

XVI. SOUTH CENTRAL INDIANA: ECONOMIC GROWTH REGION 8



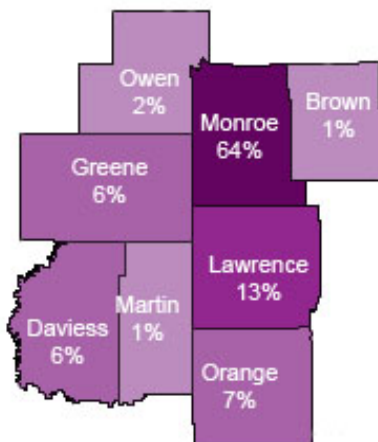
Eight south central Indiana counties – Owen, Monroe, Brown, Greene, Daviess, Martin, Lawrence, and Orange – comprise Economic Growth Region (EGR) 8. This region includes the Bloomington Metropolitan Statistical Area (MSA) (Green, Monroe, and Owen Counties) as well as one county from the Indianapolis MSA (Brown County).

The private nonprofit sector is a major economic force in EGR 8, employing more workers than several typical for-profit industries. The region’s nonprofit employment is concentrated in the health field, with over half of the region’s nonprofit workers employed in this field. The region’s nonprofit employment is currently growing at a faster rate than for-profit employment but at a slower rate than government employment.

Employment and Payroll: Nonprofits in EGR 8 employed 9,700 workers and had a total payroll of over \$255 million.

- The distribution of this region’s nonprofit employment differs notably by county, as shown in Figure 142.

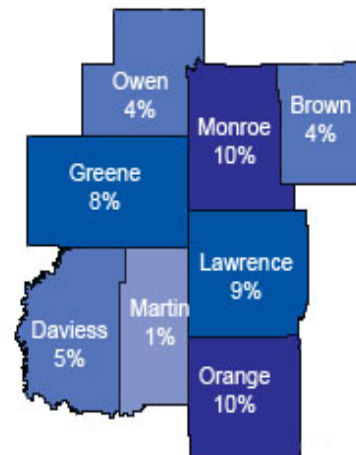
Figure 142: Distribution of EGR 8 nonprofit employment, by county, 2005



- Monroe County contained almost two-thirds (64 percent) of the region’s nonprofit employment.

- Lawrence County had the next highest proportion, with 13 percent.
- Orange County’s share of the region’s nonprofit employment was 7 percent.
- Greene and Daviess Counties each contained 6 percent of the region’s nonprofit employment.
- Owen County contained only 2 percent of the region’s nonprofit employment.
- Brown and Martin Counties each contained only 1 percent of the region’s nonprofit employment.
- The 9,700 nonprofit employees accounted for 8 percent of the region’s total employment of 114,500. This percentage is the same as the percentage statewide.
- The nonprofit share of total employment differs by county, as shown in Figure 143.

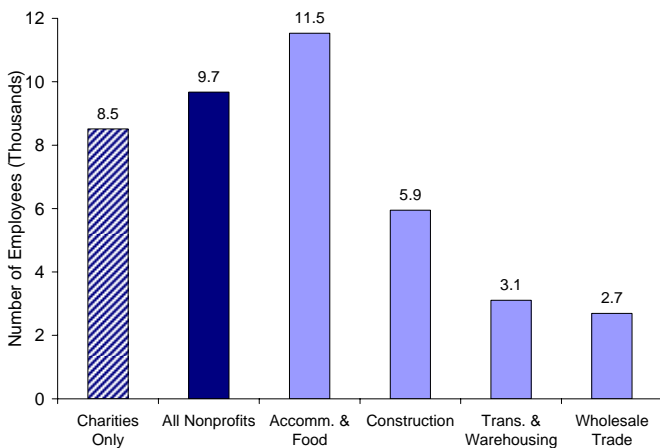
Figure 143: Nonprofit share of total employment, by county, 2005



- Orange, Monroe, and Lawrence County nonprofit shares of total employment were 1 or 2 percentage points higher than the statewide percentage.
- Greene County’s nonprofit share of total employment was the same as the statewide share.
- The nonprofit share of total employment in Daviess County was smaller than the statewide share (5 percent vs. 8 percent).

- Brown and Owen County nonprofit shares of total employment were half as large as the statewide share.
- Martin County’s share of total employment was much lower than the statewide share – only 1 percent in Martin County, compared to 8 percent statewide.
- Total nonprofit employment in EGR 8 exceeds the number of employees in several key industries.⁷⁸ As Figure 144 shows, nonprofits in this region employed:

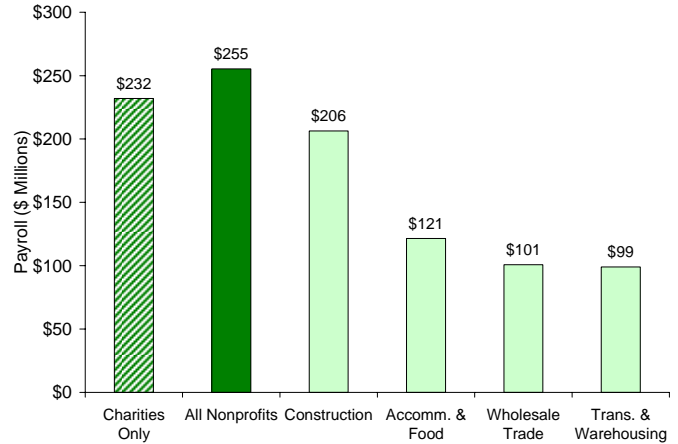
Figure 144: Employment in EGR 8’s nonprofit sector in comparison to certain industries, 2005 (in thousands)



- Fewer people than the 11,500 people employed by the accommodation and food service industry.
- Considerably more people than the 5,900 people employed by the construction industry.
- More than 3 times as many people as the 3,100 people employed by the transportation and warehousing industry or the 2,700 people employed by the wholesale trade industry.
- EGR 8’s nonprofit sector accounted for \$255 million of the region’s total payroll of \$3.5 billion, or 7 per-

cent. As Figure 145 illustrates, payroll for jobs in the region’s nonprofit sector was:

Figure 145: Payroll in EGR 8’s nonprofit sector in comparison to certain industries, 2005 (in millions)



- Greater than total payroll for the region’s construction industry (\$206 million).
- More than two times greater than the accommodation and food service industry (\$121 million), even though the accommodation and food service industry employed more people than the nonprofit sector.
- More than two times greater than the wholesale trade industry (\$101 million) and transportation and warehousing industry (\$99 million).

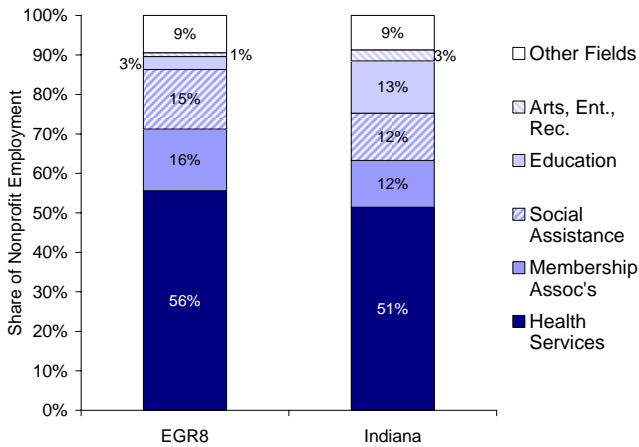
Nonprofit Industries: The region’s nonprofit employment is concentrated in several industries, with over half of nonprofit employees working in health services. Nonprofits account for a considerable portion of the employment in some industries.

- As Figure 146 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 8 than it did statewide (56 percent vs. 51 percent).⁷⁹

⁷⁸ The construction, transportation and warehousing, and wholesale trade industries had no nonprofit employment in EGR 8. Only about 2 percent of employment in the accommodation and food service industry was nonprofit, meaning there is little overlap.

⁷⁹ Although the NAICS classification system groups health services and social assistance together as NAICS 62, we have separated social

Figure 146: Distribution of nonprofit employment, by industry, EGR 8 vs. Indiana, 2005



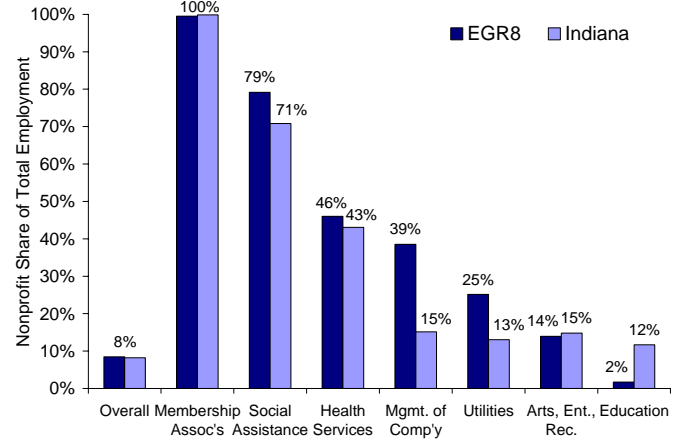
- EGR 8 membership associations⁸⁰ (16 percent of nonprofit employment) and EGR 8 social assistance organizations (15 percent of nonprofit employment) also had larger shares than found statewide (12 percent for each industry).
- With health services, membership associations, and social assistance taking up larger shares of nonprofit employment, there are relatively fewer education and arts, entertainment, and recreation nonprofits. Education nonprofits accounted for only 3 percent of nonprofit employment in EGR 8, compared to 13 percent statewide. Arts, entertainment, and recreation organizations made up 1 percent of nonprofit employment, compared to 3 percent statewide.
- The share of nonprofit employment attributed to other fields was approximately the same in EGR 8 and statewide (9 percent each).
- Nonprofit employment dominates in several industries, as illustrated in Figure 147.

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

⁸⁰ 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.

- Nearly all (almost 100 percent) of employment in membership associations in both EGR 8 and Indiana was attributed to nonprofits.

Figure 147: Nonprofit share of total employment for selected industries, EGR 8 vs. Indiana, 2005



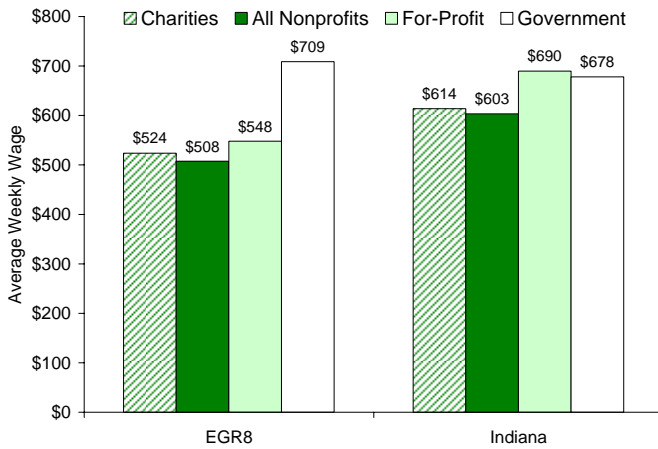
- Nonprofits accounted for 79 percent of employment in social assistance organizations in EGR 8, which is higher than the statewide share of 71 percent.
- Nonprofits made up 46 percent of the employment in health services in EGR 8, while the statewide percentage was slightly lower, at 43 percent.
- The share of nonprofit employment associated with the management of companies was considerably higher in EGR 8 (39 percent) than statewide (15 percent).
- Utilities' share of nonprofit employment in EGR 8 (25 percent) was also much higher than the statewide percentage (13 percent).
- The arts, entertainment, and recreation nonprofit shares of total employment were similar for EGR 8 and statewide – EGR 8 was 14 percent, compared to 15 percent statewide.
- Only 2 percent of education employment was attributed to nonprofits in EGR 8; this is considerably smaller than the 12 percent statewide.

Wages: Overall, average weekly wages paid to nonprofit employees in EGR 8 are lower than average weekly wages paid to for-profit and government em-

ployees. However, this is not always true in the fields in which nonprofits are concentrated; sometimes nonprofit employees' wages are higher than their for-profit or government counterparts.

- The average weekly wage paid to nonprofit workers in EGR 8 was \$508. In both EGR 8 and Indiana as a whole, the nonprofit average weekly wage was lower than the for-profit and government average weekly wages. See Figure 148.

Figure 148: Nonprofit, for-profit, and government average weekly wages in EGR 8 and Indiana, 2005



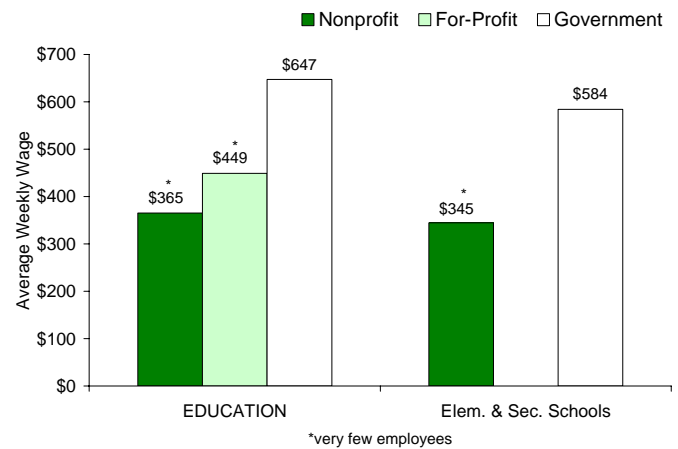
- Nonprofit workers in EGR 8 earned about 7 percent less than EGR 8 for-profit workers. This gap is smaller than the statewide gap, with Indiana nonprofit workers earning about 13 percent less than for-profit workers.
- Nonprofit workers in EGR 8 earned about 28 percent less than EGR 8 government workers. This gap is more than twice as large as the statewide gap, with Indiana nonprofit workers earning about 11 percent less than Indiana government workers.

- However, in industries in which nonprofit organizations are concentrated, nonprofit workers sometimes earn more than their for-profit or government counterparts.⁸¹

⁸¹ 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.

- The education industry follows the overall pattern – nonprofit average weekly wages are lower than for-profit and government average weekly wages. (See Figure 149.) Elementary and secondary schools accounted for 35 percent of the total employment in the education field in EGR 8. Two other categories – universities and professional schools and junior colleges – are not shown, because, while they contain a large number of employees, there are too few establishments to report for reasons of confidentiality.

Figure 149: Average weekly wages in EGR 8 education organizations, 2005



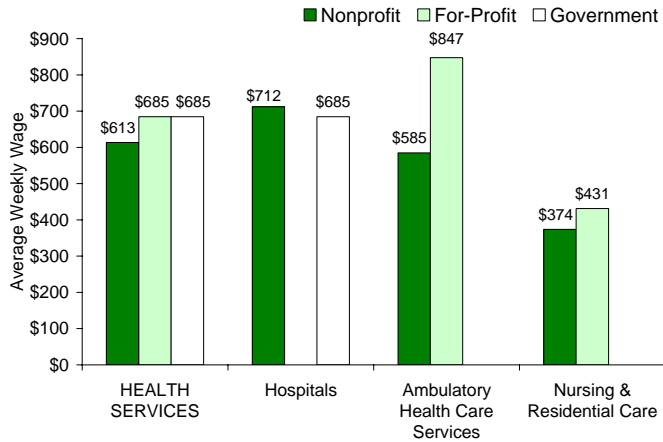
- On average, the relatively few employees in nonprofit education organizations earned about 19 percent less than the relatively few for-profit employees and about 44 percent less than government employees.⁸²
- The few nonprofit employees in elementary and secondary schools earned about 41 percent less than government employees.

- Overall in the health services industry, nonprofit employees earn lower average weekly wages than their for-profit and government counterparts. (See Figure 150.) The three sub-industries shown accounted for 100 percent of the employment in the health services industry in EGR 8.

⁸² Government employees made up the vast majority of employment in this field, accounting for 97 percent of the employment. Nonprofit employees made up only 1.7 percent of the total employment, and for-profit employees made up only 1.3 percent.

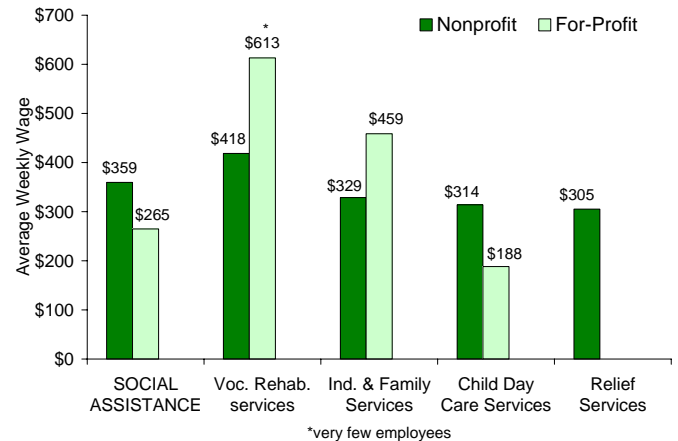
- On average, nonprofit health services employees earned about 11 percent less than for-profit and government employees.

Figure 150: Average weekly wages in EGR 8 health services organizations, 2005



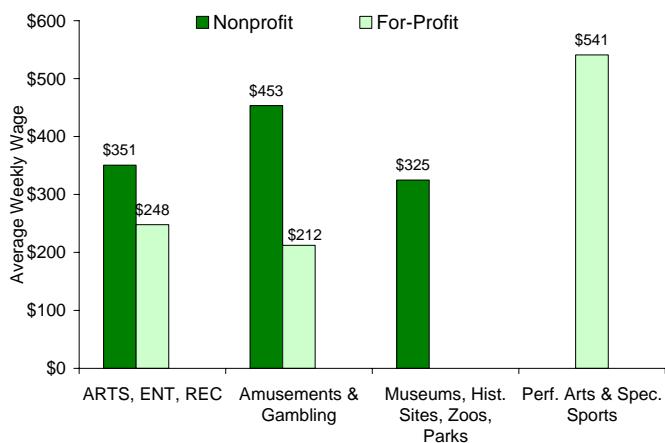
- Workers in nonprofit hospitals earned about 4 percent more than government hospital workers. There were too few for-profit establishments to report separate for-profit data.
- Nonprofit workers in ambulatory health care services earned about 31 percent less than for-profit workers. There was no government employment in this category.
- Nonprofit employees in nursing and residential care earned about 13 percent less than for-profit employees. There were no government employees in this category.
- Overall in the social assistance industry, nonprofit average weekly wages are higher than for-profit average weekly wages; however, this pattern varies for different sub-industries. (See Figure 151.) There was no government employment in social assistance in EGR 8. The four sub-industries shown accounted for 100 percent of the employment in the social assistance field.
 - Overall in this industry, nonprofit employees earned about 35 percent more than for-profit employees.
 - However, in vocational rehabilitation services, nonprofit employees earned about 32 percent less than the few for-profit employees.

Figure 151: Average weekly wages in EGR 8 social assistance organizations, 2005



- Nonprofit employees in individual and family services earned about 28 percent less than for-profit employees.
- Nonprofit workers in child day care services earned about 67 percent more than for-profit workers.
- Nonprofit relief service workers earned an average weekly wage of \$305. There were too few for-profit establishments to report separate for-profit data.
- Overall in the arts, entertainment, and recreation industry, nonprofit employees earn higher average weekly wages than their for-profit counterparts. (See Figure 152.) There were too few government establishments to report government data separately. The three sub-industries shown made up 100 percent of the employment in arts, entertainment, and recreation in EGR 8,
 - Overall, nonprofit arts, entertainment, and recreation employees earned about 42 percent more than for-profit employees.
 - In amusements and gambling, nonprofit employees earned more than twice as much as for-profit employees.
 - Nonprofit workers in museums, historical sites, zoos, and parks earned an average weekly wage of \$325. There were too few for-profit establishments to report separate for-profit data.

Figure 152: Average weekly wages in EGR 8 arts, entertainment, and recreation organizations, 2005

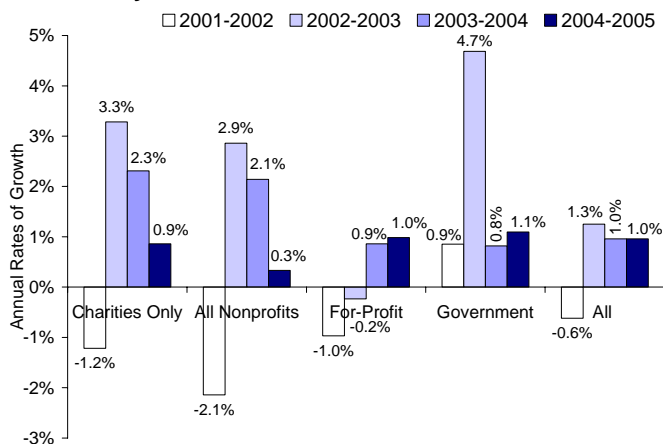


- There were too few nonprofit establishments in performing arts and spectator sports to report separate nonprofit data. For-profit employees earned an average weekly wage of \$541.

Growth: Between 2001 and 2005, overall nonprofit employment in EGR 8 grew 3.2 percent, for-profit employment grew 0.6 percent, and government employment grew 7.6 percent.

- However, as Figure 153 shows, these overall trends mask differences in annual growth rates.

Figure 153: Annual rates of growth in EGR 8 employment by sector, 2001-2005



- The region's nonprofit employment declined by 2.1 percent between 2001 and 2002, then recovered during the next few years. Annual growth rates for each of the next three years were 2.9

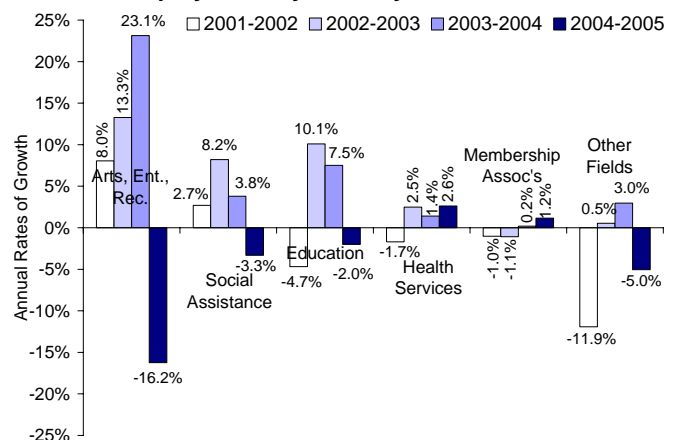
percent, 2.1 percent, and 0.3 percent respectively.

- The for-profit sector declined during the first two years of the time period (by 1.0 percent and 0.2 percent), then recovered, growing by 0.9 percent between 2003 and 2004 and by 1.0 percent between 2004 and 2005.

- The government sector experienced growth during all four years examined. The greatest annual growth rate was 4.7 percent during 2002 to 2003, and the smallest annual growth rate was 0.8 percent during 2003 to 2004.

- Nonprofit growth rates differ notably by industry. As Figure 154 shows, arts, entertainment, and recreation experienced the most growth, while membership associations experienced the greatest declines.

Figure 154: Annual rates of growth in EGR 8 nonprofit employment, by industry, 2001-2005



- Between 2001 and 2005, nonprofit employment in the EGR 8 arts, entertainment and recreation industry grew by 26.2 percent. The industry grew substantially during the first three years: by 8.0 percent during 2001 to 2002, 13.3 percent during 2002 to 2003, and 23.1 percent during 2003 to 2004. However, during 2004 to 2005, employment declined substantially – by 16.2 percent.

- Employment in nonprofit social assistance organizations grew by 11.5 percent from 2001 to 2005. Growth occurred during the first three years (with annual growth rates of 2.7 percent, 8.2 percent, and 3.8 percent), but then employ-

ment declined by 3.3 percent between 2004 and 2005.

- Nonprofit education employment grew by 10.6 percent between 2001 and 2005. Employment declined by 4.7 percent from 2001 to 2002, grew by 10.1 percent during 2002 to 2003 and by 7.5 percent during 2003 to 2004, then declined by 2.0 percent from 2004 to 2005.

- Employment in nonprofit health services grew by 4.9 percent between 2001 and 2005. Employment declined by 1.7 percent between 2001 and 2002, then grew during the next three years, with annual growth rates of 2.5 percent, 1.4 percent, and 2.6 percent.

- Nonprofit employment in membership associations shrank by 0.8 percent overall from 2001 to 2005. Employment declined during the first two years, with annual rates of decline of 1.0 percent and 1.1 percent, then grew during the next two years, with annual growth rates of 0.2 percent and 1.2 percent.

- Nonprofit employment in other fields declined by 13.4 percent between 2001 and 2005. Employment declined by 11.9 percent during 2001 to 2002, recovered to grow by 0.5 percent during 2002 to 2003 and 3.0 percent during 2003 to 2004. It then declined again during 2004 to 2005, by 5.0 percent.

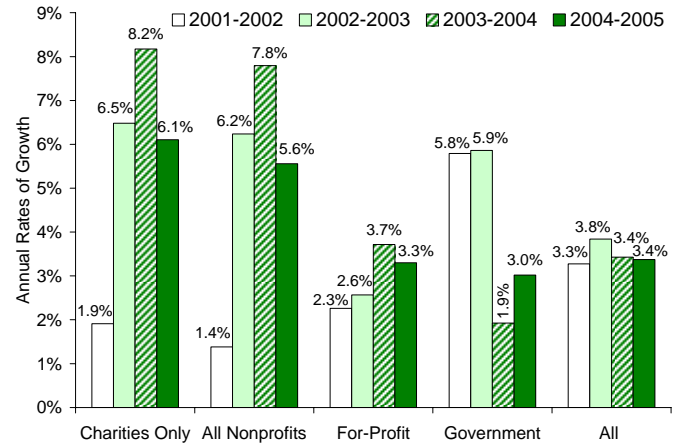
- From 2001 to 2005, nonprofit payroll grew at a faster rate than for-profit or government payroll.⁸³ See Figure 155.

- Nonprofit payroll grew by 22.6 percent between 2001 and 2005. The smallest annual growth rate was 1.4 percent between 2001 and 2002, and the largest annual growth rate was 7.8 percent between 2003 and 2004.

- For-profit payroll grew by 12.4 percent between 2001 and 2005. The smallest annual growth rate was 2.3 percent during 2001 to 2002, and the greatest annual growth rate was 3.7 percent during 2003 to 2004.

- Government payroll grew by 17.6 percent between 2001 and 2005. The smallest annual growth rate was 1.9 percent between 2003 and 2004, and the greatest annual growth rate was 5.9 percent between 2003 and 2004.

Figure 155: Annual rates of growth in EGR 8 payroll, by sector, 2001-2005



⁸³ These growth rates are not adjusted for inflation.