



EMBARGOED UNTIL:
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Nonprofit Economy Report shows growth of sector *4,818 nonprofits employ 1 out of 10 workers in Minnesota*

St. Paul, MN – October 25, 2005 – The Minnesota Council of Nonprofits (MCN) will release the *2005 Minnesota Nonprofit Economy Report* on Friday, November 4, at its annual conference at the Saint Paul RiverCentre. The report shows that the sector's employment growth began to level off in 2004, experiencing the slowest growth in the nonprofit workforce since the mid-1980s.

The *2005 Minnesota Nonprofit Economy Report* describes the role of nonprofit organizations in Minnesota's economy by analyzing nonprofit employment, wage, and financial data.

"Almost every other industry in the U.S. collects and reports current economic performance information. Nonprofit board and managers benefit from the same type of information in managing their own organizations," said Jon Pratt, MCN's Executive Director. "The *Nonprofit Economy Report* gives this sort of comprehensive economic information about Minnesota's charitable sector."

Nonprofit employment growth slows

According to the report, there are over 5,900 nonprofit organizations in Minnesota that reported at least a minimal level of financial activity. Of those, 4,818 organizations have at least one employee, an increase of nearly two percent from 2003. This was a slightly stronger growth in the number of nonprofit employers than has been seen in Minnesota in recent years.

"The nonprofit workforce in Minnesota continues to grow, employing over a quarter of a million people in 2004, or about one of every ten employees in the state," said Christina Macklin, MCN Policy Analyst and author of the *2005 Minnesota Nonprofit Economy Report*.

Though the number of nonprofit employers may be on the rise, the number of workers that they employ has begun to level off. Since the 1980s, nonprofit employment has seen steady growth. Following the 2001 recession and the slow economic recovery that followed, while total employment in the state actually declined, growth in the nonprofit workforce continued. In 2004, however, nonprofit employment in the state increased by less than one percent from the previous year, the slowest growth the sector has experienced since the mid-1980s.

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Budget vulnerabilities affect many organizations

Two key sources of nonprofit revenue – charitable contributions and government funding – are subject to greater fluctuation. While recent budget pressures have led to reductions in grants and contracts to nonprofits from the local, state, and federal levels of government in some service areas and natural disasters have attracted substantial charitable contributions from Minnesotans, overall organizations are growing.

“Minnesota has profited socially and economically from the strength of our nonprofit sector,” said Pratt. “The continued growth we’re seeing suggests that the nonprofit infrastructure, from human services to hospitals, is an essential element in our communities’ success.”

Overall, charitable organizations in Minnesota received 83 percent of their revenue from program services, 8 percent from charitable contributions, three percent from government grants, and four percent from investments and sales. In 2004, Minnesota nonprofits spent 87 percent of their revenues on program services and only 13 percent on management and fundraising. Standards issued by the Charities Review Council of Minnesota recommend that charities spend at least 70 percent of the revenues on program services and no more than 30 percent on management and fundraising.

Nonprofit wages still lag behind

Nonprofits in Minnesota paid a hefty \$9.3 billion in wages to their employees. However, the statewide average weekly wage for nonprofit employees continues to lag behind wages for both government and for-profit workers. Nonprofit employees earned an average of \$704 per week, compared to \$756 and \$790 for their government and for-profit counterparts.

The Minnesota Nonprofit Economy Report is produced annually by the Minnesota Council of Nonprofits. This year’s report uses data from 2004, the most current information available. Statistics broken down by region – Twin Cities, Northeast, Northwest, Central, Southeast and Southwest - will available at www.mncn.org/nper.htm on November 7, 2005.

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The Minnesota Council of Nonprofits (MCN) is the statewide association of 1,500 nonprofit organizations. Through its Web site, resource publications, workshops and events, cost-saving programs, and advocacy, MCN continually works to inform, promote, connect, and strengthen individual nonprofits and the nonprofit sector.