



PANO

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2025 Economic Impact of Pennsylvania's Nonprofit Sector



Report by Fourth Economy

We believe in building strong communities, impactful organizations, and thriving economies by forging relationships with our clients and the communities they serve. Our flexible, people-centered approach combines research, analytics, strategic planning, and community engagement to provide the insights and tools needed to build solutions that make a measurable impact for our clients, the communities we work in, and the world we share. engage@fourtheconomy.com

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Glossary

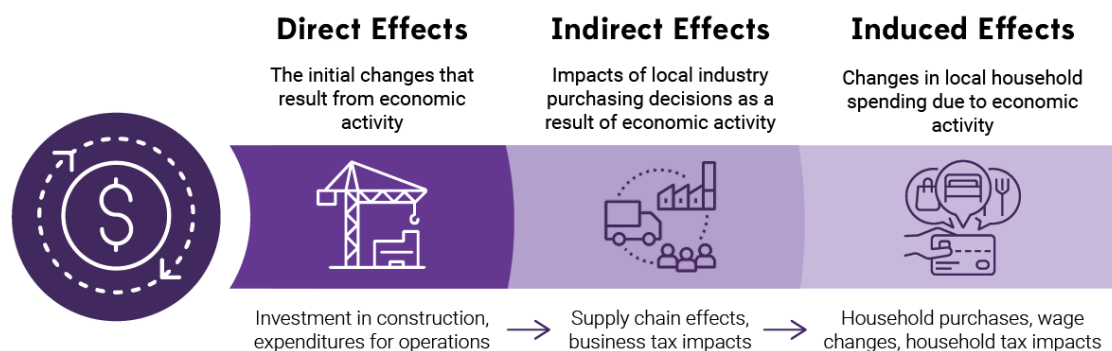
The following section defines terms as they are used in this report.

Gross Regional Product (GRP): The value of goods and services produced within a specific geographic region. In this report, the region is Pennsylvania.

Income: Nonprofit revenue generated from all funding sources, including donations, grants, membership fees, fundraising events, and income from related business activities.

Indirect Jobs and Earnings: Jobs and employee earnings resulting from nonprofit purchases in the supply chain.

Induced Jobs and Earnings: Jobs and earnings generated by spending by employees within the business or its supply chain.



Industry: In this report, industries are 4-digit industries defined by the North American Industry Classification System (NAICS).

Nonprofits: 501(c) tax-exempt organizations

Nonprofits, Active: Active nonprofits are ones that were ruled as exempt in the past year or filed a 990 with the Internal Revenue Service the past three years. For 2024, active nonprofits filed a 990 between 2022–2024 or were ruled as exempt in 2024.

Nonprofit Establishments: Nonprofit establishments are 501(c)(3)-designated charitable organization sites with at least one employee. Unlike nonprofits, nonprofit establishments are individual sites. For example, a job training nonprofit may have one site that serves as its headquarters and another that serves as a training facility. Such an organization would be counted as one nonprofit or two nonprofit establishments.

Public Charities: 501(c)(3) tax-exempt organizations.

Introduction

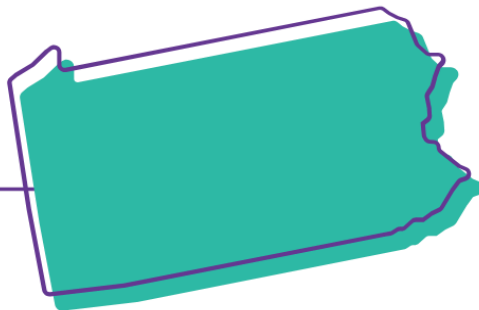
The Pennsylvania Association of Nonprofit Organizations (PANO) is a statewide membership organization that supports nonprofits delivering essential services, giving voice to the millions of residents served, contributing to vibrant communities, and advancing solutions to society's challenges. **Various government agencies and trade associations monitor the work of nonprofits; only one statewide organization in Pennsylvania connects and supports them all: PANO.**

Accredited by the National Standards for Excellence Institute, PANO upholds the highest standards of ethics and accountability in nonprofit governance, management, and operations – providing advocacy, training, consulting, and other resources so nonprofits throughout the Commonwealth can hold to those same standards.

To fulfill its mission of **amplifying the voice, value, and impact of community benefit work**, PANO seeks to elevate the story of the sector's economic impact – how nonprofits benefit every neighborhood and community in Pennsylvania. The sector's return on investment (ROI) is substantial, in both its economic impact and in enhancing the quality of life for everyone. Historically, nonprofits have played a vital role in stabilizing our state's economy during economic transitions – such as the industrial restructuring of the 1980s and the more recent COVID-19 pandemic. Nonprofits also drive growth, incubate innovation, and effect recovery both locally and globally. This economic impact analysis defines and quantifies the benefits of the nonprofit sector on the Pennsylvania economy.

Editor's Note

The analysis included in this report was conducted from December 2024 to May 2025, a period of significant changes in federal programs and investments. It is too early to determine the end result of these actions, we know they will impact Pennsylvania's nonprofit sector and limit its economic potential and ability to serve Pennsylvanians.



Key Findings

- Pennsylvania had **64,800 active nonprofit organizations** in 2024, 49,000 of which were 501(c)(3) public charities.
- Nonprofit establishments drove **\$139.8 billion of the Pennsylvania economy** in 2022, with \$66.3 billion in GRP generated directly, \$25.1 billion indirectly, and \$48.4 billion induced.
- Pennsylvania nonprofits **earned 69% of their income from fees for program services** in 2022.
- These nonprofit establishments employed **817,300 workers** in 2022, accounting for 15.7% of Pennsylvania's private sector jobs. These nonprofit jobs indirectly **support more than 974,000 jobs across the state, which generate \$67.4 billion in annual earnings.**¹
- **Pennsylvania nonprofits paid \$56.6 billion in wages (16.1% of private sector wages)** and an estimated **\$1.7 billion in state payroll taxes.**
- Pennsylvania nonprofits, foundations, and community development corporations have received **\$40.2 billion in federal dollars** since 2016.
- **Need and expenses are increasing faster than revenue.** 64% of nonprofit survey respondents reported an increase in demand for their services from 2023–2024. For 2024–2025, 68% project an increase in demand for their services, and 74% project an increase in expenses, while only 41% project an increase in revenue.

¹ This metric does not include induced jobs.

Overview of Pennsylvania's Nonprofit Sector

Pennsylvania had 64,800 active nonprofits in 2024, employing workers across the state who both strengthen our social, cultural, and economic fabric, while also ensuring services for those most vulnerable – those the Commonwealth is mandated to serve.

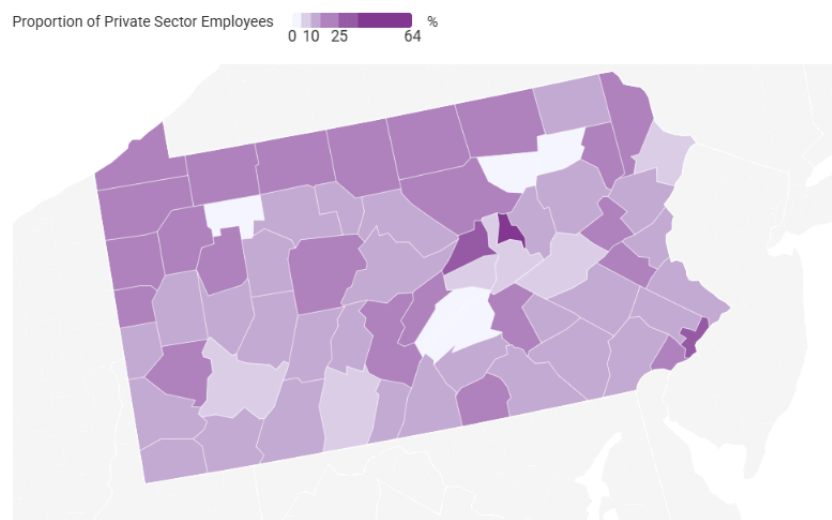
Pennsylvania Nonprofits are a Significant Employer

Nonprofit establishments in Pennsylvania employed 817,300 workers in 2022. These jobs accounted for about 14% of all jobs in Pennsylvania and 15.7% of the state's private sector jobs. Nonprofits played a larger role in Pennsylvania's private sector job market than they did nationally, where nonprofits made up 9.9% of private sector jobs.²

Nonprofits employ workers across Pennsylvania. In most counties, nonprofit jobs account for 10% to 25% of private-sector jobs. Montour County is an outlier, where 64% of private sector jobs are at nonprofits (Figure 1).

Figure 1: Proportion of Private Sector Employees Working at Nonprofits by County

Pennsylvania, 2022

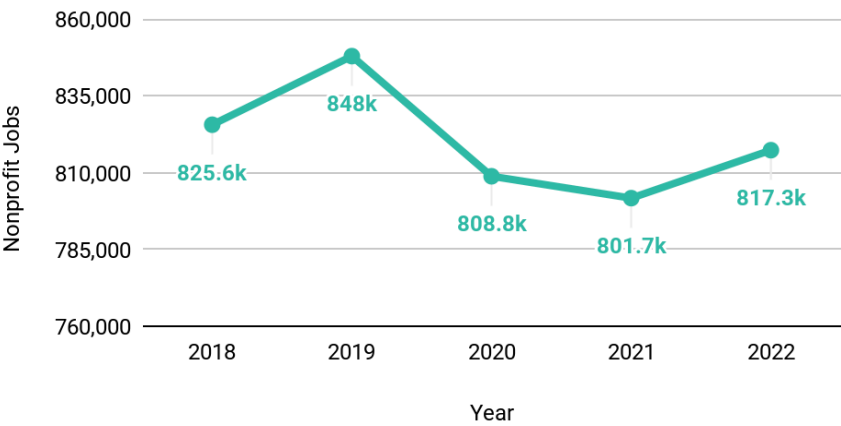


Source: U.S. Bureau of Labor Statistics, 2022, [Nonprofit Sector Research Data](#)

Pennsylvania had fewer nonprofit jobs in 2022 than it did before the COVID-19 pandemic. While the number of Pennsylvania nonprofit jobs grew between 2021 and 2022, it remained below pre-pandemic levels (Figure 2).

² U.S. Bureau of Labor Statistics, 2022, Nonprofit Sector Research Data; ACS 5-Year Estimates 2017-2023

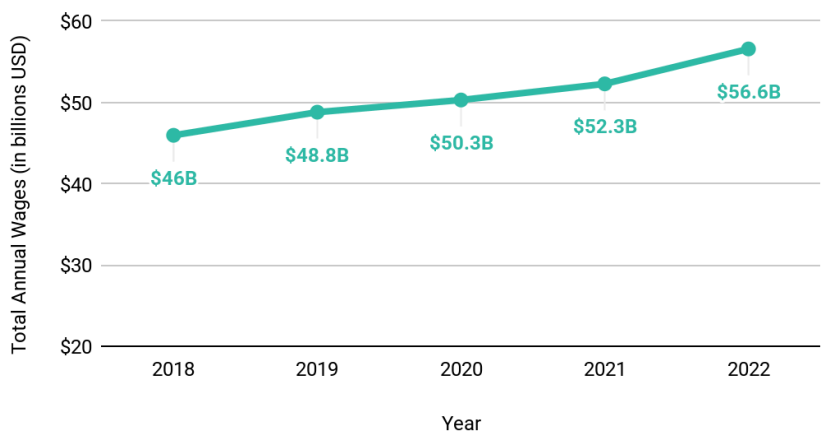
Figure 2: Nonprofit Jobs by Year
Pennsylvania, 2018-2022



Source: U.S. Bureau of Labor Statistics, 2018-2022, [Nonprofit Sector Research Data](#)

In 2022, Pennsylvania nonprofits paid \$56.6 billion in wages and an estimated \$1.7 billion in state payroll taxes. These wages accounted for 16.1% of the state’s total private sector wages in 2022. Despite the decline in nonprofit jobs from 2019, the total annual wages paid by nonprofits increased by more than \$10 billion between 2018 and 2022 (Figure 3). Total annual wages grew because the average salary per employee increased from \$55,700 to \$69,200.

Figure 3: Total Annual Wages Paid by Nonprofits
Pennsylvania, 2018-2022

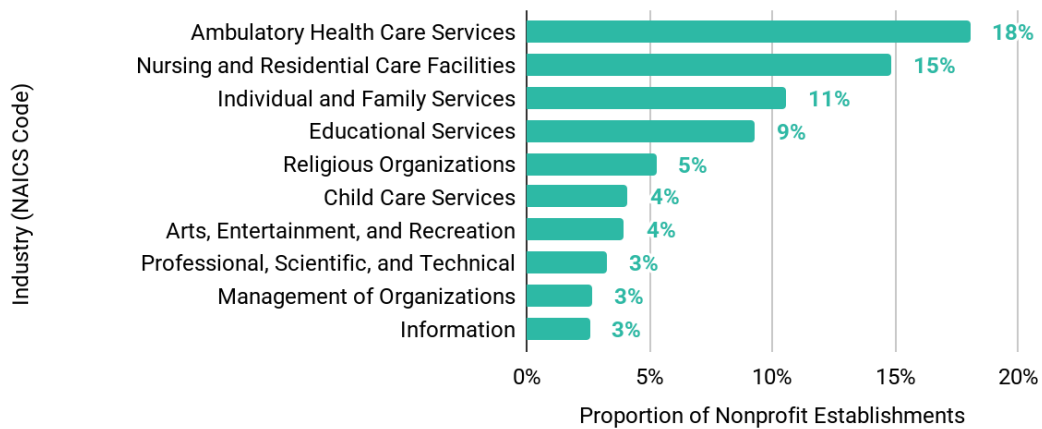


Source: U.S. Bureau of Labor Statistics, 2018-2022, [Nonprofit Sector Research Data](#)

Nonprofits Support Vital Pennsylvania Industries

Nonprofits provide varied services across industries in Pennsylvania. The industries with the most nonprofit establishments provide physical services, such as ambulatory health care services (outpatient health care) and nursing and residential care facilities (Figure 4).

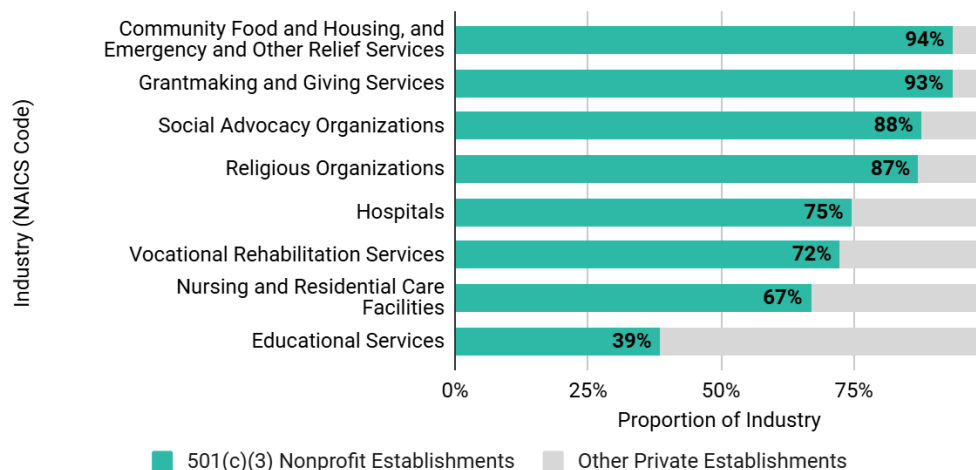
Figure 4: Nonprofit Establishments by Industry
Pennsylvania, 2022



Source: U.S. Bureau of Labor Statistics, 2022, [Nonprofit Sector Research Data](#)

Notably, nonprofits constitute the majority of private establishments providing several essential services, including community food and housing, emergency and other relief services, workforce development (vocational rehabilitation services), and health care (hospitals and nursing and residential care facilities) (Figure 5).

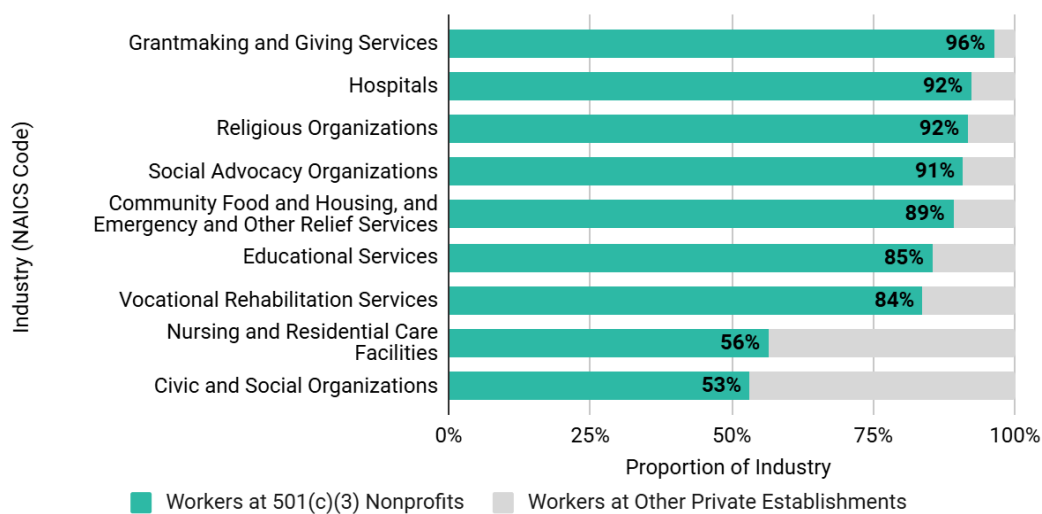
Figure 5: Top Industries by Nonprofit Share of Private Establishments
Pennsylvania, 2022



Source: U.S. Bureau of Labor Statistics, 2022, [Nonprofit Sector Research Data](#)

Nonprofit establishments also employed more than half the workforce for several key industries in Pennsylvania (Figure 6).

Figure 6: Top Industries by Nonprofit Share of Private Sector Employment
Pennsylvania, 2022



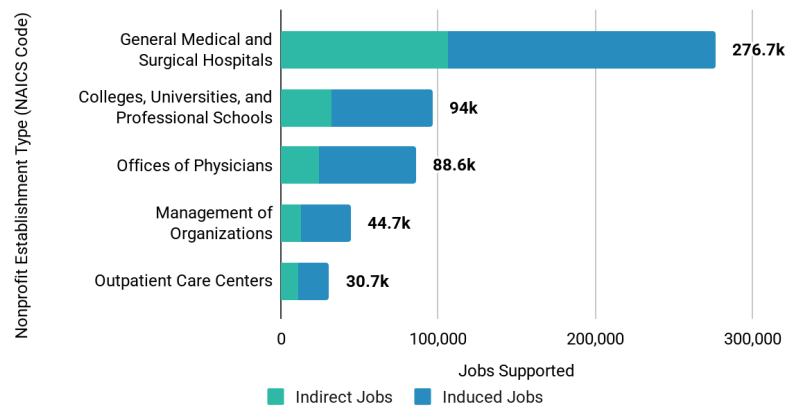
Source: U.S. Bureau of Labor Statistics, 2022, [Nonprofit Sector Research Data](#)

Economic Impact of Pennsylvania Nonprofits

Nonprofit establishments drove \$139.8 billion of the Pennsylvania economy in 2022, with \$66.3 billion in GRP generated directly, \$25.1 billion indirectly, and \$48.4 billion induced. Additionally, Pennsylvania nonprofit jobs indirectly support more than 974,000 jobs across the state, which generate \$67.4 billion in annual earnings. Spending by nonprofit workers supports another 423,000 induced jobs and \$25.8 billion annually in earnings in Pennsylvania.³

Though nonprofits in all industries support jobs in Pennsylvania, healthcare and education nonprofits support the most indirect and induced jobs (Figure 7).⁴

Figure 7: Top Nonprofit Industries by Jobs Supported
Pennsylvania, 2022



Source: U.S. Bureau of Labor Statistics, 2022, [Nonprofit Sector Research Data](#)

Pennsylvania Nonprofits Bring Resources to the State

Nonprofits bring visitors and dollars into Pennsylvania. In terms of visitors, surveyed Pennsylvania nonprofits reported hosting, serving, or entertaining more than 70,000 out-of-state individuals in 2024. Arts, Culture, and Humanities nonprofits accounted for most out-of-state individuals (71%), followed by human services organizations (18%).

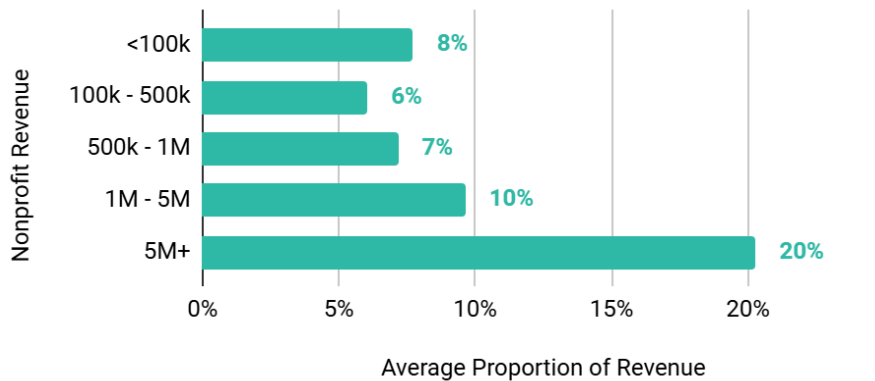
In terms of dollars, surveyed Pennsylvania nonprofits also reported generating an average of 11% of their income from outside the state, with higher-revenue nonprofits reporting receiving more funds from outside the Commonwealth. Nonprofits with more than \$5 million reported receiving an average of 20% of their funding from outside Pennsylvania (Figure 8).

Figure 8: Proportion of Revenue from Outside Pennsylvania by Nonprofit Size

³ Economic impact measured through Lightcast data analyzed by Fourth Economy

⁴ Appendix I includes additional graphs showing the indirect and induced jobs supported by select nonprofit industries.

Pennsylvania Nonprofit Survey Respondents, 2025

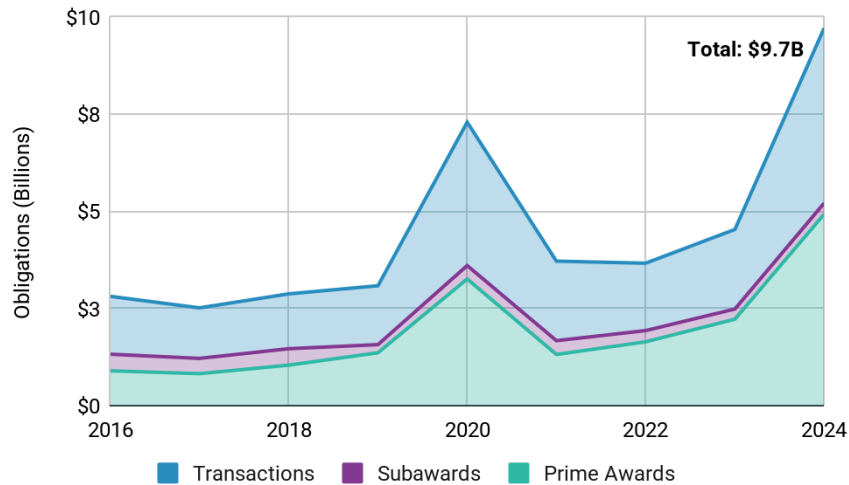


Source: PANO survey data, collected Q1 2025

Federal Dollars

Since 2016, Pennsylvania nonprofits, foundations, and community development corporations have received \$40.2 billion in federal dollars. Incoming federal dollars have grown since 2016, with peaks in 2020 and 2024 (Figure 9). From 2023 to 2024, federal funding to Pennsylvania nonprofits more than doubled, increasing to \$9.7 billion in one year. With \$3.6 thousand received per capita, Pennsylvania ranks in the top half of states by federal dollars received.⁵

Figure 9: Federal Dollars Received by Nonprofits
Pennsylvania, 2016-2024



Source: [USA Spending](#), 2016-2024, data as of April 21, 2025

⁵ USA Spending, 2016-2024, data as of April 21, 2025

Pennsylvania Nonprofits Strengthen our Communities

Pennsylvania nonprofits that responded to PANO's survey represent a fraction of the state's nonprofits, yet reported serving 9.8 million people annually.

Pennsylvania nonprofits offer in-kind services to reduce government expenditures and receive in-kind services through volunteerism. 30% of surveyed Pennsylvania nonprofits provided in-kind services to offset government expenditures, which they valued at more than \$34.6 million.

Surveyed Pennsylvania nonprofits also reported 44,000 volunteers who served over 900,000 hours in 2024, averaging 20 hours per volunteer. The 2023 Current Population Survey Civic Engagement and Volunteering Supplement, conducted by AmeriCorps and the U.S. Census Bureau, estimates that people committed even more time to volunteering, at 61 hours per volunteer. According to the survey, Pennsylvania had over 3.2 million formal volunteers who contributed almost 195 million hours of service through organizations.⁶ The Corporation for National and Community Service estimated this volunteer time to be worth \$6.1 billion.⁷

Smaller Nonprofits Have a Big Impact

86% of nonprofits have an annual income of less than \$500,000, and 90% have an annual income of less than \$1 million. Smaller nonprofits, defined here as those with less than \$1 million in annual income, cover all nonprofit industries and serve all parts of Pennsylvania.

These smaller nonprofits make a significant impact with fewer resources. The 108 smaller nonprofits that responded to our survey reported serving 1.6 million people annually through 249 full-time and 272 part-time employees. These nonprofits leveraged significant volunteer support to make this impact. Smaller nonprofit survey respondents reported that 4.9 thousand volunteers provided 205,000 service hours in 2024. Based on the [Value of Volunteer Time](#), these volunteer hours were worth \$6.4 million.

Nonprofits Earn Their Income

Pennsylvania charitable nonprofit organizations reported \$184.7 billion in revenue and \$384.0 billion in assets for 2022.⁸ The nonprofit organizations earned 69% of that income from program services. The next largest portion, 23%, came from contributions and gifts, including government grants, fundraising, and membership dues (Figure 10). Based on these

⁶ Johnson, Rose. 2024. AmeriCorps Civic Engagement and Volunteering (CEV) Dashboard. Washington, DC: AmeriCorps Office of Research and Evaluation. Accessed May 9, 2025 from <https://data.americorps.gov/stories/s/AmeriCorps-Civic-Engagement-and-Volunteering-CEV-D/62w6-z7xa>

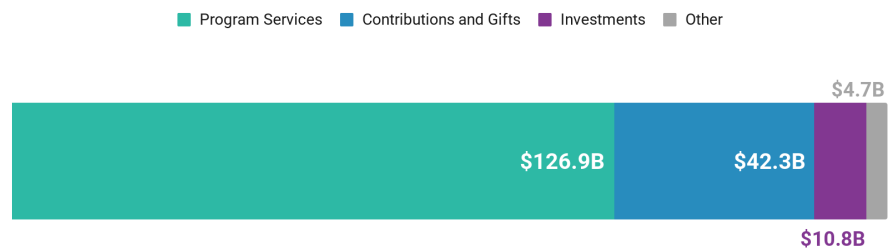
⁷ Value of Volunteer Time. Methodology takes the average private sector wage of all non-farm and non-managerial workers in a state. Pennsylvania's average private sector wage is ~\$31.00.

⁸ According to IRS Form 990 submissions from Pennsylvania 501(c)(3) organizations in calendar year 2023. This total is missing nonprofits with fewer revenues and assets that file 990-EZ and 990-N. The data does not separate governing funding from other contributions and gifts.

proportions, nonprofits generated \$3.36 in revenue for every dollar received through gifts and contributions, so the return on government funding to nonprofits is even higher.

Figure 10: Total Nonprofit Revenue by Source

Pennsylvania, 2022



Source: Internal Revenue Service, 2023, Exempt organization returns filed in calendar year 2023, [Form 990 Extract](#)

According to PANO’s survey, Pennsylvania nonprofits had diversified income streams, and the largest source of income varied significantly. When asked about their sources of income, 68% reported having at least four sources.⁹ Surveyed nonprofits generated income from services, grants, donations, and other sources.

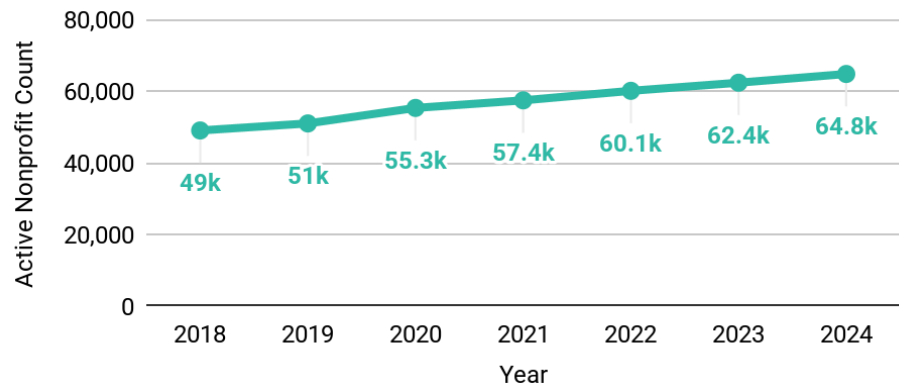
Pennsylvania Nonprofits Striving to Meet Our Needs

Pennsylvania had 64,800 active nonprofits in 2024, 75% of which were classified as 501(c)(3) charitable organizations.¹⁰ The number of active Pennsylvania nonprofit organizations has grown by 32% since 2018 (Figure 11). Apart from an 8.5% jump in 2020, the first year of the COVID-19 pandemic, the number of Pennsylvania nonprofits has grown by around 4% annually.

⁹ The PANO survey asked the question in terms of revenue sources. While revenue and income are often used interchangeably when discussing funding sources, the definitions differ in nonprofit accounting. Although the PANO survey used revenue, this report uses income for consistency. Revenue/income sources included: services, events, philanthropic grants/donations, government grants and contracts, donated from individuals, donated from corporations, earned from memberships, and other sources.

¹⁰ This report defines active nonprofit organizations as 501(c) tax-exempt organizations that filed a 990 with the Internal Revenue Service within three years or were ruled as exempt in that year. For example, nonprofits active in 2024 filed a 990 between 2022 and 2024 or received their tax-exempt status in 2024. Tax-exempt organizations that do not file for three consecutive years lose their tax exempt status.

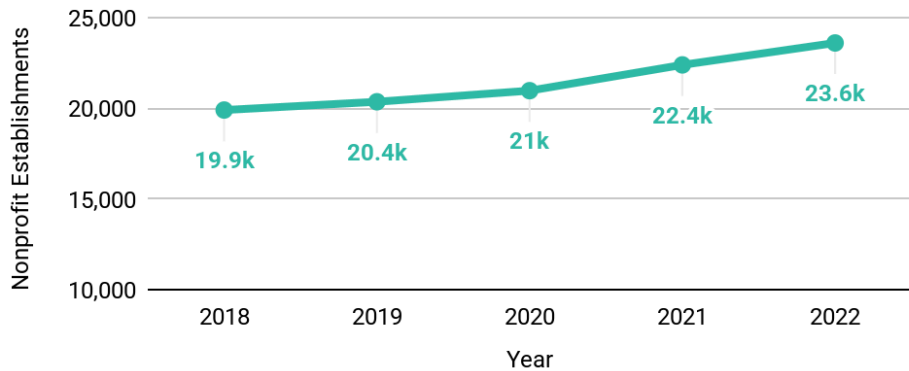
Figure 11: Active Nonprofit Count by Year
Pennsylvania, 2018-2024



Source: Internal Revenue Service, March 10, 2025, [Exempt Organizations Business Master File Extract \(2018-2024\)](#)

In 2022, 501(c)(3) charitable organizations included 23,600 establishments with at least one employee.¹¹ Like the broader population of nonprofits, the number of establishments grew from 2018 to 2022. Even with this growth, nonprofit establishments comprised only 6% of all private sector establishments in Pennsylvania (Figure 12).

Figure 12: Nonprofit Establishments by Year¹²
Pennsylvania, 2018-2022



Source: U.S. Bureau of Labor Statistics, 2018-2022, [Nonprofit Sector Research Data](#)

¹¹ U.S. Bureau of Labor Statistics, 2022, Nonprofit Sector Research Data. Establishments are individual sites. For example, a job training nonprofit may have one site that serves as its headquarters and another that serves as a training facility. Such an organization would be counted as one nonprofit or two nonprofit establishments. Nonprofit establishments are 501(c)(3)-designated charitable organization sites with at least one employee.

¹² Nonprofit establishments are 501(c)(3) charitable organizations with at least 1 employee.

Looking Ahead: Anticipated Changes

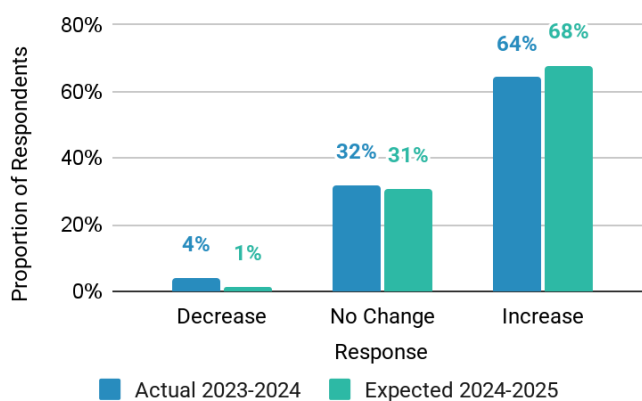
In its survey of Pennsylvania nonprofits, PANO asked organizations to anticipate how their workforce, services, budgets, and revenues would change from 2024 to 2025. The results below reflect the responses of the 240 nonprofits that responded.

Demand for Services

In general, Pennsylvania nonprofits reported that they experienced an increase in demand for services last year, and this demand is expected to continue rising in the coming year. 64% of Pennsylvania nonprofit respondents reported increased demand for services from 2023-2024, and 68% expected increased demand from 2024-2025 (Figure 13).

Figure 13: Actual and Expected Change in Demand for Services

PANO Survey Respondents, 2025



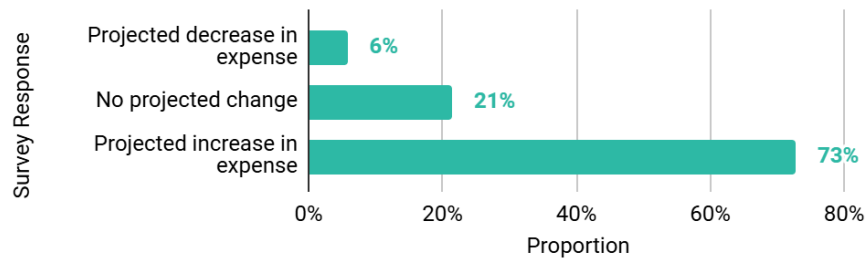
Source: PANO survey data, collected Q1 2025

Finances

Along with demand, nearly three-quarters of Pennsylvania nonprofit survey respondents expect expenses to increase in the next year (Figure 14).

Figure 14: Projected Changes to Budgeted Expenses from 2024-2025

PANO Survey Respondents, 2025

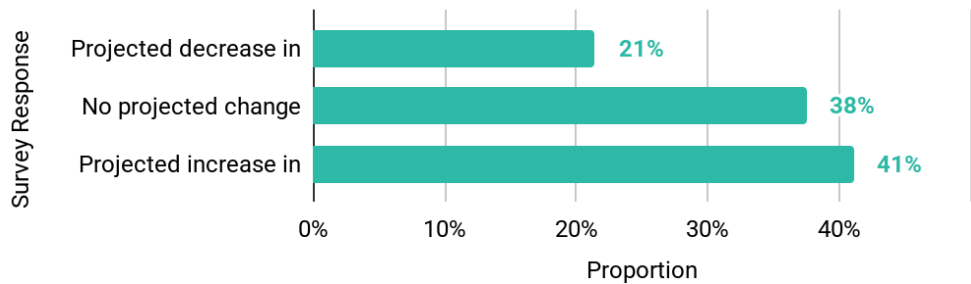


Source: PANO survey data, collected Q1 2025

Fewer respondents (41%) expect an increase in revenue to accompany rising expenses and demand for services (Figure 15).

Figure 15: Projected Changes to Total Revenue from 2024-2025

PANO Survey Respondents, 2025



Source: PANO survey data, collected Q1 2025

This survey data points to an emerging budgetary gap, with many nonprofits projecting rising expenses and service demand without increasing revenue to pay for them.

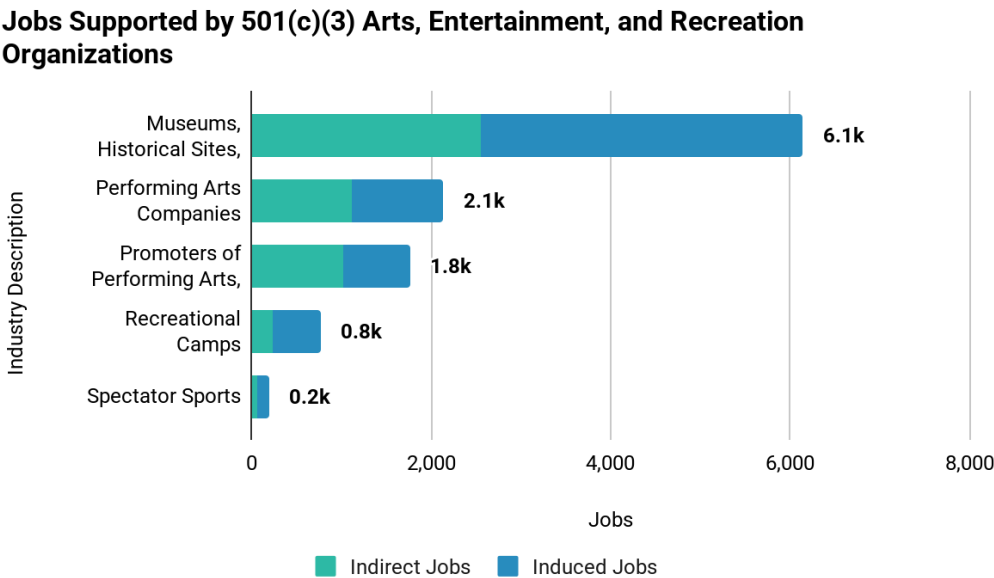
Appendix

Appendix I: Economic Impact by Nonprofit Industry

This section lists the economic impact of the largest nonprofit industries in terms of jobs they support.

Arts, Entertainment, and Recreation Organizations

Pennsylvania 501(c)(3) nonprofit Arts, Entertainment, and Recreation organizations employ 12,700 people in the state and pay \$524 million in wages.¹³ These jobs and wages support 11,000 indirect and induced jobs and \$634 million in indirect and induced earnings.



Source: U.S. Bureau of Labor Statistics, 2022, [Nonprofit Sector Research Data](#)

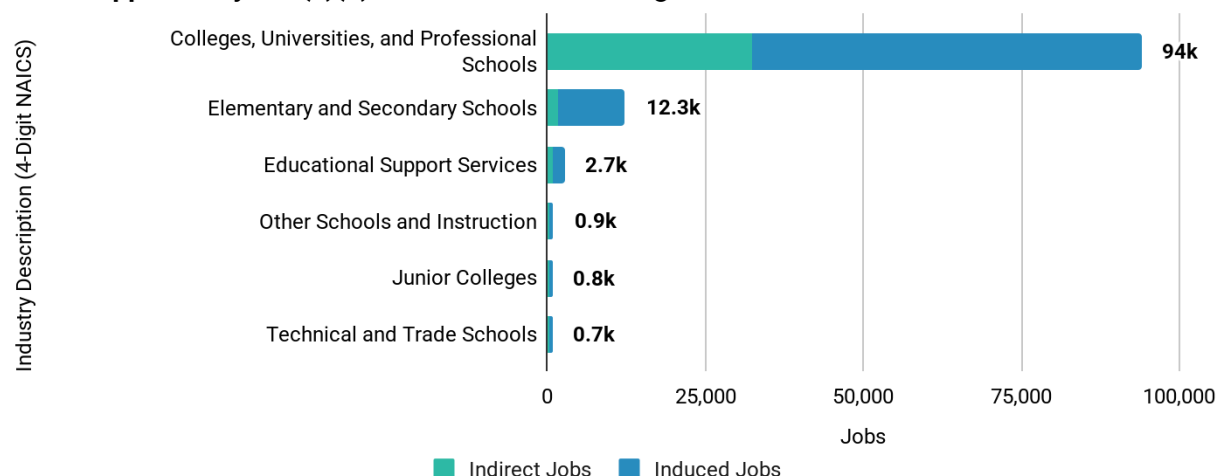
Education Services Organizations

Pennsylvania 501(c)(3) nonprofit Education Services organizations employ 153,600 people in the state and pay \$11.2 billion in wages.¹⁴ These jobs and wages support 111,700 indirect and induced jobs and \$7.9 billion in indirect and induced earnings.

¹³ Educational Services organizations exclude public schools.

¹⁴ Information Services organizations exclude municipal or state libraries or broadcasters.

Jobs Supported by 501(c)(3) Education Services Organizations

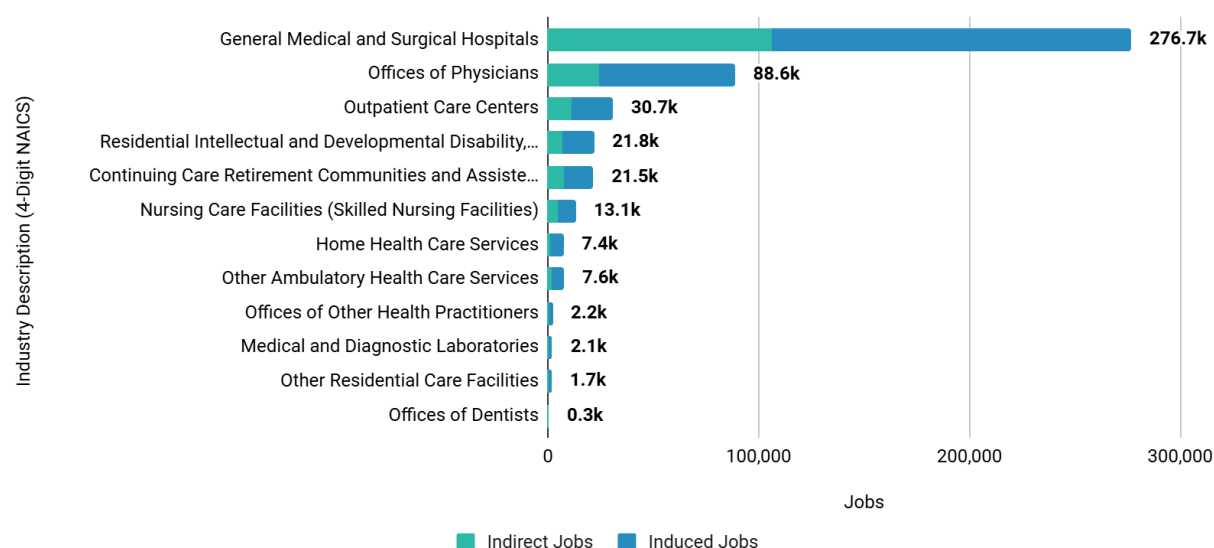


Source: U.S. Bureau of Labor Statistics, 2022, [Nonprofit Sector Research Data](#)

Healthcare Organizations

Pennsylvania 501(c)(3) nonprofit Healthcare organizations employ 449,400 people in the state and pay \$34 billion in wages. These jobs and wages support 473,800 indirect and induced jobs and \$25.6 billion in indirect and induced earnings.

Jobs Supported by 501(c)(3) Healthcare Organizations



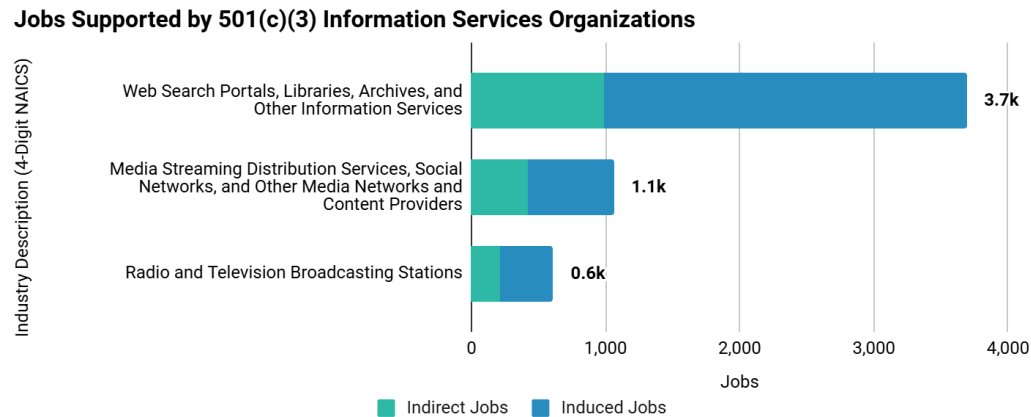
Source:

U.S. Bureau of Labor Statistics, 2022, [Nonprofit Sector Research Data](#)

Information Services Organizations

Pennsylvania 501(c)(3) nonprofit Information Services organizations, including radio and television broadcasters, media networks, and libraries, employ 5,000 people in the state and

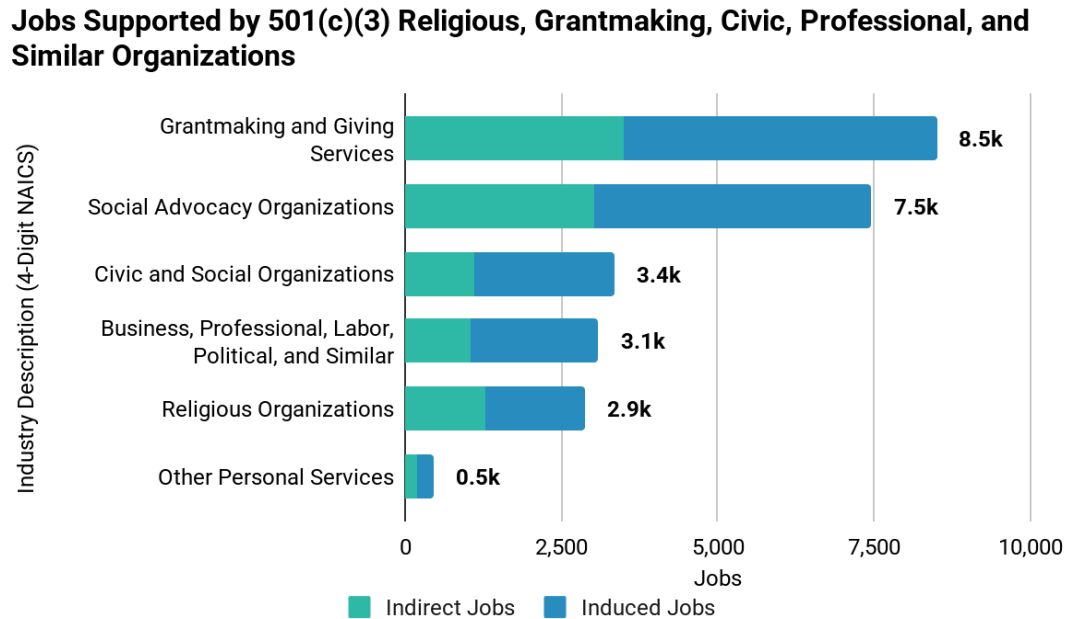
pay \$166 million in wages.¹⁵ These jobs and wages support 5,400 indirect and induced jobs and \$163 million in indirect and induced earnings.



Source: U.S. Bureau of Labor Statistics, 2022, [Nonprofit Sector Research Data](#)

Religious, Grantmaking, Civic, Professional, and Similar Organizations

Pennsylvania 501(c)(3) nonprofit Religious, Grantmaking, Civic, Professional, and Similar Organizations employ 41,000 people in the state and pay \$1.8 billion in wages. These jobs and wages support 22,400 indirect and induced jobs and \$1.6 billion in indirect and induced earnings.

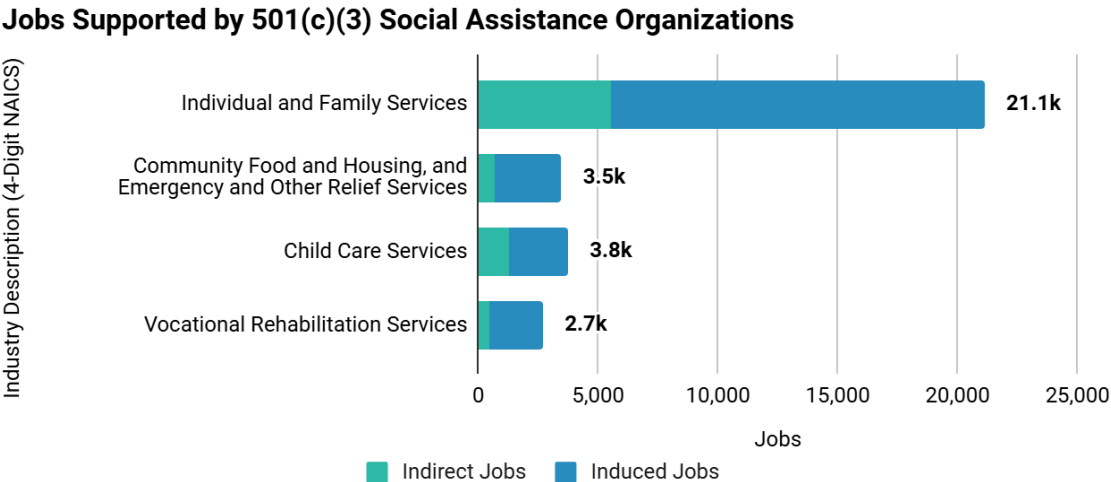


Source: U.S. Bureau of Labor Statistics, 2022, [Nonprofit Sector Research Data](#)

¹⁵ This measure of economic impact for Information Services organizations likely underestimates the true impact because it **does not include municipal or state libraries or broadcasters**.

Social Assistance Organizations

Pennsylvania 501(c)(3) nonprofit Social Assistance organizations employ 80,200 people in the state and pay \$3.2 billion in wages. These jobs and wages support 31,100 indirect and induced jobs and \$1.8 billion in indirect and induced earnings.



Source: U.S. Bureau of Labor Statistics, 2022, [Nonprofit Sector Research Data](#)

Appendix II: Data Sources

Johnson, Rose. 2024. AmeriCorps Civic Engagement and Volunteering (CEV) Dashboard. Washington, DC: AmeriCorps Office of Research and Evaluation.
<https://data.americorps.gov/stories/s/AmeriCorps-Civic-Engagement-and-Volunteering-CEV-D/62w6-z7xq>, accessed April 21, 2024.

Number of nonprofit organizations in 2025. Data Source: Internal Revenue Service, Exempt Organizations Business Master File Extract, PA, at <https://www.irs.gov/charities-non-profits/exempt-organizations-business-master-file-extra-ct-eo-bmf>, data as of March 10, 2025.

Nonprofit establishments 2018–2022. Data source: Bureau of Labor Statistics, U.S. Department of Labor, Nonprofit Sector Research Data, at <https://www.bls.gov/bdm/nonprofits/nonprofits.htm>, accessed March 2025.

National Taxonomy of Exempt Entities (NTEE) Codes. National Center for Charitable Statistics. (April 2, 20219). <https://urbaninstitute.github.io/nccs-legacy/ntee/ntee-history.html>.

USAspending.gov. United States, 2008. Web Archive.
<https://www.loc.gov/item/lcwaN0002956/>, data as of April 21, 2025.

Appendix III: Methods

Approach

This Pennsylvania Nonprofit Impact report was developed using several sources of data. Fourth Economy identified active nonprofits that may or may not have employees from an analysis of the Exempt Organizations Business Master File Extract from the Internal Revenue Service (2018–2024). We sourced data on nonprofit employer establishments from the Bureau of Labor Statistics (2018–2022). Finally, we conducted a survey of Pennsylvania nonprofit organizations (2025). The survey was widely distributed and generated more than 240 responses. This information forms the inaugural baseline model for assessing the economic impact of the Pennsylvania nonprofit sector.