



# Arizona's Nonprofit Employment

## Scope of the Arizona Nonprofit Sector

Brief  
**#2**

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# Understanding Arizona's nonprofit workforce

Although the IRS provides data about nonprofit organizations, including their areas of service and location, as well as some basic information about their income and expenditures, it does not give much insight into the people working at these organizations. Data from the U.S. Census Bureau can tell us more about these workers and the wages they earn.

## Total wages in the nonprofit sector

Respondents to the Census Bureau's American Community Survey are queried about their employment status, including a question asking if they work for a nonprofit organization. Comparing the reported total wages paid in the nonprofit sector to those paid to the overall workforce allows us to estimate the impact of the nonprofit sector on Arizona's economy.

Census data shows an Arizona workforce of 3.2 million workers that are paid a total of \$166 billion each year. 222,380 survey respondents indicated that they worked in the nonprofit sector, accounting for 6.9 percent of the total workforce. Wages for these workers totaled \$12.2 billion, or 7.3 percent of the total. The nonprofit sector's higher portion of wages (7.3%) compared to employment (6.9%) is an indication that pay in nonprofits is somewhat higher than in the rest of the workforce. Nationally, 8.8 percent of all wages are estimated to be paid to workers in the nonprofit sector.

When the nonprofit sector is treated as an industry unto itself, it ranks as the sixth largest in Arizona, with \$12.1 billion in annual wages, 7.3 percent of the state's total. This places the nonprofit sector ahead of the construction sector (6.7 percent) and behind retail trade, at 8.5 percent of total wages.

The median full-time wage for all workers in the nonprofit sector is \$47,305, which is 11.5 percent above the \$42,390 for all workers. High wages paid in the healthcare and higher education subsectors are a major driver of this difference. The core nonprofit subsector has a median full-time wage that is essentially the same as the statewide median.

### 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 Internal Revenue Service (IRS) grants tax-exempt status to a variety of businesses that meet requirements set out in Section 501(c) of the federal tax code. These nonprofit organizations do not pay the federal income tax required of for-profit businesses. They are exempt from many state taxes as well.

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

# Total employment in the sector

Of Arizona's estimated 3.2 million employed workers, 222,380 (6.9 percent) are working in the nonprofit sector. Nationally, 8.3 percent of all workers are estimated to be employed in the nonprofit sector.

About half of this employment is with the core nonprofit subsector, with a somewhat smaller number employed in nonprofit healthcare, and smaller employment in the education and religious subsectors (Table 1). The religious and higher education subsectors also show a noticeably high share of their employees being part-time workers.

**Table 1: Employment and wages in Arizona**

Industry	Employment	Median full-time wage	Percent of total wages
<b>Total</b>	<b>3,221,609</b>	<b>\$42,390</b>	<b>100%</b>
Manufacturing	226,164	\$55,108	9.9%
Professional, Scientific, and Technical Services	214,541	\$64,738	9.8%
Health Care	267,670	\$42,390	9.8%
Finance and Insurance	198,414	\$57,000	9.1%
Retail Trade	372,597	\$32,369	8.5%
<b>Subtotal Nonprofits</b>	<b>222,380</b>	<b>\$47,305</b>	<b>7.3%</b>
Construction	233,576	\$40,821	6.7%
Educational Services	254,757	\$44,211	6.6%
Public Administration	153,355	\$56,522	5.9%
Transportation and Warehousing	144,329	\$42,390	4.4%
Administrative and Support and Waste Management Services	174,774	\$30,000	3.7%
Accommodation and Food Services	245,396	\$25,100	3.7%
<b>Nonprofit Healthcare</b>	<b>83,369</b>	<b>\$57,000</b>	<b>3.5%</b>
Wholesale Trade	70,326	\$50,000	2.8%
<b>Core Nonprofit</b>	<b>91,259</b>	<b>\$41,868</b>	<b>2.6%</b>
Real Estate and Leasing	74,713	\$43,961	2.5%
Information	53,555	\$52,988	1.9%
Other Services	108,268	\$26,494	1.8%
Utilities	28,207	\$76,303	1.4%
Arts, Entertainment, and Recreation	68,727	\$32,053	1.4%
<b>Nonprofit Education</b>	<b>30,153</b>	<b>\$45,000</b>	<b>0.8%</b>
Social Assistance	43,890	\$24,492	0.7%
Military	21,927	\$43,158	0.7%
Mining	13,664	\$70,000	0.6%
Agriculture	24,746	\$30,947	0.5%
<b>Nonprofit Religious</b>	<b>17,599</b>	<b>\$44,000</b>	<b>0.4%</b>
Management of Companies and Enterprises	4,399	\$55,263	0.2%

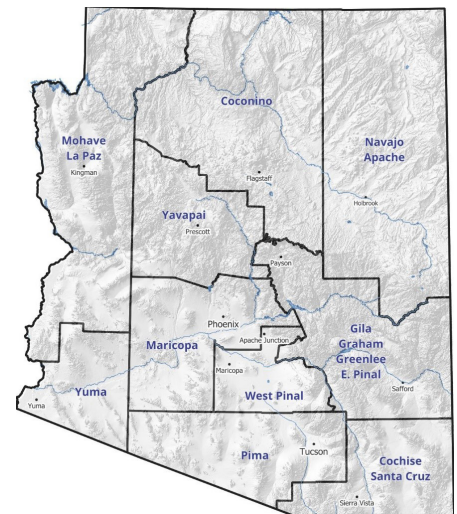
# Employment and wages by region

Microdata from the Census Bureau is not available for areas with small populations, so smaller counties are grouped together as shown in Table 2. See “About the Data” for more information on Census data policies. The areas detailed in Table 2 are shown in Figure 1.

Nonprofit employment figures correlate well with population, with most employment found in Maricopa and Pima counties. However, there is some variation in nonprofit employment across the 10 regions of the state, ranging from 5.2 percent of total employment in the Gila-Graham-Greenlee-E. Pinal region to 9.1 percent in Coconino County.

Similarly, nonprofit wages paid vary from a low of 4.7 percent of total wages in Western Pinal County to 10.7 percent in Yuma County. The median full-time wage for nonprofit workers exceeds the overall wage in all but two of the regions, with West Pinal and Cochise-Santa Cruz paying less than the median wage for all workers.

When considering regional aspects of this data, it should be noted that the data is based on where the workers live, not where they work. It is possible that commuting patterns distort this picture. For example, some workers at a nonprofit hospital in Sierra Vista (Cochise County) may choose to live on the East side of Tucson, in Pima County. Their employment and wage counts would be recorded in Pima County, not the county where they are employed.



**Figure 1**

**Table 2: Employment and wages of Arizona nonprofits by region**

Region	Employment by nonprofits	Share of total employment	Wages paid by nonprofits (millions)	Share of total wages	Nonprofit median full-time wage	% of overall median FT wage
Arizona Total	222,380	6.9%	\$12,166	7.3%	\$47,305	111.6%
Maricopa	141,277	6.6%	\$8,412	7.2%	\$51,288	116.0%
Pima	36,427	7.9%	\$1,670	7.8%	\$41,000	104.6%
Navajo-Apache	3,486	6.8%	\$134	7.1%	\$36,032	106.2%
Coconino	6,082	9.1%	\$326	11.0%	\$44,510	114.1%
Yavapai	7,107	7.7%	\$394	10.3%	\$44,510	117.9%
Mohave-La Paz	5,436	6.7%	\$233	6.9%	\$42,390	121.1%
Yuma	6,023	7.7%	\$333	10.7%	\$38,684	114.1%
Gila-Graham-Greenlee-E. Pinal	2,054	5.2%	\$93	5.7%	\$44,510	118.4%
West Pinal	8,896	5.7%	\$344	4.7%	\$38,000	88.0%
Cochise-Santa Cruz	5,592	8.5%	\$227	8.0%	\$37,000	97.4%

# About the data

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 tradeoffs 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 the summed 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 the accuracy of results when looking at small segments of the workforce.

Participation in the nonprofit workforce was determined by the 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, education and religion subsectors were determined by the industry the respondent works in.

## 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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