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Economic Impact of Nonprofits

While it's easy to see how nonprofits directly improve the lives of individuals, their positive contributions to the U.S. economy are often overlooked. A closer review reveals nonprofit organizations have a significant, far-reaching impact on the American economy. In fact, nonprofits enhance and bolster local, state, and national economies in multiple ways, including the following:



Nonprofits employ [12.3 million people](#), with payrolls exceeding those of most other U.S. industries, including construction, transportation, and finance.

A substantial portion of the nearly \$2 trillion nonprofits spend annually is the more than \$826 billion they spend on salaries, benefits, and payroll taxes every year. Also, nonprofit staff members pay taxes on their salaries, as well as sales taxes on their purchases and property taxes on what they own.



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Nonprofits also create work opportunities for millions of individuals above and beyond the millions they employ directly.

Nonprofits that provide care for children or elderly parents allow family members who would otherwise shoulder the burden of providing care to instead work outside the home. Nonprofits also provide job training and placement services for people who would otherwise be unemployed or underemployed.



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Nonprofits consume goods and services that create more jobs.

Nonprofits spend nearly \$1 trillion annually for goods and services, ranging from large expenses, like medical equipment for nonprofit hospitals, to everyday purchases such as office supplies, food, utilities, and rent.

Nonprofits spur economic activity.

Nonprofits have an even broader impact by creating economic activity and jobs that ripple through the community. As just one example, consider arts programming. By attending a play at a local nonprofit community theater, you didn't just support the cast, crew, and administrative staff; you likely also provided a boost to local businesses. Did you pay for parking? Did you buy just the right earrings, shoes, or tie for the occasion? Did you go to dinner before the show or meet friends afterwards? If so, you extended the economic impact of that theater, helping to create more jobs in the local economy, while also generating even more tax revenue for the local government.

Nonprofits attract other employers.

Have you ever noticed how brochures for local chambers of commerce often identify local nonprofits as a top reason for businesses to locate there? Many boast about

beloved cultural amenities, such as nonprofit museums and performing arts venues. Other common features are nonprofit colleges to showcase the value of an educated workforce and nonprofit healthcare facilities to reinforce a commitment to well-being. While the brochures seldom label these local icons as being “nonprofits,” business leaders intuitively recognize the immense value that local nonprofits contribute to the community’s quality of life.

Nonprofit Employment as a Percentage of Private Employment

Find out more about the impact that nonprofits are making in your community by reading the [latest local research](#) or connecting with your [state association of nonprofits](#).