

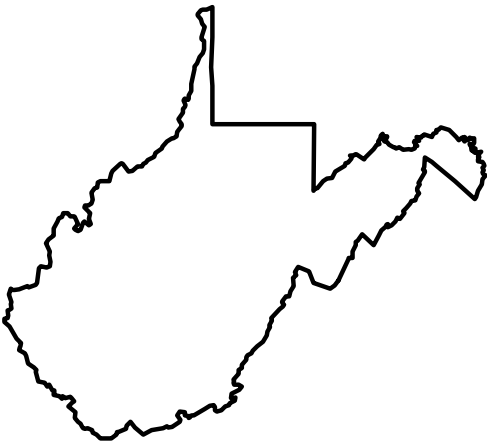
West Virginia Nonprofit Employment

**Sarah Dewees
and
Lester M. Salamon**

**Bulletin No. 2
April 2001**



Center for Civil Society Studies
Institute for Policy Studies
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Key Findings

1. The nonprofit sector is a major economic force in West Virginia, accounting for 1 out of every 12 paid workers—nearly two and a half times more than the state’s entire mining industry.
2. Nonprofit employment is not restricted to any one region of West Virginia. Rather, it is distributed broadly throughout the state. Even in the rural regions of the Eastern Panhandle and the state’s southeast corner, nonprofit organizations account for a substantial five percent of total employment.
3. Over 60 percent of all nonprofit employment in the state is in the health services field, and another 24 percent is in social and legal services.
4. Nonprofit wages are on a par with or higher than those of for-profits in the industries where both sectors are active.

INTRODUCTION

This report presents new information on the size and distribution of the private nonprofit sector in West Virginia as of the end of 1999, the latest year for which data are available. The report draws on data generated by the West Virginia Bureau of Employment Programs through the quarterly survey of West Virginia workplaces, which the state carries out under the national ES-202 labor market information program administered by the U.S. Bureau of Labor Statistics as part of the unemployment insurance program. These data are compiled from quarterly reports submitted by employers in compliance with U.S. and West Virginia law.

Under federal law, all nonprofit places of employment with four or more employees are required to complete these quarterly surveys and to either be covered by the federal unemployment insurance system or make other arrangements to provide unemployment coverage to laid-off workers. At their discretion, states can extend this requirement to nonprofit places of employment with one or more employees. The one major exemption is religious congregations, which are not required to take part in the unemployment insurance system.

West Virginia has not chosen to extend coverage under its unemployment insurance system to nonprofit firms with fewer than four employees. This report examines only the “covered” nonprofits in the West Virginia ES-202 system; it excludes some nonprofits with fewer than 4 employees and some religiously affiliated nonprofits (e.g., churches and other places of religious worship and some religious schools).

For the purpose of this report, we have chosen to focus on the “charitable” portion of the nonprofit sector. This includes those organizations registered with the U.S. Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code. This embraces private, not-for-profit hospitals, clinics, social service agencies, day care centers, museums, art galleries, theaters, homeless shelters, soup kitchens, and many more. In addition to Section 501(c)(3), the Internal Revenue Code contains twenty-five other subsections under which organizations can claim exemption from federal income taxation as nonprofit organizations. Section 501(c)(3) is by far the most important of these, the one that covers the bulk of nonprofit organizations, and the one with the organizations most commonly associated with the nonprofit sector.

For further information on the ES-202 data source, the definition of the nonprofit sector, and the method used here to extract the data on nonprofit 501(c)(3) organizations from the West Virginia ES-202 records, see Appendix A.

DETAILED FINDINGS

I. A MAJOR ECONOMIC FORCE

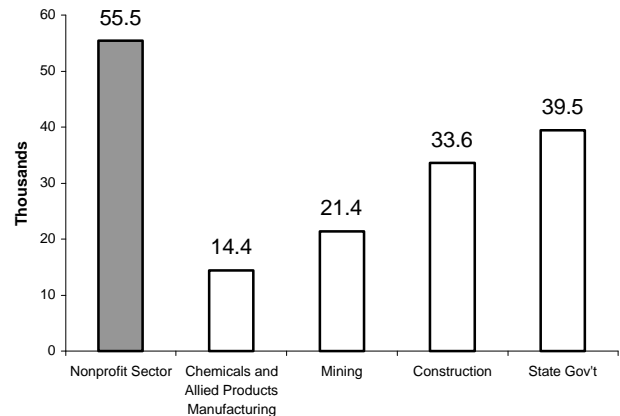
The private nonprofit sector, comprised of private hospitals, clinics, day care centers, social service providers, museums, art galleries, theaters, soup kitchens, and many more, is a major economic force in the State of West Virginia.

Employment: Nonprofit 501(c)(3) organizations with four or more workers employed over 55,000 paid workers in West Virginia as of the end of 1999.¹

- This represents 8.2 percent of the West Virginia workforce, or nearly one out of every 12 workers.
- As shown in Figure 1, the West Virginia nonprofit sector thus employed:
 - Over three times as many people as the state's largest manufacturing industry, chemicals and allied products manufacturing (14,432 paid workers);
 - More than twice as many people as the state's entire mining industry (21,362 paid workers);
 - Sixty-five percent more people than the state's entire construction industry (33,582 paid workers); and
 - Forty percent more people than state government (39,513 paid workers).
- Nonprofit employment in West Virginia exceeds the U.S. average.
 - Nonprofit organizations account for 7.2 percent of all nonfarm employment nationally, compared to the 8.2 percent of all employment accounted for by nonprofits in West Virginia.

¹ Another 3,612 people were employed by other types of nonprofit organizations in West Virginia. An additional 4,939 people were employed at organizations listed as private nonprofit organizations in Internal Revenue Service records but classified as governmental institutions in the ES-202 system. Most of these are public hospitals and community action agencies. To avoid over-stating the size of the West Virginia nonprofit sector, we have not included these employees in this report.

Figure 1: Employment in West Virginia Nonprofit Sector in Comparison to Selected Industries, 1999



Payroll: The 55,506 nonprofit employees in West Virginia earned nearly \$1.4 billion in wages in 1999.

- Nonprofit organizations thus accounted for nearly 8 percent (7.8%) of the state's total payroll.
- Nonprofit payrolls exceeded those for:
 - Mining (\$1.0 billion)
 - Chemicals and allied products manufacturing (\$0.8 billion)
 - Lumber and wood products manufacturing (\$0.2 billion)

II. STATEWIDE PRESENCE

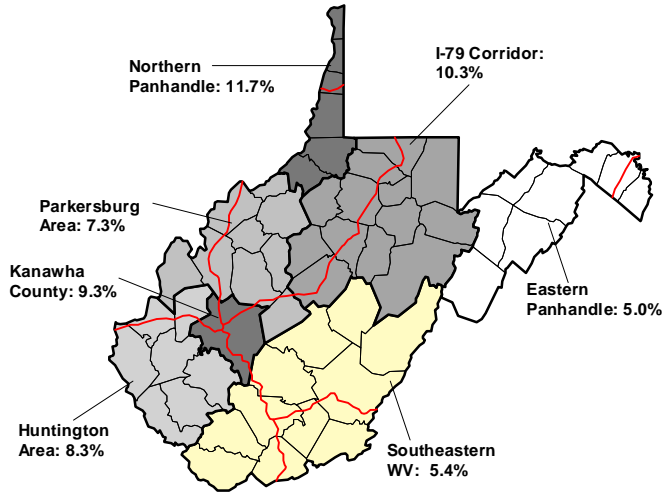
Nonprofit employment is not restricted to any one region of West Virginia. Rather, it is distributed broadly throughout the state, as shown in Figure 2.

- Nonprofit employment reaches nearly 12 percent of total employment in the Northern Panhandle and 10 percent along the I-79 Corridor in the center of the state.²

² For a county-by-county breakdown of nonprofit employment, see Appendix B.

- Nonprofit organizations account for over 9 percent of total employment in populous Kanawha County, home of the state's capital city, Charleston.
- Even in the rural regions of the Eastern Panhandle and the state's southeastern corner, nonprofit organizations account for a substantial 5 percent of total employment.

Figure 2: Nonprofit Employment in West Virginia Regions, 1999³



III. HEALTH DOMINANCE

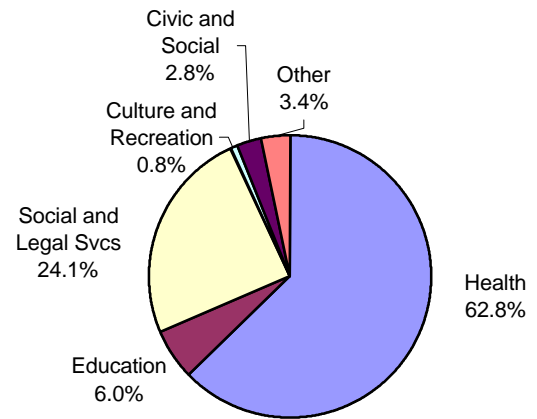
Health organizations account for over half of all of West Virginia's nonprofit employment, but social and legal service organizations are also prominent (see Figure 3).

- Over 60 percent of all nonprofit employment in West Virginia is in the health services sector. These jobs include work in hospitals, nursing and personal care facilities, and clinics.
- Twenty-four percent, or nearly 1 out of every 4 nonprofit jobs are in social and legal services. These social and legal service jobs include employment in individual and family services, job training and related services, child day care services, and residential care.
- Six percent of all employment in the nonprofit sector is in educational services. This includes jobs in pri-

vate elementary and secondary schools, colleges and universities, junior colleges, and libraries.

- Over 3 percent of all employment in the nonprofit sector is in civic and social membership services. This includes jobs in business associations, professional associations, labor unions, and other civic and social associations.
- Just under one percent of all nonprofit jobs are in culture and recreation, including jobs in museums, theaters, and other cultural and recreational organizations.

Figure 3: Distribution of West Virginia Nonprofit Employment by Field

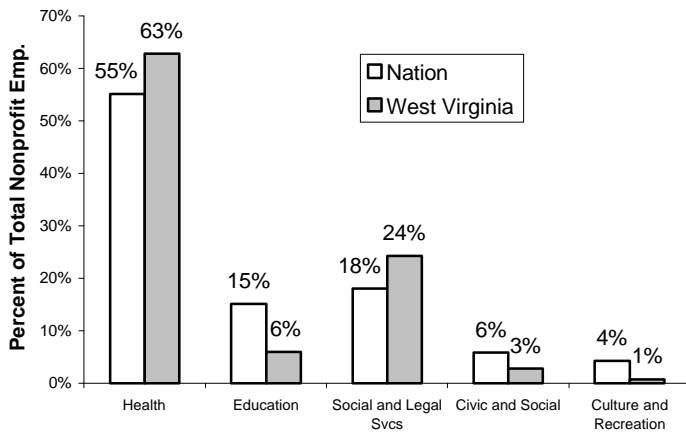


Total Employment = 55,506

- As shown in Figure 4, the composition of nonprofit employment in West Virginia differs markedly from that elsewhere in the country. In particular, health and social and legal services comprise a considerably larger share of nonprofit employment in West Virginia than in the country at large (87 percent vs. 73 percent) whereas education and culture and recreation account for a considerably smaller share (7 percent in West Virginia vs. 19 percent nationally).

³ These regions are based on the seven West Virginia Workforce Investment Areas.

Figure 4: West Virginia Distribution of Nonprofit Employment as Compared to the Nation



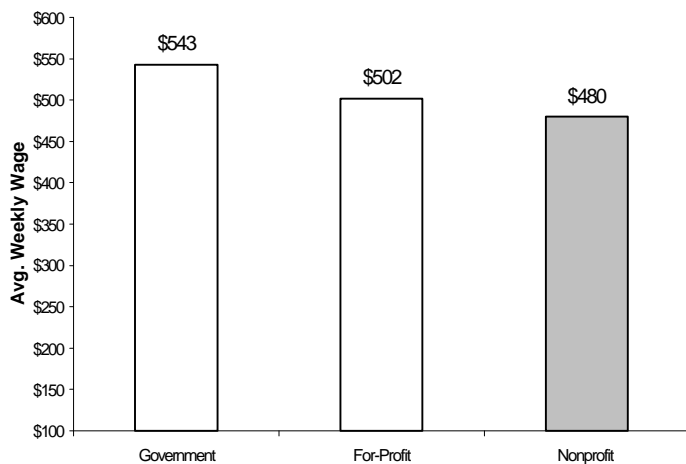
Data source: Census of Service Industries (1997) and West Virginia ES-202 system (1999).

IV. NONPROFIT WAGES ON A PAR WITH FOR-PROFIT

Average earnings of nonprofit employees are on a par with, or slightly ahead of, earnings of for-profit employees for most industries in which both sectors are significantly involved.

- The average weekly wage of nonprofit employees in West Virginia is 13 percent lower than that of government workers and 5 percent lower than that of for-profit workers, as shown in Figure 5.

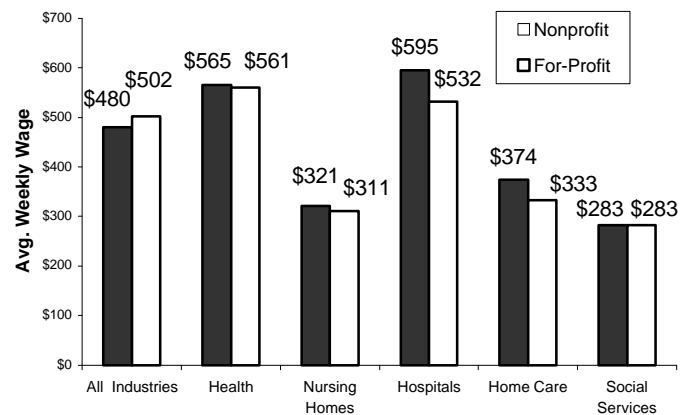
Figure 5: Nonprofit, For-Profit, and Government Average Weekly Wages, 1999



- However, this gap is largely a product of the industry mix of nonprofit employment.⁴ The nonprofit deficit largely disappears when examining industries in which both nonprofits and for-profits are extensively involved. Thus, as shown in Figure 6:

- In the health field, employees in nonprofit nursing homes, hospitals, and home health care organizations actually earn more, on average, than their for-profit counterparts.
- Weekly wages for nonprofit workers in hospitals and home health care organizations are 12 percent higher than those in for-profit hospitals and home health care organizations.
- In the field of social services, nonprofit weekly wages are on a par with for-profit weekly wages.

Figure 6: Nonprofit vs. For-Profit Average Weekly Wages in West Virginia, by Industry, 1999



- Weekly wages for nonprofit workers in nursing homes are 3 percent higher than for workers in for-profit nursing homes. Whether this is the result of lower wage rates or higher usage of part-time workers in the for-profit sector is impossible to determine using this data set.

⁴ Another factor that may be at work is that nonprofits may rely more heavily than government or for-profits on part-time workers. The average weekly wage reported in the ES-202 survey data makes no adjustment for full-time or part-time work. Industries with a greater number of part-time workers will thus show up as having lower average weekly wages than those with fewer part-time workers, even if the actual pay rates are higher.

CONCLUSION

The nonprofit sector not only contributes to the quality of life for all West Virginians through the health care, education, counseling, job training, nursing home care, access to arts and culture, and opportunities for democratic participation it offers, but also is a major economic force in the state and its regions.

Regrettably, this point is not well understood by policy makers, the press, or the public at large. As a result, this sector is often overlooked in economic development and education and training efforts that could prove extremely helpful to its long-term development. Hopefully, the data presented here will help overcome this problem and demonstrate the immense stake the public has in this sector's continued health.

APPENDIX A: THE ES-202 UNEMPLOYMENT INSURANCE LABOR MARKET INFORMATION PROGRAM

SOURCE OF DATA

Data contained in this report represent all employers covered by the Unemployment Insurance (UI) Law of West Virginia as well as federal workers covered by the Unemployment Compensation of Federal Employees program. The data on state-insured workers are compiled from quarterly reports submitted by employers subject to West Virginia law. Employment data pertaining to the federal government are obtained from similarly required reports submitted by the various government installations in West Virginia.

SCOPE OF COVERAGE

The ES-202 program accounts for approximately 98 percent of all wage and salary civilian employment

nationally (the program does not cover self-employed and family workers). The principal exemptions from ES-202 are: employees in religious organizations, railroad workers, small-scale agriculture, domestic service, crew members on small vessels, state and local government elected officials, and insurance and real estate agents who receive payment solely by commission. In terms of nonprofit employment, the exemption of religious organizations is the most significant; however, religious organizations may elect to be covered by the UI program and those that do are covered in the data. At this time, the level of noncoverage is unknown.

The employment data for nonprofit organizations were identified by matching the Federal Employer Identification Numbers (FEINs) of firms in the West Virginia ES-202 system with the FEINs of firms that have registered with the IRS for tax-exempt status. West Virginia tax-exempt firms were identified using the Exempt Organization Master File (EOMF), which is a listing of all organizations exempt from taxation under section 501(c) of the Internal Revenue Code. The file is cumulative; information on new organizations is added to the file on an ongoing basis and an effort is made to delete defunct organizations. The file includes the name, address, and zip code of the organization, the Federal Employer Identification Number, and the exact Internal Revenue Code subsection under which the organization has claimed tax exemption. By matching the FEINs in the EOMF with those on the ES-202 data set, it is possible to identify all nonprofit entities in the state registered with the IRS, including not only 501(c)(3)s, the so-called "charitable" portion of the tax-exempt universe, but other types of tax-exempt organizations as well, such as social clubs, trade associations, and civic organizations.

The Johns Hopkins Center for Civil Society Studies' Nonprofit Employment Data Project is now working with state employment security offices throughout the country to generate similar data on nonprofit employment drawing on this ES-202 data source. For more information, see the CCSS web site (www.jhu.edu/~ccss).

APPENDIX B: NONPROFIT EMPLOYMENT IN WEST VIRGINIA BY COUNTY AND COMPARISON TO EMPLOYMENT IN MANUFACTURING AND CONSTRUCTION, 1999

County	Number of Nonprofit Employees	Nonprofit Employees as a % of Total Employment in County	Manufacturing Employment	Construction Employment	Total Employment Number
Barbour	530	17.3%	215	144	3,065
Berkeley	1,570	6.2%	3,896	855	25,357
Boone	154	2.2%	112	157	7,162
Braxton	380	9.7%	527	233	3,900
Brooke	1,471	16.1%	2,534	277	9,120
Cabell	6,321	12.2%	5,979	2,530	51,616
Calhoun	237	17.7%	79	108	1,338
Clay	173	8.9%	66	75	1,940
Doddridge	109	11.3%	74	85	965
Fayette	821	6.7%	1,001	611	12,342
Gilmer	74	4.2%	270	390	1,765
Grant	130	3.0%	1,251	303	4,402
Greenbrier	612	4.9%	1,125	408	12,502
Hampshire	229	6.3%	302	192	3,647
Hancock	279	2.0%	6,494	282	14,075
Hardy	200	3.5%	3,290	95	5,730
Harrison	2,709	8.5%	2,450	1,501	31,782
Jackson	533	6.0%	2,725	447	8,948
Jefferson	516	4.0%	2,325	522	12,850
Kanawha	10,431	9.3%	8,338	5,069	112,251
Lewis	543	9.4%	744	138	5,747
Lincoln	347	13.1%	61	275	2,657
Logan	1,283	11.1%	707	414	11,532
McDowell	264	5.1%	95	98	5,152
Marion	730	3.8%	1,793	1,178	19,275
Marshall	673	6.1%	2,222	470	11,045
Mason	850	13.3%	1,048	176	6,405
Mercer	1,811	7.9%	1,754	1,060	22,822
Mineral	155	2.5%	1,109	284	6,164
Mingo	202	2.6%	342	280	7,861
Monongalia	5,824	14.7%	2,522	1,428	39,663
Monroe	68	3.6%	372	112	1,899
Morgan	56	1.9%	344	123	2,916
Nicholas	147	1.7%	1,099	384	8,436
Ohio	5,500	19.8%	1,941	987	27,828
Pendleton	245	12.3%	435	48	1,992
Pleasants	NA	NA	577	166	2,573
Pocahontas	193	5.3%	537	212	3,641
Preston	318	5.0%	987	330	6,420
Putnam	185	1.1%	2,032	1,851	17,169
Raleigh	1,288	4.3%	1,032	1,812	30,141
Randolph	1,506	13.2%	1,683	490	11,372
Ritchie	108	3.6%	1,329	50	2,961
Roane	420	11.8%	959	174	3,565
Summers	22	1.0%	83	69	2,275
Taylor	140	4.7%	653	119	2,960
Tucker	272	9.7%	358	199	2,796
Tyler	86	3.7%	896	83	2,302
Upshur	903	12.5%	1,173	329	7,242
Wayne	400	4.2%	1,188	410	9,521
Webster	139	6.3%	327	102	2,197
Wetzel	115	2.4%	153	414	4,779
Wirt	59	8.7%	95	39	680
Wood	2,565	6.1%	7,294	2,310	42,306
Wyoming	427	7.9%	320	257	5,437
Total	55,506	8.2%	81,457	33,582	680,865

The Johns Hopkins Nonprofit Employment Data Project

The *Johns Hopkins Nonprofit Employment Data (NED) Project* is a systematic effort to document and analyze the size and distribution of employment in the private nonprofit sector in the United States. A collaboration between the Johns Hopkins Center for Civil Society Studies, state offices of employment security, and state nonprofit associations, the NED project is working to access data on nonprofits from the federal-state ES-202 labor market information program coordinated by the U.S. Bureau of Labor Statistics as part of the unemployment insurance program. The ES-202 program covers 98 percent of all wage and salary civilian employment in the U.S. and provides data on both for-profit and nonprofit workplaces. In cooperation with state employment security offices across the nation, the NED Project is working to generate data on nonprofit employment and payrolls by industry and locality in a far more timely and accessible fashion than is currently possible. These data will be used to measure the size of the nonprofit sector and to chart the relationship between nonprofit and for-profit employment in fields where nonprofits are active. For more information about the Nonprofit Employment Data Project, visit our Web site at www.jhu.edu/~ccss.

The Johns Hopkins Center for Civil Society Studies

The *Johns Hopkins Center for Civil Society Studies* seeks to improve understanding and the effective functioning of not-for-profit, philanthropic, or “civil society” organizations in the United States and throughout the world in order to enhance the contribution these organization can make to democracy and the quality of human life. The Center is part of the Johns Hopkins Institute for Policy Studies and carries out its work through a combination of research, training, and information-sharing both domestically and internationally.

Center for Civil Society Studies
Institute for Policy Studies
The Johns Hopkins University
3400 N. Charles St./Wyman Park Bldg., 5th Floor
Baltimore, MD 21218-2688, USA
Phone: 410-516-4523
Fax: 410-516-7818
E-mail: sdeweese@jhu.edu
Web site: www.jhu.edu/~ccss