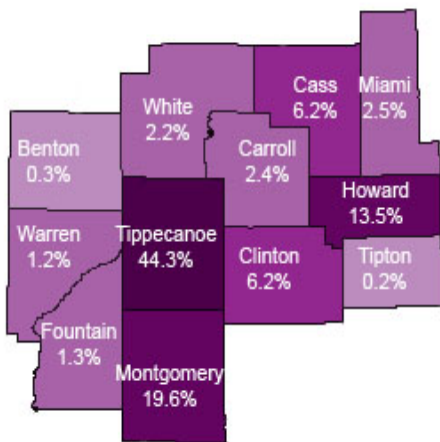
Economic Growth Region (EGR) 4 is situated in the northwest-central part of Indiana. It is comprised of twelve counties – Benton, White, Carroll, Cass, Miami, Warren, Tippecanoe, Clinton, Howard, Tipton, Fountain, and Montgomery. EGR 4 contains the Lafayette Metropolitan Statistical Area (MSA) which is comprised of Benton,

Carroll, and Tippecanoe Counties, as well as the Kokomo MSA, which is made up of Howard and Tipton Counties. The private nonprofit sector is a notable economic force in EGR 4, employing more people than several typically for-profit industries. However, the nonprofit sector accounts for a smaller share of total employment in EGR 4 than statewide. The nonprofit sector in EGR 4 grew relatively slowly between 2001 and 2005.

Employment and Payroll: Nonprofits in EGR 4 employed 14,000 employees and had a total payroll of over \$384 million.

- The distribution of nonprofit employment across this region differs notably by county, as shown in Figure 86.

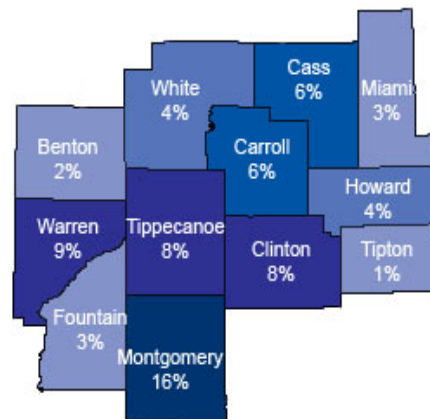
Figure 86: Distribution of ERG 4 nonprofit employment, by county, 2005



- Tippecanoe County had the largest share of this region’s nonprofit employment with 44 percent.

- Montgomery County had the next highest percentage, with 19.6 percent.
- Howard County’s share of EGR 4’s nonprofit employment was 13.5 percent.
- Cass and Clinton Counties each contained 6.2 percent of the region’s nonprofit employment.
- Miami, Carroll, White, Warren, and Fountain Counties each contained between 1 and 3 percent of the region’s nonprofit employment.
- Benton and Tipton Counties each contained less than 1 percent of the region’s nonprofit employment (0.3 percent and 0.2 percent, respectively).
- The 14,000 nonprofit employees accounted for 7 percent of the region’s total employment of 199,100. This percentage is slightly lower than the overall percentage for Indiana (8 percent).
- The nonprofit share of total county employment differs by county, as shown in Figure 87.

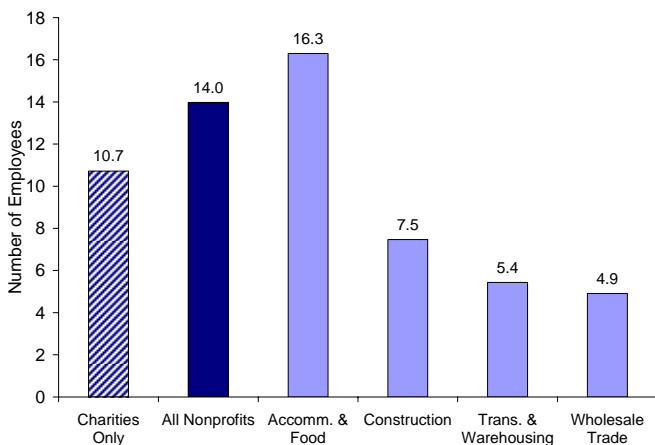
Figure 87: Nonprofit share of total employment, by county, 2005



- The share of total employment accounted for by nonprofits in Montgomery County was 16 percent, which was twice as large as the Indiana statewide share.
- Warren County nonprofits made up a slightly higher share of total employment than did nonprofits statewide (9 percent vs. 8 percent).

- The nonprofit shares of total employment in Tippecanoe and Clinton Counties were approximately the same as the statewide share.
- The nonprofit shares of total employment in Carroll and Cass Counties were smaller than that statewide (6 percent vs. 8 percent).
- Howard and White Counties had nonprofit shares of total employment that were about half as large as the statewide share.
- Miami, Fountain, Benton, and Tipton Counties had nonprofit shares of total employment that were less than half as large as the statewide share.
- Total nonprofit employment in EGR 4 exceeds the number of employees in several key industries.⁴⁹ As Figure 88 shows, nonprofits in this region employed:

Figure 88: Employment in EGR 4's nonprofit sector in comparison to certain industries, 2005 (in thousands)

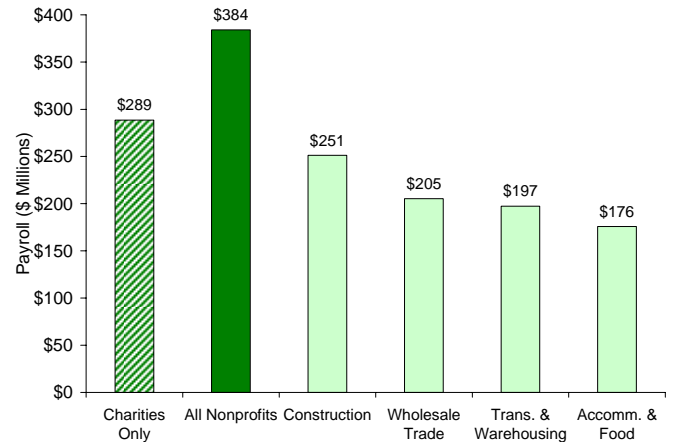


- Somewhat fewer people than the 16,300 people employed by the region's accommodation and food service industry.
- Twice as many people as the 7,500 people employed by the region's construction industry.
- Nearly three times as many people the region's transportation and warehousing industry (5,400

employees) and wholesale trade industry (4,900 employees).

- The nonprofit sector in EGR 4 accounted for \$384 million of the region's total payroll of \$7 billion, or 5 percent. As Figure 89 illustrates, payroll for jobs in this region's nonprofit sector was:

Figure 89: Payroll in EGR 4's nonprofit sector in comparison to certain industries, 2005 (in millions)



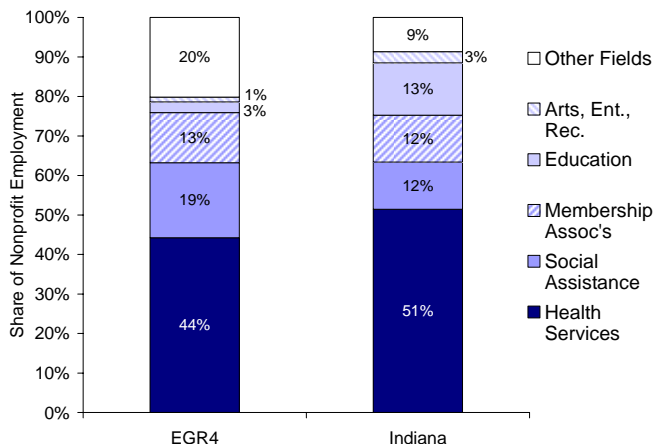
- Considerably larger than the payroll for the region's construction industry (\$251 million) and wholesale trade industry (\$205 million).
- About two times larger than payroll for the region's transportation and warehousing industry (\$197 million) and accommodation and food service industry (\$176 million). The latter is particularly noteworthy since this industry contained a larger number of workers than the nonprofit sector.

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 90 shows, the distribution of nonprofit employment across industries differs some from the corresponding distribution statewide.

⁴⁹ Less than 2 percent of the employment in these industries was nonprofit employment, meaning there is little overlap.

Figure 90: Distribution of nonprofit employment, by industry, EGR 4 vs. Indiana, 2005

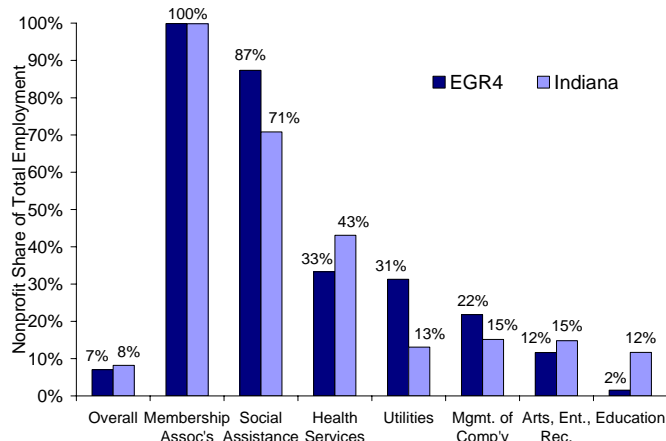


- Health services accounted for 44 percent of total nonprofit employment, which is smaller than the statewide share of 51 percent.⁵⁰
- Social assistance organizations made up a larger share of nonprofit employment in EGR 4 than that statewide (19 percent vs. 12 percent).
- Membership associations made up a slightly larger share of nonprofit employment in EGR 4 than that statewide (13 percent vs. 12 percent).⁵¹
- Education organizations accounted for only 3 percent of nonprofit employment in this region; this is considerably smaller than the statewide share of 13 percent.
- Arts, entertainment, and recreation, though typically a small share of total nonprofit employment, also had lower shares in EGR 4 than the share statewide (1 percent vs. 3 percent).
- Nonprofit employment in other industries accounted for a considerably higher share of non-

profit employment in EGR 4 than statewide (20 percent vs. 9 percent). More than half of these (11 percent) were employed in manufacturing industries.

- Nonprofit employment dominates in several industries, as illustrated in Figure 91.

Figure 91: Nonprofit share of total employment for selected industries, EGR 4 vs. Indiana, 2005



- Nearly all (almost 100 percent) of employment in membership associations in both EGR 4 and Indiana was attributed to nonprofits.
- Nonprofits comprised 87 percent of the employment in social assistance organizations in EGR 4, notably higher than the statewide share of 71 percent.
- About one-third (33 percent) of employment in health services in EGR 4 was attributed to nonprofits; this is less than the statewide percentage (43 percent).
- Although utilities and the management of companies or enterprises are not typically thought of as containing a significant presence of nonprofit employment, nonprofits accounted for 31 percent and 22 percent of employment in these industries in EGR 4, respectively. These percentages are considerably higher than the statewide percentages of 13 percent for utilities and 15 percent for management organizations.
- Nonprofits made up 12 percent of the employment in arts, entertainment, and recreation or-

⁵⁰ 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.

⁵¹ 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.

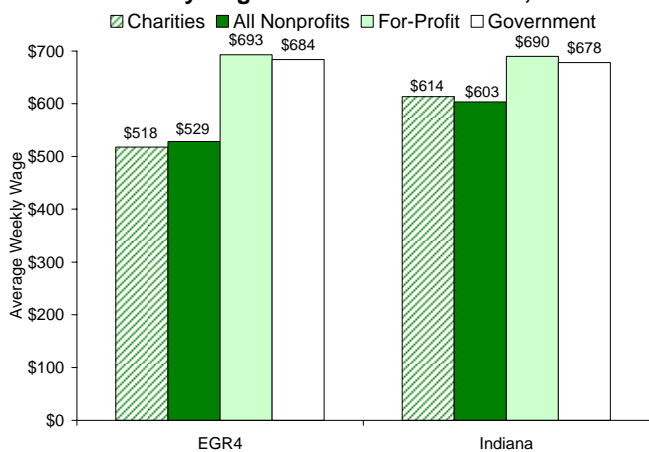
ganizations in EGR 4, while the statewide share was a bit higher (15 percent).

- Only 2 percent of employment in EGR 4 education organizations was attributed to nonprofits. This is considerably lower than the statewide share of 12 percent.

Wages: Overall, average weekly wages paid to nonprofit employees in EGR 4 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.⁵²

- In both EGR 4 and Indiana as a whole, workers in nonprofit organizations overall earn less than those in the for-profit and government sectors, but the gaps are larger for EGR 4 than for the state overall. See Figure 92.

Figure 92: Nonprofit, for-profit, and government average weekly wages in EGR 4 and Indiana, 2005



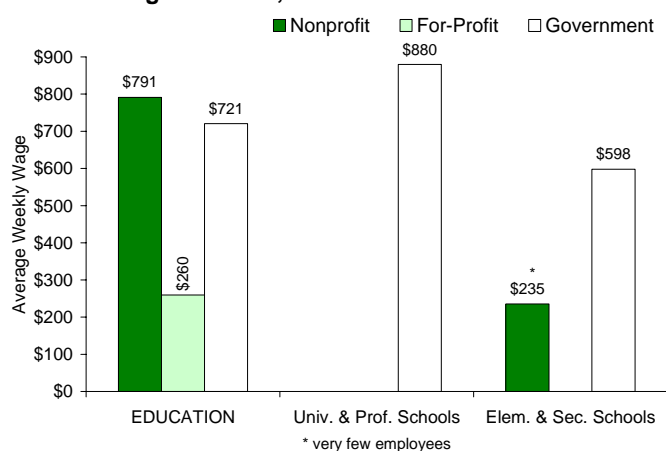
- Nonprofit workers in EGR 4 earned an average weekly wage of \$529, or about 24 percent less than for-profit workers in the region, while the statewide gap was only 13 percent.
- EGR 4 nonprofit workers earned about 23 percent less than government workers. This gap

⁵² 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.

was also larger than the statewide gap, as Indiana nonprofit workers earned about 11 percent less than government workers.

- However, in industries in which nonprofit organizations are concentrated, nonprofit workers sometimes earn more than their for-profit counterparts.⁵³
- Overall, nonprofit employees in EGR 4 education organizations earn higher average weekly wages than their for-profit and government counterparts. (See Figure 93.) The two sub-industries shown comprised 96 percent of the employment in the education industry in EGR 4.

Figure 93: Average weekly wages in EGR 4 education organizations, 2005

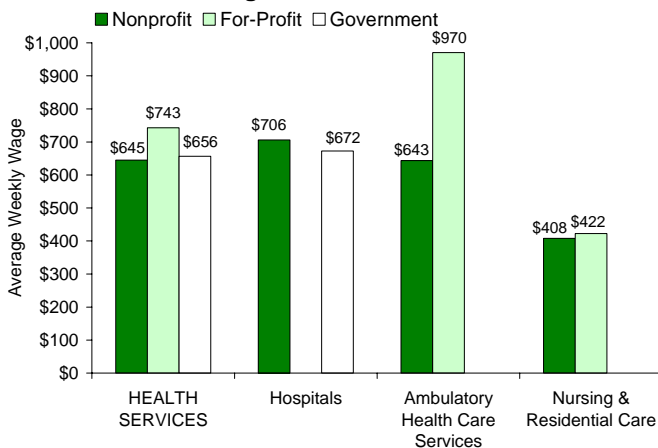


- On average, employees of nonprofit education organizations earned weekly wages about 3 times higher than those of for-profit employees and about 10 times higher than those of government employees.
- There were too few nonprofit establishments in the university and professional schools category to report separately. In addition, there were no for-profit employees in this category, thus the vast majority of employment was government employment.

⁵³ 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 an 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.

- The few employees in nonprofit elementary and secondary schools earned about 61 percent less than government employees.⁵⁴ For-profit establishments were too few to report separately.
- The third sub-industry, junior colleges, is not shown here because employment in this category was made up of only two government establishments, and this was too few to report due to confidentiality concerns.
- Overall in the health services industry, nonprofit employees earn lower average weekly wages than their for-profit and government counterparts. (See Figure 94.) The three sub-industries shown comprised 100 percent of the employment in the health services industry.

Figure 94: Average weekly wages in EGR 4 health services organizations, 2005



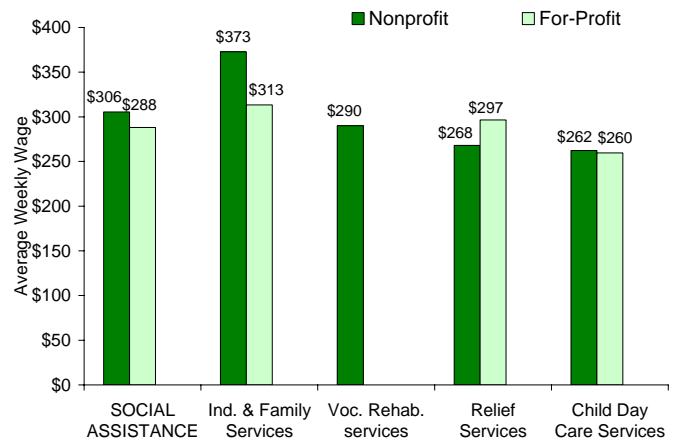
- On average, nonprofit workers in the health services industry earned about 13 percent less than for-profit workers and about 2 percent less than government workers.
- However, employees in nonprofit hospitals earned about 5 percent more than those in government hospitals. There were too few for-profit establishments in this category to report separately.
- In the ambulatory health care services category, nonprofit workers earned about 34 percent less

⁵⁴ Government employees made up the vast majority of this industry, accounting for 99.65 percent of employment. Nonprofit employees made up only 0.34 percent of employment.

than for-profit workers. Government employment was too small to report separately.

- Nonprofit nursing and residential care employees earned about 3 percent less than for-profit employees. There were too few government establishments in this category to report separately.
- Overall in the social assistance industry, nonprofit employees' average weekly wages are higher than those of for-profit employees. (See Figure 95.) Government employment was too small to report separately. The four sub-industries shown accounted for 100 percent of the employment in the social assistance industry.

Figure 95: Average weekly wages in EGR 4 social assistance organizations, 2005

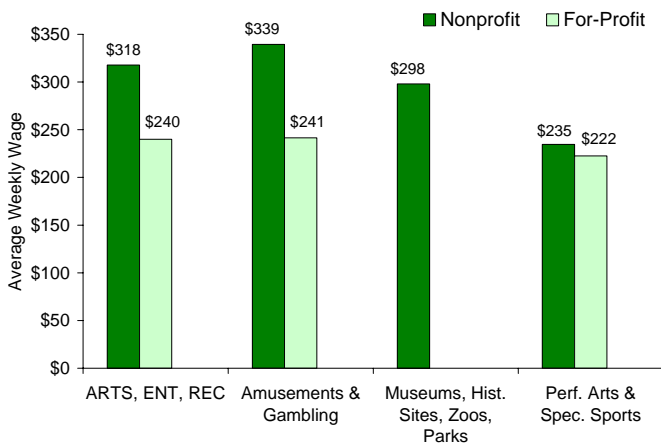


- On average, employees in nonprofit social assistance organizations earned about 6 percent more than their for-profit counterparts.
- Nonprofit individual and family services employees earned about 19 percent more than for-profit individual and family services employees.
- All of the employment in vocational rehabilitation services in EGR 4 was attributed to nonprofits. The nonprofit average weekly wage was \$290.
- Nonprofit relief services employees earned about 10 percent less than for-profit relief services employees.

- Nonprofit and for-profit child day care service employees earned comparable wages, with nonprofit wages only being about 1 percent higher.

- Nonprofit employees in EGR 4 arts, entertainment, and recreation organizations earn higher average weekly wages than for-profit employees, and there was no government employment in this industry. (See Figure 96.) The three sub-industries shown accounted for 100 percent of the employment in arts, entertainment, and recreation organizations.

Figure 96: Average weekly wages in EGR 4 arts, entertainment, and recreation organizations, 2005

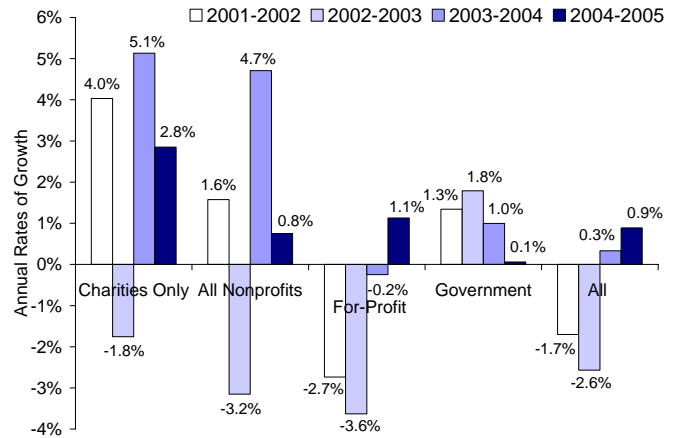


- Overall in the arts, entertainment, and recreation industry, nonprofit employees earned about 33 percent more than for-profit employees.
- In the amusements and gambling category, nonprofit employees earned about 41 percent more than for-profit employees.
- Nonprofit workers in museums, historical sites, zoos, and parks earned an average weekly wage of \$298. For-profit employees were too few to report separately.
- In the performing arts and spectator sports category, nonprofit employees earned about 6 percent more than for-profit employees.

Growth: Between 2001 and 2005, overall employment in the EGR 4 nonprofit sector grew by 3.8 percent, employment in the for-profit sector declined by 5.4 percent, and employment in the government sector grew by 4.2 percent.

- However, as Figure 97 shows, these overall trends mask differences in annual growth rates.

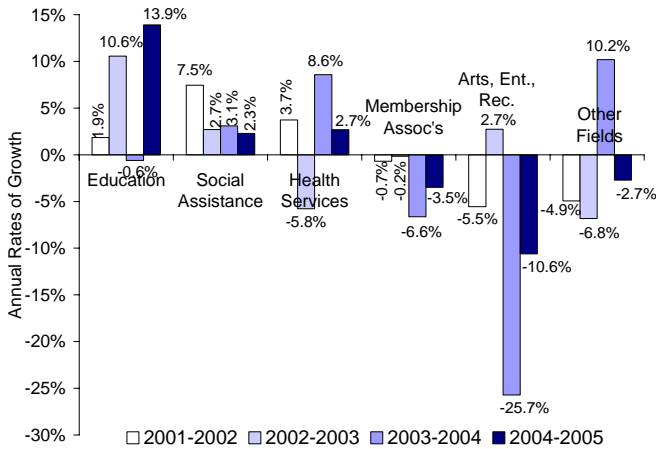
Figure 97: Annual rates of growth in EGR 4 employment by sector, 2001-2005



- Nonprofit employment grew by 1.6 percent between 2001 and 2002, then declined by 3.2 percent between 2002 and 2003. Employment then rebounded, growing 4.7 percent during 2003 to 2004 and 0.8 percent during 2004 to 2005.
- For-profit employment declined during the first three years of this time period (by 2.7 percent, 3.6 percent, and 0.2 percent) but then grew by 1.1 percent between 2004 and 2005.
- Government employment grew each year during the four-year time period, posting annual growth rates of 1.3 percent, 1.8 percent, 1.0 percent, and 0.1 percent, respectively.
- Nonprofit employment trends differ notably by industry. As Figure 98 shows, education organizations experienced the most growth, while arts, entertainment, and recreation organizations saw the greatest declines.
 - Nonprofit employment in education organizations grew by 27.5 percent between 2001 and 2005. Employment grew during the first two years of the time period (by 1.9 percent and 10.6 percent), declined by 0.6 percent during 2003 to 2004, but then grew by 13.9 percent during the 2004 to 2005 period.

- Employment in nonprofit social assistance organizations grew by 16.4 percent between 2001 and 2005, with annual growth rates of 7.5 percent, 2.7 percent, 3.1 percent, and 2.3 percent, respectively.

Figure 98: Annual rates of growth in EGR 4 nonprofit employment, by industry, 2001-2005

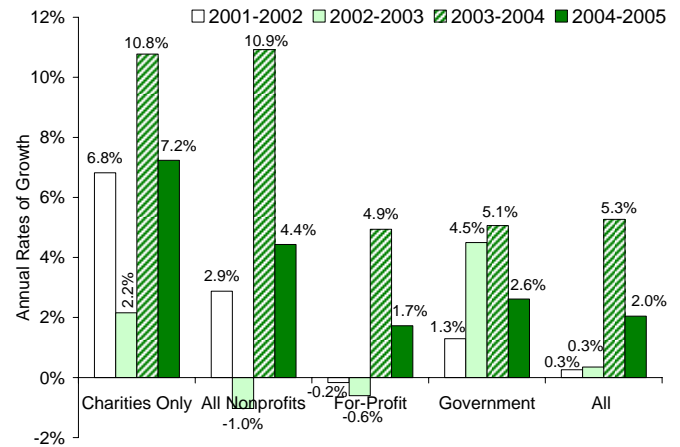


- Nonprofit employment in health services grew by 9.0 percent from 2001 to 2005. Employment grew by 3.7 percent between 2001 and 2002, declined by 5.8 percent between 2002 and 2003, then grew during the next two years (by 8.6 percent and 2.7 percent).
- Nonprofit employment in membership associations declined by 3.5 percent between 2001 and 2005. Employment in this field declined each year during the four year period, with annual rates of decline of 0.7 percent, 0.2 percent, 6.6 percent, and 3.5 percent, respectively.
- Employment in nonprofit arts, entertainment, and recreation organizations shrank by 10.6 percent between 2001 and 2005. Employment declined by 5.5 percent between 2001 and 2002, grew by 2.7 percent between 2002 and 2003, then declined sharply by 25.7 percent in 2003 to 2004 and 10.6 percent in 2004 to 2005.
- Nonprofit employment in other fields declined by 2.7 percent between 2001 and 2005. Employment declined during the first two years of this time period (by 4.9 percent and 6.8 percent), grew by 10.2 percent during 2003 to 2004, and

then declined again between 2004 and 2005 (by 2.7 percent).

- From 2001 to 2005, nonprofit payroll increased at a faster rate than for-profit and government payrolls.⁵⁵ See Figure 99.

Figure 99: Annual rates of growth in EGR 4 payroll, by sector, 2001-2005



- Between 2001 and 2005, nonprofit payroll grew by 17.9 percent overall. It grew by 2.9 percent from 2001 to 2002, declined by 1.0 percent from 2002 to 2003, then grew during the next two years (by 10.9 percent and 4.4 percent).
- For-profit payroll grew by 5.9 percent between 2001 and 2005. During the first two years of this time period, for-profit payroll shrank, by 0.2 percent and 0.6 percent, but recovered the next two years, with annual growth rates of 4.9 percent and 1.7 percent respectively.
- Government payroll grew by 14.1 percent from 2001 to 2005. It experienced growth each year during the four-year period, with annual growth rates of 1.3 percent, 4.5 percent, 5.1 percent, and 2.6 percent.

⁵⁵ These growth rates are not adjusted for inflation.