INDIANA NONPROFITS PROJECT
NONPROFIT EMPLOYMENT: STATEWIDE SERIES
REPORT #14

Nonprofit Paid Employment in Arts, Entertainment, and Recreation Report, Indiana 1995-2019

September 2021

A joint product of
The O'Neill School of Public & Environmental Affairs at Indiana University
and the Lilly Family School of Philanthropy

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Copies of this report are available on the Indiana Nonprofit Sector Website (**www.indiana.edu/~nonprof**).

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Nonprofit Paid Employment in Arts, Entertainment, and Recreation for Indiana, 1995-2019

INDIANA NONPROFITS: SCOPE & COMMUNITY DIMENSIONS

NONPROFIT EMPLOYMENT SERIES: REPORT #14

A joint product of

THE O'NEILL SCHOOL OF PUBLIC & ENVIRONMENTAL AFFAIRS AT INDIANA UNIVERSITY BLOOMINGTON

THE INDIANA UNIVERSITY LILLY FAMILY SCHOOL OF PHILANTHROPY

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KEY FINDINGS

- **Arts, entertainment, and recreation (AER) employment in Indiana grew 81 percent over the 1995-2019 period.** In 2019, almost 45,000 workers were employed in the arts, entertainment, and recreation industry in Indiana, up from just under 25,000 in 1995. By comparison, Indiana's total paid employment increased by 13 percent, from 2.7 million in 1995 to 3.1 million in 2019.

- **Nonprofit AER employment grew much slower than total AER employment, up only 14 percent from 1995 to 2019**, adding 800 employees from 6,000 in 1995 to 6,900 in 2019. By 2019, nonprofits employed 15 percent of all paid employees in the AER industry, down from 25 percent in 1995.

- **Nonprofit employment in AER grew at an average annual rate of 0.6 percent between 1995 and 2019** and increased for 15 of the 25 years between 1995-2019. Most of the loss in nonprofit employment occurred between 2004 and 2014.

- **For-profit employment in AER grew at a notably faster annual rate — 3 percent between 1995 and 2019, and government employment increased at an average annual rate of 1 percent.** Like nonprofit employment, for-profit employment declined during the 2004 to 2014 period.

- **Nonprofit payroll for AER grew just below twice the rate of employment at** 26 percent up from $149 million in 1995 to $188 million in 2019 (in constant 2019 dollars). Nonprofit payroll in AER has increased for 15 years since 1995 (by an average of 1 percent per year). For 16 of the 25 years, annual growth was less than 2 percent.

- **Each of the three AER subindustries show distinct patterns of nonprofit paid employment between 1995-2019.** The amusement subindustry accounts for most nonprofit jobs in the AER industry even though the nonprofit share of total employment is low in this subindustry. The museums and similar institutions subindustry employ fewer nonprofit workers, but they dominate the industry. The performing arts and related industries subindustry has relatively few nonprofit employees. Each of the three subindustries have minor subindustries with distinctive patterns.

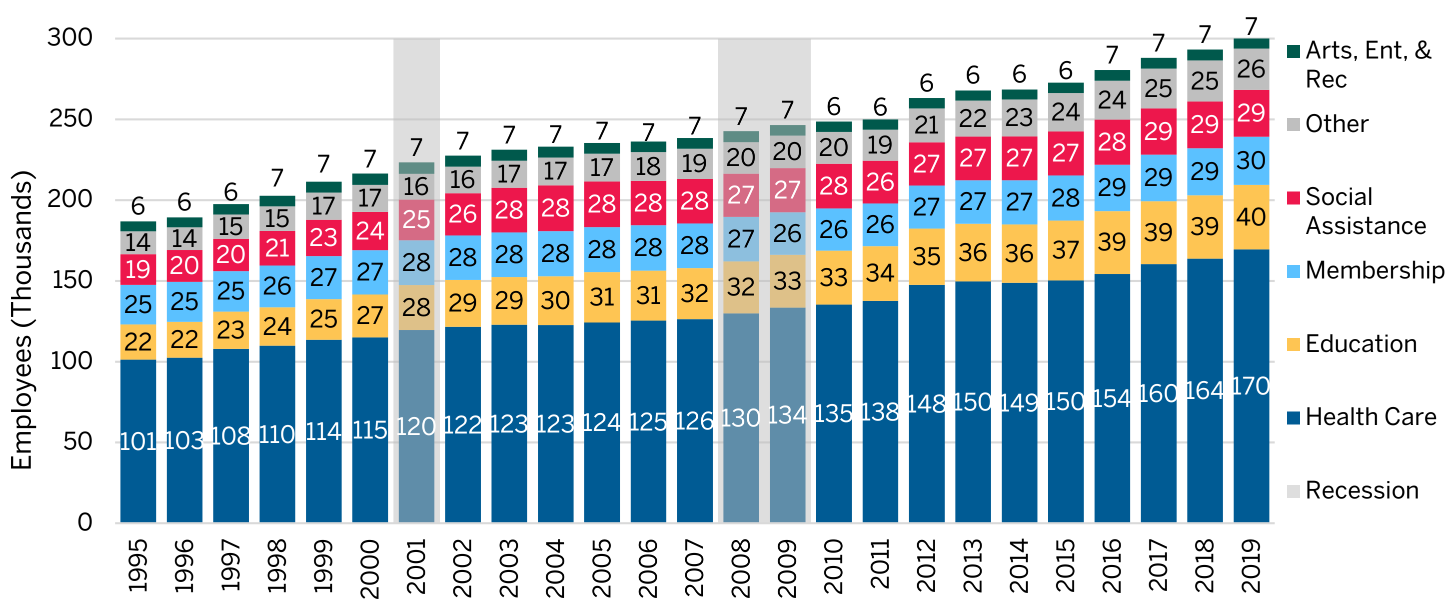
I. Introduction

Indiana nonprofits account for a significant share of the state's economy – roughly 10 percent of total paid employees and of the state's total payroll in 2019. Total nonprofit employment across all industries has grown every year since 1995, up 61 percent overall by 2019. The vast majority of nonprofit employees are found in key service industries, notably health care, education, membership, social assistance, and arts, entertainment, and recreation (Figure 1). However, their contributions differ significantly across these industries.

This report covers the arts, entertainment, and recreation (AER) industry—as defined by the North American Industry Classification System (NAICS). This industry is the smallest of the major nonprofit employers in Indiana. Still, the AER industry provides a variety of activities for Indiana residents. Most AER employees work within the amusement, gambling, and recreation subindustry, as do most of the nonprofit employees. Performing arts, spectator sports, and related industries are the next largest segment. The final grouping is museums, historical sites, and similar institutions. Within each subindustry are further subindustries of varying sizes.

Art, entertainment, and recreation is the fourteenth largest industry in Indiana, employing 1 percent of the state's total workforce. Within the nonprofit sector, this is the fifth largest industry. In 2019, almost 6,900 of the 301,000 Indiana nonprofit employees were AER workers (see dark green segment in Figure 1). The nonprofit payroll for the arts, entertainment, and recreation industry was $188 million in 2019.[1] In all, AER accounted for 2 percent of Indiana's nonprofit workforce and 1 percent of its nonprofit payroll in 2019, suggesting that AER nonprofit employees earn relatively low wages compared to other nonprofit employees. See Figure C1 in Appendix C for more details on the nonprofit sector payroll for Indiana.

Figure 1: Nonprofit Sector Employment (in thousands) by Industry (1995-2019)



A. Arts, Entertainment, and Recreation

In this section, we will look at paid employment and payroll in the art, entertainment, and recreation (AER) industry, with special attention to the nonprofit sector.[2]

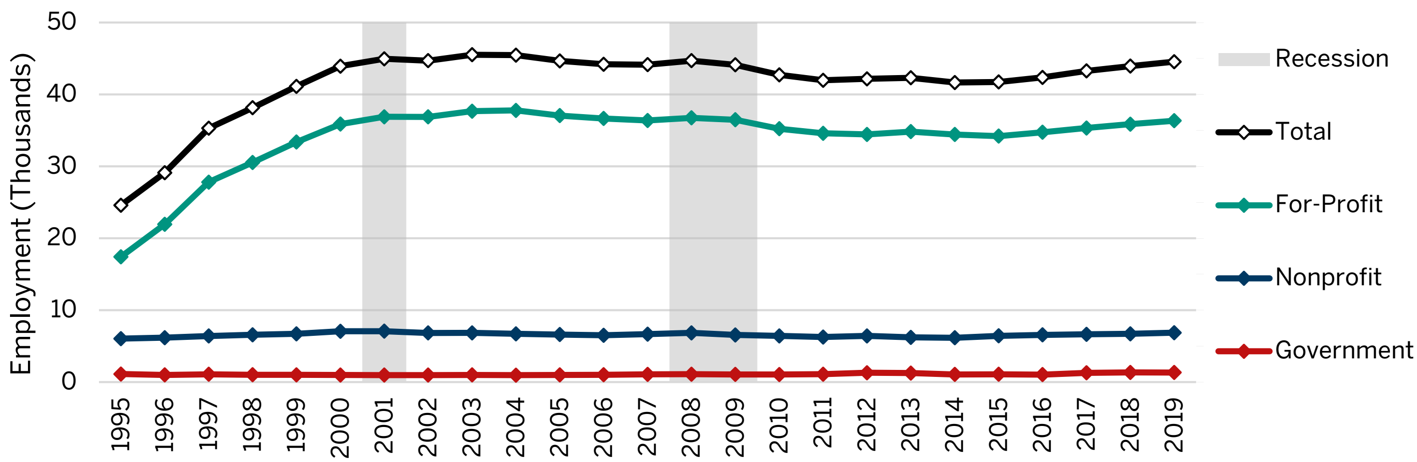
[1] All payroll values in the Arts, Entertainment, and Recreation Report are adjusted to 2019 inflation.

[2] The count of employees is an average of the number of people employed each quarter by Indiana establishments for a given calendar year and includes both full-time and part-time workers. Total payroll is the sum of quarterly payrolls during a given calendar year and includes total compensation, including bonuses, but not employer contributions to fringe benefits. It is important to note that the AER

1. Employment

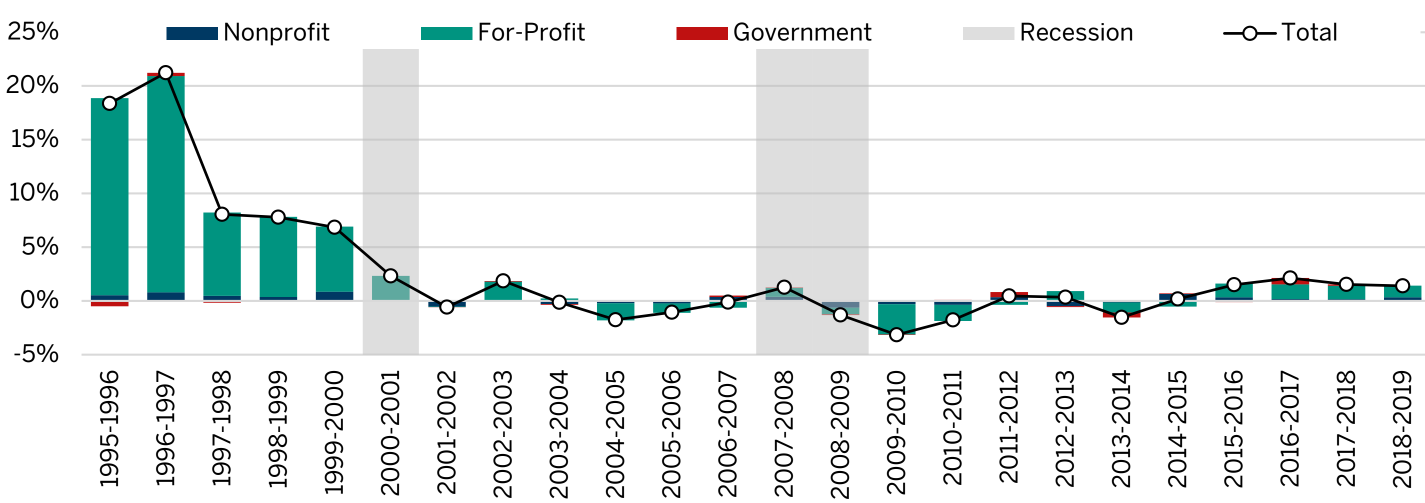
Total paid employment in arts, entertainment, and recreation (AER) grew by almost 20,000 employees, up by 81 percent, from under 25,000 workers in 1995 to almost 45,000 workers in 2001, after which there was very little change (Figure 2). The figure also shows that all of the growth over the 1995-2001 period was due to increases in for-profit employment, up from 17,400 in 1995 to 36,900 in 2001, after which employment changed minimally. There is a large gap between employment in nonprofits and for-profits. While nonprofit employment increased by roughly 800 (from 6,000 in 1995 to 6,900 in 2019), for-profit employment grew by 19,000 (from 17,400 to 36,400).[3] Government employment grew the least, increasing by only 200 employees (from 1,100 to 1,300). See Figure B1 in Appendix B for another view of employment in AER by sector.

Figure 2: AER Employment (in thousands) by Sector (1995-2019)



On average, total AER employment grew by 3 percent annually over the 1995-2019 period. The industry grew really fast between 1995 and 2000 (an average annual increase of 12 percent) before slowing to only 0.1 percent on average annually (see white dots in Figure 3). For 9 years of the 1995-2019 period, the industry lost employees (7 of those years were between 2004 and 2011).

Figure 3: Sector Breakdown of Total Percent Change in AER Employment (1995-2019)



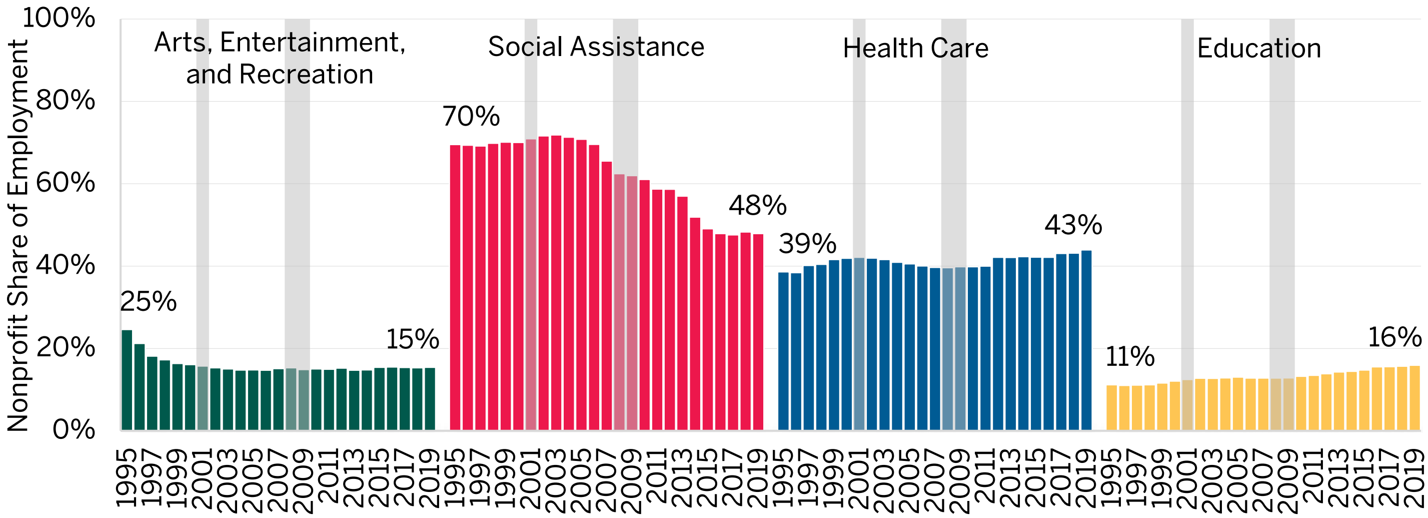
industry has considerable seasonal employment, e.g., music and theatre activities in the winter months and recreational activities during the summer months. See Appendix A for a more in-depth description of the methodology on which this analysis is based.

[3] Numbers do not add up due to rounding.

Looking further at the annual percent change, we see that the biggest driver of changes in employment is due to for-profit jobs (see green segments in Figure 3). In fact, for 14 of the 25 years, for-profit employment grew at a faster rate than nonprofit and government employment. Nonprofits (blue segments) only had the fastest growth for 3 of the 25 years with government (red segments) dominating the remaining years – all years when for-profit employment either declined or grew very slowly. Regardless, employment decreased for 9 years of the period. Nonprofits lost employees for 9 years, compared to for-profit and government, which lost employees for 10 and 13 years, respectively. For more information on growth in AER employment and payroll by sector see Figures C2 in Appendix C. To see how each sector grew over time see Figures B3 and B4 in Appendix B.

The slower growth of nonprofit employment relative to total employment in AER means that nonprofits saw a decline in their share of total employment, down from 25 percent in 1995 to 15 percent in 2019. As the green bars on Figure 4 suggest, this loss happened early in the period, before settling at roughly 15 percent of total AER employment by 2002. Similarly, nonprofits have lost their dominance in social assistance (red segment) dropping from 70 percent in 1995 all the way to 48 percent in 2019, a more dramatic decline than AER. By contrast, both health care and education have seen increased nonprofit shares over time.

Figure 4: Share of Nonprofits in Employment in Major Nonprofit Industries (1995-2019)



2. Payroll

The employment trends above represent general industry patterns for arts, entertainment, and recreation. Payroll follows the same general patterns, but grew more rapidly than employment, suggesting that average annual wages increased as well, adjusted for inflation to 2019 dollars.[4] Overall, total AER payroll more than doubled, up by 134 percent from $670 million in 1995 to $1.6 billion in 2019, Total nonprofit payroll in AER increased by a much smaller amount, up 26 percent from $149 million in 1995 to $188 million in 2019. See Figure B2 in Appendix B for more information on the AER payroll. The nonprofit share of total payroll declined from 22 percent in 1995 to 12 percent in 2019. For more information on the nonprofit share of total payroll see Figure C3 in Appendix C.

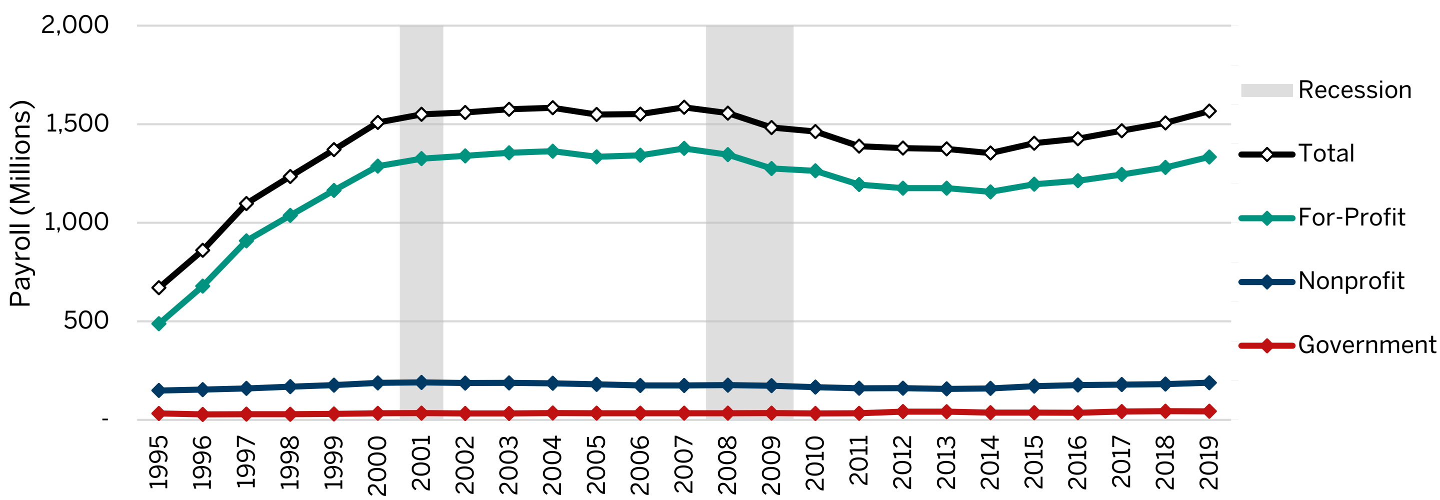
The average annual growth rate for for-profit payroll in AER is much higher than for nonprofits, respectively 5 and 1 percent. For-profit payroll faced periods of significant growth and decline, connected by periods of moderate growth. For-profit payroll grew at an average annual rate of 22 percent during 1995-2000 before slowing down from 2001 to 2008 to an average annual 0.6 percent growth. Then, from 2008-2014 for-profit

[4] Previous reports have used other years as a benchmark for payroll data. Thus, payroll values may vary between reports.

payroll decreased by an average annual 2 percent. Since then, growth in total payroll has stayed positive, at an average annual increase of 3 percent.

Figure 5 shows how payroll in each sector changed over the 1995-2019 period. We see that nonprofit payroll is typically between $115-160 million higher than government payroll in AER, adjusted to 2019 dollars. In contrast, the gap between nonprofit and for-profit payroll is much higher. In fact, the gap rapidly increased from $340 million in 1995 to approximately $1.1 billion from 2000-2019 (in 2019 dollars). The rest of the report focuses primarily on AER employment trends; Appendix C contains additional graphs on AER payroll.

Figure 5: AER Payroll (in millions) by Sector (1995-2019), in constant dollars (2019)



II. Arts, Entertainment, and Recreation Subindustries

The trends explored above offer an accurate description of the AER industry as a whole but do not reveal the diverging patterns across the subindustries. The North American Industry Classification System (NAICS) lists three major subindustries for AER. We refer to NAICS 711, performing arts, spectator sports, and related industries hereafter as “performing arts and related industries”. For NAICS 713, amusement, gambling, and recreation, we use “amusement”. Finally, we refer to NAICS 712, museums, historical sites, and similar institutions, as “museums and similar institutions” below. These three major subindustries are further subdivided into 12 minor subindustries, which we will also explore.

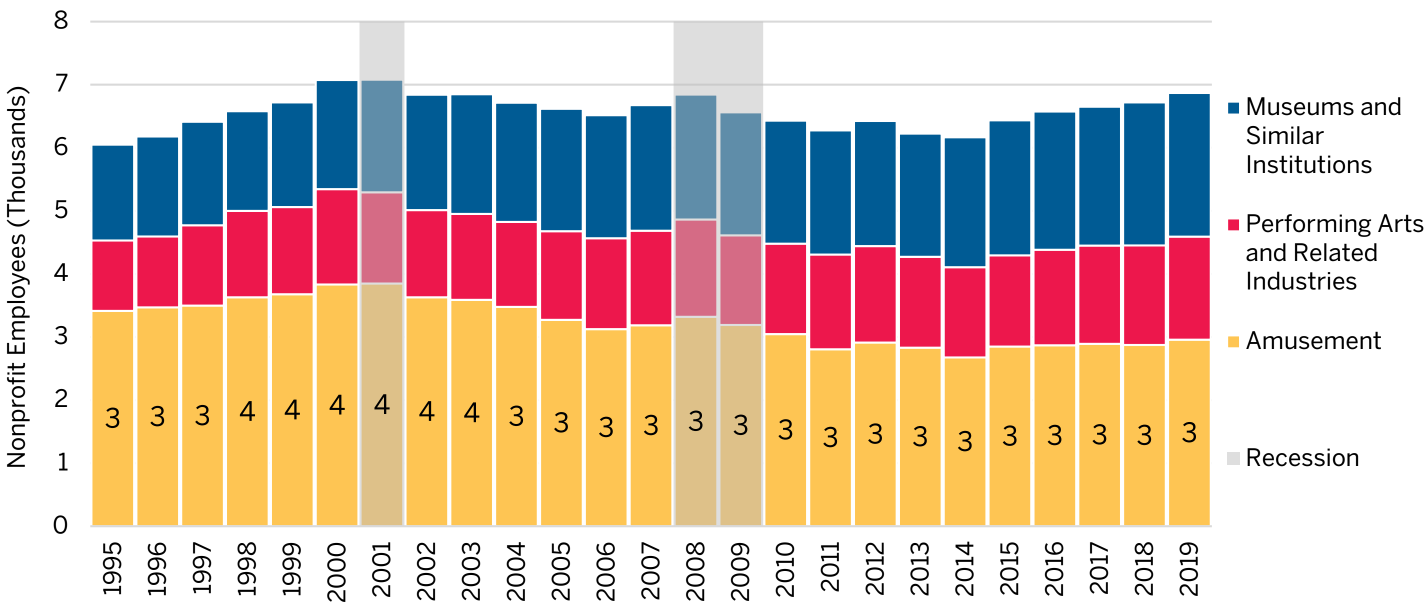
The amusement subindustry is by far the largest of the AER subindustry, accounting for almost three-quarters (74 percent) of the overall industry – 33,000 of the 45,000 paid AER employees in 2019. In comparison, performing arts and related industries account for only 8,800 employees (20 percent), while museums and similar institutions account for only 2,700 of paid employees, or 6 percent. Amusement is also the largest nonprofit employer, employing almost 3,000 of the 6,900 nonprofit paid employees (43 percent), followed by museums and similar institutions with 2,300 employees, and performing arts and related industries with the remaining 1,600.[5]

Despite amusement being the largest nonprofit employer, it has only been a driver of nonprofit growth for 7 years between 1995 and 2019 and has actually decreased in size over time, losing nonprofit employees during 11 of the 25 years. By contrast, the other two major subindustries have grown in nonprofit employment and payroll, with museums and similar institutions growing the fastest. For further details on subindustry share of nonprofit growth, see Figures B5 and B6 in Appendix B.

[5] The numbers may not sum perfectly due to rounding.

While the AER nonprofit sector has grown only fairly slowly since 1995, each subindustry show distinctive patterns of growth. As shown by Figure 6, nonprofit employment in the amusement subindustry (yellow segments) increased slightly from 3,400 in 1995 to 3,800 in 2001 before decreasing over the remaining years to 3,000 in 2019. Museums and similar institutions was up 800 nonprofit employees from 1,500 to 2,300 during the same period. Finally, nonprofit paid employment in performing arts and related industries grew from 1,100 in 1995 to 1,600 in 2019. Payroll in each subindustry follows similar patterns. See Figure C4 in Appendix C for more details on payroll.

Figure 6: Nonprofit Employment (in thousands) in AER by Major Subindustry (1995-2019)



In the next three sections, we examine in detail each of three major subindustries with their associated minor subindustries. In particular, we identify the distinct patterns in employment, payroll, average size of establishments, and average annual wages. The subindustries below are ordered by from largest overall employment to smallest employment.[6]

A. Amusement, Gambling, And Recreation

The amusement subindustry is the largest component of the AER industry, employing 74 percent of all paid workers. In addition, 43 percent of all nonprofit AER employees work in the amusement industry. The net growth in this subindustry was minimal, although employment increased rapidly during the first five years of the period before slowing down and even declining over some years.

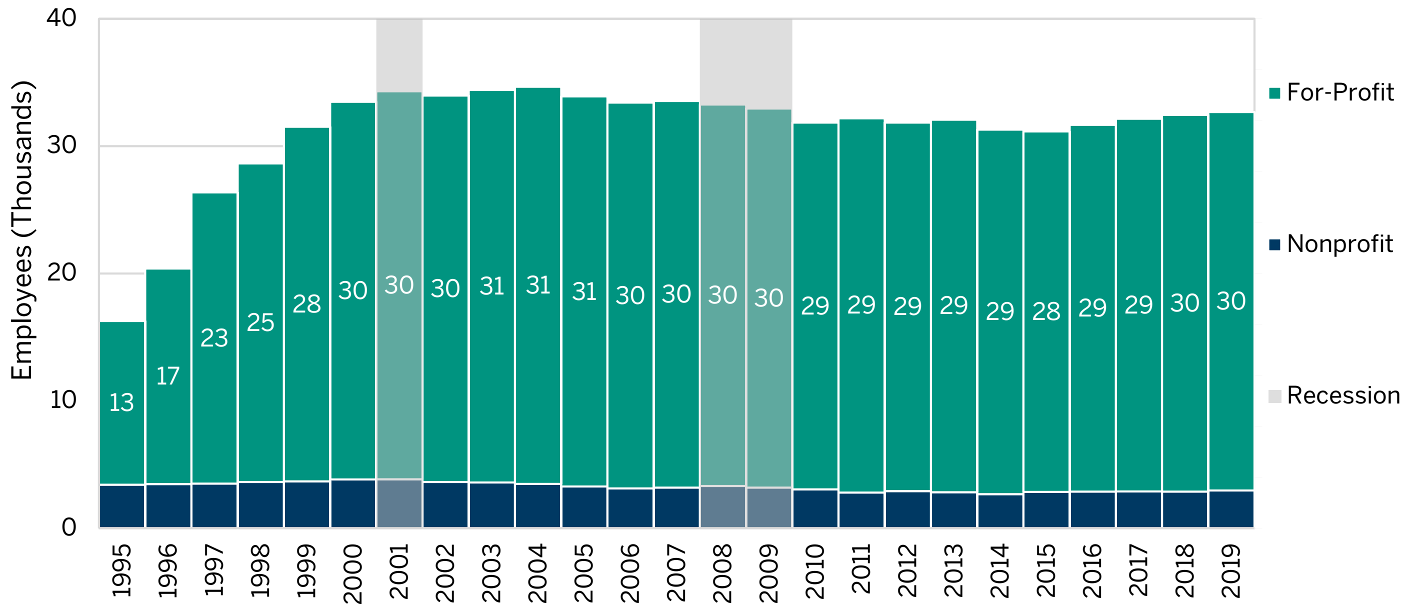
Private employment for the amusement subindustry just about doubled (up 101 percent), from 16,000 in 1995 to 33,000 in 2019. Private employment is combination of for-profit and nonprofit employment. Figure 7 suggests that the rise in for-profit employment accounted for the majority of this growth. For-profit employment increased by 131 percent, up from almost 13,000 employees in 1995 to just under 30,000 in 2019. This growth happened from 1995 to 2000, when for-profit employment increased by 17,000 or 131 percent. Since 2000, for-profit employment has remained between 28,000-31,000. In contrast, nonprofit employees decreased by 13 percent, down from about 3,400 in 1995 to 3,000 in 2019.

Amusement private payroll patterns grew faster than paid employment, increasing from $296 million in 1995 to $776 million in 2019 (a total increase of 162 percent). Unlike employment, payroll continued to rise rapidly for several more years until it reached $983 million in 2004. Since then, payroll decreased every year except from

[6] To preserve confidentiality, we show only employment for all sectors combined or just for the largest sector.

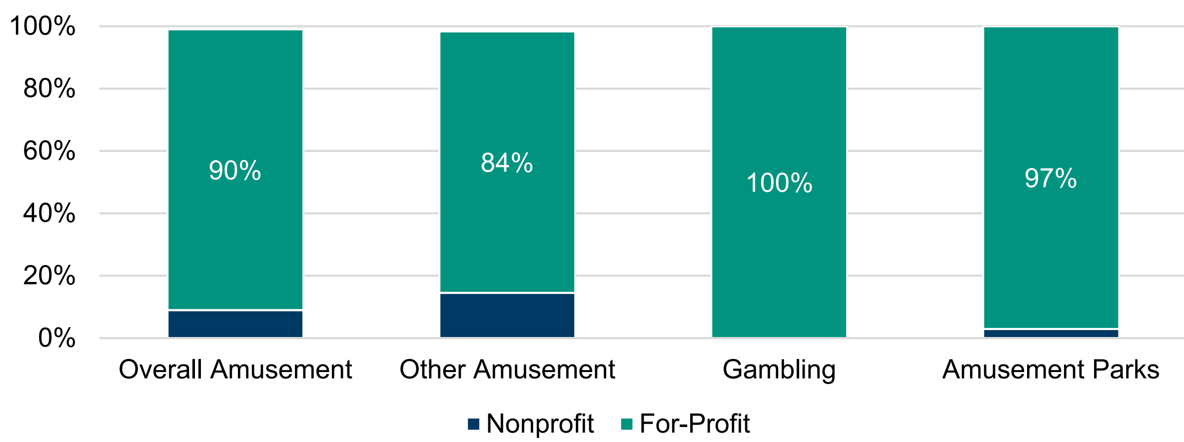
2015-2018. Nonprofit payroll declined by 13 percent over the 25 years. From 1995 to 2001, nonprofit payroll grew by almost $15 million, up from $75 million in 1995 to $90 million in 2001. After that, nonprofit payroll declined to $56 million in 2013 before slowly rising again to reach $65 million in 2019. See Figure C5 in Appendix C for more details.

Figure 7: Amusement Private Paid Employment (in thousands) by Sector (1995-2019)



Within the amusement subindustry, there are three minor subindustries: other amusement and recreation industries (other amusement), gambling industries (gambling), and amusement parks and arcades (amusement parks). Our data for these three subindustries are limited to 2010-2019. Figure 8 shows how the share of total employment by sector compares across amusement (overall) and its minor subindustries. We see that the industry is almost completely dominated by for-profit employment regardless of minor subindustries. Almost all (98 percent) of all nonprofit employees in the amusement subindustry work for “other amusement” establishments. This minor subindustry includes establishments such as miniature golf course, day camps, recreational teams, and amusement rides.[7] See Figure C6 in Appendix C for the distribution of total payroll by sector, adjusted for inflation.

Figure 8: **Distribution of Total Employment by Sector for Amusement Subindustries (2019)**

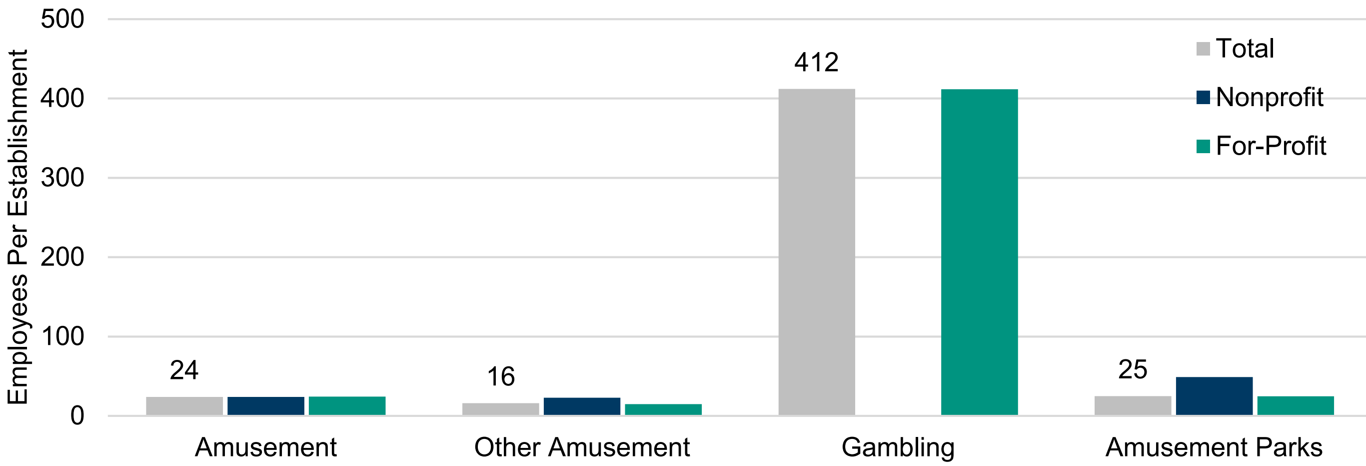


[7] See “NAICS 7139,” available online at https://www.naics.com/naics-code-description/?code=713990

To examine how each AER subindustry and its respective minor subindustries are structured, we look at the average size of establishments, computed by dividing total employees by total establishments. These averages should be interpreted with caution, however, since they may hide very large or very small establishments. They also do not distinguish between full-time and part-time workers. Both of these features likely vary considerably among industries and sub-industries, also depending on the seasonal employment patterns. Nor do these figures adequately capture the size of nonprofit (or for-profit) organizations, since some larger organizations may operate multiple establishments both in the region and elsewhere.

Figure 9 shows that the average size of establishments for the overall amusement subindustry is 24 employees per establishment. We see that gambling establishments by far have the largest average size at 412 employees. Both amusement parks (25) and other amusement establishments (16) have significantly smaller average sizes. For amusement overall, we see that nonprofit and for-profit establishments have roughly the same size.

Figure 9: Amusement Subindustries Average Size of Establishments by Sector (2019)

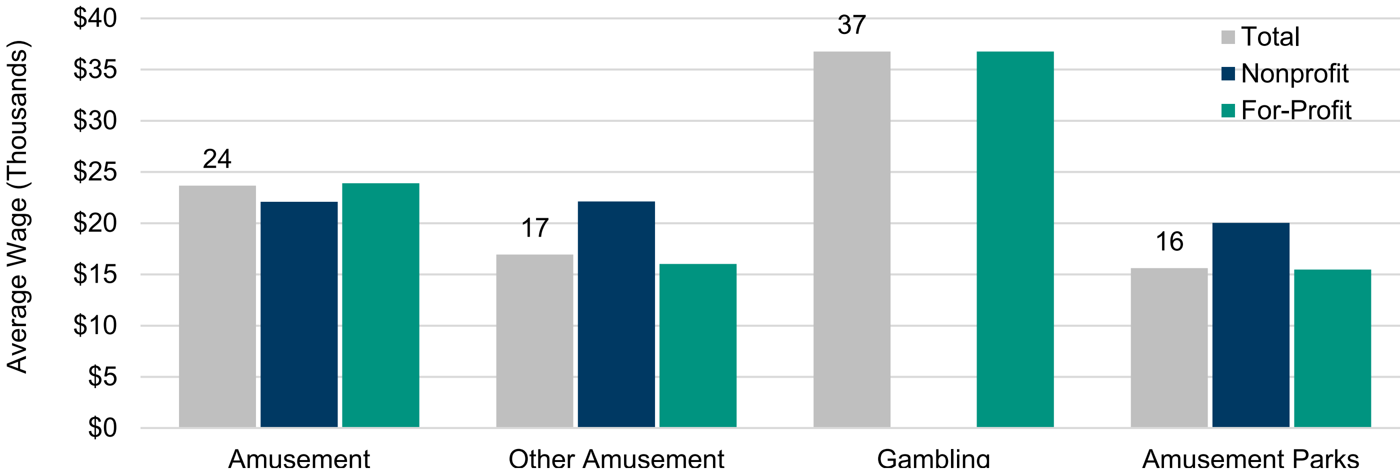


Average annual wages offer further insights into how these minor subindustries are structured. We calculate average annual wages by dividing the annual payroll (adjusted for inflation to 2019 dollars) by the number of employees. As with average size of establishments, these values should be interpreted with caution, since averages may hide very large or very low annual wages in some establishments or subindustries. In addition, the number of employees includes both part-time and full-time workers, so industries with many part-time - workers may appear to have very low average annual wages. In addition, some of these sub-industries have considerable seasonal employment, which will also affect average annual wages. Total payroll includes monetary compensation (e.g., salary, wages, bonuses, commissions, incentive payments, and tips), but not deductions (such as taxes) or fringe benefits.

As Figure 10 shows, average wage in the overall amusement subindustry is $24,000. Among the minor subindustries, gambling has the highest average wage at $37,000 while those working for either other amusement establishments or amusement parks have less than half of that amount (respectively $17,000 and $16,000). For-profits have higher wages than nonprofits for amusement in general, although in other amusement and amusement parks, nonprofit wages seem to be higher.

Next we take a closer look at each of these minor subindustries, however, we do not have detailed trend data available for the entire 1995-2019 period for all minor subindustries. For some we have data only back to 2007 or 2010.

Figure 10: Amusement Subindustries Average Wage 19$ (in thousands) by Sector (2019)

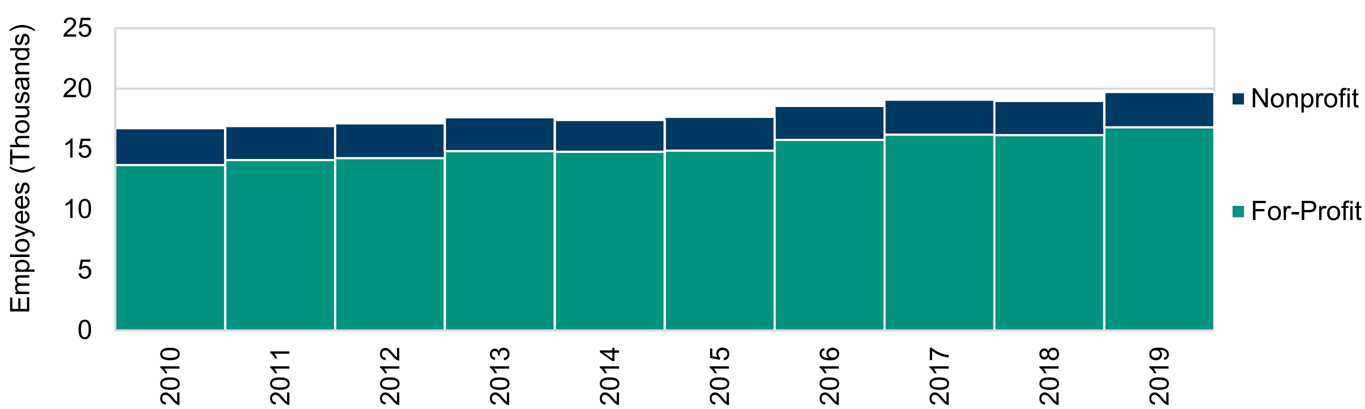


1. Other Amusement

The other amusement subindustry includes golf courses, country clubs, skiing facilities, marinas, fitness and recreational sports centers, bowling centers, among other activities. The other amusement minor subindustry accounts for 61 percent of employment in the amusement subindustry and 98 percent of nonprofit amusement workers. About 84 percent of all paid employees in this minor subindustry work in for-profit establishments.

Total employment in other amusement grew 18 percent, up from below 17,000 employees in 2010 to just over 20,000 in 2019. This industry grew at an average annual rate of 2 percent and increased in every year of the 10-year period except for 2 years. Figure 11 shows paid employment in other amusement by sector and indicates that almost all of the growth occurred in for-profit establishments. Total payroll increased from $283 million in 2010 to $340 million in 2019 (a 20 percent increase). See Figure C7 in Appendix C for more details.

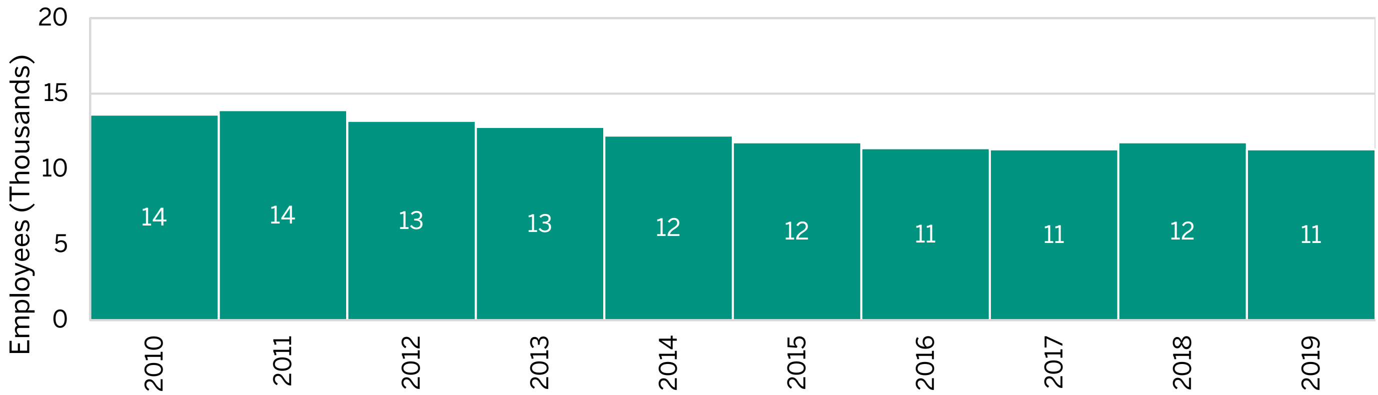
Figure 11: Other Amusement Private Paid Employment (in thousands) by Sector (2010-2019)



2. Gambling

The gambling industry is the next largest amusement subindustry and is almost entirely composed of for-profit employment. Figure 12 shows how for-profit employment has decreased over time, dropping from just under 14,000 paid employees in 2010 to just above 11,000 employees in 2019, a 17 percent decrease. This industry declined at an average annual rate of 2 percent, gaining employment only in 2011 and 2018. For-profit payroll similarly dropped from $520 million in 2010 to $416 million in 2019, down 20 percent. The only time for-profit payroll increased was in 2018 where it rose by $17 million, up from $415 million in 2017. See Figure C8 in Appendix C for more details.

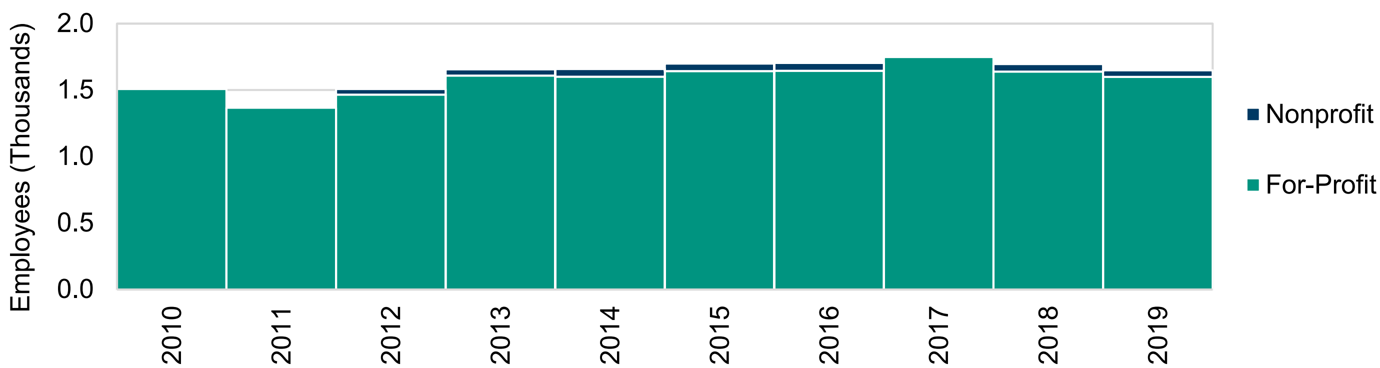
Figure 12: Gambling For-Profit Paid Employment (in thousands) (2010-2019)



3. Amusement Parks And Arcades

Like gambling, amusement parks and arcades are heavily dominated by for-profit employment, although we do see some nonprofit presence. Compared to the first two minor subindustries this one is significantly smaller. As Figure 13 shows, total employment has grown 9 percent, up from 1,500 in 2010 to 1,600 in 2019. The average annual growth is 1 percent. Total payroll grew from $23 million in 2010 to $26 million in 2019, up 12 percent, although it decreased for four of the years in the period. See Figure C9 in Appendix C for more details.

Figure 13: Amusement Parks Private Paid Employment (in thousands) (2010-2019)



Next, we take a look at the performing arts and related industries subindustry.

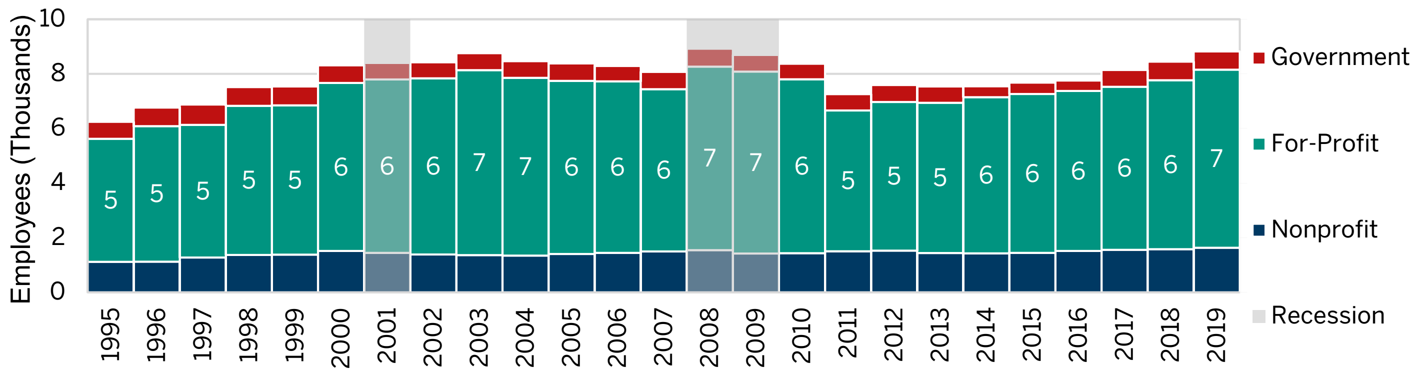
B. Performing Arts, Spectator Sports, And Related Industries

The performing arts and related industries subindustry is the second largest subindustry in arts, entertainment, and recreation, employing 20 percent of all workers in the industry. In the performing arts and related industries subindustry, 74 percent work for for-profit employment with the rest split between nonprofit and government workers. Still, 24 percent of all AER nonprofit employees work in this industry. This industry has faced varying periods of growth and decline. From 1995 to 2003, employment grew rapidly at an average of 4 percent annually. Employment then declined for 8 of the 10 years between 2004 to 2013, before beginning a slow increase.

Figure 14 shows how paid employment increased over the 1995 to 2019 period, up 41 percent from 6,200 in 1995 to 8,800 in 2019. For-profit employment accounted most of the annual changes, rising 45 percent from 4,500 in 1995 to 6,500 in 2019. Nonprofit employment grew, especially early on but not to the same level as for-profit employment. Government changed even more minimally as we see in the graph below.

The payroll patterns for performing arts and related industries are largely similar to those for employment, although payroll grew more rapidly, doubling from $314 million in 1995 to $691 million in 2019. Payroll decreased for only 6 years over the 1995-2019 period. Payroll grew the fastest from 1995 to 2000 at an average annual rate of 11 percent, but then increased by only 1.6 percent annually on average from 2000 to 2019. Nonprofit payroll was up 50 percent from $32 million to $48 million over the 1995-2019 period. The average annual growth rate of nonprofit payroll was 2 percent, although nonprofit payroll declined for 9 of the 25 years, 7 of them between 2003 and 2010. Both government and for-profit payroll followed similar patterns to employment within their sector, although payroll increases much more. See Figure C10 in Appendix C for more details.

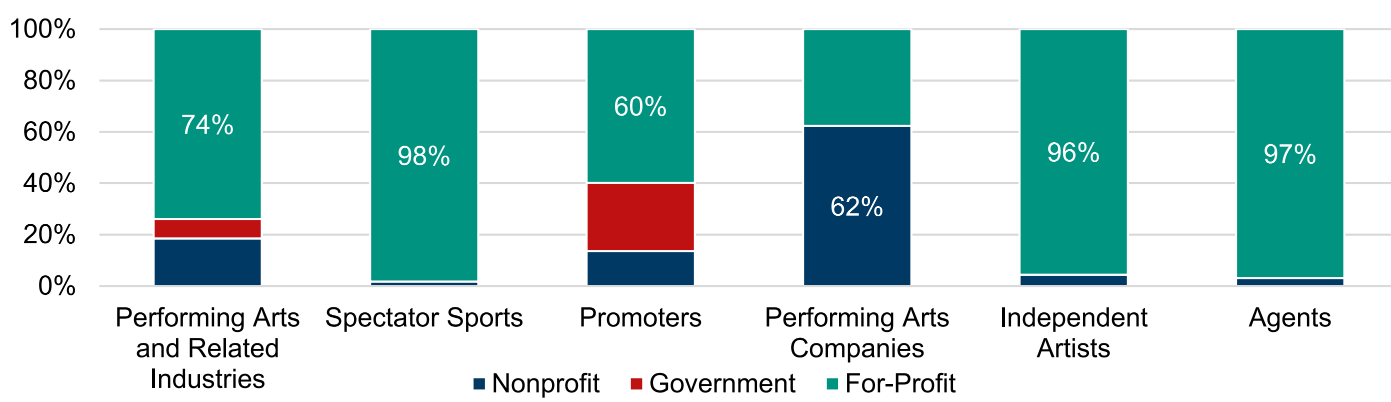
Figure 14: Performing Arts and Related Industries Paid Employment (in thousands) by Sector (1995-2019)



The performing arts and related industries subindustry has five minor subindustries: performing arts companies; promoters of performing arts, sports, and similar events (promoters); independent artists, writers, and performers (independent artists); spectator sports; and agents and managers for artists, athletes, entertainers, and other public figures (agents). Spectator sports is the largest minor subindustry, employing 44 percent of performing arts and related industries employees followed by promoters (28 percent) and performing arts companies (22 percent). The final two industries jointly make up the remaining 6 percent.

Figure 15 shows the distribution of employment by sector for each of the subindustries within performing arts and related industries. For-profits dominate each of the minor subindustries, except for performing arts companies, which is dominated by nonprofits.[8] Government employment is only prominent in the promoters subindustry. See Figure C11 in Appendix C for distribution of total payroll, in constant 2019 dollars.

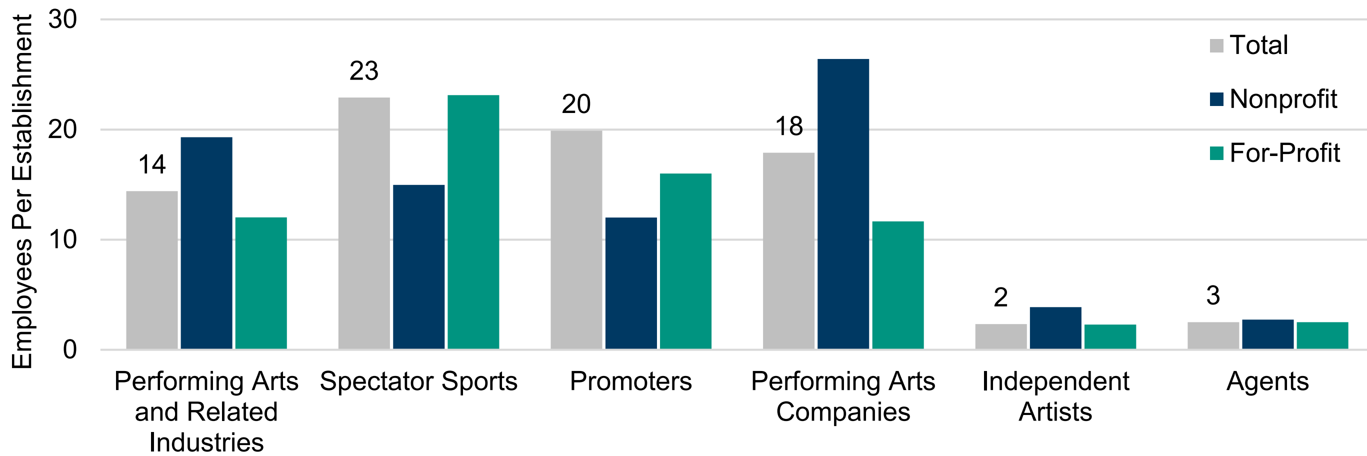
Figure 15: **Distribution of Total Employment by Sector for Performing Arts and Related Industries Subindustries (2019)**



[8] The large nonprofit share in spectator sports is likely due to the location of headquarter organizations such as the USA Gymnastic. See SICCODE, "USA Gymnastics," https://siccode.com/search-business/usa+gymnastics+in

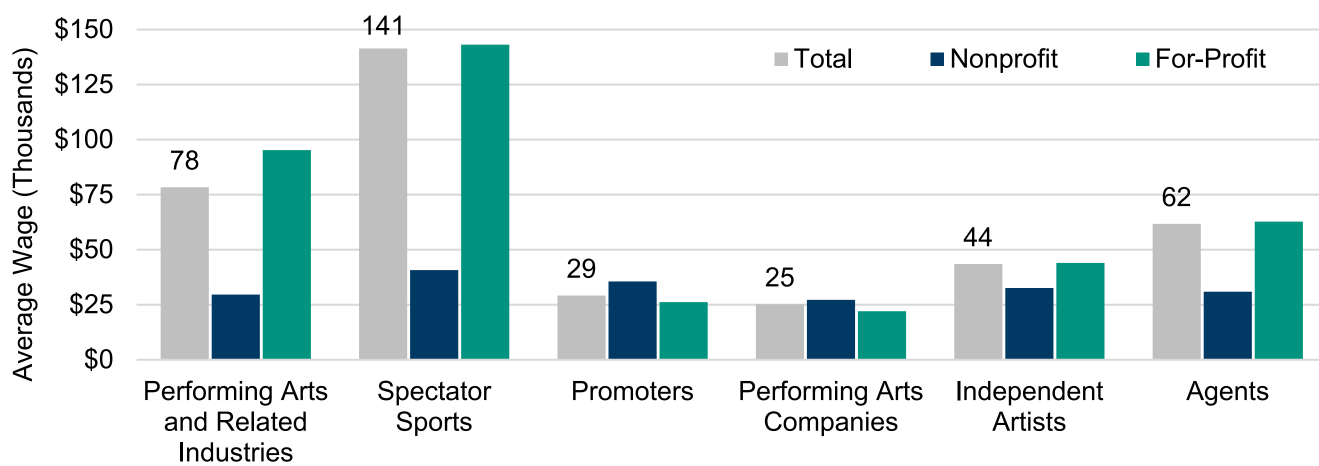
The average size of performing arts and related establishments is 14 employees on average, although it varies significantly across the minor subindustries, as shown in Figure 16. Average size is highest in spectator sports (23), promoters (20), and performing arts companies (18). As expected, independent artists and agents are significantly smaller in size, with 2 and 3 employees on average, respectively. We also see nonprofit establishments are larger than for-profits for the overall subindustry, as well as for performing arts companies, but smaller in spectator sports and promoters. The average size of the government establishments in promoters is almost eight times the total average size of promoters (not shown). [9]

Figure 16: Performing Arts and Related Industries Subindustries Average Size of Establishments by Sector (2019)



Average annual wages for performing arts and related industries is quite high at $78,000. Figure 17 shows average wage by sector for the performing arts and related minor subindustries. Spectator sport has the highest average wage by far with $141,000. The average wage for agents ($62,000) and independent artists ($44,000) are also notably high, although less than half the size of the spectator sports. Promoters ($29,000) and performing arts companies ($25,000) have the lowest average annual wages in this subindustry. We also see that in every minor subindustry except for promoters and performing arts companies, nonprofit average annual wages are lower than for-profit wages. Government average annual wages (not shown) in the promoters minor subindustry is just under the nonprofit average wage.

Figure 17: Performing Arts and Related Industries Subindustries Average Wage by Sector (2019)



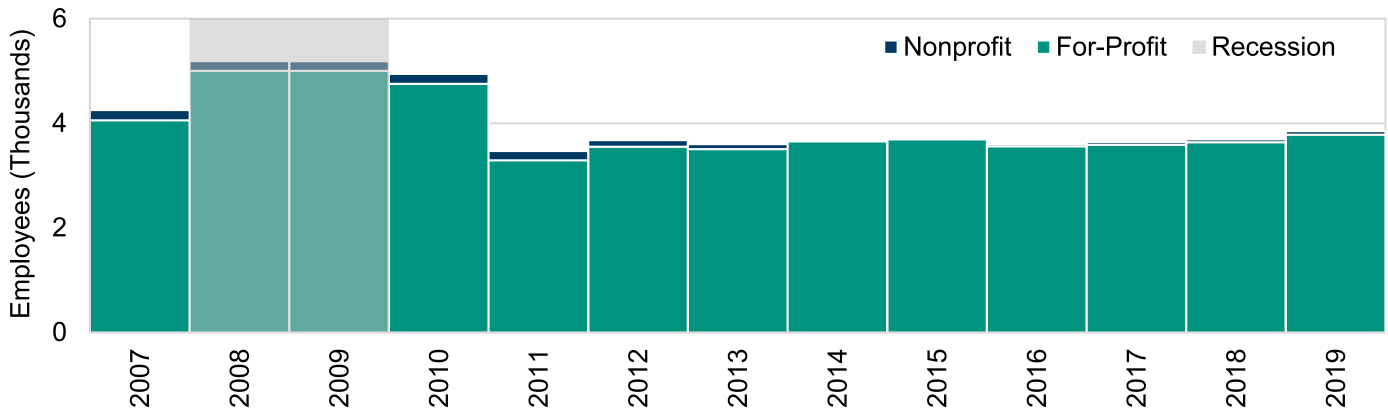
[9] The average wage for government is excluded for confidentiality.

Next, we take a further look at each of the minor subindustries.

1. Spectator Sports

The largest minor subindustry is spectator sports. This individual athletes and teams that participate in sporting events in front of a live audience. However, this minor subindustry also includes live sports facilities such as racetracks and trainers that specialize on such events. The industry has lost private employees over time, down 10 percent from 4,300 in 2007 to 3,800 in 2019, as shown in Figure 18. In fact, the average annual growth rate is a negative 0.2 percent. Private employment (almost all for-profit) decreased in five of the 13 years in this period. Despite the decrease in employment, private payroll increased by 18 percent, up from $460 million in 2007 to $544 million in 2019 (adjusted for inflation). Private payroll decreased for 3 of the 13 years in the period. See Figure C12 in Appendix C for more details.

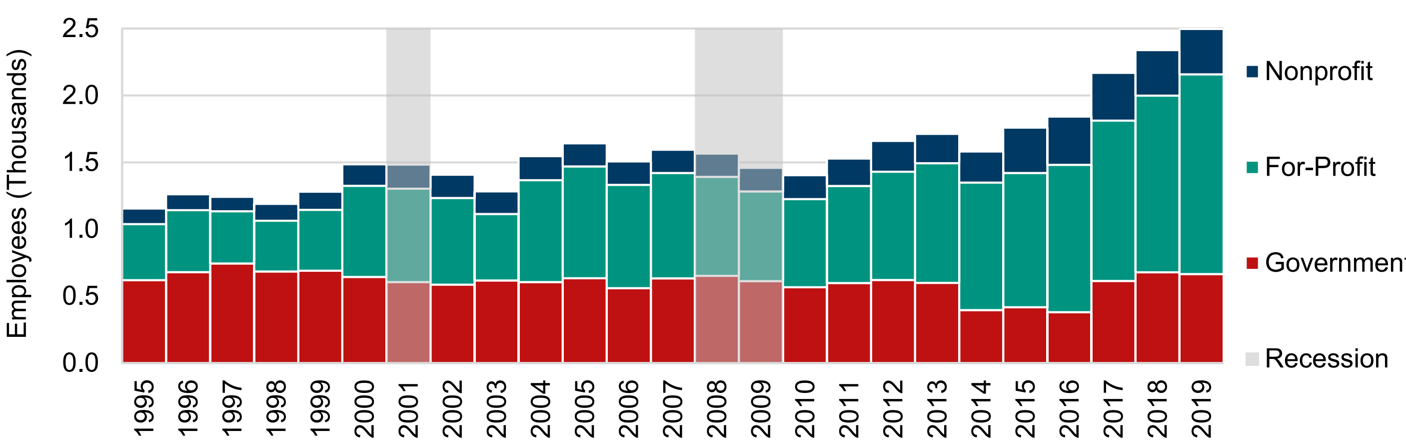
Figure 18: Spectator Sports Private Paid Employment (2007-2019)



2. Promoters Of Performing Arts, Sports, And Similar Events

The promoters minor subindustry is the second largest minor subindustry and is primarily composed of for-profit and government workers offering services relating to marketing various types of events. The government workers are likely related to tourism and major sporting events. As shown in Figure 19, total employment has grown from 1,200 in 1995 to 2,500 in 2019 (116 percent increase). Although employment in this industry decreased for 10 years of the 25-years period, employment grew at an average annual rate of 4 percent from 1995 to 2019, with for-profits accounting for most of the growth. Total payroll increased in a similar pattern, rising from $37 million in 1995 and $73 million in 2019 (a 99 percent increase). See Figure C13 in Appendix C for more details.

Figure 19: Promoters Paid Employment (in thousands) by Sector (1995-2019)

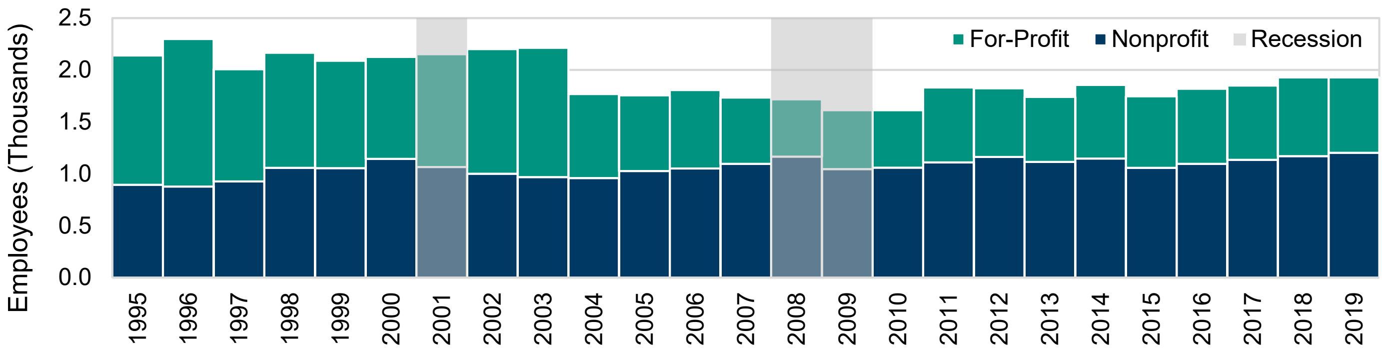


3. Performing Arts Companies

Performing arts companies includes theater companies, dinner theaters, dance companies, orchestras, and musical groups and artists, among other types. This minor subindustry has no government employees, and a majority (62 percent) are employed by nonprofits. The industry has faced a net loss of private employment, down 10 percent from 2,100 to 1,900 over the 1995-2019 period. Private employment declined at an average annual rate of 0.2 percent, losing employment during 11 years of the period.

Figure 20 shows how nonprofit employment grew as for-profit employment decreased over the period. Non-profit paid employment increased 35 percent, from 900 to 1,200 employees during the 25-year period, growing at an average annual rate of 1 percent while for-profit employment decreased by 1 percent. Private payroll declined similarly $55 million in 1995 to $49 million in 2019 (an 11 percent decrease). Similar to employment, nonprofit payroll grew from $26 to $33 million (a 25 percent increase) as for-profit payroll decreased from $29 to $16 million (a 44 percent decrease). See Figure C14 in Appendix C for more details.

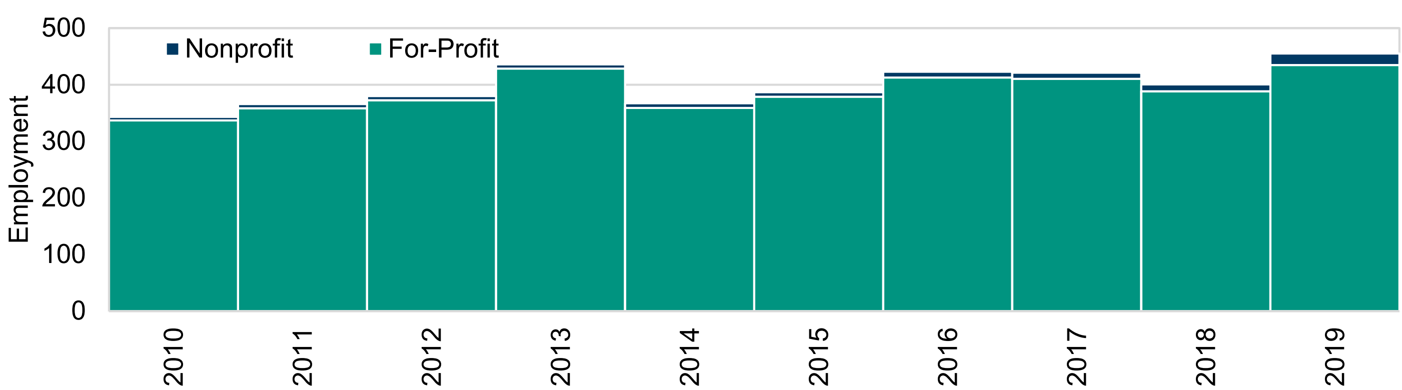
Figure 20: Performing Arts Companies Paid Private Employment (in thousands) (1995-2019)



4. Independent Artists, Writers, and Performers

The independent artists minor subindustry is composed of a variety of freelancing individuals who focus either on an artistic skill, technical expertise, or other productions. This ranges from freelance journalists to art restorers. This subindustry is almost entirely dominated by for-profits as shown in Figure 21. Private employment for independent artists has grown by only about 100 employees over the 2010-2019 period, although that represents a 33 percent increase from about 340 in 2010 to 450 in 2019. On average, private employment increased by 4 percent annually from 2010-2019. Yet, for three years in this period, employment actually decreased. Private payroll was up 61 percent, from $12 million in 2010 to $20 million in 2019. The average annual percent growth in private payroll was 6 percent, and payroll grew for every year except for 2017. See Figure C15 in Appendix C for more details.

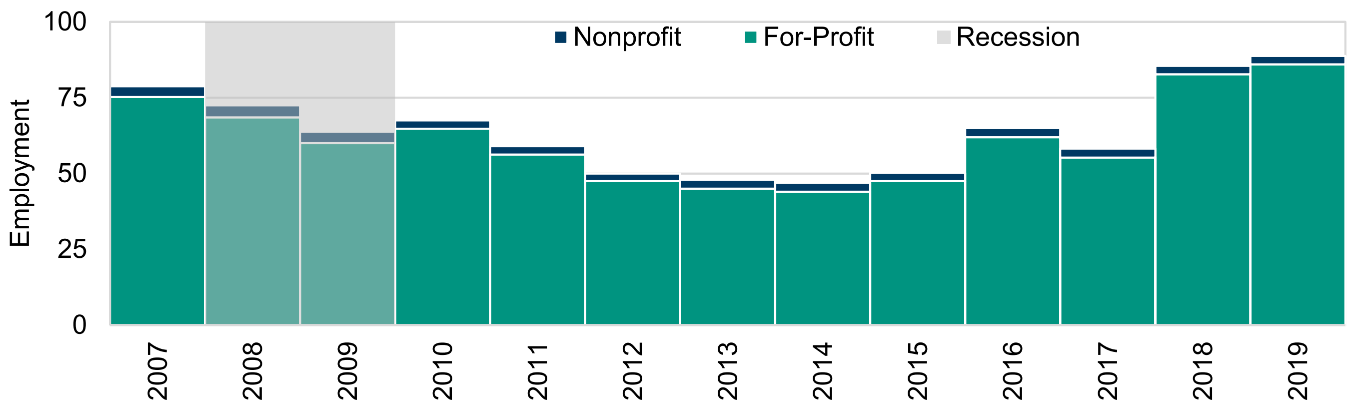
Figure 21: Independent Artists Private Paid Employment (2010-2019)



5. Agents And Managers For Artists, Athletes, Entertainers, And Other Public Figures

The agents subindustry is the smallest of the minor subindustries of performing arts and related industries and is also composed of only private employment. This small industry provides services in representation and management for various entertainment-related figures. They assist with signing contracts, negotiations, financial needs, and general promotion. As we see in Figure 22, private employment grew 13 percent over the 2007-2019 period , but actually decreased for seven of the thirteen years in the period. It was not until 2018 that employment surpassed employment levels in 2007. Private payroll actually decreased by just less than half (48 percent), from $10 million in 2007 to only about $5 million in 2019. See Figure C16 in Appendix C for more details, suggesting that average annual wages declined over the period (adjusted for inflation).

Figure 22: Agents Private Paid Employment (2007-2019)



Next, we take a look at the final major subindustry–museums and similar institutions.

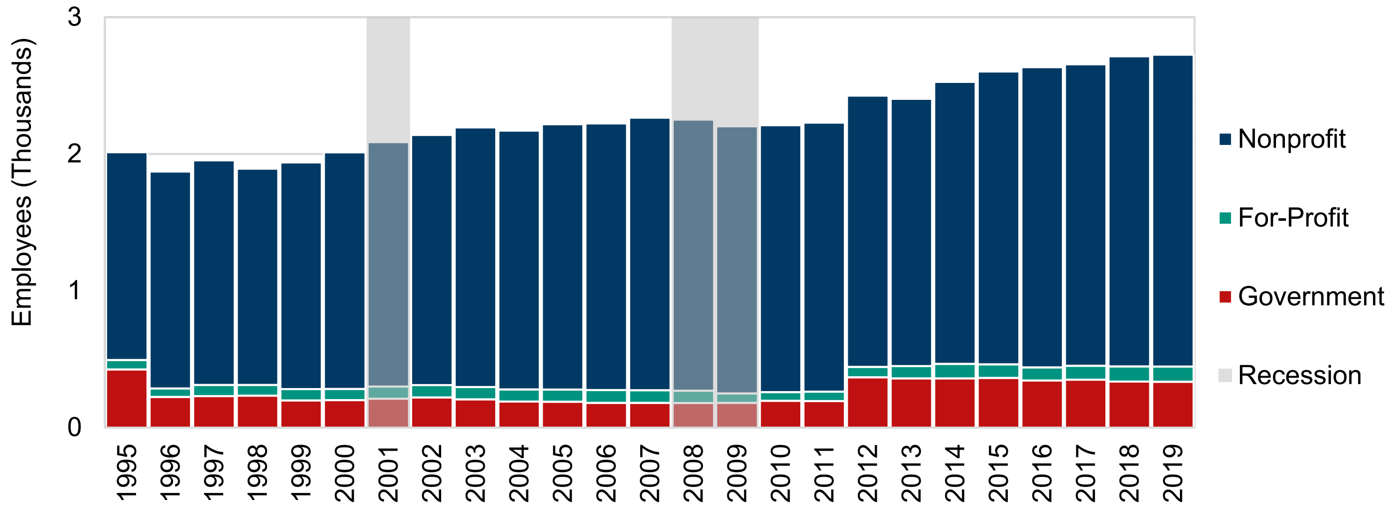
C. Museums, Historical Sites, And Similar Institutions

The museums and similar institutions subindustry is the final major subindustry for AER and provides a wide range of activities including museums, historical sites, zoos, botanical gardens, and nature parks. While only 6 percent of total AER employees work in museums and similar institutions, their nonprofit employees are 33 percent of the total nonprofit AER workforce. As suggested by Figure 23, employment in museums and similar institutions has grown by relatively few workers, primarily due to growth in nonprofit and government employment. Total employment grew 35 percent up from 2,000 employees in 1995 to 2,700 in 2019.[10]

Total payroll in museums and similar institutions grew 60 percent, up from $59 million in 1995 to $93 million in 2019. Total payroll grew for every year except for four, at an average annual rate of 2 percent. See Figure C17 in Appendix C for more details.

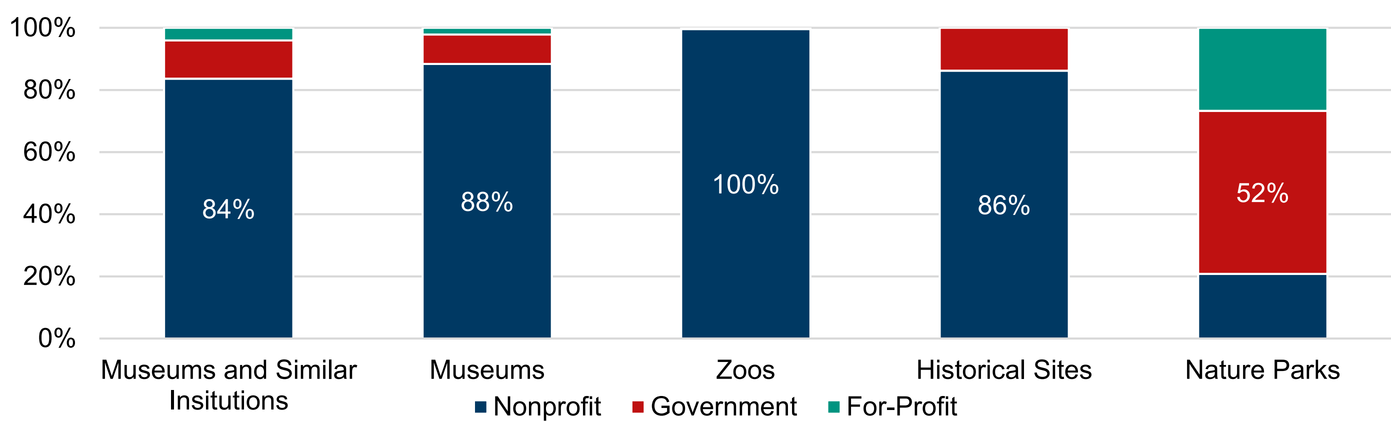
[10] We have no definitive explanation for the sudden expansion of government employment in museums and similar institutions between 2011 and 2012. It appears to be concentrated in museums and historical sites (see Figures 27 and 29 below). It appears to be associated with an increase in establishments, suggesting it may reflect a change in reporting practice at that time. Government employment in museums and similar institutions is less than 1 percent of total employment in AER and this anomaly therefore has little impact on our overall data trends.

Figure 23: Museums and Similar Institutions Paid Employment (in thousands) by Sector (1995-2019)



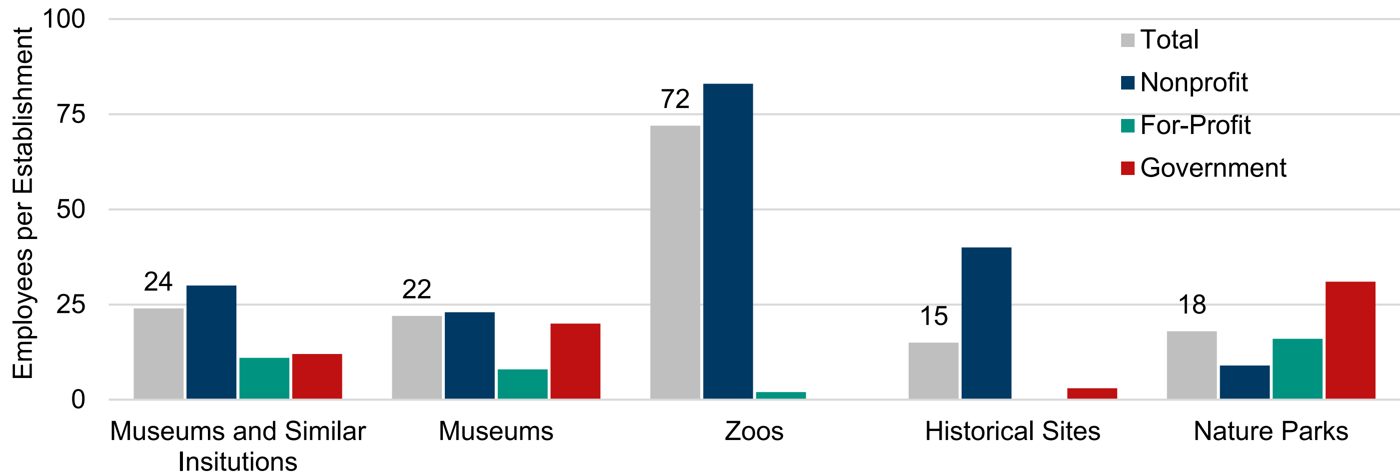
Museums and similar institutions is a diverse subindustry with four minor subindustries. The largest is by far museums with 1,400 employees. Zoos and botanical gardens (zoos), historical sites, and nature parks and other similar institutions (nature parks) have significantly fewer employees, ranging from 200 to 700 total employees. We explore each minor subindustry, although our data is limited to the period 2007-2019 for each of them. Figure 24 shows the distribution of total employment by sector for museums and similar institutions and its subindustries. We see that this subindustry is dominated by nonprofit employment for all of the subindustries except for nature parks, which tend to be public. There are few, if any, for-profit employees in these minor subindustries, except for nature parks.

Figure 24: Distribution of Total Employment by Sector for Museums and Similar Institutions Subindustries (2019)



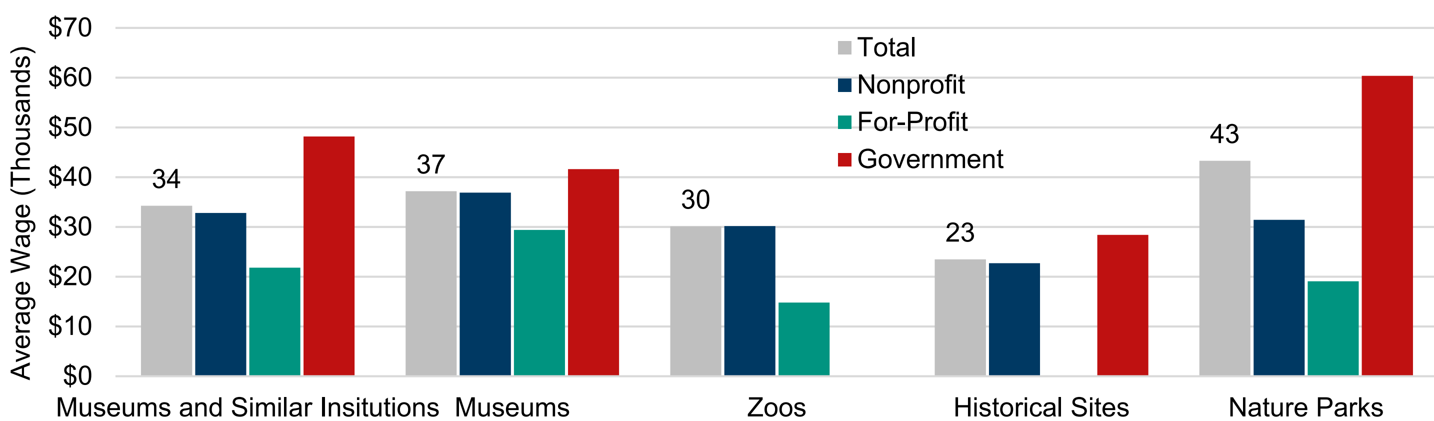
To better see the distinction between these subindustries, we look to average size of establishments. Figure 25 shows that while the average size of museums and similar institutions is 24 employees per establishment, the size varies among the subindustries. The average size of zoos (72) is the largest, followed by museums (22 employees per establishment), with nature parks (18) and historical sites (15) smaller still. The average size is larger for nonprofits than for-profits for all industries except for nature parks, where government establishments are largest.

Figure 25: Museums and Similar Institutions Subindustries Average Size of Establishment (2019)



When we look to average annual wages, we see that museum and similar institution subindustry employees earn an average of $34,000 annually. Among the minor subindustries, Figure 26 shows that nature parks has the highest average wage ($43,000) followed by museums ($37,000), trailed by zoos ($30,000) and historical sites ($23,000). For each of the minor subindustries with government employees, these have the highest average annual wages, followed by those working for nonprofits and then those working for for-profits.

Figure 26: Museums and Similar Institutions Subindustries Average Wage (in thousands) (2019)



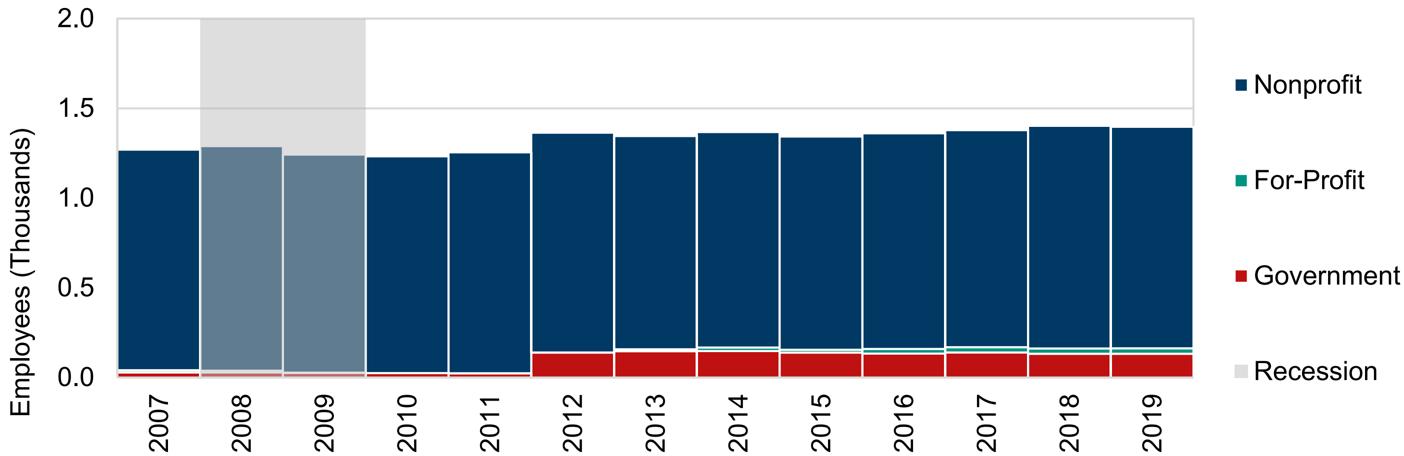
Next, we take a further look into each of four minor subindustries.

1. Museums

The museums subindustry is the largest minor subindustry. Museums includes institutions that preserve history and culture to serve as educational tools. The museums subindustry employs slightly over half of all workers for museums and similar institutions. Nearly all museum workers are employed by nonprofits, with almost all of the rest working for government establishments. Employment in the museums industry has grown minimally between 2007-2019, increasing by only 10 percent up from almost 1,300 employees in 2007 to 1,400 in 2019 (see Figure 27).[11] The industry grew at an average annual growth rate of 1 percent and actually lost employment for 5 of the 13 years in this period. Payroll for museums increased slightly faster than employment at 24 percent, from $42 million in 2007 to $52 million in 2019. See Figure C18 in Appendix C for more details.

[11] As noted earlier (footnote 10) the growth of government employment between 2011 and 2012 appears to be associated with an increase in establishments and may be related to a change in reporting practice.

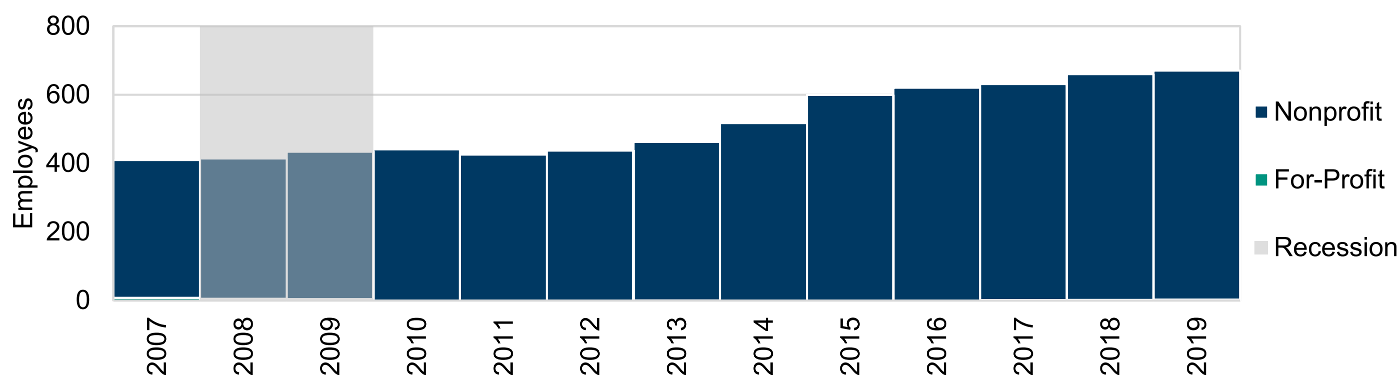
Figure 27: Museums Paid Employment (in thousands) by Sector (2007-2019)



2. Zoos And Botanical Gardens

The zoos subindustry is the next largest, responsible for almost a quarter of all employees in the museums and similar institutions subindustry. This subindustry includes zoos and botanical gardens, as well as institutions that preserves and shows plant or animal life. Similar to museums, nearly all of this subindustry is nonprofit. This subindustry grew over time, up from just over 400 employees in 2007 to just under 700 employees in 2019, a 64 percent increase (see Figure 28). Employment increased every year in this period except for 2011. Employment particularly jumped in 2014 and 2015. Payroll grew slower, increasing by only 43 percent, up from $14 million in 2007 to $20 million in 2019. Payroll also declined in 2011 and jumped in 2014 and 2015, similar to employment. See Figure C19 in Appendix C for more details.

Figure 28: Zoos Private Paid Employment (2007-2019)

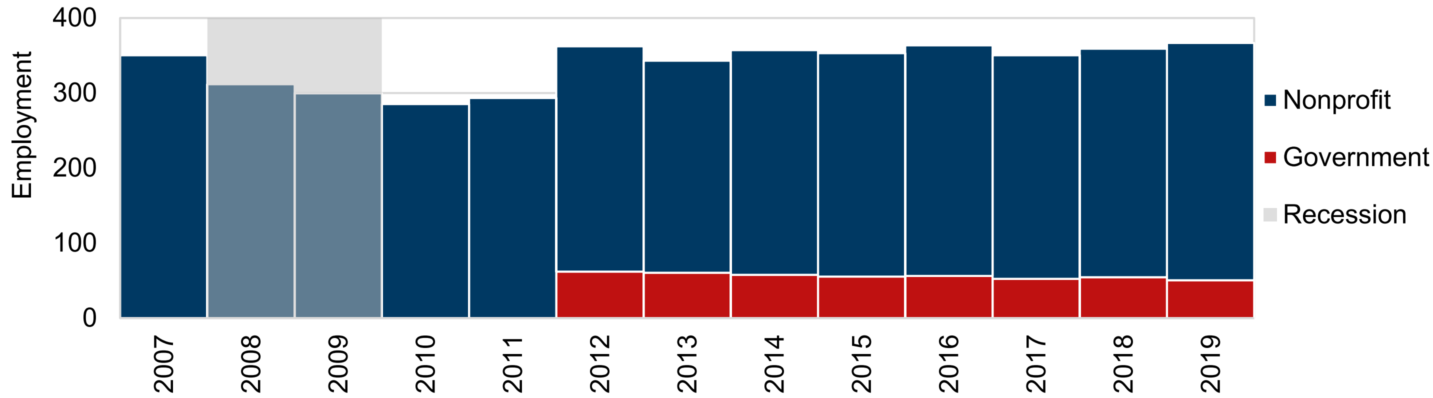


3. Historical Sites

The historical sites minor subindustry includes any location that has been preserved such as battlefields, ships, and archeology sites and accounts for 13 percent of employees in the museums and similar institutions subindustry. Until 2011 almost all were working for nonprofit establishments.[12] This subindustry has grown minimally at an average annual rate of 1 percent. Total employment increased 5 percent, up from 350 to 367 employees over 2007-2019 (see Figure 29). In fact, employment decreased for 6 of the years between 2007-2019. Payroll grew faster, up 26 percent from $7 million in 2007 to $9 million in 2019. See Figure C20 in Appendix C for more details.

[12] As noted earlier (footnote 10) the growth of government employment between 2011 and 2012 appears to be associated with an increase in establishments and may be related to a change in reporting practice.

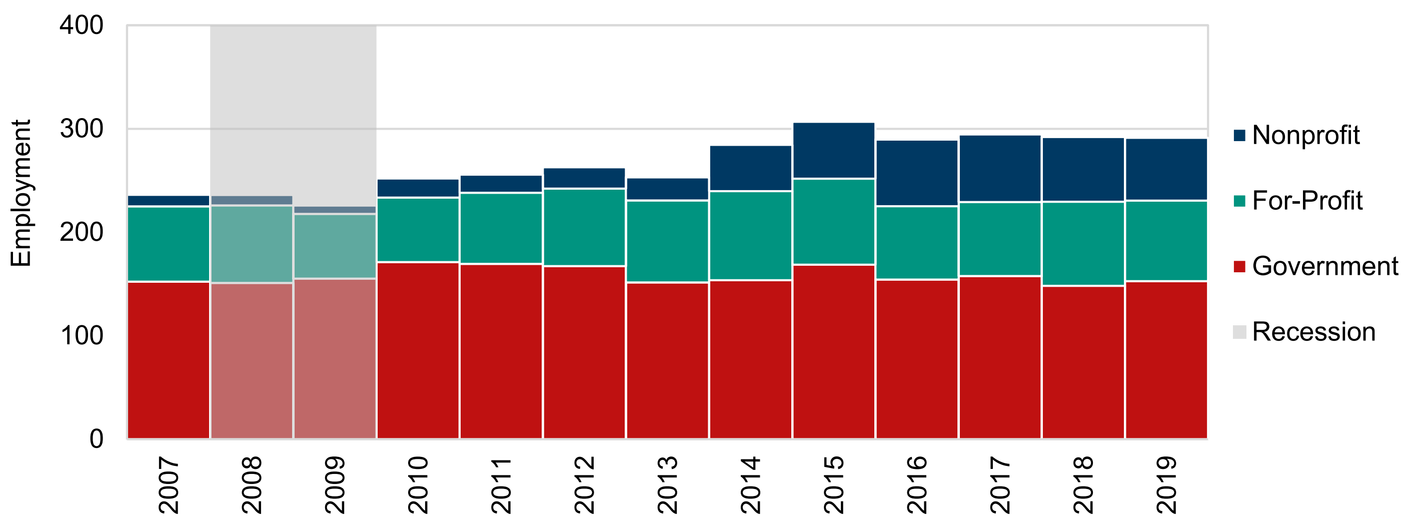
Figure 29: Historical Sites Paid Employment by Sector (2007-2019)



4. Nature Parks

The final minor subindustry is nature parks, which includes any institution that maintains the natural setting of specific areas. This subindustry is the smallest, employing fewer than 300 employees in 2019, up 23 percent from fewer than 250 employees in 2007 as shown in Figure 30. Nature parks grew at an average annual rate of 2 percent, but lost jobs during 6 years in the 2007-2019 period. Nonprofit employment has accounted for most of the growth. Unlike the previous three industries, nonprofit employment is a minority when compared to for-profit and government. Payroll grew slightly slower, increasing by 19 percent from \$11 to \$13 million over the 2007-2019 period. See Figure C21 in Appendix C for more details.

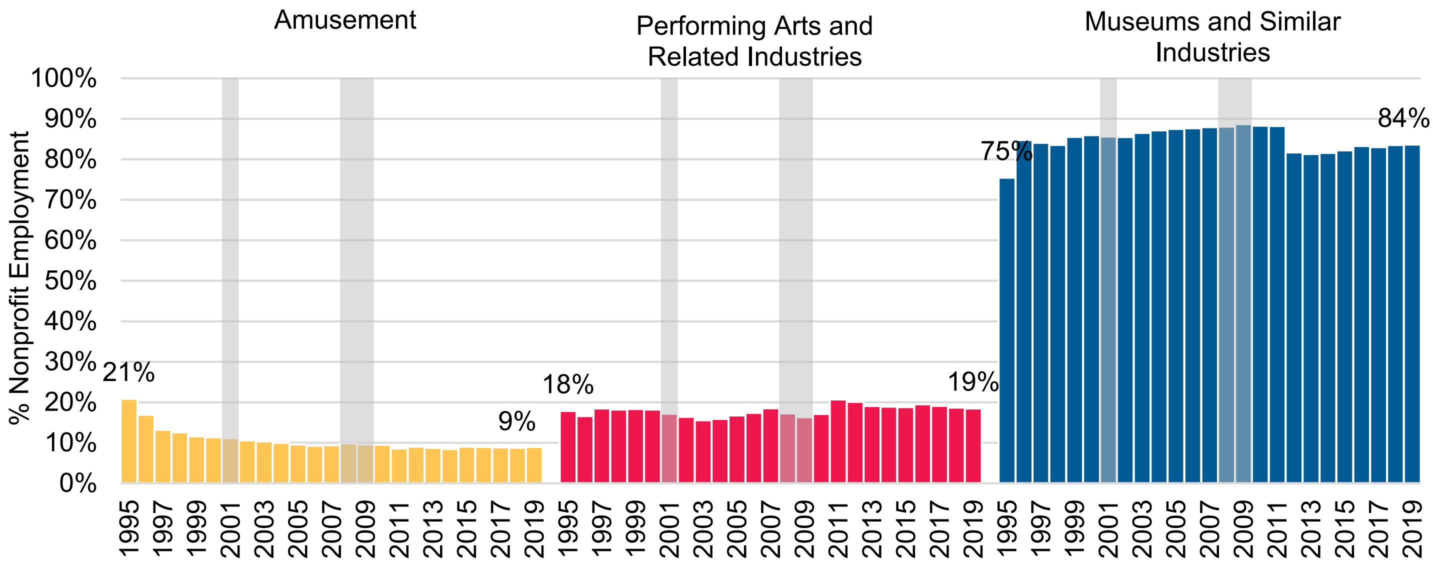
Figure 30: Nature Parks Paid Employment by Sector (2007-2019)



III. Diverse Patterns

The three major subindustries of arts, entertainment, and recreation show different patterns of nonprofit paid employment. Even as the nonprofit share of the arts, entertainment, and recreation industry dropped from 25 percent to 15 percent of total employment, divergent patterns emerge in each of the subindustries. We see in Figure 31, that the nonprofit share declined in the amusement industry, down 12 percentage points, from 21 percent in 1995 to 9 percent in 2019. During the same period of time, the nonprofit share of employment in performing arts and related industries has remained low and relatively unchanged, ranging between 16 to 21 percent. By contrast, nonprofits in museums and similar institutions have dominated the industry and even increased their share from 75 percent to 84 percent of the same period.

Figure 31: Nonprofit Share of Employment by AER Subindustry (1995-2019)



More detailed analysis (not shown here because of confidentiality restrictions) suggests that in each of the amusement minor subindustries, the nonprofit share of total employment has remained at less than 20 percent of total employment. The nonprofit share has decreased minimally or remained unchanged over the 2010-2019 period for each of these minor subindustries.

In the performing arts and related industries, we see much wider variations in the nonprofit shares of the minor subindustries. Performing arts companies have had the highest share in nonprofit employment (38-68 percent) and grew significantly over the 1995-2019 period. Promoters had the second highest nonprofit share (ranging between 9 to 20 percent), growing more minimally over the 25-year period. In the remaining three subindustries – spectator sports, agents, and independent artists – nonprofits have less than a 7 percent share of total employment and changed minimally over their respective time periods.

By contrast, in museums and similar industries, the nonprofit percentage share is between 80 and 100 percent for all industries except for nature parks and other similar industries where the nonprofit share grew over the 2007-2019 period but remained 22 percent or less. Zoos and botanical gardens was the only other minor subindustry to see an increase in nonprofit share, going from 98 to 100 percent of all employment over the 2007-2019 period. Both historical sites and museums lost nonprofit shares.

The trends in nonprofit share of total payroll for each of the minor subindustries look largely similar. See Figure C22 in Appendix C for more details.

IV. CONCLUSION

Although one of the smaller segments of the Indiana economy, the arts, entertainment, and recreation industry is one of the important nonprofit industries and provides important services to Indiana residents – entertainment, recreation and cultural experiences of many types. The overall industry has grown faster than the total Indiana economy, for both employment (81 versus 13 percent) and payroll (134 versus 29 percent) over the 1995-2019 period. However, nonprofit AER growth was much smaller. Over the 25-year period, AER nonprofit employment increased by only 14 percent, a much smaller increase than the 61 percent growth in total nonprofit employment across all industries. For-profit growth was the key driver for the AER industry, with for-profit employment growing by 109 percent from 1995-2019 and for-profit payroll by 173 percent.

In this report, we observed distinctive employment patterns among the three major subindustries and twelve minor subindustries of the arts, entertainment, and recreation industry. We first examined the amusement, gambling, and recreation subindustry. This is the largest of the three major subindustries, employing 74 percent of the AER industry in 2019. However, since 1995, nonprofit employment in this subindustry declined by 500 employees. The three amusement subindustries were largely for-profit industries. The gambling subindustry lost employees, and amusement parks and arcades barely increased, while the other amusement subindustry grew in size. The average size of amusement establishments were relatively small, between 16 and 25 employees per establishment, except for gambling, which averaged 412 employees. Average wage was notably higher in gambling compared to the other minor subindustries as well.

Next, we examined the performing arts and related industries subindustry. The second largest of the AER subindustries, it accounted for 20 percent of all AER employees. While this industry is largely for-profit, almost a quarter of nonprofit employees in the AER industry work in this subindustry. A closer look into each minor industry suggests that promoters was the only subindustry to increase in nonprofit, for-profit, and government employees. By contrast, performing arts companies decreased in for-profit employment but increased in nonprofit employment. The final three minor subindustries – independent artists, spectator sports, and agents – are largely for-profit industries. Yet, each had a different growth trend in employment.

We also looked at average size of establishments for this subindustry and saw that independent artists and agents averaged only three employees on average, while the remaining minor subindustries had between 14 and 23 employees per establishment. For the promoters subindustry, the average size of government establishments were larger in size than the private sector. Average annual wages were highest in spectator sports ($141,000 annually) followed by agents, a distant second with $62,000 annually. Except for promoters and performing arts companies, for-profit wages are higher on average than nonprofit wages.

Finally, the museums subindustry is primarily composed of nonprofit employment and has grown the least of the three major subindustries, increasing by over 700 employees during the 1995-2019 period. The nonprofit share of total employment in this subindustry has similarly risen over time. For the minor subindustries here, we only have data for the 2007-2019 period. We see that museums, zoos, historical sites, and nature parks all grew in employment. Zoos grew the most with an increase of 250 employees, and the remaining minor subindustries by only 128 employees at the most. The growth of the museums subindustry is notably smaller. The average size of zoos, 72 employees per establishment, was significantly higher than for the remaining minor subindustries which had only between 15 and 24 employees per establishment. The patterns by sector varied based on the subindustry. Average annual wages were relatively low, especially when compared to the other major AER subindustries. Nature parks has the highest average wage with $43,000 while historical sites ($23,000) has the lowest.

We also examined nonprofit share of total payroll among the various subindustries. At the overall level, we see that performing arts and related arts, although the largest subindustry, has the lowest share of nonprofit employment and payroll compared to the nonprofit share of total employment and payroll in the respective major industries. The nonprofit share of AER total payroll declined sharply during the first few years of the 1995-2019 period and remained between 11-12 percent since 2003. Performing arts and related industries remained mostly stable with nonprofits accounting for 10 percent or below of total payroll. Museums and similar industries fluctuated over the period, growing from 1995 to 2011, before dropping and slowly increasing again. Still, the nonprofit share was highest in this subindustry and remained between 72 to 86 percent.

In amusement parks, spectator sports, independent artists, museums and historical sites, and other amusement, total payroll grew faster than total employment, adjusted for inflation. In these industries, this suggests that average annual wages have increased. In the other industries— gambling, promoters, performing arts companies, agents, zoos, and nature parks—we see the opposite. It seems that average wages have declined over time.

We have focused on trends in paid employment and payroll, with particular focus on the contribution of non-profits, which tend to be focused on fairly specialized market niches, such as museums and certain arts and culture disciplines (e.g., classical music or live theatre). We turn now to a look at the broader context for the trends we have observed. At the national level, AER is roughly a $145 billion industry, dwarfed by health care ($3.9 trillion), education ($1.45 trillion), and even the much smaller social assistance ($370 billion), in 2017.[13] Direct public spending is relative low in AER, reflecting both fairly low government employees as we have documented here, and only modest government grants in support of various nonprofit art and humanity-related endeavors (The Indiana Arts Commission awarded more than 1,000 grants in 2019 and 2020 for a total of just under $3.9 million for 2019 and 2020[14]). However, a significant share of government support for nonprofit arts and cultural institutions comes in the form of exemption from property taxes as well as to a lesser extent from the tax-exemption of charitable donations to nonprofit arts and cultural institutions.[15]

Nonprofits in arts, entertainment, and recreation face challenges of rising costs. Thus, a 2017 report from the National Center for Arts Research (NCAR) highlighted the labor intensive nature of the arts, entertainment, and recreation industry. Unlike other industries, where some work can be automated through the use of technology, this rarely applies to the AER industry.[16] The report notes how the AER industry struggles with the so called “cost disease,” where costs of producing arts and cultural services rises faster than the volume of services (e.g., paying actors enough to attract them to the industry, but not being able to increase the number of productions correspondingly). Given limited resources, nonprofits have to compete for discretionary spending from paying patrons and for government and charitable grants at the local, state, and national level.

The growing access to digital media appears to have reduced the demand for live cultural experiences,[17] creating challenges for live presenting institutions who rely on in-person audiences. This may have contributed to declines in nonprofit employment for some AER industries, most notably performing arts, which traditionally has depended on live audiences. Demographic trends such as low rates of educational attainment[18] and limited broadband access in rural regions[19] also play into the changing demand for nonprofit AER employment in Indiana.

For-profits in the AER industry tend to be concentrated in the more profitable segments of the industry, such as amusement, gambling, and recreation, especially gambling, commercial theatre and popular music. As noted above, the specialized nonprofit niches tend to be in museums and classical music that are much smaller in size and not as profitable as gambling establishments or commercial sports. There are also differences in which types of establishments can fund innovations and invest in technology. Technology investments have been particularly important, but expensive, as AER establishments have sought to increase channels of interaction with patrons and paying customers.[20]

The challenges noted above highlight the broader trends faced by the industry but demand also varies among subindustries and disciplines. The Survey of Public Participation in the Arts estimates that almost 68 percent of adult Hoosiers consume art through electronic media in 2017.[21] Many of the differences in technology access

[13] See Kirsten Grønbjerg and Steven Smith (2021), “The Changing Dynamic of Government-Nonprofit Relationships,” DOI: 1.1017/9781108708067
[14] See Indiana Arts Commission (2021), “Impact of the Arts,” available online at https://www.in.gov/arts/impact-of-the-arts/
[15] See IN.gov (2021), “State Tax Exempt,” available online at https://www.in.gov/attorneygeneral/consumer-protection-division/non-profit/operation/state-tax-exempt/
[16] See Southern Methodist University (2017), “The Burden of Rising Expenses in the Arts: The Bottom Line Report,” available online at https://dataarts.smu.edu/artsresearch2014/arts-bottom-line-ncar
[17] Kristin Thomson, Kristen Purcell, and Lee Rainie (2013), “Section 6: Overall Impact of Technology on the Arts,” available online at https://www.pewresearch.org/internet/2013/01/04/section-6-overall-impact-of-technology-on-the-arts/
[18] See National Endowment for the Arts (2020), “National Endowment for the Arts releases latest survey of public participation in the arts,” available online at https://www.arts.gov/about/news/2020/national-endowment-arts-releases-latest-survey-public-participation-arts
[19] See IN.gov, “Indiana Broadband Map,” available online at https://www.indianabroadbandmap.com/
[20] Ibid 17
[21] Ibid 18

among subindustries were further exacerbated by the COVID-19 pandemic, which likely accelerated technological innovations.[22] Although our data extends only through 2019, other research suggests that the arts, entertainment, and recreation industry was hit notably hard. The amusement and gambling subindustry had to limit their services due to social distancing requirements and the curtailment of serving food and drink.[23] For performing arts, theaters and other presentation spaces were shut down due to social distancing requirements. Despite not having strong technological infrastructure at the start of the pandemic, many establishments rose to the challenge of distributing content through online mediums.[24] Other establishments, especially in the nonprofit sector, may be severely impacted. Although the bigger establishments will likely survive, smaller local nonprofits may see disproportionate impacts from the pandemic which may alter the supply of certain types of AER establishments in the years to come.[25]

A similar limitation applied to museums and similar industries. However, smaller nonprofit establishments may not have had the resources or expertise to improve their technology capabilities. Even so, some public funding supported arts and culture organizations during the pandemic. Thus, Indiana allotted 10 million dollars of the CARES act funding to support struggling AER businesses.[26] On the other hand, low wages in some AER subindustries, such as museums, have brought about efforts to unionize, while others have left the museum industry for better paying careers.[27]

Overall, the arts, entertainment and recreation industry, and particularly the nonprofit component of the industry, has faced a number of challenges since 1995, as indicated by the employment trends we have highlighted in this report.

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[22] See Sol Rogers (2020), "COVID-19 is accelerating the art world's adoption of technology," available online at https://www.forbes.com/sites/solrogers/2020/04/27/covid-19-is-accelerating-the-art-worlds-adoption-of-technology/

[23] See Brandon Smith (2020), "Casinos Have New Rules To Follow After Latest State COVID-19 Regulations," available online at https://www.wfyi.org/news/articles/casinos-have-new-rules-to-follow-after-latest-state-covid-19-regulations

[24] See Sarah Jordan (2021), "What will Philly's arts scene look like after a year without audiences?", available online at https://www.phillymag.com/things-to-do/2021/05/22/philly-arts-scene-post-covid/

[25] See Dimitris Papanikolaou and Lawrence Schmidt (2020), "Working Remotely and the Supply-Side Impact of COVID-19," available online at https://www.nber.org/system/files/working_papers/w27330/w27330.pdf

[26] See Domenica Bongiovanni (2020), "Indiana to give $10 million to arts, culture and tourism groups reeling from coronavirus," available online at https://www.indystar.com/story/entertainment/arts/2020/08/11/indiana-give-10-million-cares-act-funding-arts-culture-groups/3322987001/

[27] See Malcom Gay (2021), "'We didn't have a voice': How the pandemic spurred a museum workers' rights movement," available online at https://www.bostonglobe.com/2021/07/19/arts/we-didnt-have-voice-how-pandemic-spurred-museum-workers-rights-movement/?utm_source=Iterable&utm_medium=email&utm_campaign=campaign_2613818_nl_Philanthropy-Today_date_20210720&cid=pt&source=ams&sourceId=131818

APPENDIX A: METHODOLOGY

Source of Data

The two sources of data for this report are the Quarterly Census of Employment and Wages (QCEW) and the IRS Exempt Organization's Master File/Business Master File (EOMF/BMF). We use both sources in order to construct the best possible estimate of nonprofit employment in Indiana.

Scope of Data

The QCEW is a cooperation between the U.S. Bureau of Labor Statistics, the U.S. Department of Labor, and State Employment Security Agencies. In Indiana, the Department of Workforce Development works with the Indiana Business Research Center (IBRC) to produce quarterly counts of employers, employees, and wages for the state, Metropolitan Statistical Areas (MSA), Economic Growth Regions (EGR), and counties by industry as defined by the North American Industry Classification System (NAICS). [28] Nationwide, the QCEW covers over 95 percent of U.S. jobs.[29]

The BMF lists all tax-exempt entities registered under section 501(c) of the Internal Revenue Code. Among other fields, it includes the exempt entity's name, reporting address, Federal Employer Identification Number (EIN), and the Internal Revenue Code Subsection under which it is recognized and registered by the Internal Revenue Service. We include all twenty-six subsections of 501(c) entities in the BMF, of which most (74 percent in Indiana) are registered under subsection 501(c)(3) and are commonly referred to as charities. Nationally, the BMF includes 1.8 million exempt organizations.[30]

Data Processing and Cleaning

The Indiana Business Research Center (IBRC) at Indiana University reconciles the data in the two sources using EINs to identify private nonprofit establishments in the QCEW files. IBRC then aggregates the data by industry, region, and sector (nonprofit, for-profit, and government), and applies legally mandated confidentiality screens. Thus, data are suppressed if the aggregate includes less than three establishments, if one establishment comprises more than 80 percent of the employment of a data grouping, or if suppressed data can be estimated from other available data. We standardize the names of data fields, compute annual counts of establishments, number of employees, total payroll, and average annual wages by industry and subindustry for all sectors, and by region.

Limitations

The QCEW covers an estimated 95 percent of all paid employees.[31] However, certain employees are not required to participate, including religious organizations and charities with less than four employees.[32] These omissions from the QCEW data are important for our analysis since it means we underestimate nonprofit employment in Indiana. To quantify the extent of the underestimation, we rely on data obtained from our large

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[28] The IBRC calculates number of employees with the average annual number of employees. For industries with strong seasonal patterns such as education and arts, entertainment, and recreation, actual employment is likely to be higher than what is reported here.
[29] The U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages. United States Department of Labor, 2020. Available at https://www.bls.gov/cew/, retrieved January 13, 2020.
[30] Internal Revenue Services, Exempt Organizations Business Master File Extract. Internal Revenue services, 2019. Available at www.irs.gov/charities-non-profits/exempt-organizations-business-master-file-extract-eo-bmf, retrieved November 15, 2020.
[31] The U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages. United States Department of Labor, 2020. Available at https://www.bls.gov/cew/overview.htm#data_available, retrieved February 10, 2020.
[32] Exceptions include proprietors, unincorporated self-employed, unpaid family members, certain farm and domestic workers, certain railroad workers, some workers who earned no wages during the entire applicable pay period (e.g., because of work stoppages, temporary layoffs, illness, or unpaid vacations), select elected officials, members of the armed forces, certain short-term government employees. In Indiana, insurance agents on commission, casual labor not in course of employer's business, part-time service for nonprofits, student nurses and interns, and students working for schools are not required to participate.
Employment and Training Administration, ETA Overview. United States Department of Labor, 2020. Available at https://oui.doleta.gov/unemploy/pdf/uilawcompar/2019/coverage.pdf, retrieved February 10, 2020.

2017 Indiana Nonprofits Survey, based on a randomly selected sample of all types of Indiana nonprofits. This survey effort involved combining and de-duplicating nonprofits registered with the IRS under all sub-sections of 501(c), incorporated nonprofits from the Indiana Secretary of State (SOS), and Yellow Page Listing of Churches (Infogroup).[33]

The exclusion of religious organizations is likely to be most important source of underestimation. Congregations are neither required to register as tax-exempt entities with the IRS nor participate in the QCEW reporting system. We estimate that there are about 8,800 congregations in Indiana,[34] but only 174 were included in the QCEW data for 2019. Using a conservative estimate of 3 paid employees per congregation, the 8,800 congregations are likely to have at least 26,500 paid employees, but perhaps as many as 77,300.[35] The QCEW only reports 1,426 employees of religious establishments, suggesting that our estimate of nonprofit employees in Indiana is undercounted by at least 25,100 religious employees, but the true underestimate is likely closer to 75,800.

Charities with less than four employees are also not required to participate in QCEW. Based on the 2017 Indiana nonprofit survey, we estimate that there are almost 3,700 IRS-charities that are not churches and that have at least 1 but less than four paid employees. The survey also shows that these small charities employ an average of 1.7 employees, suggesting that there should be a total of 6,400 employees in the QCEW data. Although some of these are indeed included in the QCEW data, that is the case for only 943 establishments with 1,814 paid employees. Consequently, our estimate of nonprofit employees in Indiana is underestimated by about 4,600 employees.[36]

Finally, not every nonprofit in Indiana registers with the IRS, but some nevertheless are incorporated with the Indiana Secretary of State (SOS). As part of our efforts to develop the sample for our 2017 survey, we estimate that roughly 18,566 nonprofits were incorporated with the SOS, but not registered with the IRS. From our 2017 Indiana Nonprofit Survey, we estimate that about 14 percent of these (corresponding to about 2,700 nonprofits statewide) had employees with a median of 6.5 employees, for a total of roughly 17,200 employees.[37] If those employers report to the QCEW system, they would be classified as for-profit employers under our methodology because their EIN is not included in the IRS BMF. It seems clear that the actual number of nonprofit paid employees is substantially higher, probably by at least 46,950 than the numbers we are able to document.

There are other potential sources of error in the QCEW data. Thus, the number of employees is measured by the number of filled jobs for the pay period that includes the 12th day of each month as reported by the employer. There is no distinction between part-time and full-time employees in this count. Under this system, a person working two jobs would be double counted.

Similarly, the BMF used to identify nonprofits in the QCEW data is not comprehensive. Some nonprofits are not required to register with the IRS as exempt entities. In addition to religious organizations, nonprofits with less

[33] The 2017 Indiana Nonprofits Survey allows a clearer picture of unaccounted nonprofit employees. Using the sample statistics, we estimated the mean and median number of paid employees per establishment. These numbers were then used on the de-duplicated universe of nonprofits in Indiana created using the IRS, Secretary of State, and Infogroup data. For more details, see "Surveying Nonprofits: Sampling Strategies and Quality, by Kirsten A. Grønbjerg, Ashley Clark, Hannah Martin, Tyler Abbott, and Anthony Colombo (Bloomington, IN: Indiana University School of Public and Environmental Affairs, November, 2017).

[34] The Infogroup (yellow page) listing includes about 9,600 congregations; de-duplication leaves just over 8,800.

[35] The underestimate of 25,100 employees is conservative as a result of using the median number of employees per congregation from the 2017 Indiana Nonprofit survey. Using the mean value of 8.75, the underestimation would be closer to 75,900 employees. The latter is likely more valid, since the 174 congregations included in the QCEW data for 2019 have an average of 8.2 employees, very close to the survey mean.

[36] The QCEW data show that charities with less than four paid employees on average have 1.92 employees. This is very close to average estimate based on the survey (1.7) suggesting that this underestimate is likely to be fairly accurate.

[37] The employee estimate is conservative using the low median of 6.5. The mean number of employees is 17.5 which suggests an employee count of nearly 46,000.

than $5,000 in revenues, political groups, and homeowners' associations do not need to register.[38] Unfortunately, we can only identify private establishments as nonprofits in the QCEW data, if they are registered with the IRS; all other nonprofits that have paid employees in the QCEW data will by necessity be classified as for-profit establishments.

In addition, some for-profit companies may have nonprofit subsidiaries and the QCEW would not identify the subsidiaries as nonprofit in their records. The reverse is also true – if nonprofits have commercial subsidiaries, the latter would be counted as a nonprofit. Regarding wages, the QCEW counts bonuses, stock options, the cash value of meals and lodging, and tips and gratuities in addition to wage. However, fringe benefits (such as employer contributions to health insurance or pensions) are not included.

Finally, the IRS status in the EOMF is as of March or April of the data year in question. Any newly registered exempt entities may not be included, since the process to identify nonprofits may take up to several months. We believe the error is relatively insignificant, but we cannot confirm that assumption. The same situation occurs for entities that convert to for-profits during the data year. Then, although the EOMF lists them as nonprofits, they technically would cease to be nonprofits during the year. In either case, if these entities have employees and payroll during the year, they would be counted as for-profits. These limitation leads to discrepancies between the true count of Indiana nonprofit employment and the estimates developed by the Indiana Nonprofits Project.

[38] Internal Revenue Services, Tax-Exempt Status for Your Organization. United States Department of the Treasury, 2020. Available at https://www.irs.gov/pub/irs-pdf/p557.pdf, retrieved February 10, 2020.

APPENDIX B: ADDITIONAL GRAPHS

Figure B1: AER Paid Employment (in thousands) by Sector (1995-2019)

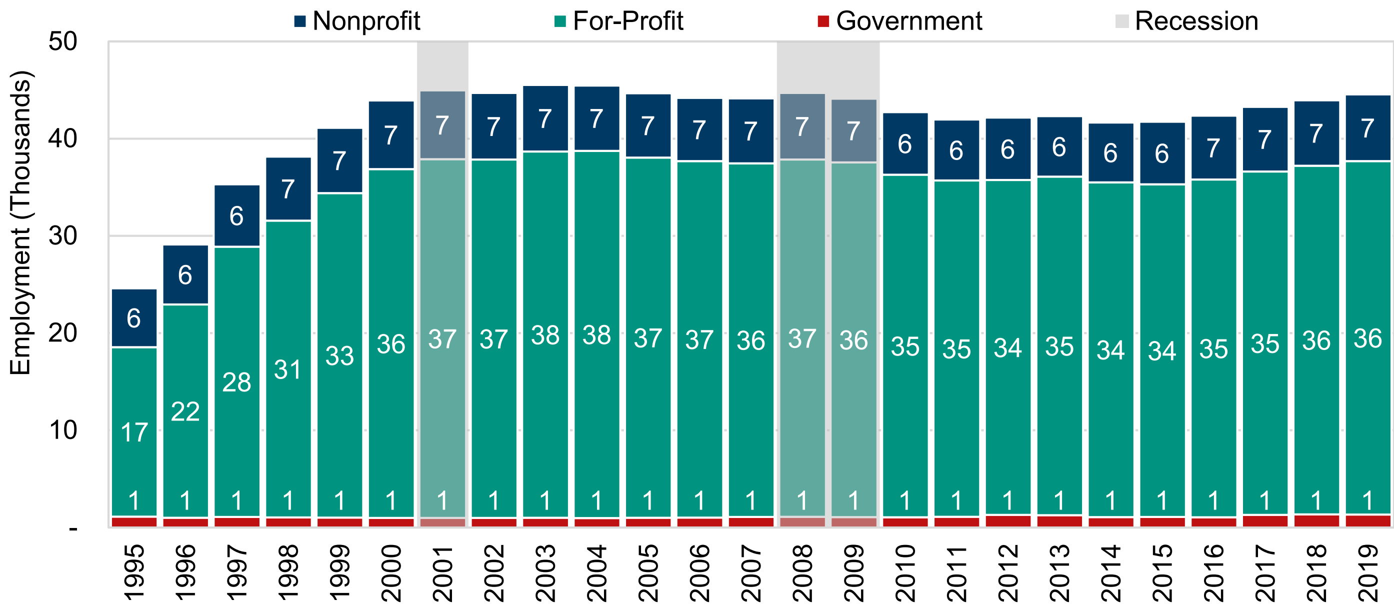


Figure B2: AER Payroll (in millions) by Sector (1995-2019), in constant dollars (2019)

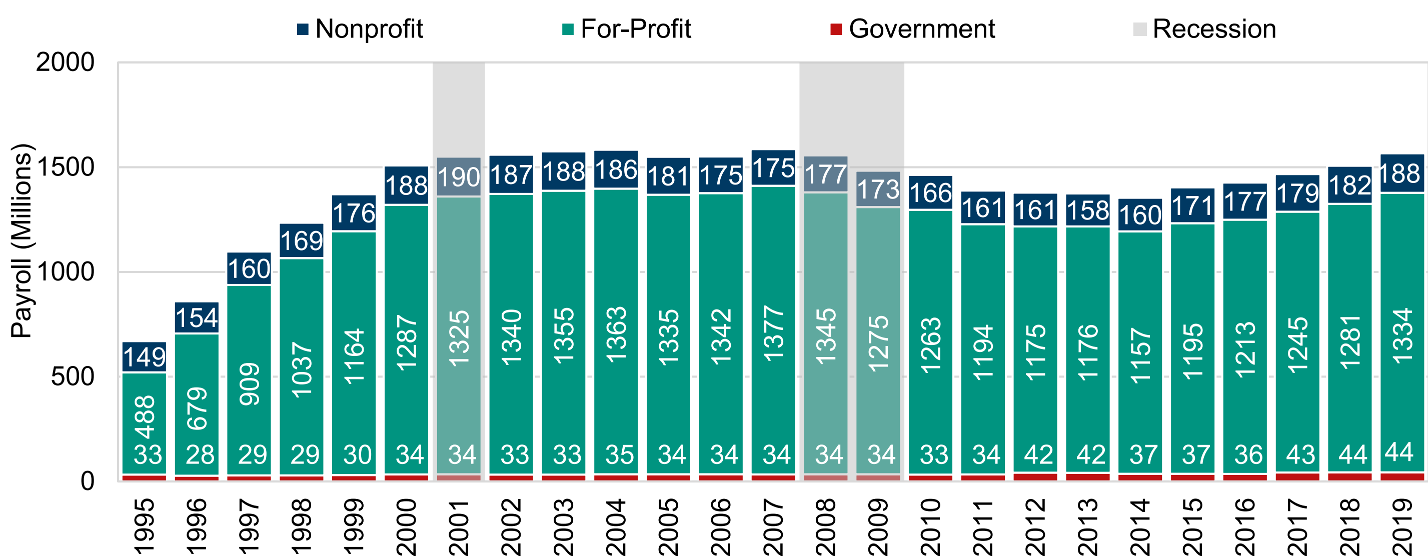


Figure B3: AER Growth in Employment by Sector (1995-2019)

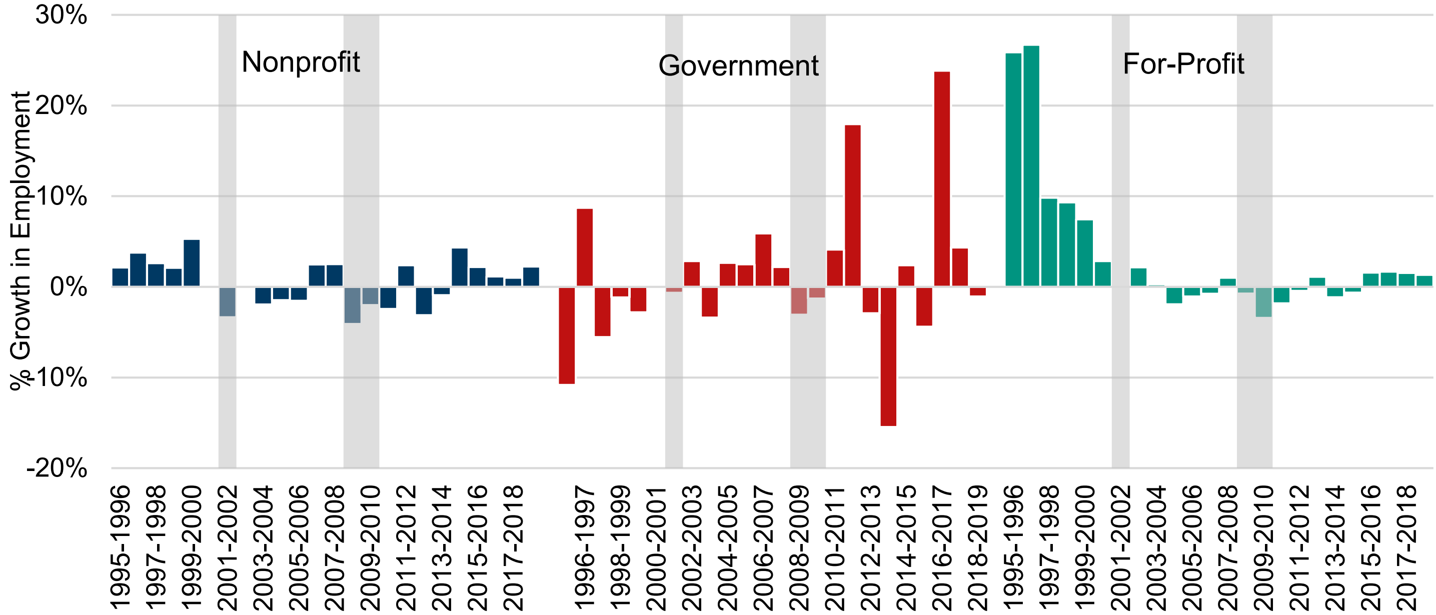


Figure B4: AER Growth in Payroll by Sector (1995-2019), in constant dollars (2019)

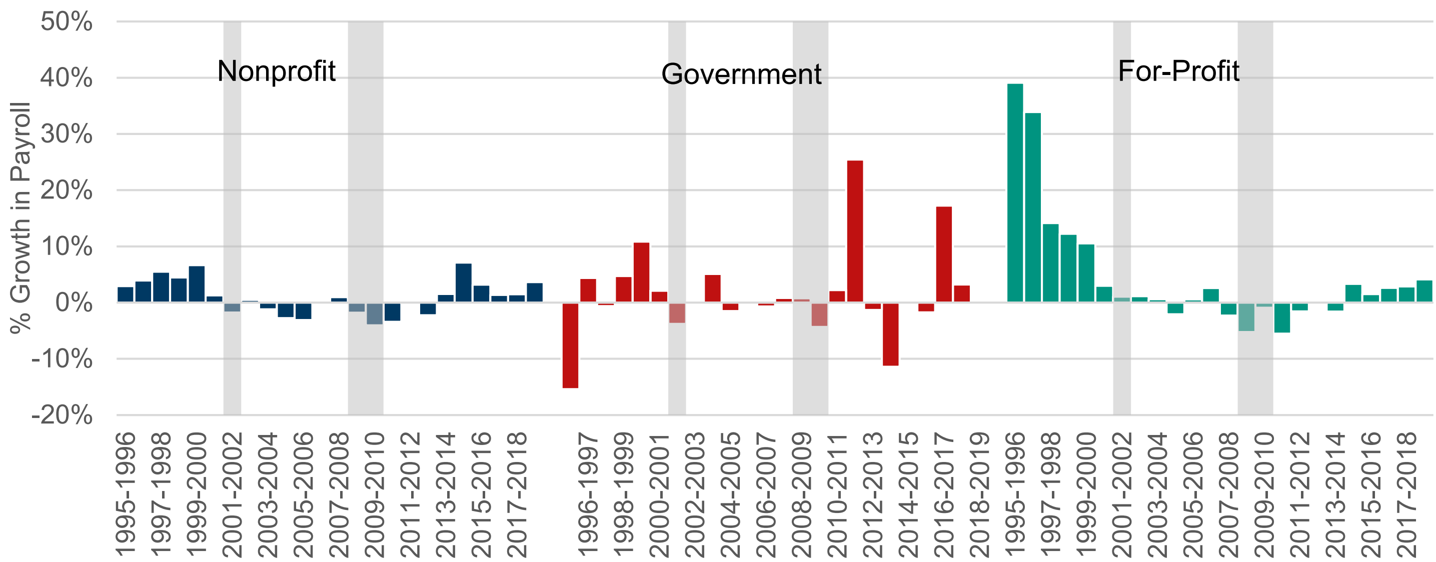


Figure B5: Subindustry Share for Total Percent Change in Nonprofit Employment (1995-2019)

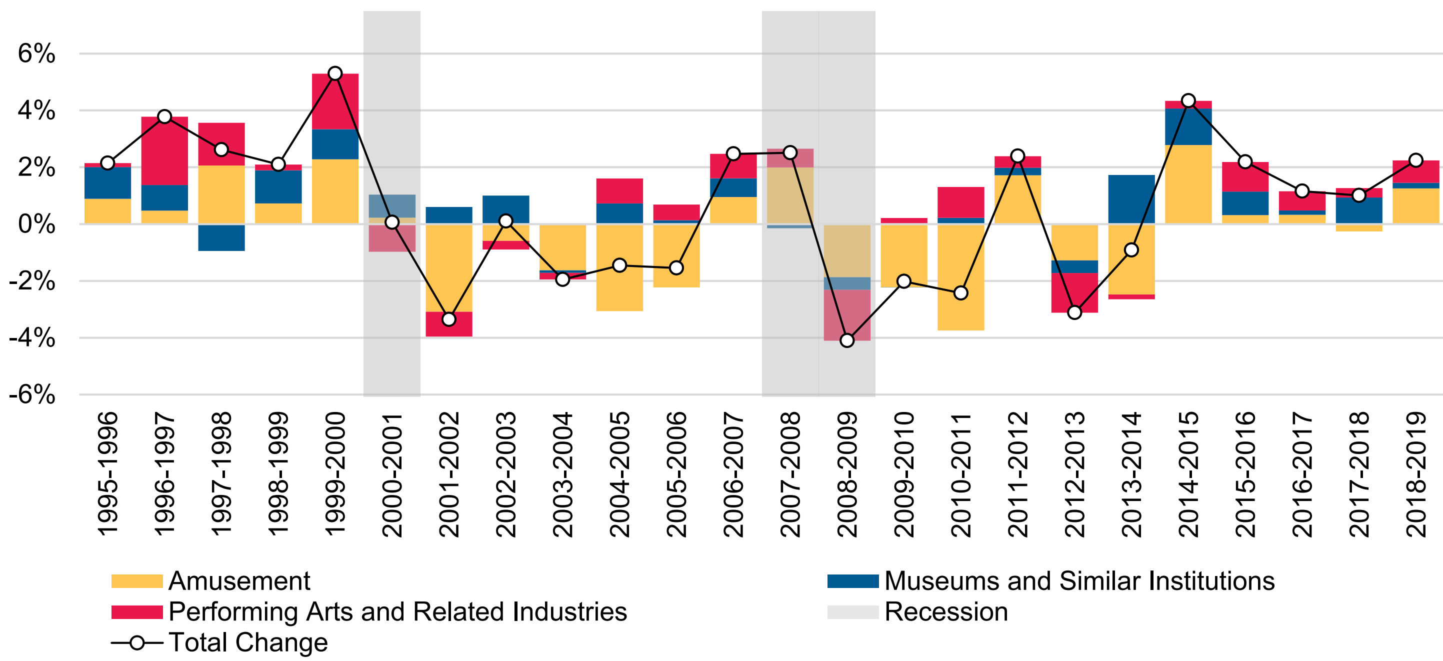
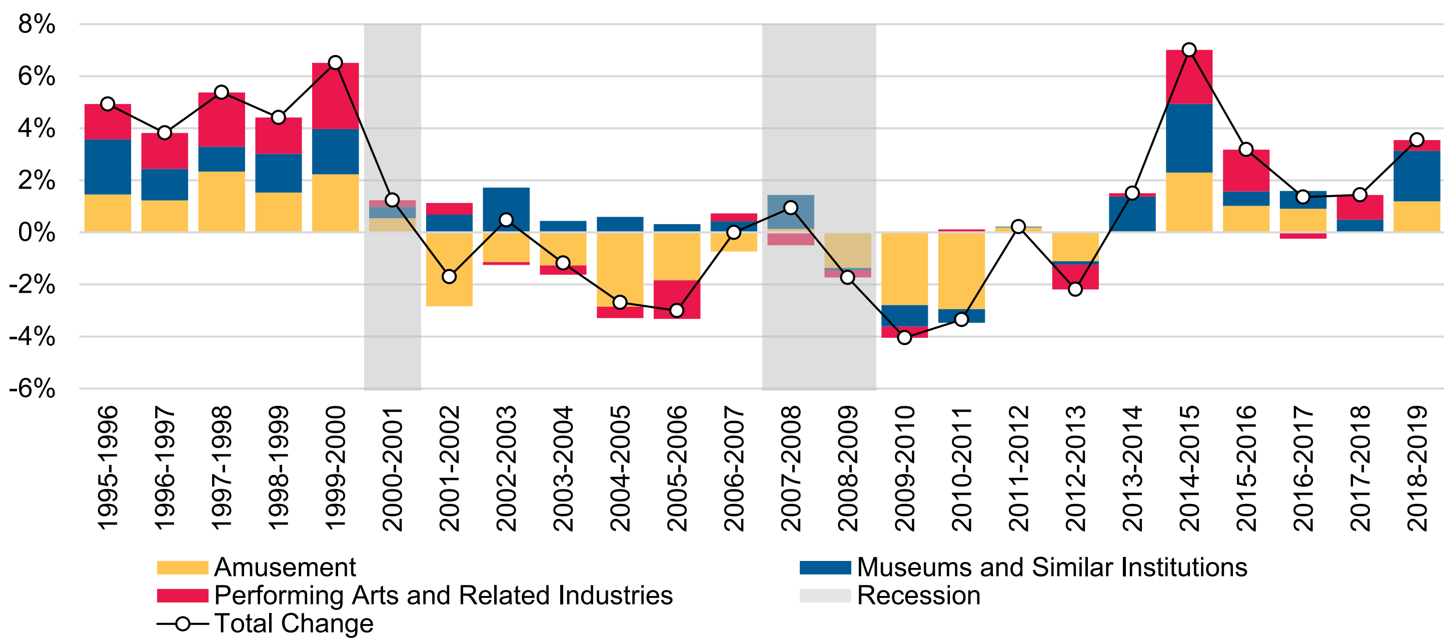


Figure B6: Subindustry Share for Total Percent Change in Nonprofit Payroll (1995-2019), in constant dollars (2019)



APPENDIX C: PAYROLL GRAPHS

Figure C1: Nonprofit Sector Payroll (billions) by Industry (1995-2019), in constant dollars (2019)

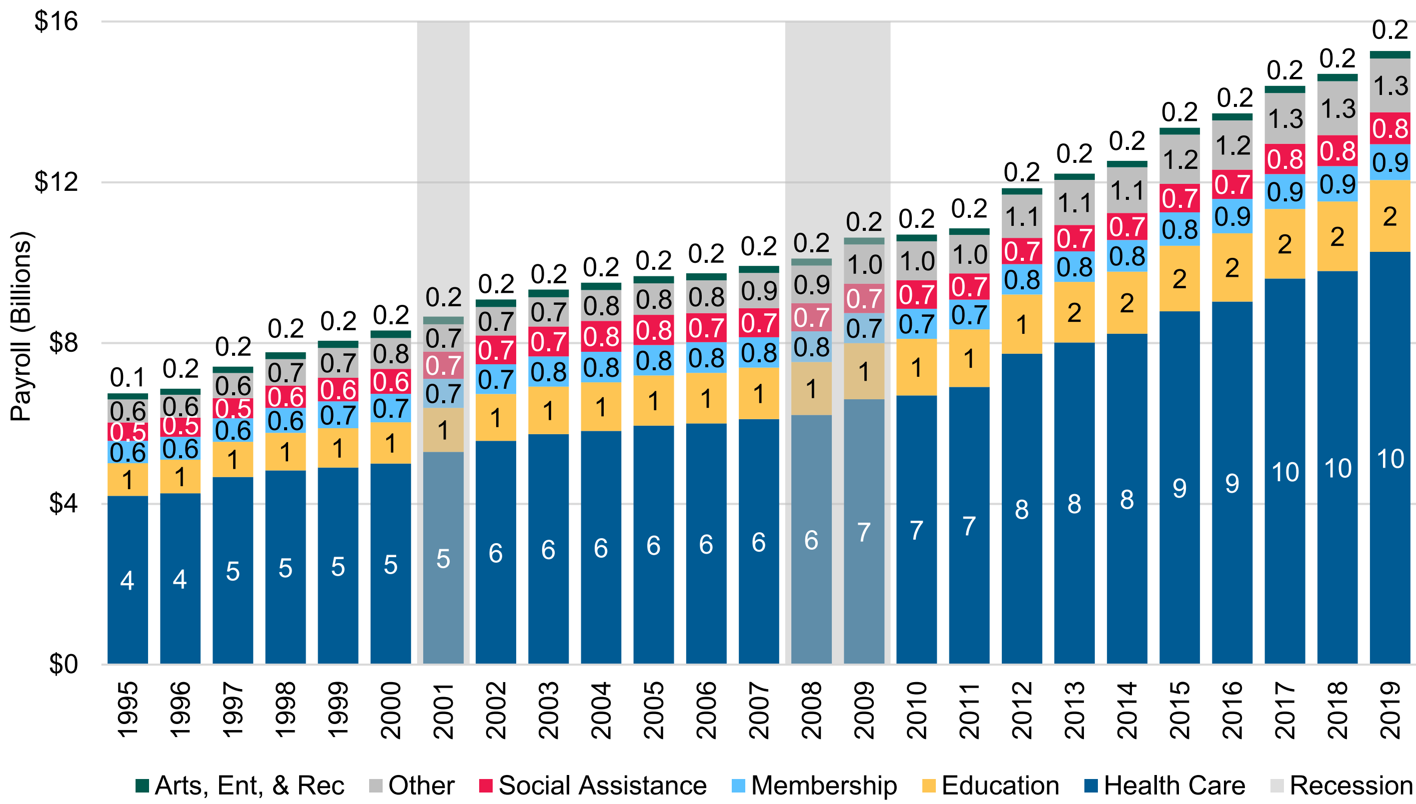


Figure C2: Sector Breakdown of Total Percent Change in AER Payroll (1995-2019), in constant dollars (2019)

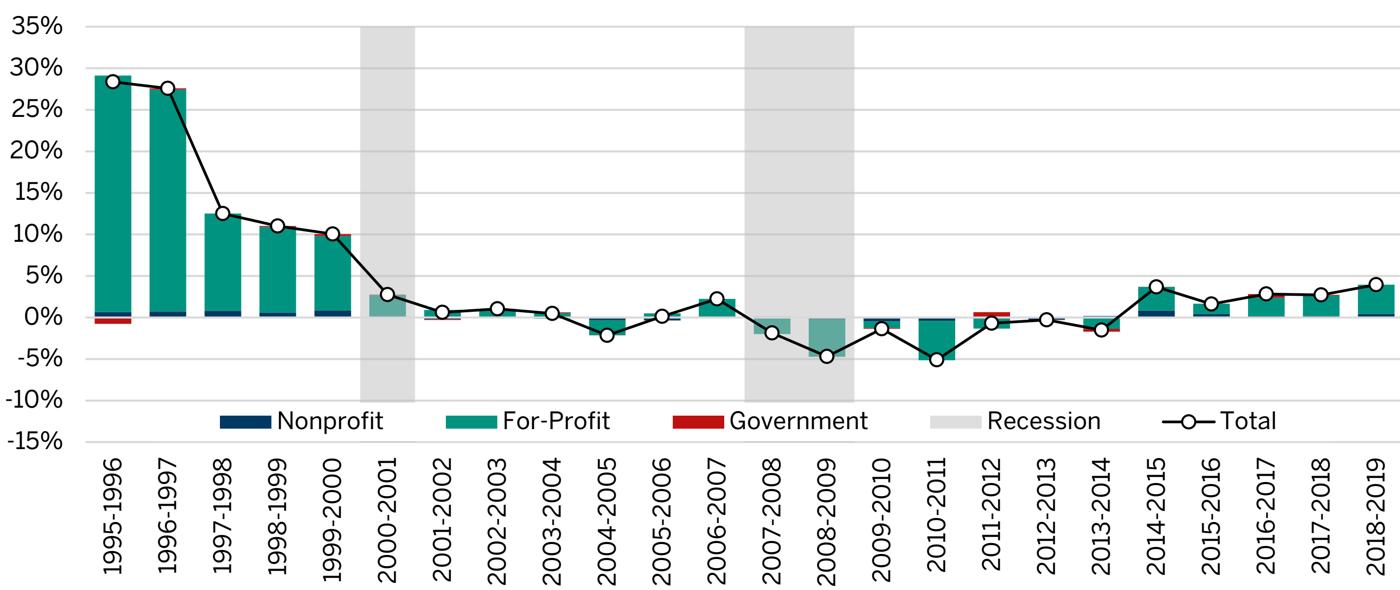


Figure C3: Share of Nonprofits in Payroll in Major Nonprofit Industries (1995-2019), in constant dollars (2019)

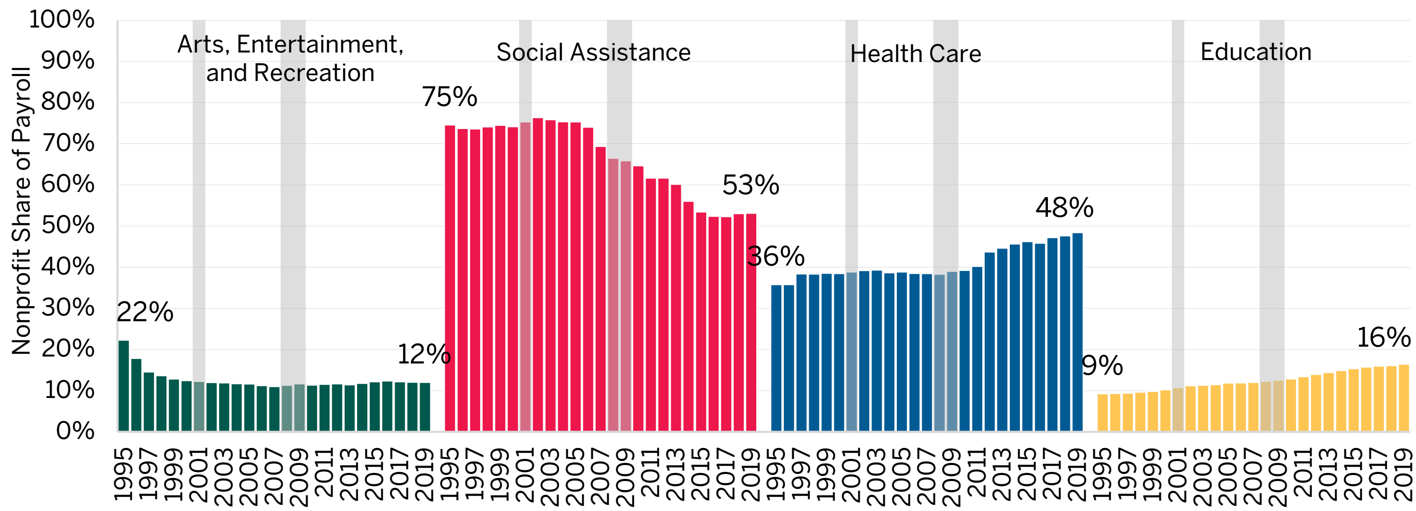


Figure C4: Nonprofit Payroll (millions) in AER by Major Subindustry (1995-2019), in constant dollars (2019)

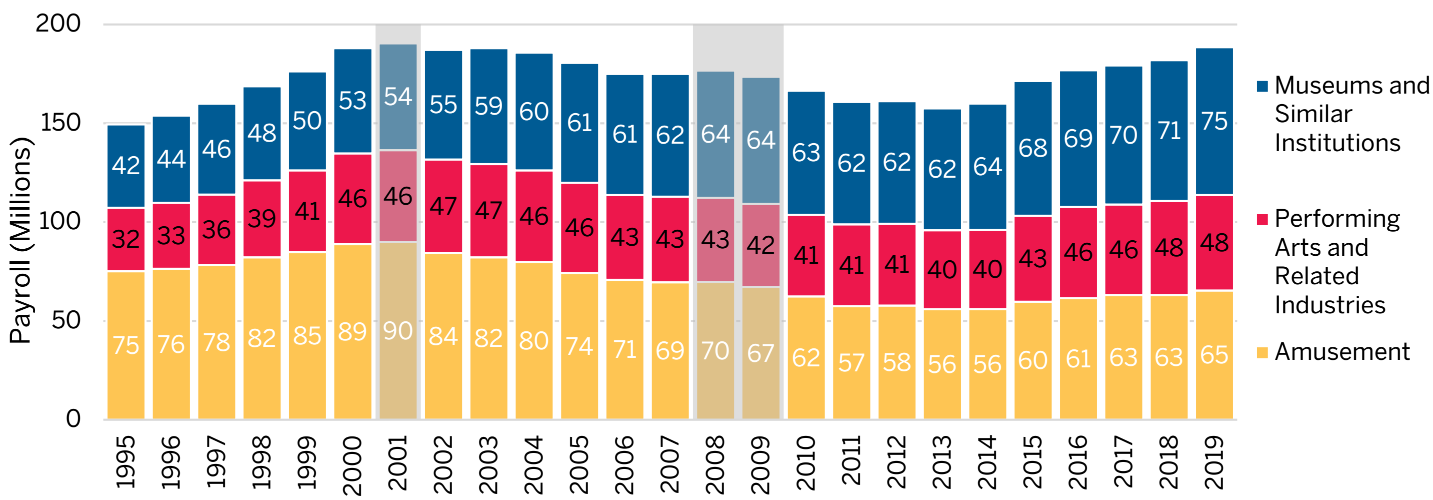


Figure C5: Amusement Payroll (millions) by Sector (1995-2019), in constant dollars (2019)

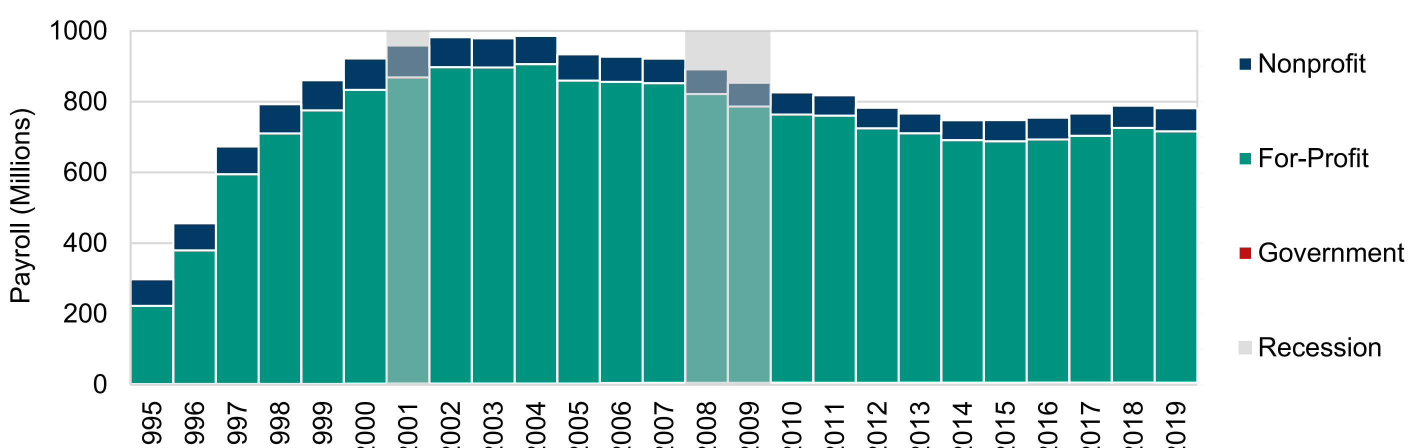


Figure C6: Distribution of Total Payroll by Sector for Amusement Subindustries, in constant dollars (2019)

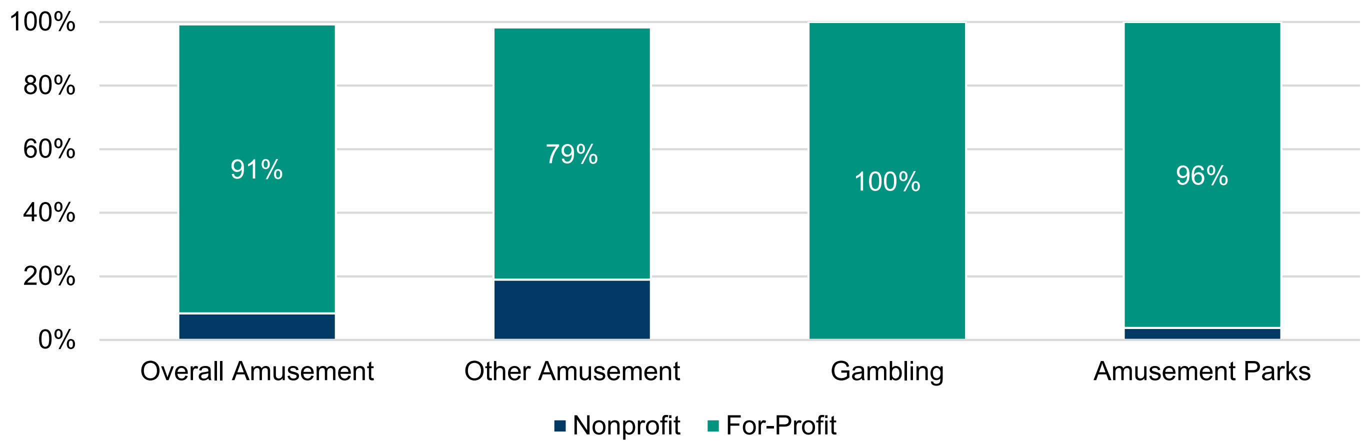


Figure C7: Other Amusement Payroll (millions) by Sector (2010-2019), in constant dollars (2019)

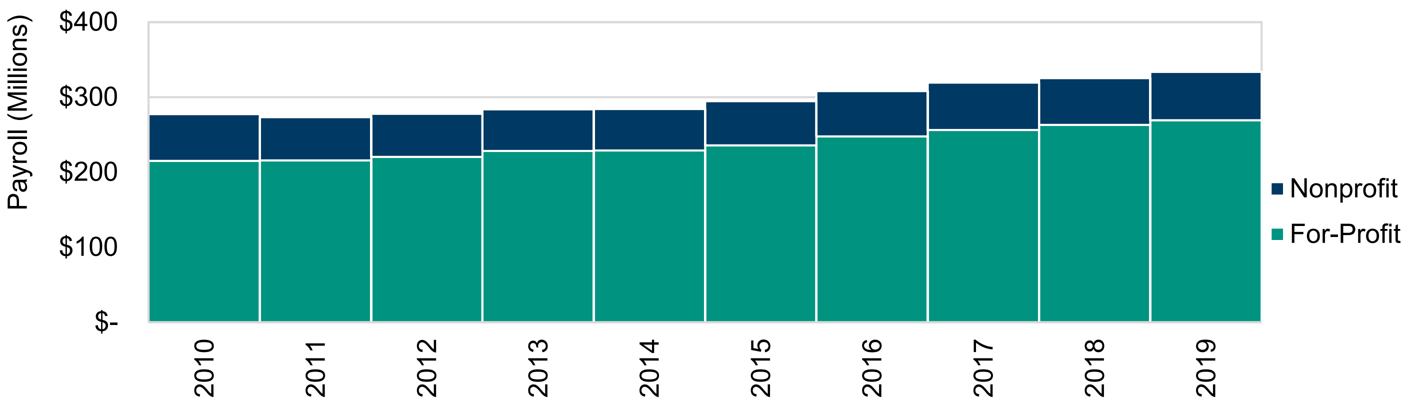


Figure C8: Gambling For-Profit Payroll (millions) (2010-2019), in constant dollars (2019)

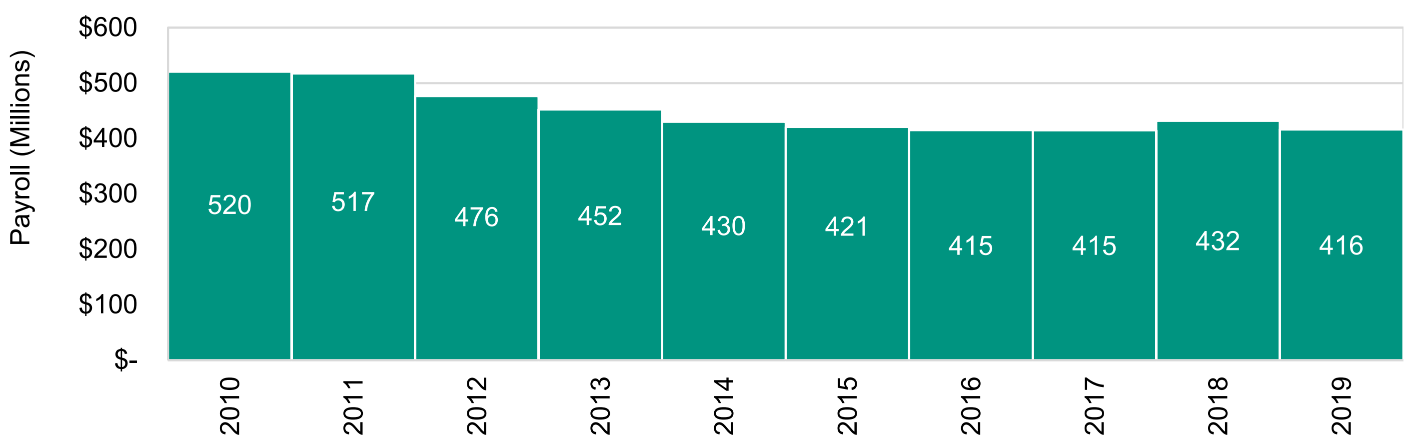


Figure C9: Amusement Parks Private Payroll (millions) (2010-2019), in constant dollars (2019)

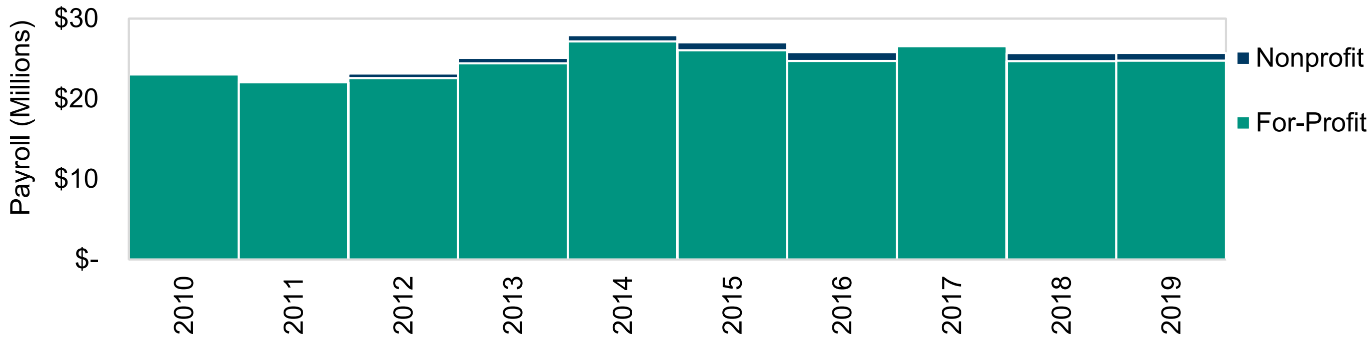


Figure C10: Performing Arts and Related Industries Payroll (millions) by Sector (1995-2019), in constant dollars (2019)

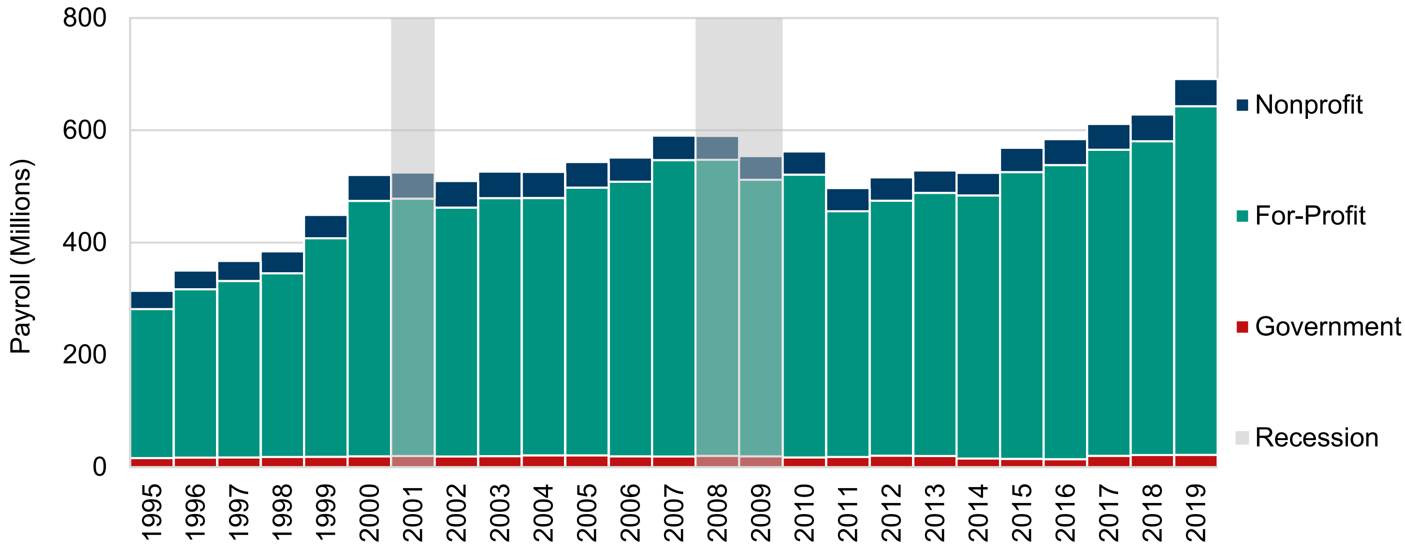


Figure C11: Distribution of Total Payroll by Sector for Performing Arts and Related Industries Subindustries, in constant dollars (2019)

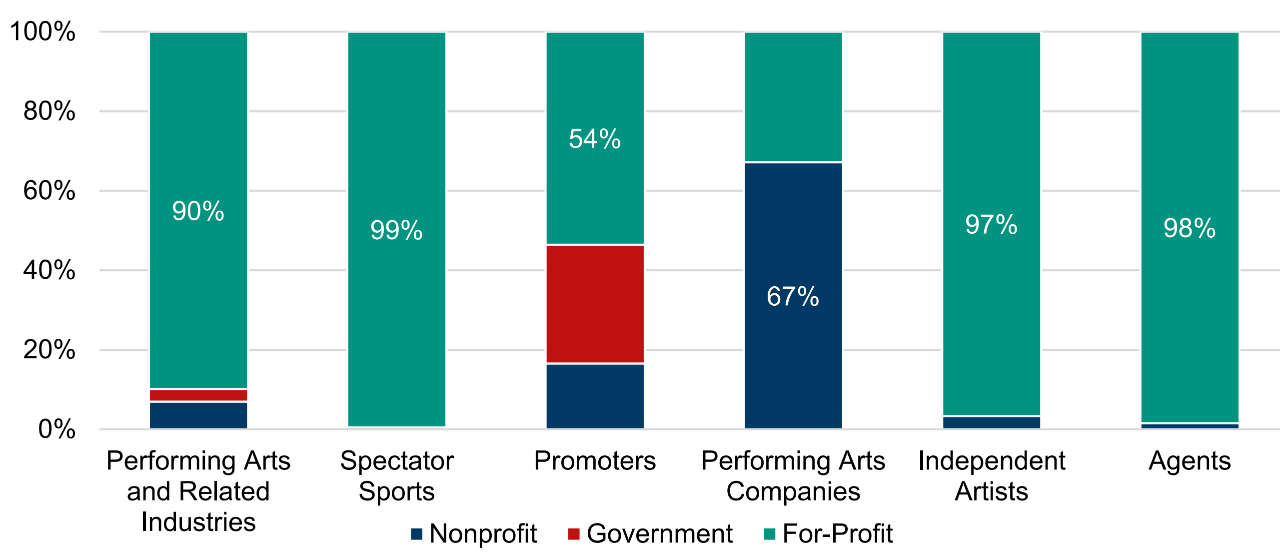


Figure C12: Spectator Sports Private Payroll (millions) (2007-2019), in constant dollars (2019)

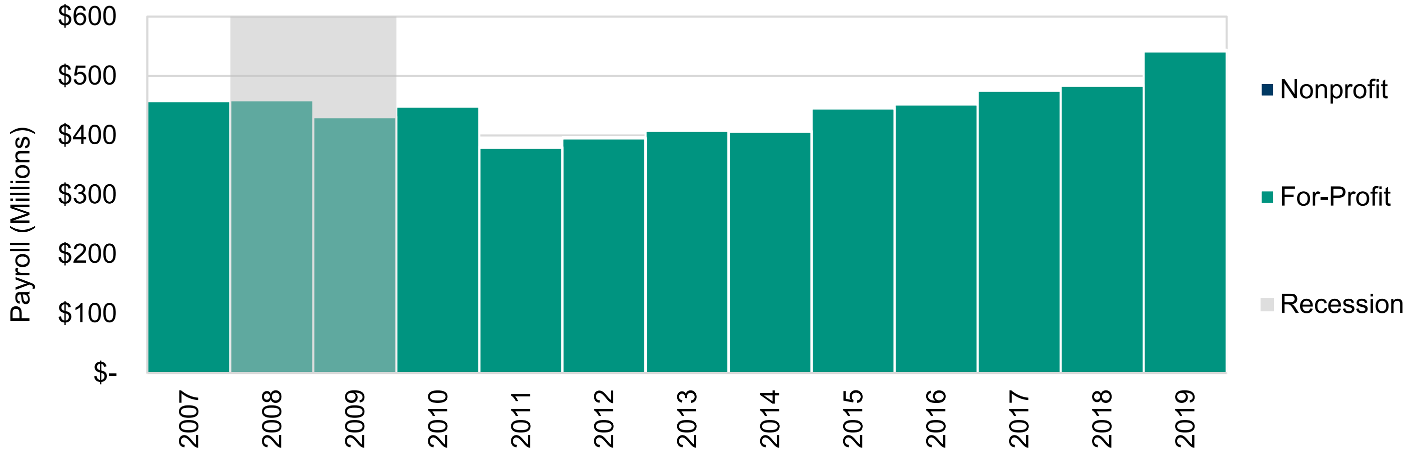


Figure C13: Promoters Payroll (millions) by Sector (1995-2019), in constant dollars (2019)

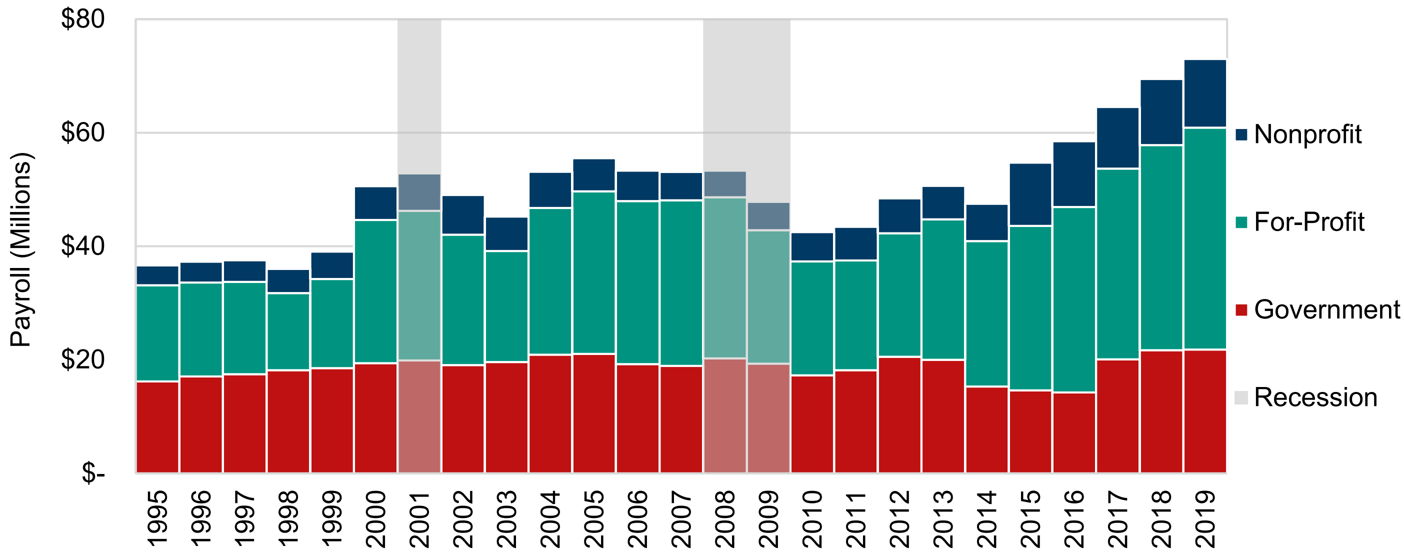


Figure C14: Performing Arts Companies Payroll (millions) by Sector (1995-2019), in constant dollars (2019)

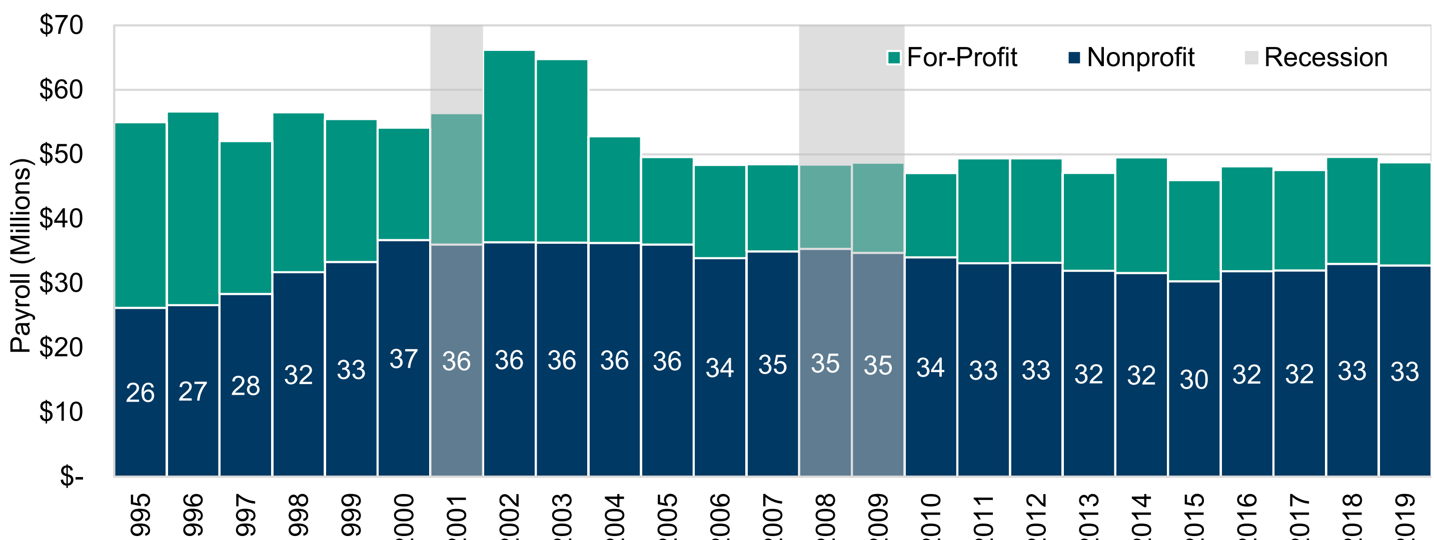


Figure C15: Independent Artists Private Payroll (millions) (2010-2019), in constant dollars (2019)

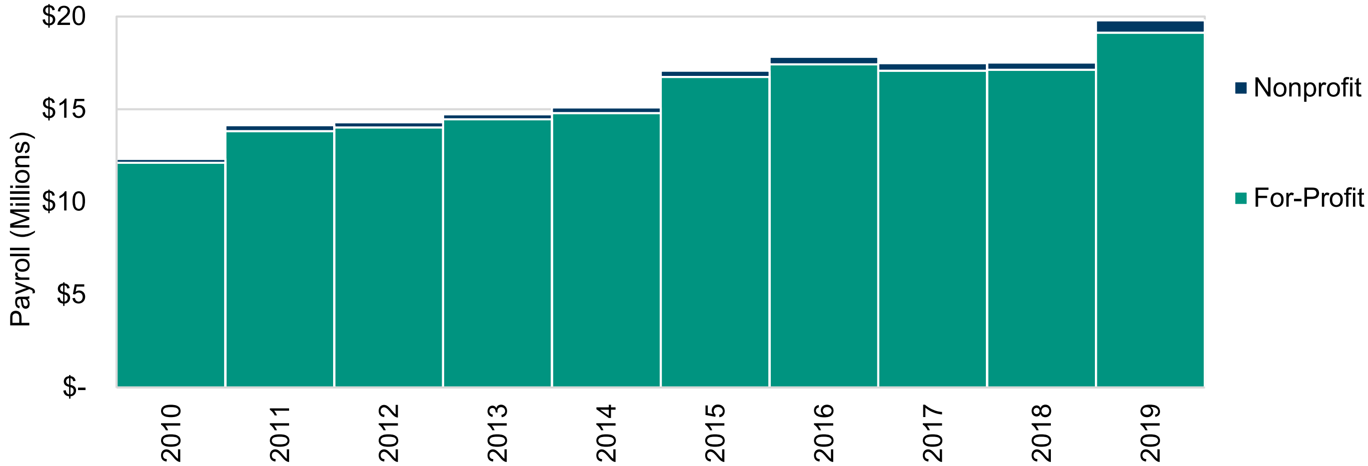


Figure C16: Agents Private Payroll (millions) (2007-2019), in constant dollars (2019)

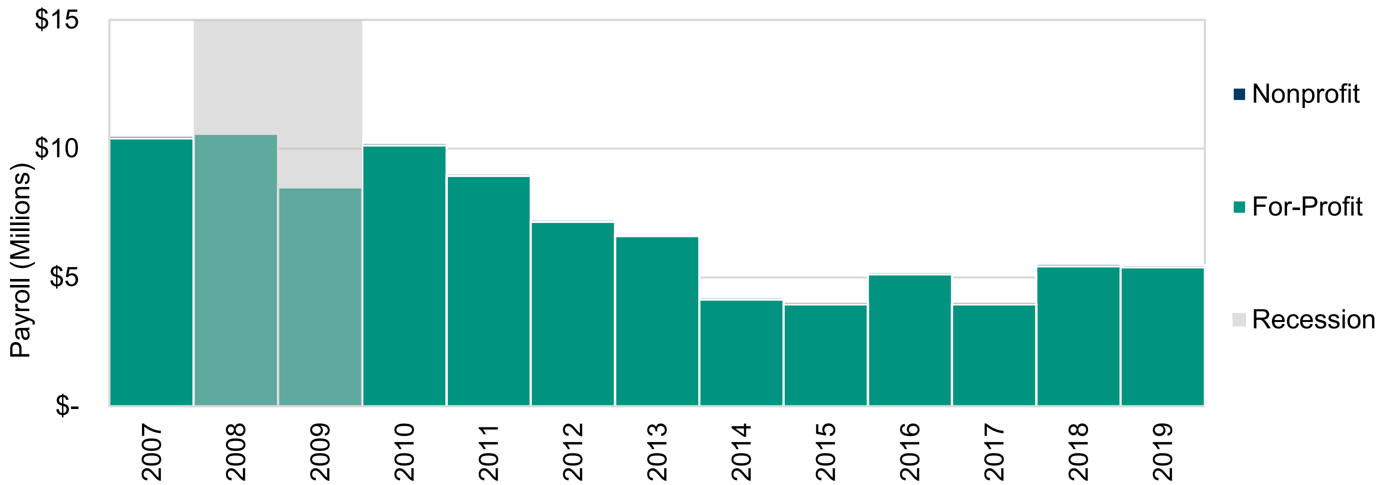


Figure C17: Museums and Similar Institutions Payroll (millions) by Sector (1995-2019), in constant dollars (2019)

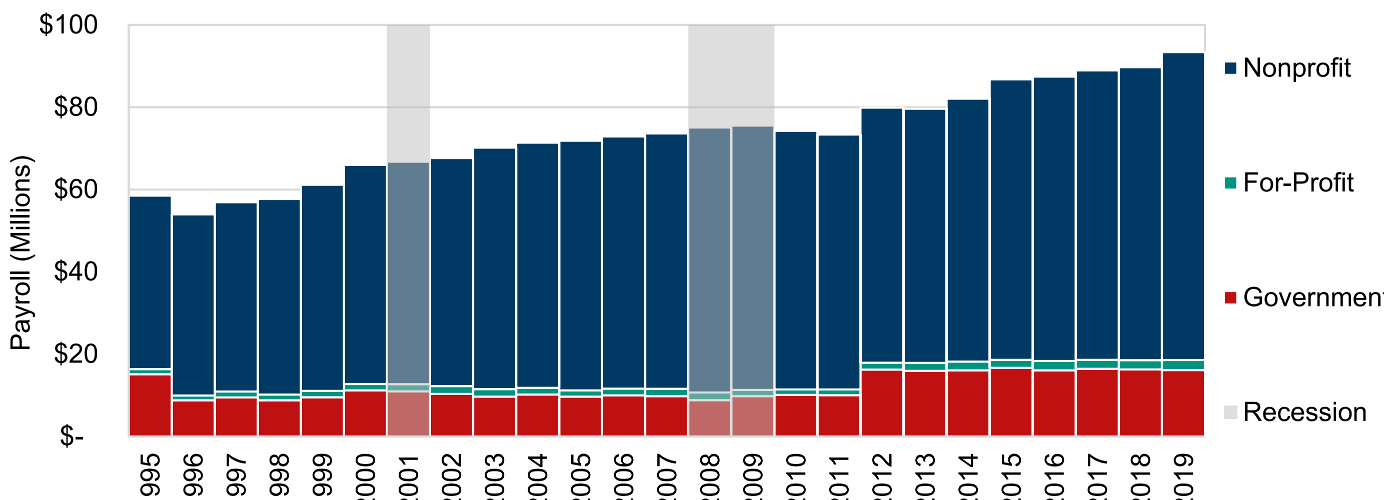


Figure C18: Museums Payroll (millions) by Sector (2007-2019), in constant dollars (2019)

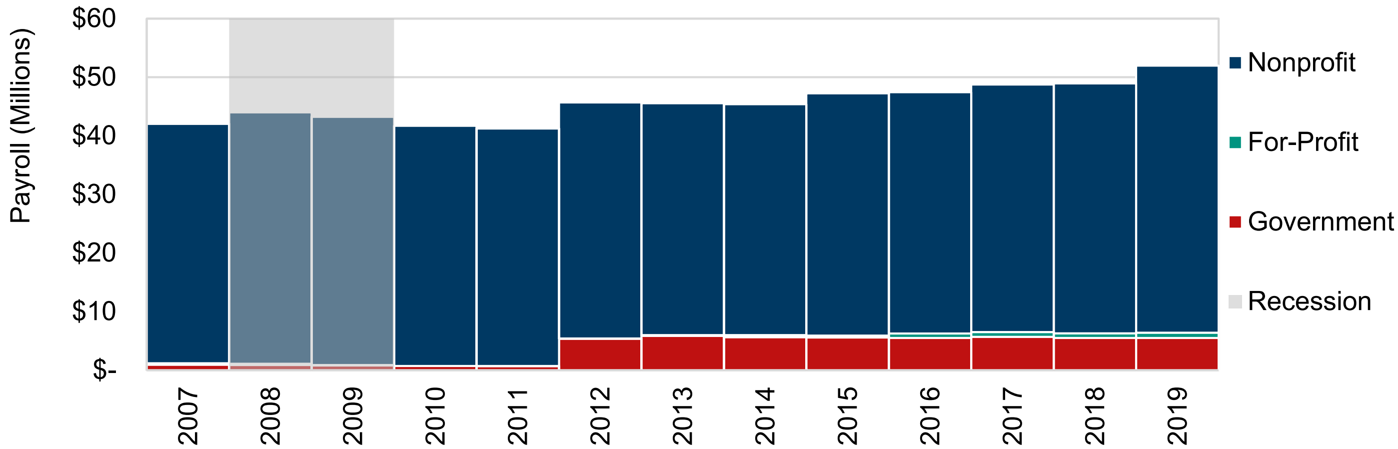


Figure C19: Zoos Private Payroll (in millions) (2007-2019), in constant dollars (2019)

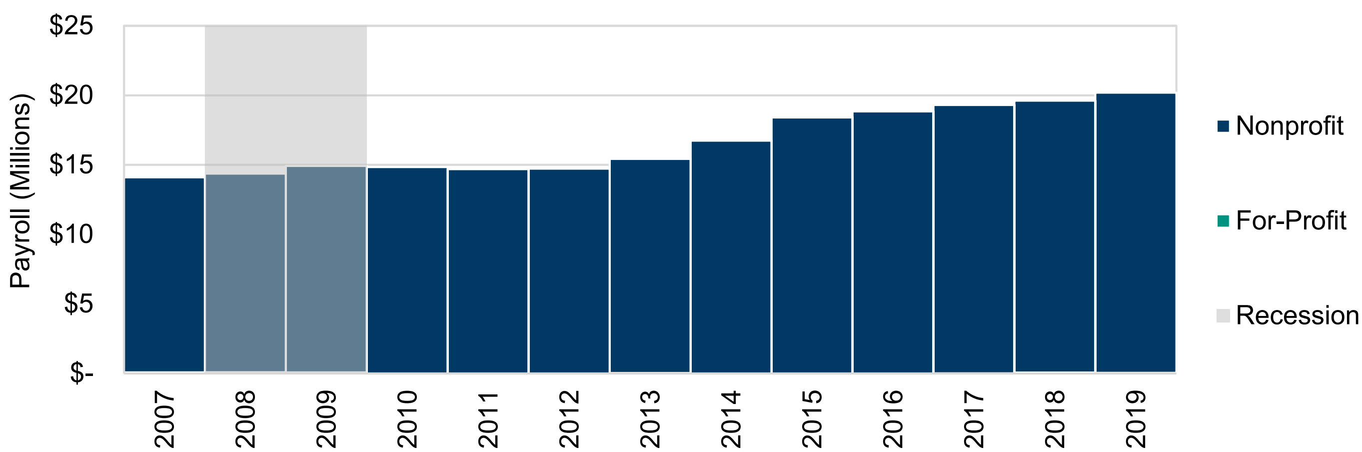


Figure C20: Historical Sites Payroll (in millions) by Sector (2007-2019), in constant dollars (2019)

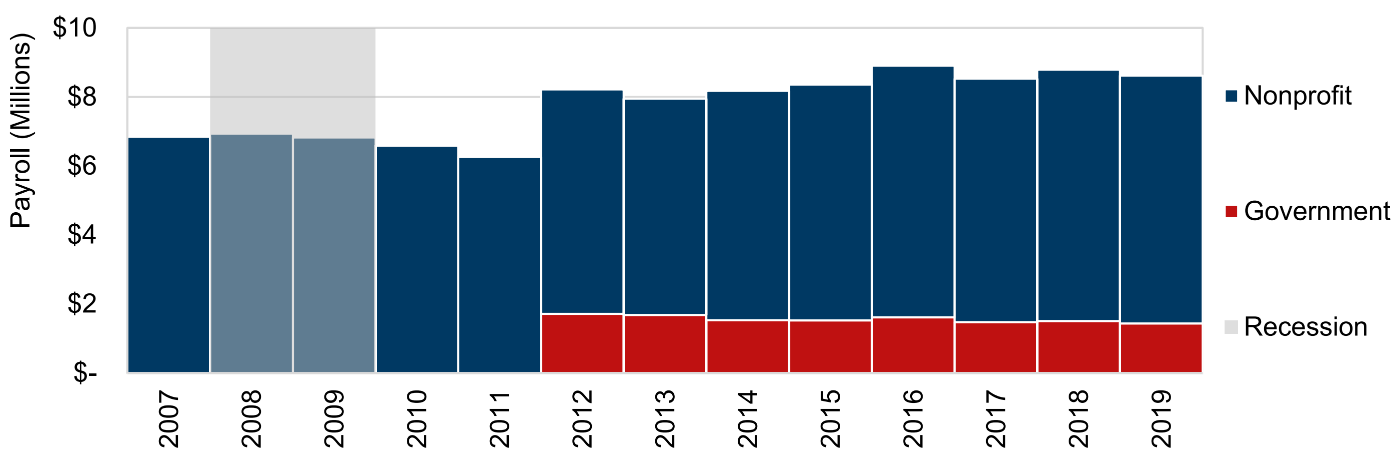


Figure C21: Nature Parks Payroll (in millions) by Sector (2007-2019), in constant dollars (2019)

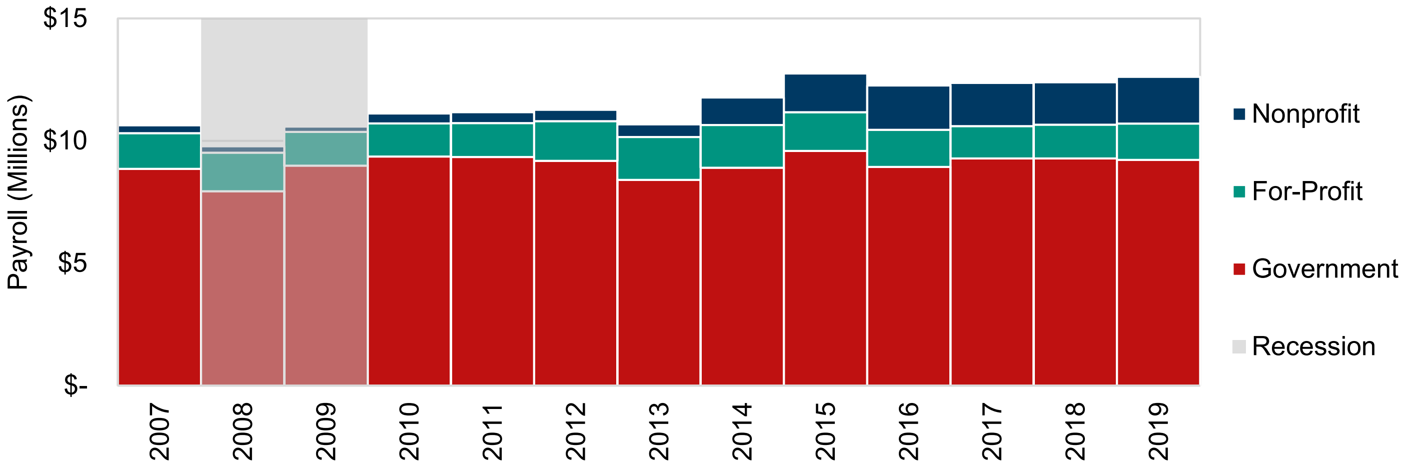
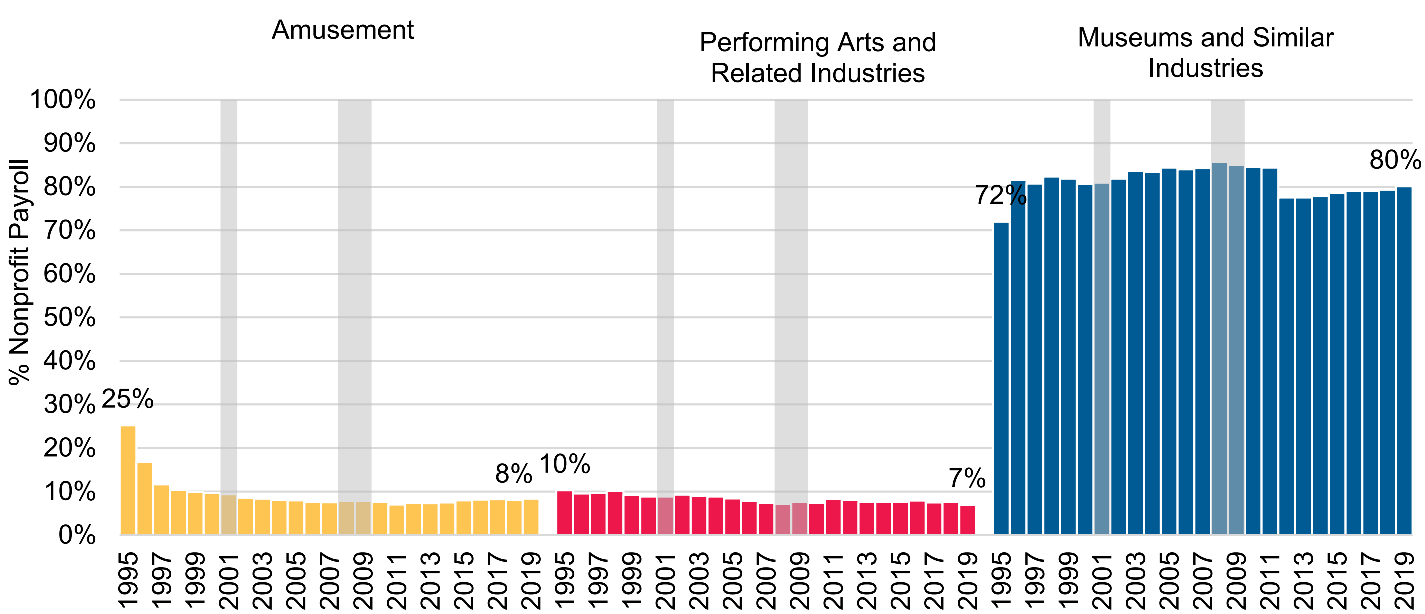


Figure C22: Nonprofit Share of Payroll by AER Subindustry (1995-2019), in constant dollars (2019)



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