

XV. WEST CENTRAL INDIANA: ECONOMIC GROWTH REGION 7



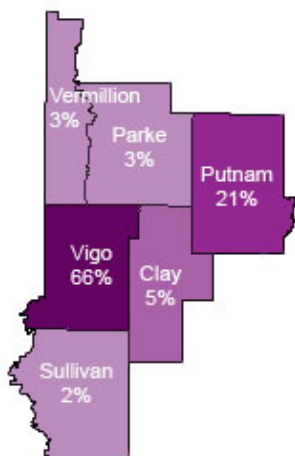
Six west central Indiana counties – Vermillion, Parke, Putnam, Vigo, Clay, and Sullivan – make up Economic Growth Region (EGR) 7. This region includes the Terre Haute Metropolitan Statistical Area (MSA) (Vermillion, Vigo, Clay, and Sullivan Counties), as well as one county of the Indianapolis MSA (Putnam County).

The private nonprofit sector is a major economic force in EGR 7, employing a greater percentage of the total workforce than the statewide percentage, and employing more workers than several typically for-profit industries. The region’s nonprofit employment is concentrated in the health and education fields, with over half of nonprofit employment accounted for by these two fields. In contrast to most other regions, nonprofit average weekly wages are higher than for-profit average weekly wages. Nonprofit employment grew faster than for-profit and government employment between 2001 and 2005.

Employment and Payroll: Nonprofits in EGR 7 employed 8,400 workers and had a total payroll of over \$255 million.

- The distribution of the region’s nonprofit employment differs notably by county, as shown in Figure 128.

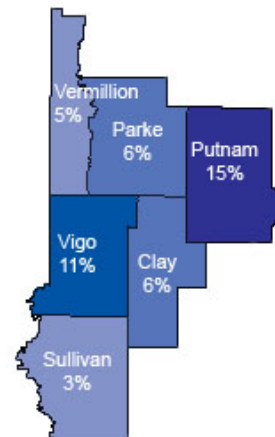
Figure 128: Distribution of EGR 7 nonprofit employment, by county, 2005



- Vigo County contained almost two-thirds (66 percent) of EGR 7’s nonprofit employment.

- Putnam County contained the next highest proportion, with 21 percent.
- Clay County’s share of the region’s nonprofit employment was only 5 percent.
- Vermillion and Parke Counties each contained only 3 percent of the region’s nonprofit employment.
- Sullivan County had the smallest share of the region’s nonprofit employment, with 2 percent.
- The 8,400 nonprofit employees accounted for 10 percent of the region’s total employment of 84,700. This is higher than the percentage statewide (8 percent).
- The nonprofit share of total employment differs by county, as shown in Figure 129.

Figure 129: Nonprofit share of total employment, by county, 2005

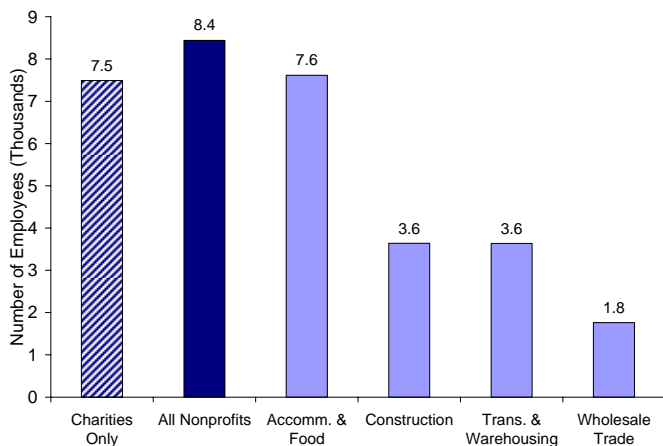


- Putnam County’s nonprofit share of total employment was nearly twice the statewide share (15 percent vs. 8 percent).
- At 11 percent, Vigo County’s nonprofit share of total employment was larger than the statewide share.
- Parke, Clay, and Vermillion Counties had nonprofit shares of total employment 2 or 3 percentage points lower than the statewide share.

- The nonprofit share of total employment in Sullivan County was less than half the statewide percentage.

- Total nonprofit employment in EGR 7 exceeds the number of employees in several key industries.⁷¹ As Figure 130 shows, nonprofits in this region employed:

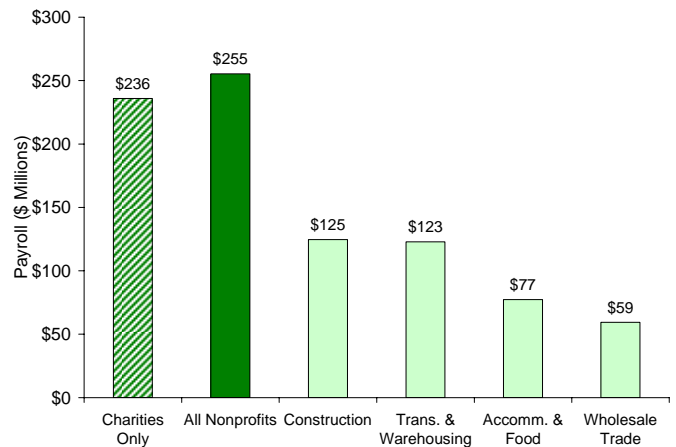
Figure 130: Employment in EGR 7's nonprofit sector in comparison to certain industries, 2005 (in thousands)



- Slightly more people than the 7,600 people employed by the region's accommodation and food services industry.
- More than twice as many people as the 3,600 people employed in the construction industry and the 3,600 people employed in the transportation and warehousing industry.
- More than four times as many people as the 1,800 people employed in the wholesale trade industry.

- EGR 7's nonprofit sector accounted for \$255 million of the region's total payroll of \$2.5 billion, or 10 percent. As Figure 131 illustrates, payroll for jobs in the region's nonprofit sector was:

Figure 131: Payroll in EGR 7's nonprofit sector in comparison to certain industries, 2005 (in millions)



- More than twice as large as payroll for the region's construction industry (\$125 million) and transportation and warehousing industry (\$123 million).
- More than three times larger than payroll for the accommodation and food services industry (\$77 million), even though the two industries have nearly the same number of employees.
- More than four times larger than payroll for the wholesale trade industry (\$59 million).

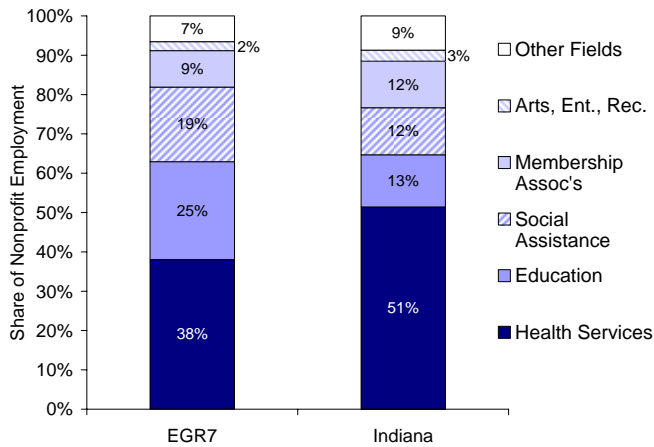
Nonprofit Industries: The region's nonprofit employment is concentrated in several fields, with the largest concentrations in the health and education fields. Nonprofits account for a considerable portion of the employment in some fields.

- As Figure 132 shows, the distribution of nonprofit employment across industries differed some from the corresponding distribution statewide.
 - Health services accounted for a notably smaller share of nonprofit employment in EGR 7 than it did statewide (38 percent vs. 51 percent).⁷²

⁷¹ The construction, transportation and warehousing, and wholesale trade industries in EGR 7 contained no nonprofit employees. The accommodation and food services industry in EGR 7 did contain nonprofit employees, but only 1.4 percent of the total accommodation and food services employment was nonprofit, meaning there is little overlap.

⁷² 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.

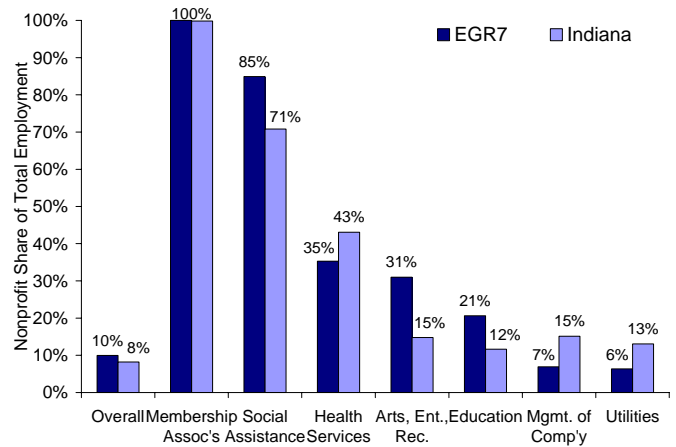
Figure 132: Distribution of nonprofit employment, by industry, EGR 7 vs. Indiana, 2005



- In contrast, education made up a much larger share of nonprofit employment in EGR 7 than statewide (25 percent vs. 13 percent).
- Social assistance organizations also made up a larger share of nonprofit employment in EGR 7 than statewide (19 percent vs. 12 percent).
- Membership associations accounted for 9 percent of nonprofits in EGR 7, which is lower than the statewide share of 12 percent.⁷³
- Arts, entertainment, and recreation organizations made up 2 percent of nonprofit employment in EGR 7, compared to 3 percent statewide.
- Employment in other fields made up 7 percent of nonprofit employment in EGR 7, compared to 9 percent statewide.
- Nonprofit employment dominates in several industries, as illustrated in Figure 133.
 - Nearly all (almost 100 percent) of employment in membership associations in both EGR 7 and Indiana was attributed to nonprofits.

⁷³ 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.

Figure 133: Nonprofit share of total employment for selected industries, EGR 7 vs. Indiana, 2005



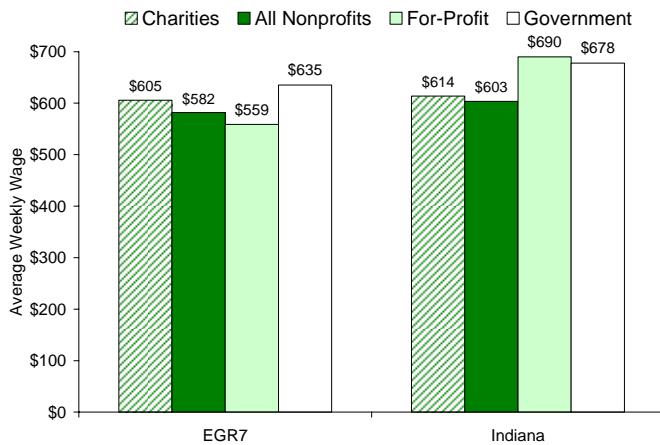
- Nonprofits accounted for 85 percent of employment in social assistance organizations in EGR 7; this is higher than the statewide share of 71 percent.
- About one-third (35 percent) of employment in EGR 7 health services was nonprofit, which is lower than the statewide percentage (43 percent).
- Nonprofits made up 31 percent of the employment in arts, entertainment, and recreation in EGR 7. This is more than twice the statewide percentage (15 percent).
- About one-fifth (21 percent) of employment in education organizations in EGR 7 was attributed to nonprofits, and this is considerably more than the statewide share of 12 percent.
- Nonprofits made up 7 percent of employment in management of companies in EGR 7. This percentage is less than half the statewide percentage (15 percent).
- The nonprofit share of total employment for utilities was 6 percent. This is also less than half the statewide share of 13 percent.

Wages: In contrast to most other regions, nonprofit average weekly wages in EGR 7 are higher than for-profit average weekly wages. Like most other regions, however, nonprofit average weekly wages are lower than government average weekly wages. When the industries in which nonprofits are concentrated are examined, the

above patterns sometimes hold true and sometimes do not.

- In EGR 7, nonprofit workers earned an average weekly wage of \$582; this wage is higher than for-profit workers' average weekly wage but lower than government workers' average weekly wage. In Indiana as a whole, the nonprofit average weekly wage is lower than both the for-profit and government average weekly wage.⁷⁴ See Figure 134.

Figure 134: Nonprofit, for-profit, and government average weekly wages in EGR 7 and Indiana, 2005



- Nonprofit workers in EGR 7 earned about 4 percent more than EGR 7's for-profit workers. In contrast, statewide, Indiana nonprofit workers earned about 13 percent less than Indiana for-profit workers.
- Nonprofit workers in EGR 7 earned about 8 percent less than EGR 7's government workers. This gap is smaller than the statewide gap – in Indiana overall, nonprofit workers earned about 11 percent less than government workers.

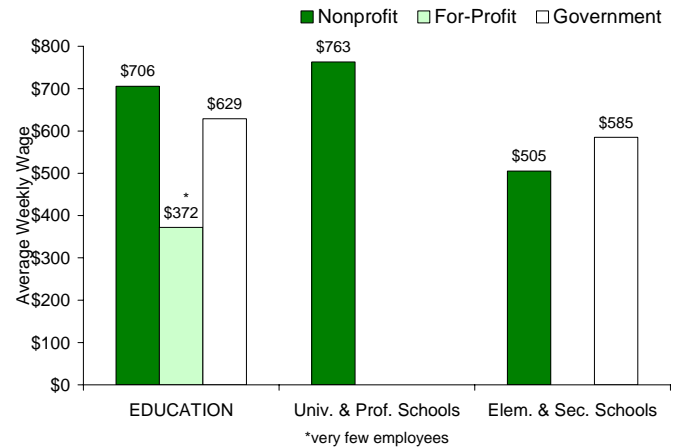
- In industries in which nonprofits are concentrated, nonprofit employees sometimes earn more than their for-profit and government counterparts.⁷⁵

⁷⁴ 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.

⁷⁵ 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

- Following the overall trend, nonprofit employees in education earn more than for-profit employees but less than government employees. (See Figure 135.) The two sub-industries shown accounted for 94 percent of total employment in the educational services industry in EGR 7. A third sub-industry, junior colleges, is not shown because there were too few establishments to report data separately.

Figure 135: Average weekly wages in EGR 7 education organizations, 2005



- On average, employees of education organizations earned about 90 percent more than the few for-profit employees⁷⁶ and 12 percent more than government employees.
- Employees in nonprofit university and professional schools earned an average weekly wage of \$763. There was no for-profit employment in this category, and there were too few government establishments to report separately.
- Nonprofit elementary and secondary school employees earned about 14 percent less than government employees. There were too few for-profit establishments to report separate for-profit data.
- There was no nonprofit employment in junior colleges in EGR 7, nor was there for-profit em-

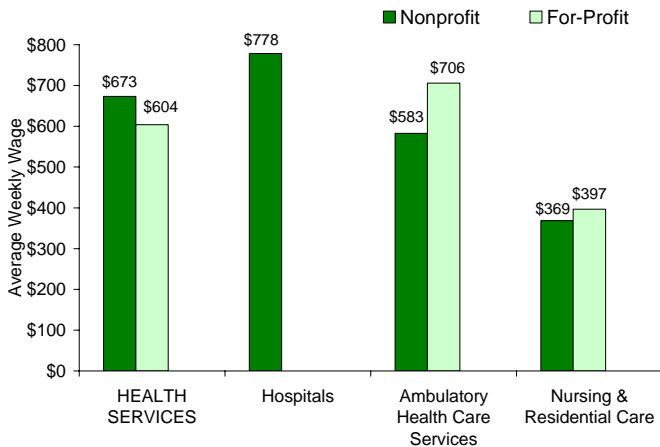
relative number of employees in a given industry or sub-industry (less than 4 percent of the total employment for the industry or sub-industry), the data are reported but marked with an asterisk in the corresponding graph. While we report data for these relatively few employees, the results should be interpreted with caution.

⁷⁶ For-profit employees made up less than 3 percent of the employment in EGR 7 education organizations.

ployment. Government establishments were too few to report.

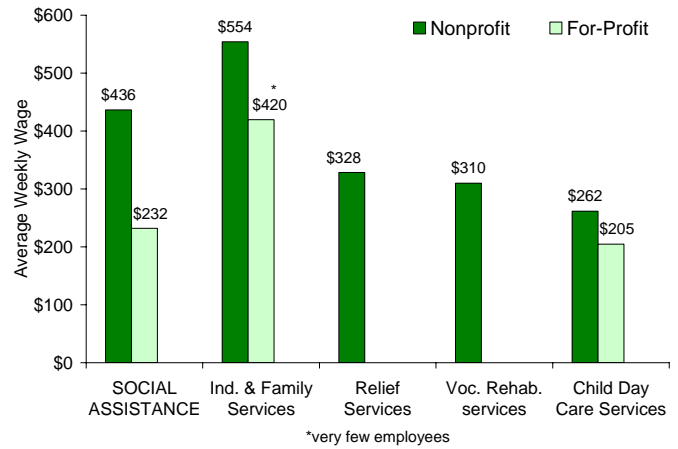
- Overall in the health services industry, nonprofit employees earn higher average weekly wages than for-profit employees. (See Figure 136.) There were too few government establishments to report government data separately. The three sub-industries shown made up 100 percent of the employment in the health services industry in EGR 7.

Figure 136: Average weekly wages in EGR 7 health services organizations, 2005



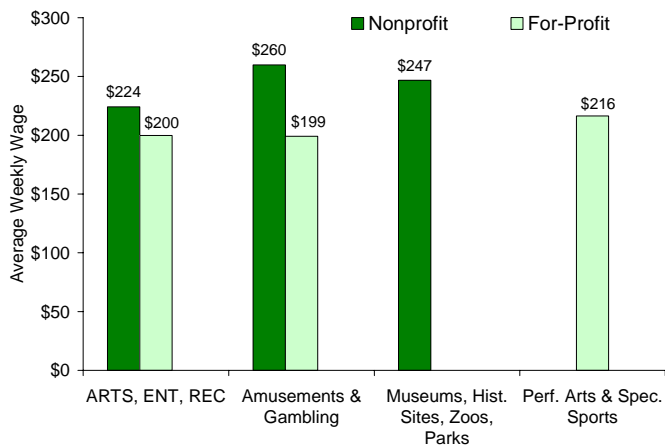
- On average in the health services industry, nonprofit workers earned about 11 percent more than for-profit workers.
- Workers in nonprofit hospitals earned an average weekly wage of \$778. For-profit establishments were too few to report separately.
- In ambulatory health care services, nonprofit workers earned about 17 percent less than for-profit workers.
- Nonprofit nursing and residential care employees earned about 7 percent less than for-profit employees.
- Overall, employees in nonprofit social assistance organizations earn higher average weekly wages than those in for-profit organizations. (See Figure 137.) There was no government employment in this field in EGR 7. The four sub-industries shown accounted for 100 percent of the social assistance employment in EGR 7.

Figure 137: Average weekly wages in EGR 7 social assistance organizations, 2005



- On average, nonprofit social assistance employees earned 88 percent more than their for-profit counterparts.
- Nonprofit workers in individual and family services earned about 32 percent more than the few for-profit workers.
- Nonprofit relief service workers earned an average weekly wage of \$328. There were too few for-profit establishments to report separate for-profit data.
- Nonprofit vocational rehabilitation services employees earned an average weekly wage of \$310. There were too few for-profit establishments to report separate for-profit data.
- Nonprofit workers in child day care services earned about 28 percent more than for-profit workers.
- Overall in the arts, entertainment, and recreation industry, nonprofit workers earn higher average weekly wages than for-profit workers. (See Figure 138.) There was no government employment in this industry. The three sub-industries shown made up 100 percent of the employment in the arts, entertainment, and recreation industry.
- On average, employees in nonprofit arts, entertainment, and recreation organizations earned about 12 percent more than for-profit employees.

Figure 138: Average weekly wages in EGR 7 arts, entertainment, and recreation organizations, 2005

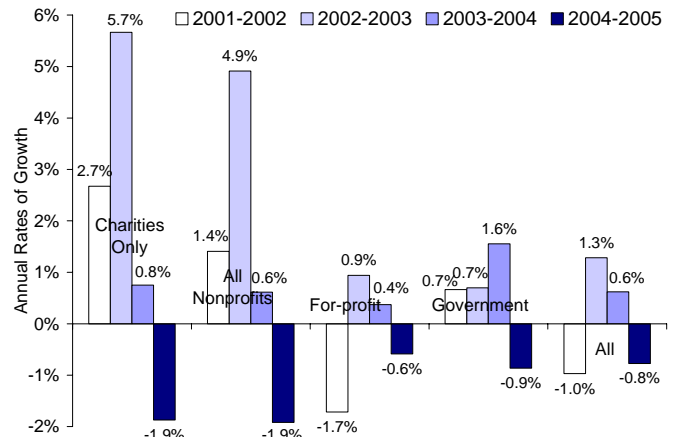


- In amusements and gambling, nonprofit employees earned about 31 percent more than for-profit employees.
- Nonprofit workers in museums, historical sites, zoos, and parks earned an average weekly wage of \$247. There were too few for-profit establishments to report separate for-profit data.
- There 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 \$216.

Growth: Between 2001 and 2005, overall employment in the nonprofit sector grew by 5.0 percent, employment in the for-profit sector shrank by 1.0 percent, and employment in the government sector grew by 2.0 percent.

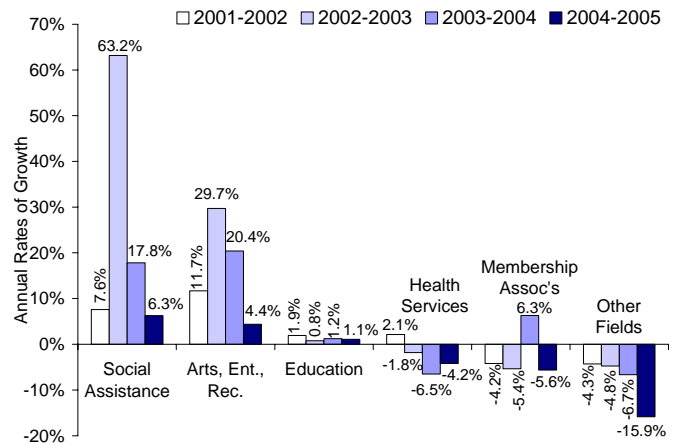
- However, as Figure 139 shows, these overall trends mask notable differences in annual growth rates.
 - During the first three years of the time period examined, nonprofit employment grew – by 1.4 percent during 2001 to 2002, 4.9 percent during 2002 to 2003, and 0.6 percent during 2003 to 2004. During the fourth year (2004 to 2005), employment declined by 1.9 percent.
 - For-profit employment declined by 1.7 percent from 2001 to 2002, recovered during 2002 to 2003 and 2003 to 2004 (growing by 0.9 percent and 0.4 percent, respectively), then declined by 0.6 percent between 2004 and 2005.

Figure 139: Annual rates of growth in EGR 7 employment by sector, 2001-2005



- Government employment grew during the first three years (by 0.7 percent, 0.7 percent, and 1.6 percent), then declined by 0.9 percent between 2004 and 2005.
- Nonprofit trends differ notably by industry. As Figure 140 shows, social assistance organizations experienced the most growth, while membership associations saw the greatest overall declines.

Figure 140: Annual rates of growth in EGR 7 nonprofit employment, by industry, 2001-2005

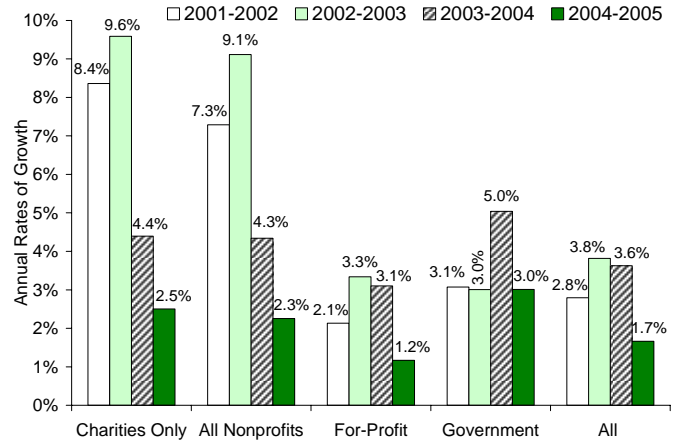


- Employment in nonprofit social assistance organizations grew by 119.9 percent between 2001 and 2005. The majority of growth occurred during 2002 to 2003, when growth was 63.2 percent. During the next two years, growth was more moderate, with annual growth rates of 17.8 percent and 6.3 percent, respectively.

- Nonprofit arts, entertainment, and recreation employment grew by 82.1 percent from 2001 to 2005. The largest annual growth rate was 29.7 percent during 2002 to 2003. The smallest annual growth rate was 4.4 percent between 2004 and 2005.
- Nonprofit employment in education grew by 5.1 percent between 2001 and 2005. Annual rates of growth were moderate and fairly steady: 1.9 percent, 0.8 percent, 1.2 percent, and 1.1 percent for each of the four years in this time period.
- Nonprofit employment in health services declined by 10.1 percent between 2001 and 2005. Employment grew by 2.1 percent during 2001 to 2002, then declined during the next three years by 1.8 percent, 6.5 percent, and 4.2 percent respectively.
- Employment in nonprofit membership associations shrank by 5.6 percent between 2001 and 2005. Employment declined during the first two years, grew by 6.3 percent during 2003 to 2004, then declined by 5.6 percent during 2004 to 2005.
- Nonprofit employment in other fields declined by 28.4 percent between 2001 and 2005. Annual rates of decline became successively larger during the four-year period, from a decline of 4.3 percent between 2001 and 2002 to a decline of 15.9 percent between 2004 and 2005.
- Between 2001 and 2005, nonprofit payroll grew at a faster rate than for-profit and government payroll.⁷⁷ See Figure 141.
 - Nonprofit payroll grew by 24.9 percent between 2001 and 2005. The largest annual growth rate was 9.1 percent between 2002 and 2003. The smallest annual growth rate was 2.3 percent between 2004 and 2005.
 - For-profit payroll grew by 10.1 percent between 2001 and 2005. The largest annual growth rate was 3.3 percent during 2002 to 2003, and the

smallest annual growth rate was 1.2 percent during 2004 to 2005.

Figure 141: Annual rates of growth in EGR 7 payroll, by sector, 2001-2005



- Government payroll grew by 14.9 percent between 2001 and 2005. The largest annual growth rate was 5.0 percent during 2003 to 2004. The smallest annual growth rate was 3.0 percent, which occurred during both 2002 to 2003 and 2004 to 2005.

⁷⁷ These growth rates are not adjusted for inflation.