

# Small Business Facts

## SPOTLIGHT ON NONPROFITS

July 2019, Brian Headd, Economist

### At A Glance

Nonprofits, tax-exempt organizations that further a mission instead of earning profits for their owners, are a big part of the small business sector and economy in general.

#### Nonprofits are around 10 percent of businesses and employment.

In 2016, nonprofits made up 7.2 percent of employers and employed 12.7 percent of private-sector workers. The average nonprofit employer has more employees than the average for-profit business (37 vs. 20 employees, respectively). (Source: U.S. Census Bureau, Statistics of U.S. Businesses)

#### The total business share of nonprofits and their employment has stayed relatively constant over the last decade or so.

In 2008, nonprofits represented 7.2 percent of employers and 12.4 percent of employment, which was very similar to the 2016 figures. (Source: U.S. Census Bureau, Statistics of U.S. Businesses)

#### Like for-profit businesses, the bulk of nonprofits are small. And small nonprofits employ about half of all nonprofit workers.

Over 99 percent of nonprofits have fewer than 500 employees, and these firms represent 45 percent of nonprofit employment. The median employment of a nonprofit employer business is about 4 employees. (Source: U.S. Census Bureau, Statistics of U.S. Businesses)

#### Not surprisingly, nonprofits tend toward service industries.

Health, education, art, and other services represented over 90 percent of all nonprofits with employees and over 90 percent of small nonprofits. (See Chart 1.) (Source: U.S. Census Bureau, Statistics of U.S. Businesses)

#### Charitable nonprofits are growing in numbers.

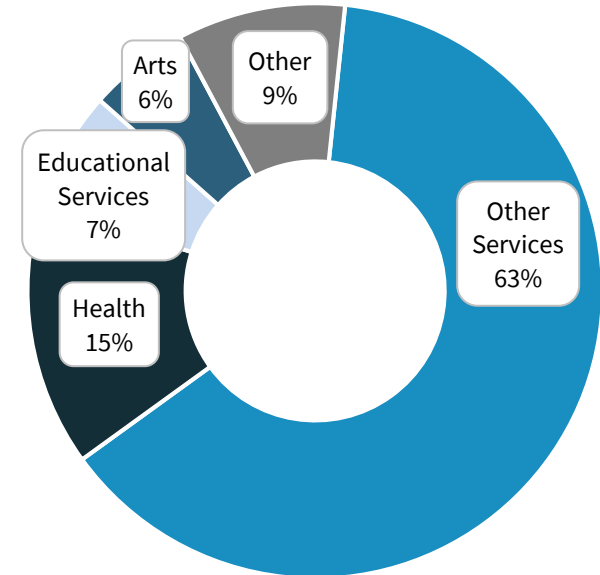
The number of 501(c)(3) nonprofit employers is up about 30 percent over the last decade, with largely uninterrupted growth during the Great Recession. (See Chart 2.) (Source: U.S. Bureau of Labor Statistics, Business Employment Dynamics)

#### Pay from charitable nonprofits is similar to for-profits.

In 2017, employees of 501(c)(3) nonprofit establishments averaged pay of \$53,700 vs. \$55,500 in for-profit business locations, and the pay was higher for nonprofits in just over half of the states. The District of Columbia and Alaska had the highest share of 501(c)(3) nonprofit establishments relative to total establishments. Idaho and South Dakota had the highest nonprofit pay premiums. (Source: U.S. Bureau of Labor Statistics, Business Employment Dynamics)

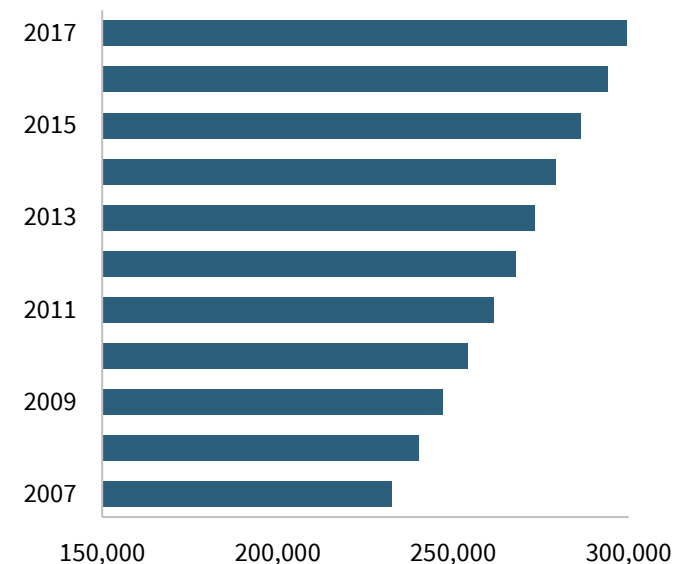
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Questions? Email [Advocacy@sba.gov](mailto:Advocacy@sba.gov).*

**Chart 1. Small Nonprofit Employers by Industry, 2016**



Source: U.S. Census Bureau, Statistics of U.S. Businesses.

**Chart 2. Number of 501(c)(3) Nonprofit Employers**



Source: U.S. Bureau of Labor Statistics, Business Employment Dynamics.