



Westchester County Nonprofits: A Major Economic Engine Executive Summary

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The private "nonprofit sector" in Westchester County is the county's *largest* employer, yet the sector is largely invisible to most Westchester County residents. Using data from the Form 990 filings of nonprofits and from the Quarterly Census of Employment and Wages (QCEW), this report provides the most up-to-date information available on the scope and scale of the nonprofit sector in Westchester County and how it has changed over the past decade. What emerges from this analysis is a picture of a set of institutions with far greater economic heft than is commonly recognized. However, the data also reveal real and growing threats to the sector's health, including increased competition from for-profit entities and relatively low overall wages.

FINDING #1: A Major Economic Force

Simply put, the private nonprofit sector in Westchester—including private hospitals, clinics, colleges, universities, schools, day care centers, social service providers, museums, theaters, and many more—is a major economic engine in the county.

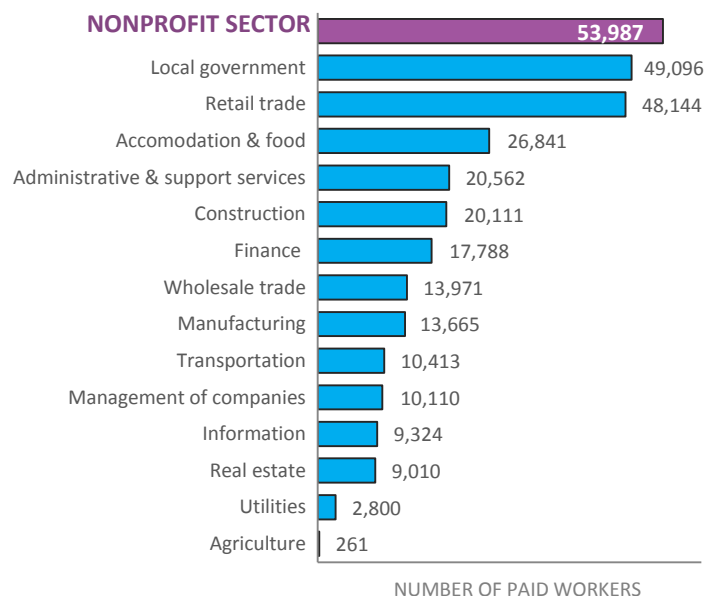
EMPLOYMENT. Westchester's private, nonprofit organizations employed **53,987 paid workers** as of the first quarter of 2013. This makes Westchester's nonprofit sector **the largest industry in the county**, employing more people than the construction, finance, and wholesale trade industries combined.

Westchester nonprofits employ 13.6 percent of the county's total workforce—one out of every 7 workers—and 16 percent of the county's private workforce (one out of every 6 private workers).

FINANCES AND WAGES. In addition to being a major employer, **the Westchester nonprofit sector has a considerable financial footprint in the county.** Demonstrating this, as of 2011, Westchester nonprofits:

- Generated nearly \$6.9 billion in revenues.
- Spent nearly \$6.6 billion.
- Held over \$8.4 billion in total assets.

Nonprofit employment vs. employment in selected industries, Westchester County, 2013



Source: Johns Hopkins Nonprofit Economic Data Project based on QCEW data

FINDING #2: Health Dominance

Health organizations account for the vast majority of Westchester's nonprofit jobs, but education and social service organizations also account for significant shares.

- Over half of all nonprofit jobs in Westchester (29,324 jobs) are in health services.
- Another 20 percent of Westchester's nonprofit workers (10,966 total) are employed by educational organizations.

FINDING #3: A Growing Sector

The nonprofit sector is a critical driver of Westchester's economy, adding thousands of new jobs over the past decade—even though this period included a major economic recession.

- Between 2003 and 2013, nonprofit employment in Westchester grew by **8.4 percent**, adding 4,203 jobs.
- By contrast, the county's for-profit sector grew by just 1.2 percent and local government actually experienced significant contraction, accounting for the loss of 5,240 jobs over this same period.

What is more, the nonprofit sector was the only source of overall private employment growth in the county during the recession.

FINDING #4: Increased Competition Affecting Market Share

Since for-profit entities operating in many of the fields in which nonprofits have traditionally dominated also experienced growth between 2003 and 2013—and often at a pace that exceeded nonprofit growth—Westchester nonprofits are facing increased competition in key fields.

FINDING #5: Wages—A Mixed Story

OVERALL WAGES. The average monthly wages of Westchester's nonprofit workers are below those of the county's for-profit and government workers.

- The average Westchester nonprofit worker earned \$4,168 per month, which is roughly a third lower than the average for-profit worker's monthly average wage of \$6,192.
- Similarly, the average county nonprofit worker earned 36 percent less per month than the average local government worker and 17 percent less than the average state government worker.

VARIATIONS BY FIELD. These averages obscure, however, some significant variations in the average wages of nonprofit workers in different fields.

- Average nonprofit monthly wages range from a low of \$2,495 in the social assistance field to a high of \$5,476 in the hospital field.
- Also significant, while overall nonprofit monthly wages remain lower than overall for-profit wages, a different picture emerges when attention focuses on just the fields in which nonprofits and for-profits are both actively involved. In these fields nonprofits often pay *better* wages than their for-profit counterparts. This suggests that the real reason overall wages in the nonprofit sector trail those in for-profits is not that nonprofits pay lower wages but rather that **nonprofits are concentrated in low-wage fields**.
- These findings may support the widespread notion that nonprofits **typically employ more full-time and highly-skilled workers** in these key fields than their for-profit counterparts.

CONCLUSION

This study makes clear the critical economic role that Westchester County's nonprofit sector plays as both a job creator and revenue generator. The sector is not only the largest employer among all industries in Westchester County, but has contributed significantly to the county's private employment growth over the past decade despite the recent recession.

However, the data reported here also call attention to a number of challenges confronting Westchester nonprofits—in particular, the growing competition they face from for-profits operating in traditional fields of nonprofit activity including social assistance and higher education. Similarly, this report highlights the relatively low wages available to workers in critical fields, such as social assistance and nursing. While nonprofit wages in these fields often exceed those provided by for-profit providers, they remain well below those common in the public sector and elsewhere in the private sector, raising important questions about the ability of nonprofits to continue to attract and retain quality workers.

All of this demonstrates the need for information of the sort reported here to put Westchester's nonprofit sector on the radar screen of policymakers and to alert leaders within the sector of the important challenges it is facing. The full report is available for download [here](#).