



South Carolina Nonprofit Employment

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This report was prepared for the South Carolina Association of Nonprofit Organizations (SCANPO) by Sarah Dewees and Lester Salamon at the Center for Civil Society Studies, Institute for Policy Studies, Johns Hopkins University.

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INTRODUCTION

Nonprofit organizations contribute to the quality of life for all South Carolina citizens through the health care, education, job training, nursing home care, access to arts and culture, and opportunities for democratic participation they offer. What is not widely appreciated, however, is that nonprofit organizations are a major economic force in the state's economy, and in the economies of all the state's regions.

This report presents new information on the size, composition, and distribution of the private nonprofit sector in South Carolina as of the end of the year 2000. The report draws on data generated by the South Carolina Employment Security Commission through the quarterly survey of South Carolina workplaces it 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 South Carolina law.

Under federal law, all nonprofit places of employment are required to complete these quarterly surveys and either be covered by the federal unemployment insurance system or make other arrangements to provide unemployment coverage to laid-off workers. The one major exclusion is religious congregations, which are not required to take part in the unemployment insurance system, although the significance of this exclusion is unknown as some religious organizations nevertheless elect to be covered by unemployment insurance.

For the purpose of this report, we have chosen to focus on the "charitable" portion of the nonprofit sector. This includes organizations registered with the U.S. Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code, which embraces private, not-for-profit hospitals, clinics, colleges, universities, elementary schools, social service agencies, day care centers, orchestras, museums, theaters, homeless shelters, soup kitchens, and many more.

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

KEY FINDINGS

1. The nonprofit sector is a major economic force in South Carolina, accounting for 1 out of every 25 paid workers—more than twice as many as are employed by the federal government in the state (see pg. 2).
2. The 76,174 nonprofit employees in South Carolina earned approximately \$2 billion in wages in 2000 (see pg. 4).
3. Nearly half (43 percent) of all nonprofit employment in the state is in the health services field and another 18 percent is in social services (see pg. 5).
4. Nonprofit wages are on a par with or higher than those of for-profits in many of the industries where both are active (see pg. 6).

DETAILED FINDINGS

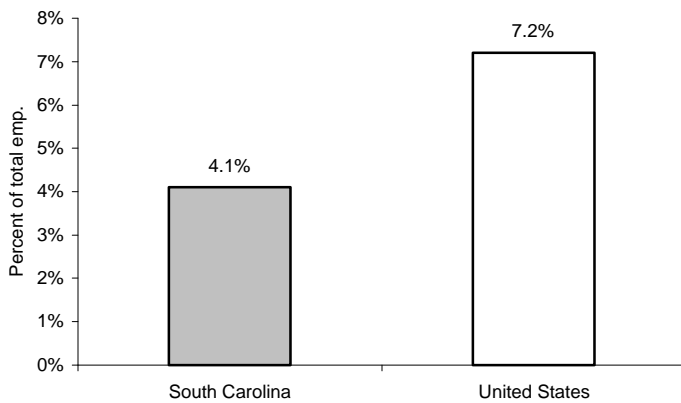
I. A MAJOR ECONOMIC FORCE

The private nonprofit sector, comprised of private hospitals, clinics, colleges, universities, elementary schools, day care centers, social service providers, museums, theaters, soup kitchens, and many more, is a major economic force in the state of South Carolina.

Employment: Nonprofit 501(c)(3) organizations employed 76,174 paid workers in South Carolina during the second quarter of 2000.¹

- This represents 4.1 percent of the South Carolina workforce, or more than 1 out of every 25 workers. This puts South Carolina below the U.S. average (7.2 percent) in terms of nonprofit share of total employment (see Figure 1).

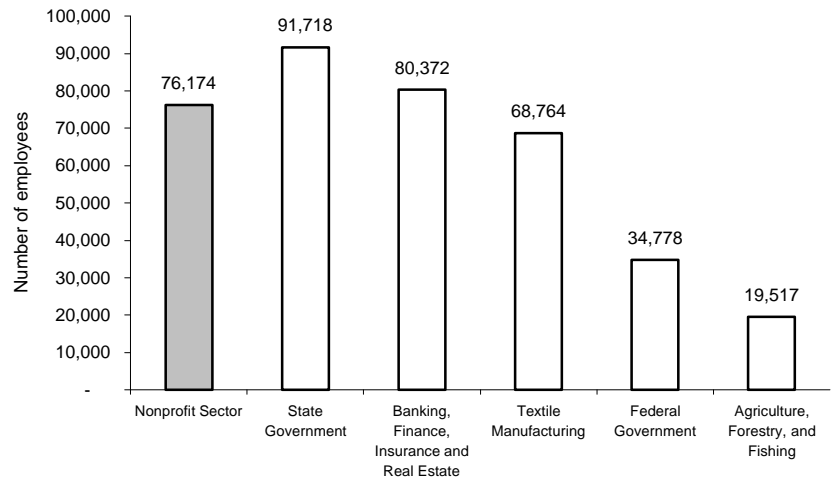
Figure 1: Nonprofit share of total employment, South Carolina vs. national average



Data source: Economic Census (1997) and South Carolina ES-202 system (2000).

- As shown in Figure 2, the South Carolina nonprofit sector thus employed:
 - Nearly as many people as the state government and the banking, finance, insurance, and real estate industry.
 - Ten percent more people than the textile manufacturing industry.
 - Over twice as many people as the federal government employs in the state.
 - Over three times as many people as are employed in agriculture, forestry, and fishing jobs.

Figure 2: Employment in South Carolina nonprofit sector in comparison to selected industries, 2000



¹ An additional 1,373 people were employed at organizations listed as private nonprofit organizations in Internal Revenue Service records but classified as governmental institutions in the South Carolina ES-202 system. Most of these are probably public hospitals and community action agencies. To avoid over-stating the size of the South Carolina nonprofit sector, we have not included these employees in this report.

- Even these figures probably understate the scale of nonprofit employment in South Carolina. In particular:
 - Employees of religious organizations are not required to participate in the Unemployment Insurance program in South Carolina and therefore may not be covered in the ES-202 data set. The South Carolina Employment Security Commission estimates that there are 15,400 employees working in churches and private, nonprofit religiously affiliated service, educational, and membership organizations, though it is not known how many of these are already covered in the ES-202 system. If none of these workers are included in the ES-202 system, adding them in would boost the total number of nonprofit workers in the state to 91,574, or 4.9 percent of total employment.
 - Because the technique used to identify nonprofit organizations in the ES-202 data set may miss some organizations, it is estimated that there may be approximately 5,332 additional nonprofit employees in South Carolina not covered in this report (see Appendix A for more information).
 - Adding these two components would boost nonprofit employment in South Carolina to 5.2 percent of total employment.

- The nonprofit sector in South Carolina includes several major private colleges and universities. Twenty private colleges and universities alone accounted for 4,545 jobs in 2000 (see Table 1).

Table 1: South Carolina private colleges and universities, 2000.²

<u>Institution Name</u>	<u>Location</u>
Allen University	Columbia
Anderson College	Anderson
Benedict College	Columbia
Charleston Southern University	Charleston
Clafin College	Orangeburg
Coker College	Hartsville
Columbia College	Columbia
Columbia International University	Columbia
Converse College	Spartanburg
Erskine College	Due West
Furman University	Greenville
Limestone College	Gaffney
Morris College	Sumter
Newberry College	Newberry
North Greenville College	Tigerville
Presbyterian College	Clinton
Southern Wesleyan University	Central
Spartanburg Methodist College	Spartanburg
Voorhees College	Denmark
Wofford College	Spartanburg
Total Employment	4,545

² Data source: South Carolina Independent Colleges and Universities, 2000.

- The South Carolina nonprofit sector also includes many hospitals and medical centers. Examples are listed in Table 2:

Table 2: South Carolina private hospitals and medical centers, 2000.³

<u>Name</u>	<u>Location</u>
Anderson Area Medical Center	Anderson
Allen Bennett Hospital	Greer
Bon Secours-St. Francis Xavier Hospital	Charleston
Cannon Memorial Hospital	Pickens
Conway Hospital Inc.	Conway
Georgetown Memorial Hospital	Georgetown
Greenville Memorial Medical Center	Greenville
Hampton Regional Medical Center	Varnville
Hillcrest Hospital	Simpsonville
Keystone Center	Rock Hill
Lexington/Richland ADA Council	Columbia
Marshall I. Pickens Hospital	Greenville
McLeod Regional Medical Center	Florence
Wilson Medical Center - McLeod	Darlington
North Greenville Hospital	Travelers Rest
Oconee Memorial Hospital	Senece
Palmetto Baptist Medical Center	Easley
Roger C. Peace Rehabilitation Hospital	Greenville
Roger Huntington Nursing Center	Greer
Roper Hospital	Charleston
Shriners Hospital for Children	Greenville
St. Eugene Medical Center	Dillion
St. Francis Health System	Greenville
St. Francis Women's and Family Hospital	Greenville
Tuomey Regional Medical Center	Sumter
W. J. Barge Memorial Hospital	Greenville

Payroll: The 76,174 nonprofit employees in South Carolina earned approximately \$2 billion in wages in 2000.

- Nonprofit organizations thus accounted for 3.9 percent of the state's total payroll.
- Nonprofit payrolls equaled or exceeded those for:
 - Textile manufacturing (\$2.1 billion).
 - All federal government jobs in the state (\$1.3 billion).
 - All agriculture, forestry, and fishing industries (\$2.2 million).

II. HEALTH DOMINANCE

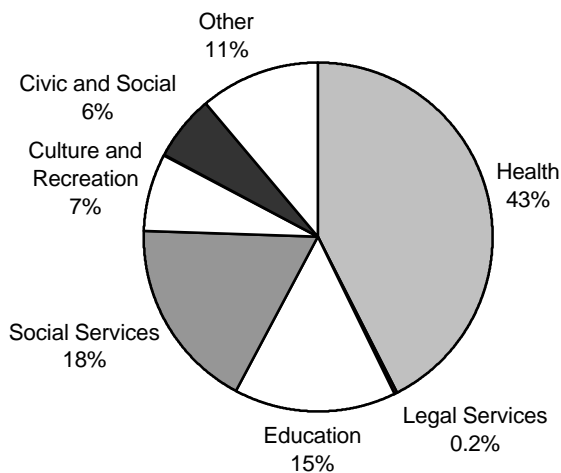
Health organizations account for nearly half of all of South Carolina's nonprofit employment, but education and social service organizations are also prominent (see Figure 3).

- Forty-three percent of all nonprofit employment in South Carolina (32,500 jobs) is in the health services sector. These jobs include work in hospitals, nursing and personal care facilities, and clinics.
- Eighteen percent of all nonprofit jobs in South Carolina are in social services (nearly 14,000 jobs). This includes employment in individual and family services, job training and related services, child day care services, and residential care.
- Fifteen percent of all employment in the nonprofit sector in South Carolina (12,000 jobs) is in educational services. This includes jobs in private nonprofit elementary and secondary schools, colleges, and universities.
- Over seven percent of all nonprofit jobs are in culture and recreation organizations including museums, theaters, orchestras, and amateur sports clubs (over 5,000 jobs).

³ Data source: South Carolina Hospital Association, 2001.

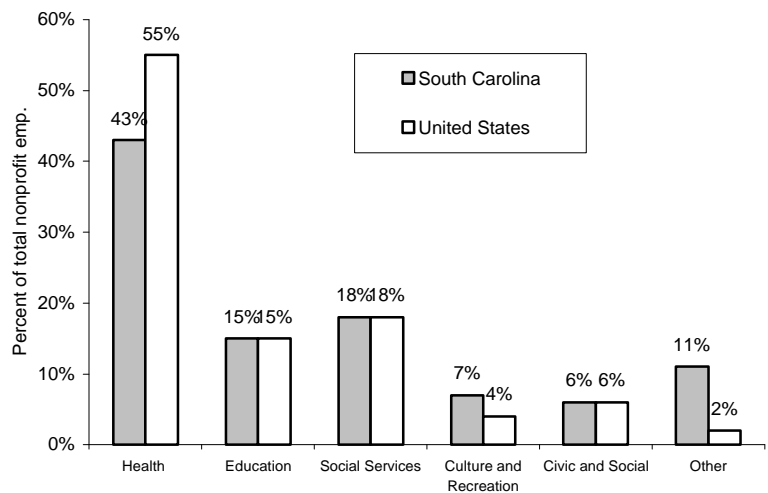
- Six percent of all employment in the nonprofit sector is in 501(c)(3) civic and social membership organizations (over 4,000 jobs). This includes jobs in business associations, professional associations, and other civic and social membership organizations such as neighborhood associations, hiking clubs, and environmental organizations.
- Less than 1 percent of all nonprofit jobs are in legal services organizations including legal aid clinics, conflict resolution programs, and other related organizations.
- Eleven percent of all nonprofit jobs are in other types of nonprofit organizations including nonprofit research, development, and testing firms, printing and publishing firms, and charitable, religious and educational trusts (see also Appendix B).

Figure 3: Distribution of South Carolina nonprofit employment by field



- As shown in Figure 4, the distribution of nonprofit employment in South Carolina is very similar to the national average, with a slightly smaller share of total employment accounted for by health services in South Carolina.
 - The reason for this may be the above average share of public hospitals in South Carolina. According to the 1997 Economic Census, public hospitals account for 47 percent of hospital employment in South Carolina, and nonprofit hospitals only account for 34 percent. Nationally, only 23 percent of hospital employment is accounted for by public hospitals and 66 percent of total employment is accounted for by nonprofit hospitals.

Figure 4: South Carolina distribution of nonprofit employment as compared to the nation



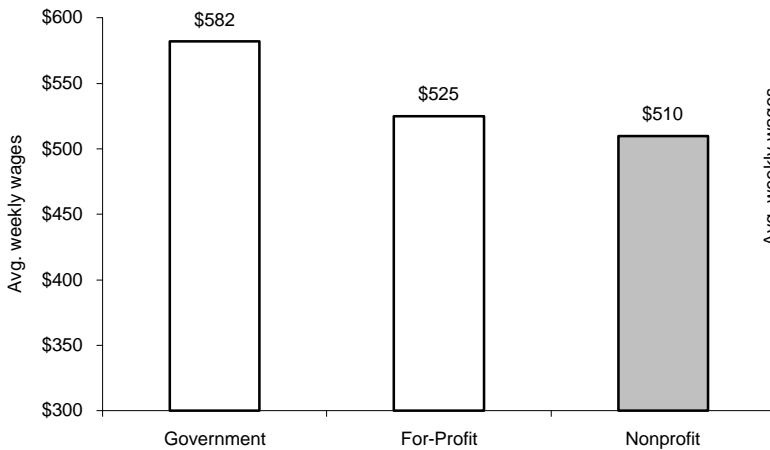
Data source: Economic Census (1997) and South Carolina ES-202 system (2000).

III. NONPROFIT WAGES ON A PAR WITH FOR-PROFIT

Overall average weekly wages for nonprofit employees are lower than those for for-profit or government employees. However, in some industries in which both nonprofits and for-profits are significantly involved, average weekly wages for nonprofit employees are on a par with, or slightly ahead of, those for for-profit employees.

- Overall, the average weekly wage for nonprofit employees in South Carolina is 12 percent lower than that for government workers and 3 percent lower than that for for-profit workers, as shown in Figure 5.

Figure 5: Nonprofit, for-profit, and government average weekly wages, 2000



- However, this may be due to the industry mix of nonprofit employment. Once we focus on the industries in which both nonprofits and for-profits are significantly involved, average weekly wages for nonprofit employees are often higher than those for for-profit employees. As can be seen in Figure 6:

- Employees in private, nonprofit social service agencies earn 23 percent more, on average, than their for-profit counterparts.

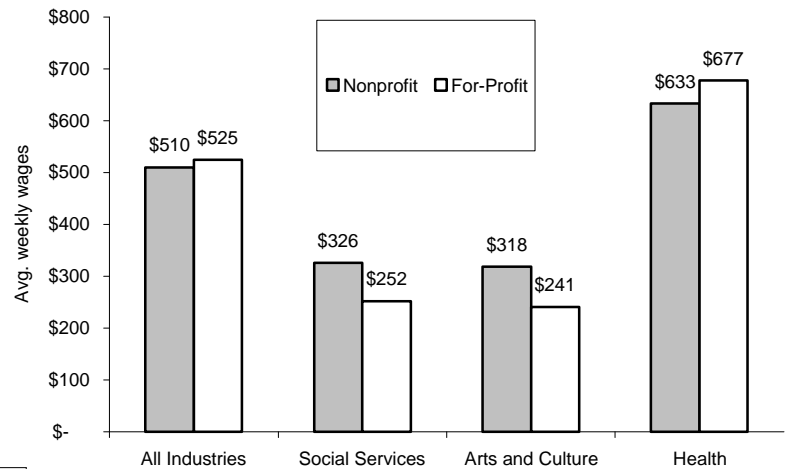
- Employees in private, nonprofit museums, art galleries, and other arts and culture organizations earn 24 percent more, on average, than their for-profit counterparts.

- Only in the health field does this nonprofit advantage not exist.

- Nonprofit health employees earn 6 percent less, on average, than their for-profit counterparts.

- Whether the variations in comparative earnings are a result of different wage rates or differing usage of part-time workers is impossible to tell with this data set.⁴

Figure 6: Nonprofit vs. for-profit average weekly wages in South Carolina, by industry, 2000



⁴ 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 could 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 South Carolina citizens through the health care, education, counseling, job training, nursing home care, access to arts and culture, and opportunities for democratic participation it offers, but it is also a major force in the state's economy, and in the economies of the state's regions.

Regrettably, however, this point is not well understood by policymakers, 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 promote greater understanding of the impact of the nonprofit sector and demonstrate the immense stake that South Carolina citizens have in its continued health.

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

SOURCE OF DATA

The major source of data for this report is the Covered Employment and Wages program, commonly referred to as the ES-202 program, a cooperative initiative involving State Employment Security Agencies and the Bureau of Labor Statistics. The ES-202 program produces a comprehensive tabulation of employment and wage information for workers covered by State Unemployment Insurance (UI) laws and Federal workers covered by the Unemployment Compensation for Federal Employees program. Data contained in this report represent all employers covered by the Unemployment Insurance (UI) Law of South Carolina as well as federal workers covered by the Unemployment Compensation of Federal Employees program. The data on state-insured workers are compiled from quarterly contribution reports submitted by employers subject to South Carolina law. Employment data pertaining to the federal government are obtained from similarly required reports submitted by the various government installations in South Carolina.

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 exclusions from the ES-202 data set are employees of 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 exclusion 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.

Under federal law, all nonprofit places of employment with four or more employees are required to participate in the unemployment insurance system. At their discretion, states can extend this requirement to nonprofit places of employment with one or more employees.

South Carolina has chosen not to extend coverage under its unemployment insurance system to nonprofit firms with fewer than four employees. However, under South Carolina law, establishments that pay wages for services in employment of \$1,500 or more during any calendar quarter of a calendar year are required to pay contributions for that calendar year and for at least the following calendar year. Therefore, it is likely that most nonprofit organizations with fewer than four employees are covered in the ES-202 data set.

The number of employees is measured by the number of filled jobs for the pay period that includes the 12th day of each month as reported by the employer. Both part-time and full-time employees are included in the data set. If a person holds two jobs, that person would be counted twice in the data set. Wages include bonuses, stock options, the cash value of meals and lodging, and tips and other gratuities. Wages do not include other forms of compensations such as health benefits, insurance, and retirement plans.

The employment data for nonprofit organizations were identified by matching the Federal Employer Identification Numbers (FEINs) of firms in the South Carolina ES-202 system with the FEINs of firms that have registered with the IRS for tax-exempt status. South Carolina 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 the 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.

For the purpose of this report, we have chosen to focus on the “charitable” portion of the nonprofit sector. This includes organizations registered with the U.S. Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code, which embraces private, not-for-profit

hospitals, clinics, colleges, universities, elementary schools, social service agencies, day care centers, orchestras, museums, 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.

Previous work to identify nonprofits in the ES-202 data set suggests that the EOMF may miss up to 7 percent of all nonprofit employment because the EOMF does not include certain types of religious organizations and may not include the Federal Employer Identification Numbers for many nonprofits operating in a state due to clerical errors or other reasons. Therefore, approximately

5,332 additional nonprofit jobs may not be included in this report. According to the IRS, churches, their integrated auxiliaries, and conventions or associations of churches are not required to register with the IRS for tax-exempt status. Because congregations, mission societies, organizations with “exclusively religious activities” and conventions or associations of churches are not required to register with the IRS, they may not be included in the Exempt Organization Master File.

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, visit the CCSS Web site (www.jhu.edu/~ccss).

APPENDIX B: DISTRIBUTION OF NONPROFIT ORGANIZATIONS BY INDUSTRY IN SOUTH CAROLINA, 2000

SIC codes ⁵	Industry	Type of organizations	Number of nonprofit employees	Percent of total nonprofit employment
80	Health	Hospitals, nursing and personal care facilities, home health care organizations	32,517	43%
81	Legal Services	Legal aid clinics, conflict resolution programs	176	0.2%
82	Education	Private colleges and universities, elementary and secondary schools	11,616	15%
83	Social Services	Child day care services, residential care, job training and related services, individual and family services	13,626	18%
79, 84	Culture and Recreation	Museums, theaters, art galleries, orchestras, membership sport and recreation clubs, amateur sports clubs, day camps	5,476	7%
86	Civic and Social	Business associations, professional associations, neighborhood associations, social clubs, hiking clubs, environmental organizations	4,186	6%
All other	Other	Research, development, and testing firms; printing and publishing firms; religious, educational, and charitable trusts	8,577	11%
Total			76,174	100.0%

⁵ SIC codes are based on the 1987 Standard Industrial Classification system. The SIC codes are used by the state labor market information offices to identify different industries.

The Johns Hopkins Nonprofit Employment Data Project

The *Johns Hopkins Nonprofit Employment Data (NED) Project* is a systematic effort to document and analyze employment in the private nonprofit sector in the United States. A collaboration between the Johns Hopkins Center for Civil Society Studies, state Labor Market Information offices, and state nonprofit associations, the NED Project is working to access data on nonprofits from the national ES-202 labor market information program managed by the U.S. Bureau of Labor Statistics as part of the unemployment insurance program. These data will be used to measure the size and distribution of employment in the nonprofit sector and to chart the relationship between nonprofit and for-profit employment in fields where nonprofits are active in a far more timely fashion than was previously possible. 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 organizations 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.

The South Carolina Association of Nonprofit Organizations (SCANPO)

The South Carolina Association of Nonprofit Organizations is the only statewide network that brings together charitable nonprofit organizations to strengthen the effectiveness of the state's nonprofit sector. Our mission is to improve charitable services to the citizens of South Carolina by strengthening the leadership and management capacities of nonprofit organizations. This is accomplished through advocacy, cost-saving programs, networking, information and resources and education and training.

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