



# Comparing Nonprofit and For-Profit Pay

## Scope of the Arizona Nonprofit Sector

Brief  
**#5**

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# Doing well while doing good?

## How nonprofit pay compares to the for-profit sector

Do workers in the nonprofit sector pay a price for working at a charitable organization organized for the public interest? To put it in dollars and cents terms, are nonprofit workers paid more or less than their peers in the for-profit and government sector? That's a surprisingly difficult question to answer, but data from the Census Bureau gives us some insights.

## Key considerations

To make valid comparisons between pay in the nonprofit and for-profit sectors, we need to know the occupation of each worker, comparing like-to-like across sectors. Occupations were reported as the 24 major occupational major occupational groups, derived from the 529 detailed occupations of the Standard Occupational Classifications (SOC) developed by the U.S. Bureau of Labor Statistics. Note that since there was no nonprofit employment in the "military specific" occupational group, only 23 occupations are listed in the following tables. (See "About the Data" for more about occupations.)

However, to make truly meaningful comparisons, we need to consider not only the occupation of each worker but four other factors.

- Educational Attainment – Those with college degrees generally make more than high school graduates.
- Experience – Age is used as a proxy for job experience. This assumes that older workers have more experience and command higher wages.
- Sex – For many complex reasons, women tend to earn less than men, all things being equal.
- Region – Workers in Maricopa County, Pima County, and the balance of the state were separated to account for regional pay differences.

Average pay was compared between nonprofit and for-profit workers across the five factors described above. Where statistical tests showed little difference ( $p \geq 0.05$ ) in pay, we report similar pay, more pay or less pay for nonprofit workers. Estimated employment for each of these three pay groups is then summed for education, experience, sex, and region combination for the 23 occupational groups. Note that the analysis was confined to full-time workers ages 18 and over, and workers self-employed and government workers are included in the for-profit sector.

### Scope of the Arizona Nonprofit Sector

Arizona's nonprofit sector spans from tiny groups supporting local swim clubs to giant healthcare organizations with billions of dollars in annual revenue.

The nonprofit sector as a whole employs 222,380 people in Arizona.

Visit [lodestar.asu.edu/scope](https://lodestar.asu.edu/scope) for more information and interactive data visualizations.

# Common jobs vs. nonprofit-specific

When comparing wages paid in the nonprofit sector, it is important to recognize that some industry-specific occupations, such as registered nurses, clergy and social workers, are necessarily concentrated in the nonprofit world. This is not to say that employment in these occupations is exclusively confined to nonprofit employers, but there are certain professions that will have higher levels of employment in the nonprofit sector. Examples include healthcare practitioners such as doctors and nurses who may be employed at one of the large nonprofit healthcare organizations but could also work in private practice. Likewise, there are many teachers employed at nonprofit charter schools, but also many at for-profit charter and private schools as well as traditional district schools.

On the other hand, many nonprofit workers are in occupations, such as accounting and groundskeeping, that are not specific to the nonprofit sector. Almost half of the total nonprofit employment of 187,955 is for workers in these “common occupation” job groups. Most nonprofit workers (54 percent) in these common occupations make as much or more than their similarly positioned peers in the for-profit sector, while 46 percent earn less (Table 1). Those in nonprofit-specific occupation groups fare much better, with 64 percent earning more than their for-profit peers, 15 percent with similar pay, and just 21 percent earning less.

**Table 1: Total nonprofit employment and relative wages**

Occupation Type	Nonprofit Employment	Percent of nonprofit workers paid more, less and the same as comparable for-profit workers		
		Paid More	Similar Pay	Paid Less
Common Occupations	93,455	23%	31%	46%
Nonprofit-specific Occupations	94,500	64%	15%	21%
Arizona Total	187,955	44%	23%	34%

# Common occupations

There is considerable variation in relative pay across the 19 common occupation groups. More than two-thirds of workers in Management and Business and Financial Operations make less than their peers working in for-profit and government jobs. However, those working in occupations such as Building and Grounds Cleaning and Maintenance, Construction and Extraction, or Installation, Maintenance and Repair usually make at least as much, if not more than they would outside of the nonprofit sector.

**Table 2: Employment and wages in the nonprofit sector by major occupation group**

Common Major Occupation Groups	Median For-Profit Salary	Median Nonprofit Salary	Nonprofit Full-time Employment	Percent of nonprofit workers paid more, less and the same as comparable for-profit workers		
				Paid More	Similar Pay	Paid Less
Office and Admin. Support	\$36,634	\$36,685	23,361	23%	42%	35%
Management	\$73,269	\$70,129	13,365	18%	14%	68%
Business and Financial Operations	\$61,501	\$55,263	12,257	14%	18%	67%
Computer and Mathematical	\$79,843	\$74,183	5,982	9%	36%	54%
Building and Grounds Cleaning and Maintenance	\$24,375	\$26,167	4,969	34%	45%	20%
Food Prep. and Serving	\$23,211	\$21,876	4,731	21%	29%	50%
Sales and Related	\$40,000	\$41,344	4,541	21%	22%	57%
Personal Care and Service	\$21,195	\$25,000	3,045	44%	33%	23%
Arts, Design, Entertainment, Sports and Media	\$40,000	\$42,080	3,003	32%	43%	25%
Construction and Extraction	\$37,092	\$42,390	2,806	48%	47%	5%
Production	\$36,634	\$34,000	2,615	26%	30%	44%
Material Moving	\$26,974	\$25,752	2,557	18%	39%	43%
Life, Physical and Social Science	\$60,000	\$61,755	2,329	35%	33%	32%
Installation, Maintenance and Repair	\$44,211	\$45,316	2,125	46%	14%	40%
Transportation	\$39,789	\$34,972	2,065	18%	30%	52%
Protective Service	\$51,928	\$37,092	1,546	27%	15%	58%
Architecture & Engineering	\$88,969	\$78,474	934	4%	45%	51%
Legal	\$71,842	\$110,000	776	49%	29%	22%
Farming, Fishing & Forestry	\$26,400	\$26,400	448	8%	49%	42%
Arizona Total	\$41,868	\$43,989	93,455	23%	31%	46%

# Nonprofit-specific occupations

The nonprofit-specific occupational groups often have strict educational requirements for highly skilled workers, so overall pay is greater than in the common occupations. Nonprofit workers in these jobs fared well relative to their peers employed in for-profit and government jobs.

**Table 3: Employment and wages by nonprofit-specific occupation group in Arizona**

Nonprofit-Specific Occupation Groups	Median For-Profit Salary	Median Nonprofit Salary	Nonprofit Full-time Employment	Percent of nonprofit workers paid more, less and the same as comparable for-profit workers		
				Paid More	Similar Pay	Paid Less
Healthcare Practitioners and Technical	\$64,895	\$70,129	43,522	77%	6%	16%
Healthcare Support	\$28,053	\$29,500	9,503	44%	28%	28%
Community and Social Service	\$45,000	\$45,316	21,933	56%	25%	20%
Education Instruction and Library	\$46,055	\$44,224	19,512	55%	15%	30%
Total for Nonprofit-Specific Occupations	\$45,316	\$53,053	94,500	64%	15%	21%

# About the data

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The figures presented here have been derived from data gathered through the American Community Survey (ACS) administered by the U.S. Census Bureau. This is an annual, nationwide annual survey given to about one percent of residents. Microdata from ACS 5-year estimates covering 2017-2021 was downloaded from IPUMS USA. This data allows a more detailed look at responses than the tables published by the Census Bureau. However, there are several trade-offs that are required with this data. To protect the confidentiality of respondents and maintain statistical integrity, microdata is not released for geographies with fewer than 100,000 population. Because of this restriction, several of the smaller counties in Arizona are combined so that their total population exceeds the minimum amount. Additionally, we use Census data collected over a five-year time span. The loss of the point-in-time specificity provided by one-year estimates is offset by the increased accuracy of results when looking at small segments of the workforce.

Participation in the nonprofit workforce was determined by respondent's answer to question 42: "Which one of the following best describes this person's employment last week or the most recent employment in the past 5 years?" Those who chose, "Non-profit organization (including tax-exempt and charitable organizations)," were assigned to the nonprofit sector. The healthcare, postsecondary education, and religion subsectors were determined by the industry the respondent works in. Nonprofit employees with NAICS codes of 6211-6239 were designated as nonprofit healthcare. Those with NAICS codes of 7860-7880 were coded as nonprofit education, and those with NAICS code 9160 as nonprofit religious. Self-employed, government, and employees of for-profit organizations were grouped together as "for-profit."

Comparisons were made on the mean (average) wages for full-time workers aged 18 and over, between the nonprofit sector and the combined for-profit, self-employed, and government workforces. These workers were categorized by major occupational group, educational attainment, age, region, and sex. Differences where  $p < 0.05$  were marked as significant. Note that while median wages are often used when discussing wages, the statistical tests for comparing wages across categories rely on mean figures.

Census data identifies the occupation of workers using the Standard Occupational Classification (SOC) developed by the U.S. Bureau of Labor Statistics. There are 867 detailed occupations under the SOC system, which are then sorted into 98 minor groups and 23 major groups. This analysis compared full-time workers ages 18 and over in for-profit (including self-employed and government) and nonprofit workplaces, across the 23 major groups. Examination of the data indicated that five

of the detailed occupations which had high employment with nonprofit organizations and were specific to the nonprofit workforce, although they were classified in general-purpose major groups. These workers (13,057 in total) were recoded into major groups that are more associated with the nonprofit workforce to give better comparisons of wages and employment.

Occupation	SOC Major Group	Recoded Into Group
Social and Community Service Managers	Management	Community and Social Service
Education and Childcare Administrators	Management	Education Instruction and Library
Medical and Health Services Managers	Management	Healthcare Practitioners and Technical
Medical Secretaries and Administrative Assistants	Office and Administrative Support	Healthcare Practitioners and Technical
Medical, Dental, and Ophthalmic Laboratory Technicians	Production	Healthcare Practitioners and Technical

# About the ASU Lodestar Center

## Mission

The Center helps build the capacity of the social sector by enhancing the effectiveness of those who lead, manage and support nonprofit and philanthropic organizations.

## Vision

The quality of life in communities is strengthened and enriched through impactful philanthropy and effective nonprofit practice.

## What we do

The Center is a global leader in advancing understanding and effective philanthropic and nonprofit practice as a distinctive community development strategy. Through research, education, technical assistance and convenings, the Center focuses on educating, empowering and connecting nonprofit leaders and philanthropists to solve problems, to realize a community’s highest aspirations and to accelerate social impact.

## Project team

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