THE ECONOMIC BENEFITS OF MICHIGAN'S NONPROFIT SECTOR

2026



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Executive summary

The Michigan Nonprofit Association (MNA) and Council of Michigan Foundations (CMF) engaged Public Sector Consultants (PSC) to analyze and highlight the economic impact of Michigan's nonprofit sector. A cornerstone of the state's social and economic health, the sector provides critical services in healthcare, education, human services, the arts and more — providing benefits to society rather than earning a profit. Beyond providing essential services, Michigan nonprofits drive the economy by creating jobs, purchasing goods and services, and securing outside investment. This report offers data-driven insights into their vital role as economic engines.

MNA and CMF elected to focus this analysis specifically on 501(c)(3) charitable organizations. The June 2025 IRS (Internal Revenue Service) Exempt Organization Business Master File (EO BMF)[1] shows Michigan has 32,661 501(c)(3) charitable or religious organizations broken out throughout the report by public charities (71%) and private foundations (7%).

Key findings

Direct impacts

- Michigan's 501(c)(3) public charities and private foundations employ **469,003 people**—about one in 10 Michigan jobs—and pay **$34.2 billion**[2] in annual wages.

The ripple effect

- Michigan's 501(c)(3) public charities and private foundations support an additional **431,557 Michigan jobs** and another **$27.6 billion** in employee compensation.
- These organizations' output of $76.4 billion supports an additional **$81.5 billion** in output (revenue) statewide.
- This means that every $1 spent by charitable nonprofits generates another $1.10 in the economy.

[1] As part of this analysis, PSC included nonprofits from the Business Master File that filed between July 2022 and June 2025. Nonprofits have three consecutive years to file a Form 990-series return before their tax-exempt status is automatically revoked by the IRS. Nonprofits whose most recent filing occurred before June 2022 were excluded.

[2] Direct annual wages of $34.2 billion translated into $41 billion in total employee compensation (labor income) in the economic contribution model.

Total statewide economic contribution

- Jobs: **900,560**
- Labor income: **$68.6 billion**
- Output: **$157.9 billion**

Impact beyond healthcare and education

Healthcare and education providers make up a significant share of employment and revenue among Michigan's nonprofits; when we exclude those and focus on community-based charitable nonprofits, they:

- Comprise **26,569 501(c)(3) organizations** in Michigan
- Contribute **114,756 direct jobs** to Michigan's economy and direct labor income of **$6.4 billion**
- Produce direct revenue of **$22.7 billion**
- Support a total contribution of over **250,000 jobs, $15.5 billion** in labor income, value-added of **$21.2 billion** and **$49.4 billion** in output



Introduction

Michigan's nonprofits make essential contributions to healthcare, education, human services such as housing affordability and security, and the arts and humanities. Nonprofits support children and families in need, protect vital watersheds like the Great Lakes, and boost local economies through neighborhood revitalization and small business support. Their support makes life more fulfilling for millions of Michiganders while also making the state more attractive for new residents and business investment.

These social benefits are the most important contributions nonprofits make to Michigan. Nonprofit organizations also make important contributions to Michigan's economy, and this report focuses on these contributions, which occur through creating jobs, spending on goods and services, and attracting grants and donations. In the second quarter of 2025, nonprofits with a charitable focus **employed 469,003 people, representing 10% of the state's payroll employment.** Including indirect and induced employment—driven by the spending of nonprofits, their employees, and the businesses they frequent, the sector supported roughly one in five jobs in Michigan. This economic contribution represents their vital three-layer impact in Michigan communities as:

1. **Service providers:** Nonprofits run essential programs — such as child care, job training and food pantries — that many residents rely on, especially those who have been left behind by the traditional private market economy.
2. **Community hubs:** Nonprofits act as the "social glue" where neighbors connect, volunteer and solve local problems outside of the government or big business.
3. **Economic engines**: Nonprofits are a major employer and consumer of goods and services. Whether in a small rural town, suburb or larger city, nonprofits provide steady jobs and buy from local vendors, keeping money circulating in the neighborhood.

To analyze the economic contributions of Michigan's nonprofits, PSC conducted a direct contribution assessment and an economic impact analysis using IMPLAN. This report includes data from nonprofits that filed a Form 990 tax return between July 2022 and June 2025 according to the June 2025 EO BMF.[3]

Michigan's nonprofit sector

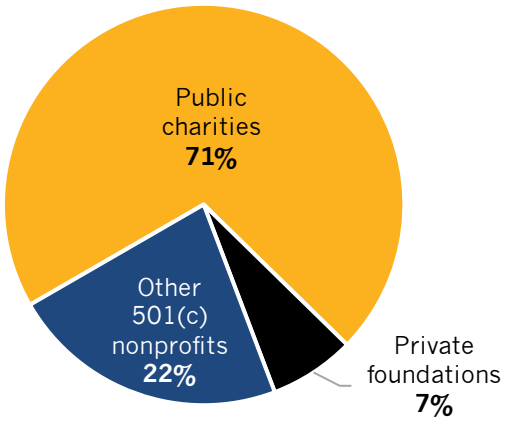
A nonprofit is an organization exempt from federal income tax under the U.S. Internal Revenue Code (IRC). These entities are structured to provide benefits to society or a group rather than to earn a profit. Section 501(c) of the IRC grants tax-exempt status to various types of nonprofit

[3] The IRS Business Master File (BMF) is the Internal Revenue Service's primary database for tracking tax-related information and activities for all business entities in the United States that have an Employer Identification Number (EIN). The Exempt Organizations Business Master File (EO BMF) is a publicly available extract of the main BMF that focuses on tax-exempt entities including 501(c)(3) charities, private foundations and other noncharitable nonprofits. More information is provided in Appendix B on page 24.

organizations. Although the IRS recognizes dozens of categories, nonprofits are generally defined by their primary mission and whom they benefit. The most common 501(c) nonprofit organization is 501(c)(3), which includes public charities and private foundations. Other common nonprofit types include 501(c)(4): civic leagues and social welfare organizations and local associations of employees; 501(c)(5): labor, agricultural and horticultural organizations; and 501(c)(6): business leagues.

Between July 2022 and June 2025, 42,108 Michigan nonprofits filed an IRS Form 990. Most of these nonprofits are 501(c)(3) charitable and religious organizations and are broken out in Exhibit 1 by public charities (71%) and private foundations (7%).

EXHIBIT 1. Percentage of Michigan nonprofits by type



Source: IRS EO BMF June 2025

Charitable nonprofits — 501(c)(3) organizations

Charitable organizations, defined in IRC section 501(c)(3), are further divided into two categories: public charities and private foundations. The IRS states that to be tax exempt under section 501(c)(3), an organization must be organized and operated exclusively for the purposes outlined in the section. These provisions are firmly grounded in the First Amendment, which protects the rights of assembly and free speech, allowing philanthropy to invest in nonprofits in alignment with their missions and values and strengthen our civil society. A 501(c)(3)'s purposes include charitable, religious, scientific, public safety, educational, and literary activities; none of its earnings can be for the private benefit of shareholders or individuals. In addition, the organization's assets must be permanently dedicated to an exempt purpose. If the organization is dissolved, its assets must be distributed to another 501(c)(3) organization for an exempt purpose.[4]

- **Public charities:** These organizations include groups with arts, educational, healthcare, religious, philanthropic, and scientific missions. While many of the largest organizations in terms of both assets and revenue are medical institutions (e.g., hospitals and health systems), there are myriad other examples of 501(c)(3) public charities in Michigan.
- **Private foundations:** Typically, these entities receive assets from families, individuals, or corporations, managing these funds as a permanent endowment to provide a consistent stream of grants funded by investment earnings for charitable causes.

[4] The IRS defines "charitable" through the Code of Federal Regulations under Title 26 CFR 1.501(c)(3)-1(d)(2).

Study focus

This study focused on 501(c)(3) nonprofit organizations, which make up 78% of Michigan's nonprofits. Healthcare providers and education organizations account for a large share of 501(c)(3) assets, direct employment, labor income and revenue, but only a small portion of all 501(c)(3) nonprofit organizations fall into these categories. For example, healthcare providers account for 44% of total 501(c)(3) entities' assets but only 4% of 501(c)(3) nonprofit entities. Due to this imbalance, it is useful to assess the economic contributions of the remaining entities excluding healthcare providers and education organizations so we can understand better the contributions these 501(c)(3) organizations make to Michigan's economy. Therefore, the report presents data both including and excluding the healthcare providers and education organization categories.

Subsectors

501(c)(3) nonprofit organizations are classified by the IRS EO BMF using the National Taxonomy of Exempt Entities (NTEE) system from the National Center for Charitable Statistics (NCCS). These codes are the standard industry code for nonprofits, like how the North American Industry Classification System (NAICS) classifies industry activities for all employers. Entities are categorized based on their primary mission and programming activities. The NTEE has 10 main categories:

- Arts, culture and humanities
- Education[5]
- Environment and animals
- Health (as healthcare providers and health-related organizations)[6]
- Human services
- International, foreign affairs
- Mutual/membership benefit
- Public, societal benefit
- Religion related
- Unknown/unclassified

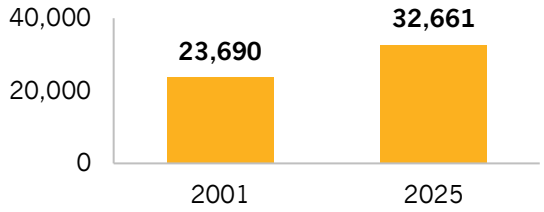
Number of entities

The number of 501(c)(3) nonprofits in Michigan has grown over the past 25 years, from 23,690 in 2001 to 32,661 as of June 2025 (Exhibit 2). This growth may stem from the outsourcing of government services to nonprofits through grants and contracts; the professionalization of social entrepreneurship for more efficient, reliable and cost-effective business models that do not solely rely upon fundraising and grant dollars; and the rising demand for healthcare services due to an aging population.

[5] The education category is excluded in its entirety when the education data is removed from the analysis.

[6] The health category is a subsector defined by the National Center for Charitable Statistics (NCCS) and includes healthcare providers and additional health-related organizations. Our IMPLAN contribution analysis excludes healthcare providers (and not health-related organizations), but direct impacts summarized throughout this report include totals encompassing both.

EXHIBIT 2. Number of Michigan 501(c)(3) nonprofits, 2001 and 2025



Sources: PSC 2019; IRS EO BMF June 2025

As of June 2025, there were 29,751 public charities in Michigan and 2,910 private foundations for a total of 32,661 501(c)(3) nonprofit entities. This number without healthcare provider entities and education organizations was 26,569, or just over 80% of all 501(c)(3) entities (Exhibit 3).

EXHIBIT 3. Number of Michigan 501(c)(3) nonprofits, June 2025

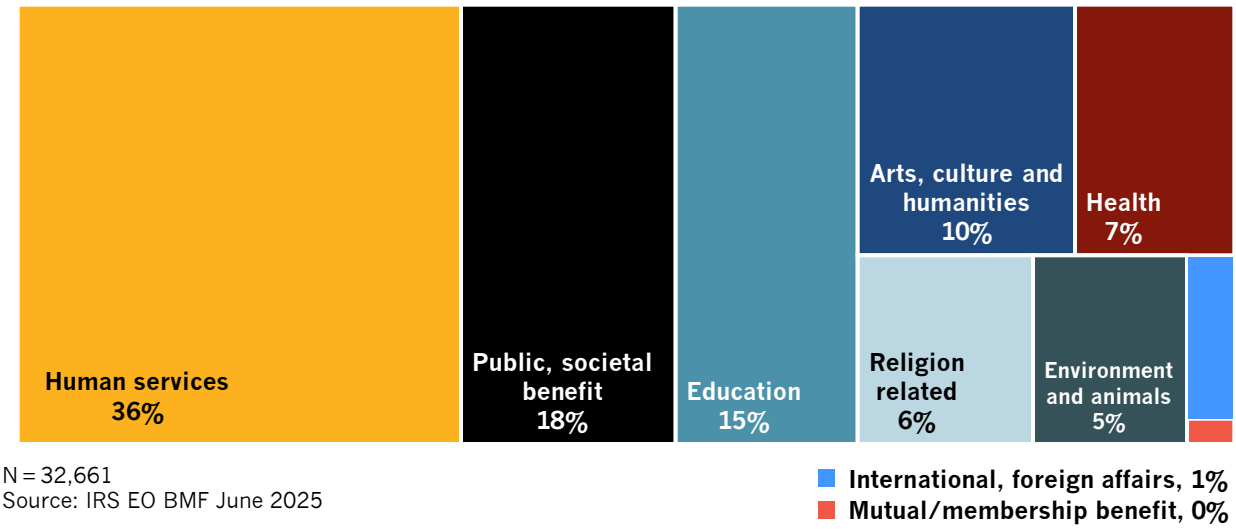
Type of nonprofit	Number of organizations	Percentage of organizations
Public charity	29,751	91%
Private foundation	2,910	9%
Total	**32,661**	
Healthcare provider organization	1,199	4%
Education organization	4,893	15%
Total without healthcare provider and education organizations	**26,569**	**81%**

Source: IRS EO BMF June 2025

Entities by subsector

As indicated in Exhibit 4, human service entities account for more than one-third of Michigan's 501(c)(3) nonprofit organizations followed by organizations that provide public, societal benefit (18%) and education (15%).

EXHIBIT 4. Percentage of entities by subsector



N = 32,661
Source: IRS EO BMF June 2025

Assets

The economic value of nonprofit organizations can be partly measured by indicators like employment, wages, revenue and assets. This report mainly focuses on economic benefits from employment, wages and revenue, but evaluating the total assets of 501(c)(3) nonprofits offers another way to measure their overall economic value.

Michigan 501(c)(3) nonprofits hold $161.9 billion in total assets to support their missions and sustain vital community services, with many organizations maintaining endowments designed to exist in perpetuity. These assets provide the resilience needed to consistently deliver mission-driven work through every economic shift. By maintaining endowments for the long haul, Michigan's foundations help ensure that nonprofits aren't just reacting to the moment but are permanently equipped to serve, especially in future crises. It's a self-sustaining commitment to make sure the help people count on today will still be there for future generations.

These assets often include donor-restricted funds earmarked for specific projects or time frames, and by law, all assets held by these organizations must ultimately serve a charitable purpose. The assets of Michigan 501(c)(3) nonprofits have increased 23% over the past 10 years, from $131.7 billion in 2016 to $161.9 billion in 2025. In 2025, total assets of 501(c)(3) nonprofit entities without healthcare provider entities and education organizations were $74.4 billion, or 46% of total 2025 assets (Exhibit 5).

EXHIBIT 5. Michigan nonprofit assets, 2016, 2018, and 2025

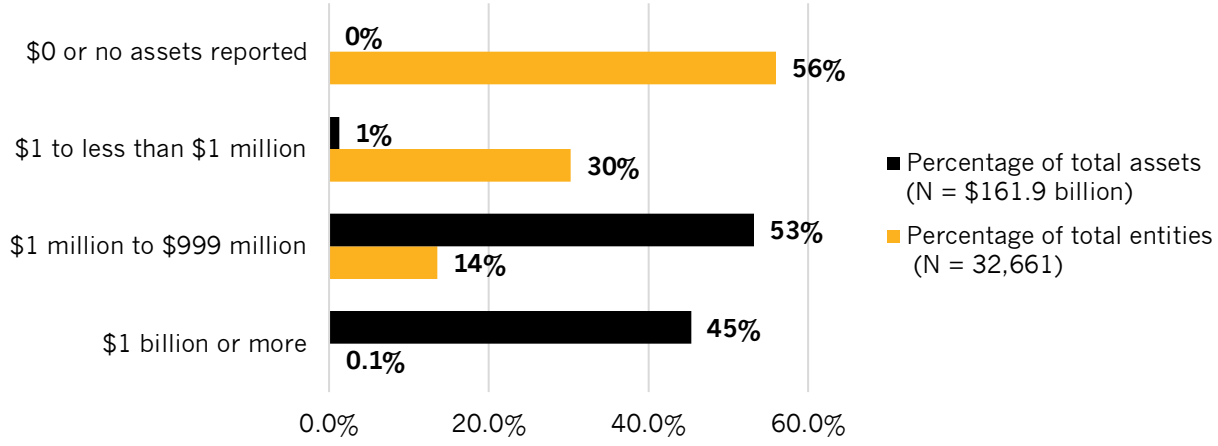
Type of nonprofit	2016 assets (in billions)	2018 assets (in billions)	2025 assets (in billions)	2025 percentage of total assets
Public charities	$77.6	$87.1	$125.7	78%
Private foundations	$20.6	$29.8	$36.2	22%
Total	$98.2	$116.9	$161.9	100%
Adjusted for inflation to 2025	**$131.7**	**$149.9**	$161.9	100%
Healthcare provider organizations	N/A	N/A	$70.5	44%
Education provider organizations	N/A	N/A	$17.0	10%
Total without healthcare providers and education organizations	**N/A**	**N/A**	**$74.4**	**46%**

Source: IRS EO BMF June 2025; PSC 2019
Note: 2016 and 2018 dollars have been inflated to 2025 dollars using the annual average of the Consumer Price Index for All Urban Consumers.

Most 501(c)(3) nonprofit organizations (86%) reported assets of less than $1 million, accounting for only 1% of the total 501(c)(3) assets held in the state (Exhibit 6). More than half of these (56%) reported having no assets during this time.[7] Although industry benchmarks recommend maintaining a three-to-six month rainy-day fund for operating expenses, many nonprofits strategically operate as flow-through entities. These organizations intentionally prioritize the immediate deployment of incoming funds into community services over the accumulation of a financial reserve, resulting in minimal or zero reported assets.

Many nonprofits hold minimal or no assets because they operate as flow-through entities, intentionally prioritizing the immediate deployment of funds into community services over the accumulation of a financial reserve.

EXHIBIT 6. Percentage of 501(c)(3) organizations by asset amount



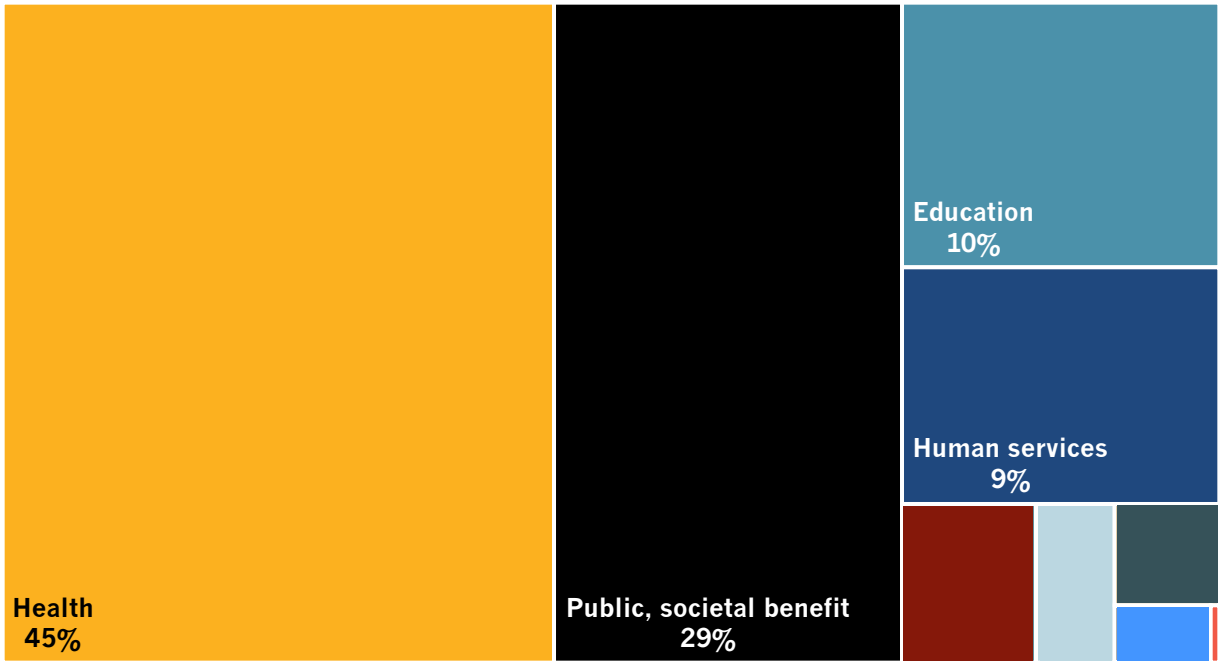
Source: IRS EO BMF June 2025
Note: Dollars reported 2022–2024 have been inflated to 2025 dollars using the annual average of the Consumer Price Index for All Urban Consumers.

Assets by subsector

At 45%, the health subsector has the largest percentage of total 501(c)(3) assets in Michigan, followed by the public, societal benefit subsector at 29%. Education entities account for 10% of assets and human services organizations account for 9% (Exhibit 7).

[7] Most of these entities (99.6 %) reported assets of $0 with 0.4% (70 entities) not reporting assets (i.e., this field was blank in the data file).

EXHIBIT 7. Percentage of entities by subsector



Source: IRS EO BMF June 2025
Note: Total asset amount is $161.9 billion.

- Arts, culture, and humanities, 3%
- Environment and animals, 2%
- Religion related, 1%
- International, foreign affairs, 1%
- Mutual/membership benefit, 0%

Economic contribution of 501(c)(3) nonprofits



PSC used employment and wage data from the Michigan Department of Technology, Management, and Budget (MDTMB) and revenue data from the IRS and National Center for Charitable Statistics (NCCS) to measure the economic contribution of 501(c)(3) entities to Michigan's economy.

PSC conducted the contribution analysis of 501(c)(3) nonprofit organizations using Impact Analysis for Planning (IMPLAN), an input-output modeling tool that traces transactions among and between industry sectors to quantify how activity in one part of the economy affects others.[8] PSC estimated the direct, indirect and induced effects of operations and household spending in the study areas.

[8] See Appendix B for full information on IMPLAN.

Employment and wages

According to the MDTMB, 501(c)(3) entities employ 469,003 people with estimated annual wages of $34.2 billion, representing 10% of Michigan's payroll employment. Public charities account for nearly all 501(c)(3) employment and wages, while private foundations account for less than 1% (Exhibit 8). Healthcare and education provider entities account for 76% of employment and 84% of estimated wages.

EXHIBIT 8. Michigan nonprofit employment and wages, first quarter 2025

Type of nonprofit	Employment	Percentage of employment	Estimated annual wages (in billions)	Percentage of estimated wages
Public charity	467,485	99.7%	$34.1	99.5%
Private foundation	1,518	0.3%	$0.2	0.5%
Total	**469,003**	**100%**	**$34.2**	**100%**
Healthcare provider organization	285,163	61%	$24.3	71%
Education organization	69,084	15%	$4.4	13%
Total without healthcare providers and education organizations	**114,756**	**24%**	**$5.5**	**16%**

Source: MDTMB 2025
Note: MDTMB provided PSC with aggregated employment and wage data that included 5,081 (16%) of the 501(c)(3) nonprofit entities in the IRS EO BMF. Despite the relatively small percentage of matches, those that were matched represent the largest organizations and account for most of the economic activity. The employment numbers in the table represent those nonprofits matching 70% of all 501(c)(3) assets and 72% of all 501(c)(3) revenue, implying that 501(c)(3) employment is likely higher than what is reported here.
Note: Annual wages were estimated using MDTMB provided data on the first quarter of 2025; columns may not total due to rounding.

Employment comparisons between the nonprofit and other employment sectors in Michigan are difficult because standard labor force numbers do not consider the organization type (i.e., for-profit versus nonprofit). As such, most of Michigan's 469,003 501(c)(3) nonprofit employees are already included in the state's 4.5 million Q1 2025 employment figure. Employment in Michigan's nonprofit sector is roughly equivalent to employment in Michigan's retail sector, a sector that likely contains very few nonprofit employees, which makes it good for comparison purposes. Retail is Michigan's fourth largest employment sector.

Nonprofits are not a substitute for government.

There is a myth that if government steps back, nonprofits can step in and replace the government role.

However, that math does not add up. Michigan private foundations had revenues of $3.8 billion in 2025, an amount equal to just 4.5% of the Michigan's state budget. Philanthropy can serve as a partner to government to seek community-centered funding solutions.

Employment and wages by subsector

Entities in the IRS EO BMF are classified using National Taxonomy of Exempt Entities (NTEE)[9] codes, which indicate

[9] NTEE is a standardized classification system used to categorize nonprofits by their primary mission and purpose.

the primary mission and program activities of these organizations. The NTEE has 10 major groups[10] into which nonprofit organizations are placed, as broken down in Exhibit 9.

Three subsectors (health, human services and education) account for 95% of Michigan's 501(c)(3) employment and 96% of estimated annual wages. Health makes up 64% of overall employment and 74% of total wages, with 298,600 employees and estimated annual wages of $25.2 billion. This is mainly due to Michigan's large nonprofit health systems. Human services is the next largest subsector in terms of employment and third largest in terms of wages, employing nearly 76,700 people with total annual wages of $3.2 billion. The third largest subsector by employment and the second largest for wages is education, with just over 69,000 employees and $4.4 billion in estimated annual wages (Exhibit 9).

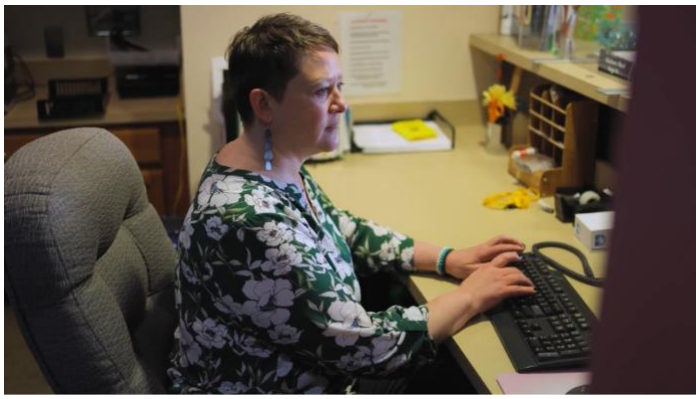
EXHIBIT 9. Employment and wages of 501(c)(3) entities, by subsector

Subsector	Number of employees	Percentage of employees	Estimated annual wages (in billions)	Percentage of estimated wages
Health*	298,600	64%	$25.2	74%
Human services	76,696	16%	$3.2	9%
Education	69,084	15%	$4.4	13%
Public, societal benefit	7,472	2%	$0.6	2%
Arts, culture and humanities*	6,950	1%	$0.3	1%
Environment and animals	3,840	1%	$0.2	1%
Mutual/membership benefit*	3,385	1%	$0.3	1%
Religion related*	2,431	0.5%	$0.1	0.3%
International, foreign affairs*	546	0.1%	$0.04	0.1%
Total	**469,003**	**100%**	**$34.2**	**100%**
Healthcare provider organizations	285,163	61%	$24.3	71%
Education organizations	69,084	15%	$4.4	13%
Total without healthcare providers and education organizations	**114,756**	**24%**	**$5.5**	**16%**

Source: MDTMB 2025
Note: Subsectors marked with an * indicate that a portion or all of the employment and wages include state suppressed data that was imputed by PSC analysts; annual wages were estimated using State of Michigan–provided data on the first quarter of 2025.
Note: The health category is a subsector defined by the National Center for Charitable Statistics (NCCS) and includes healthcare providers and additional health-related organizations. Our IMPLAN contribution analysis excludes healthcare providers (and not health-related organizations), so the numbers in the Health subsector and the list of healthcare provider organizations will differ slightly. The entirety of the education subsector is included in the education organizations, so there is no discrepancy between these numbers.
Note: Columns may not total due to rounding.

[10] Most of Michigan's 501(c)(3) nonprofit organizations were categorized by NTEE code in the IRS's EO BMF. PSC did further research to categorize those not categorized in the file. As a result, the Unknown, Unclassified category is not included in our data.

Revenue



Michigan 501(c)(3) nonprofits utilize diverse revenue streams — including individual donations, government and foundation grants, and earned income from mission-related services — to support their operations and sustain the critical programs they provide in the community. These organizations are legally required to reinvest all surplus revenue back into their charitable missions rather than distributing profits to private individuals, ensuring that their financial resources are dedicated to serving the public interest.

The annual revenue of the 501(c)(3) organizations totaled $76.4 billion dollars.[11] Public charities represent 95% of the overall revenue total (Exhibit 10). Healthcare and education provider entities account for 71% of total 501(c)(3) revenue.

EXHIBIT 10. Michigan nonprofit revenue, 2025

Type of nonprofit	Annual revenue (in billions)	Percentage of annual revenue
Public charity	$72.6	95%
Private foundation	$3.8	5%
Total	**$76.4**	**100%**
Healthcare provider organization	$48.7	64%
Education organization	$5.0	7%
Total without healthcare providers and education organizations	**$22.7**	**30%**

Sources: IRS EO BMF June 2025; NCCS CORE dataset 2023
Note: Columns may not total due to rounding.
Note: While the revenue in the table represents estimated 2025 total revenue, a portion of nonprofits' latest reported revenue was from 2022, 2023, or 2024. These reported figures were inflated to 2025 dollars and included in the total.

Revenue by subsector

The health subsector reported the highest revenue. Health-related organizations earned $51.1 billion, 67% of total revenue, with hospitals contributing $42.1 billion (55%). Human services made up 14% of the total (Exhibit 11).

[11] Revenue was taken from the IRS EO BMF file where available. Private foundations are not required to report revenue, so that field is not completed in the IRS EO BMF. Data from the National Center for Charitable Statistics CORE dataset from 2023 was used to supplement the IRS EO BMF revenue data for these organizations.

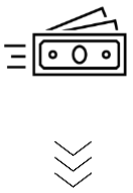
EXHIBIT 11. Revenue of 501(c)(3) entities in 2025 dollars

Subsector	Revenue (in billions)	Percentage of revenue
Health	$51.1	67%
Human services	$10.3	14%
Public, societal benefit	$6.9	9%
Education	$5.0	7%
Arts, culture and humanities	$1.1	1%
Environment and animals	$0.8	1%
Religion related	$0.7	1%
International, foreign affairs	$0.4	1%
Mutual/membership benefit	$0.01	0.02%
Total	**$76.4**	**100%**
Healthcare provider organizations	$48.7	64%
Education organizations	$5.0	7%
Total without healthcare providers and education organizations	**$22.7**	**30%**

Source: IRS EO BMF, June 2025; NCCS CORE dataset 2023
Note: The health category is a subsector defined by the National Center for Charitable Statistics (NCCS) and includes healthcare providers and additional health-related organizations. Our IMPLAN contribution analysis excludes healthcare providers (and not health-related organizations), so the numbers in the health subcategory and the list of healthcare provider organizations will differ slightly.
Note: Columns may not sum due to rounding.

Economic contribution

For this analysis, PSC focused on the direct, indirect and induced effects to calculate total economic contributions. Below is a visual representation of the three effects.



Direct effects: The immediate, first-round changes in the local economy that happen when an organization spends money and hires staff. For a nonprofit this includes number of people they employ and the wages and benefits they pay to those employees, and the money they spend to operate (e.g., paying on rent or mortgages, purchasing equipment, buying food for a shelter, or hiring a local contractor).



Indirect effects: The economic "ripple effects" created within the supply chain when nonprofits buy goods and services. A nonprofit's spending forces its local vendors and contractors to purchase additional inventory and hire more labor to meet that demand, driving secondary economic growth.



Induced effects: The economic growth driven by household spending as nonprofit employees and supply-chain workers spend their take-home pay. After accounting for taxes and savings, this income recirculates through the local economy via everyday consumer purchases like housing, childcare, groceries, and dining out.

These effects were measured using four economic indicators:

- **Employment:** Number of annual full- and part-time jobs in affected industries
- **Labor income:** Total value of employee and proprietor compensation (excluding retained and distributed profits)
- **Value-added:** Regional income, also called gross regional product (GRP), which considers labor income; proprietor income, including retained and distributed profits; other property income; and net government income (taxes minus transfers)
- **Output:** The value of production by industry, which can also be described as annual revenues (value of sales transactions) plus net change in inventories

Overall contribution

The overall output supported by Michigan's 501(c)(3) nonprofits is $157.9 billion. Nonprofits spend $76.4 billion and their indirect and induced effect is $81.5 billion. Thus, the output multiplier is 2.1, which means that for every $1 of nonprofit spending, another $1.1 is supported through business-to-business and household spending. Direct employment of 469,003 among Michigan's 501(c)(3) nonprofit organizations supported another 431,557 indirect and induced jobs through business-to-business and household spending for a jobs multiplier of 1.9 (Exhibit 12).

The nonprofit sector directly supports one in ten jobs in Michigan, and one in five when indirect and induced jobs are included.

EXHIBIT 12. Economic contribution of Michigan's 501(c)(3) entities

Impact	Employment	Labor income (in billions)	Value-added (in billions)	Output (in billions)
Direct	469,003	$41.0	$41.0	$76.4
Indirect and induced	431,557	$27.6	$46.3	$81.5
Total	**900,560**	**$68.6**	**$87.3**	**$157.9**
Multiplier	**1.9**	**1.7**	**2.1**	**2.1**

Source: IMPLAN 2024 data

The economic contribution of Michigan's 501(c)(3) charitable nonprofits extends far beyond their own payroll and direct operations by triggering a multiplier effect throughout the economy. Every $1 spent by charitable nonprofits generates another $1.10 in the economy.

Impact beyond healthcare providers and education organizations

Without the contributions of healthcare providers and education organizations, the remaining 81% of 501(c)(3) entities support billions of dollars in economic activity in Michigan. These nonprofits support 252,370 jobs, $15.5 billion in labor income, and $49.4 billion in output (Exhibit 13). The labor income multiplier of 2.4 means that for every $1 in wages paid to nonprofit employees, an additional $1.4 is generated in the state's economy. This multiplier is higher than the labor income multiplier that includes healthcare providers and education organizations, indicating a greater impact on overall compensation.

EXHIBIT 13. Economic contribution of Michigan's 501(c)(3) entities without healthcare providers and education organizations

Impact	Employment	Labor income (in billions)	Value-added (in billions)	Output (in billions)
Direct	114,755	$6.4	$6.4	$22.7
Indirect and induced	137,614	$9.0	$14.8	$26.8
Total	**252,370**	**$15.5**	**$21.2**	**$49.4**
Multiplier	**2.2**	**2.4**	**3.3**	**2.2**

Source: IMPLAN 2024 data
Note: Columns may not total due to rounding.

Supported industries

In the charitable nonprofit sector, an organization's revenue (or direct output) is more than a budget item; it acts as a social and economic catalyst. The direct impacts, seen as a nonprofit's "mission spend" or immediate use of funds to provide services, occur across various industries that differ from the subsectors mentioned earlier in the report. Whereas subsectors focus on the purpose or mission, an industry focuses on the activity. For example, the Michigan Safety Conference—a group focused on improving workplace safety and health in Michigan—is classified by its subsector, human services, but its revenue comes from the education industry; education is how it advances its main mission in human services. This revenue reflects the nonprofit's direct impact, supporting the nonprofit organization which directly supports employment, labor income, and value-added. That spending further circulates through the economy, supporting and creating jobs and economic activity in a number of other industries, as well.

In terms of output, among the top 501(c)(3) industries impacting Michigan's economy are hospitals; grantmaking, giving, and social advocacy organizations (e.g., private foundations; human rights organizations; voluntary health organizations; and environment, conservation and wildlife organizations); and outpatient care centers. When excluding healthcare providers and education organizations, much of the output from 501(c)(3)s is clustered in the industries of grantmaking, giving, and social advocacy organizations; individual and family services; and community food, housing, and other relief services, including rehabilitation services (Exhibit 14).[12]

EXHIBIT 14. Top five directly supported industries for output

Industry	Direct output (in billions)
Hospitals	$42.1
Grantmaking, giving, and social advocacy organizations	$8.4
Outpatient care centers	$4.5
Individual and family services	$3.8
Junior colleges, colleges, universities, and professional schools	$2.8
Top five supported industries excluding healthcare providers and education organizations	
Grantmaking, giving, and social advocacy organizations	$7.2
Individual and family services	$3.8
Community food, housing, and other relief services, including rehabilitation services	$2.9
Scientific research and development services	$1.1
Labor and civic organizations	$1.1

Source: IMPLAN 2024 data
Note: Rows may not total due to rounding.

The economic contribution of Michigan's 501(c)(3) charitable nonprofits extends far beyond their own payroll and direct operations by triggering a multiplier effect throughout the economy. The indirect impact refers specifically to the business-to-business spending that occurs because the 501(c)(3) nonprofit entities have supply chain and professional service needs. Among the top industries for indirect output supported by these nonprofit entities were other real estate, employment services and management of companies and enterprises. Among the top industries for indirect output supported by Michigan's 501(c)(3) nonprofits when healthcare providers and education organizations are not included were other real estate, employment services and data processing, hosting and related services (Exhibit 15).

Nonprofits act as an economic stabilizer for the other real estate industry. Beyond direct lease payments, Michigan 501(c)(3)s sustain a network of property managers, appraisers, and facility technicians, providing a predictable demand signal for real estate firms to reinvest in their own growth. Some nonprofits may also outsource their search for human capital through the

[12] See Appendix C for a more complete list of impacted industries.

employment services industry. They often need specialized talent (e.g., PhD researchers, bilingual social workers, licensed clinicians), cyclical or surge staffing, and temporary field workers, or they'll utilize a professional employer organization to manage their payroll, benefits and compliance. This is also how some hard-to-employ job seekers find a bridge to permanent work opportunities. These are both examples of how Michigan's nonprofits support its supply chain industries' output, jobs, and growth statewide.

EXHIBIT 15. Top five supported industries by indirect effects for output

Industry	Indirect output (in billions)
Other real estate	$6.3
Employment services	$2.0
Management of companies and enterprises	$1.5
Insurance carriers, except direct life	$1.0
Legal services	$1.0
Top five supported industries excluding healthcare providers and education organizations	
Other real estate	$2.8
Employment services	$0.7
Data processing, hosting and related services	$0.6
Management of companies and enterprises	$0.6
Insurance carriers, except direct life	$0.6

Source: IMPLAN 2024 data
Note: Rows may not total due to rounding.

A table with the top 50 directly impacted industries and the associated indirect and induced effects by output is shown in Appendix C on page 28.

The nonprofit sector directly supports one in 10 jobs in Michigan. When indirect and induced jobs are included, that figure becomes one in five. The important economic contributions of the healthcare providers and education-related nonprofits can overshadow the impact of other nonprofits, but the important contributions these other nonprofits make should not be overlooked. These other nonprofits directly contribute more than 100,000 jobs to Michigan, and when indirect and induced jobs are factored in the sector supports more than 250,000 jobs paying more than $15 billion in wages.

Conclusion

Michigan's 501(c)(3) nonprofit sector is a cornerstone of the state's social and economic health. As vital "three-layer impact" entities, nonprofits serve as an essential service providers, community hubs for social connections and as robust economic engines. Collectively, these organizations support a total of 900,560 jobs and contribute $157.9 billion in total economic output, representing a significant portion of the state's financial landscape.

Even when excluding the massive contribution of healthcare providers and education organizations, the remaining 26,569 charitable nonprofits continue to drive billions in economic activity. These community-focused organizations contribute over 250,000 total jobs and nearly $50 billion in output, proving that smaller social and community-based entities are powerful catalysts for regional stability. Their mission-driven spending circulates extensively through local supply chains, supporting critical industries and generating labor income across Michigan communities.

Ultimately, Michigan's nonprofits translate financial revenue into social value, addressing critical disparities and fostering civic society. Whether providing food security, protecting the environment or advancing the arts, these organizations offer a unique triple-bottom-line return that fuels both local economies and the collective well-being of all Michiganders.

Key Takeaways

- **Total statewide impact:** Michigan's charitable nonprofit sector supports over **900,560 total jobs** (one in five in the state) and **$157.9 billion in total output**.
- **Economic multiplier:** The sector holds an output **multiplier of 2.1**, meaning every $1 of direct charitable nonprofit spending supports an additional $1.10 in broader business and household activity.
- **Impact beyond healthcare and education:** Community-based nonprofits alone support over **250,000 jobs** and **$49.4 billion in economic output**, demonstrating significant influence independent of large institutions.
- **Social value:** Beyond the data, nonprofits serve as **essential stabilizers** that lessen the burden on government by providing vital human services and fostering community connections.

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Appendix A: Glossary of Terms

Assets: Total assets are reported in IRS Form 990 part X, line 16, column B; part II, line 25, column (B) EOY on Form 990EZ; and part II, line 16, column (b) on Form 990PF. Total assets represent the gross "book value" of all resources owned or controlled by a nonprofit at the end of its fiscal year. This value is calculated by summing all assets — including cash, investments (endowments) and accounts receivable — with physical holdings such as land, buildings and equipment, and even intangible assets like patents or trademarks. This figure represents gross holdings before any liabilities or debts (such as mortgages or accounts payable) are subtracted.

Form 990: An annual information return that most federally tax-exempt organizations must file with the Internal Revenue Service (IRS). It provides the public with financial information about a nonprofit organization and is the primary tool used by government agencies to prevent organizations from abusing their tax-exempt status. While the standard Form 990 is the most common, the specific version an organization files typically depends on its financial activity:

- **Form 990-N (e-Postcard):** For small nonprofits with gross receipts normally $50,000 or less.
- **Form 990-EZ:** A "short form" for organizations with gross receipts less than $200,000 and total assets less than $500,000.
- **Form 990-PF:** Specifically for private foundations, regardless of financial size.

National Taxonomy of Exempt Entities (NTEE): A classification system used by the IRS and the National Center for Charitable Statistics (NCCS) to categorize nonprofit organizations based on their primary mission and program activities. It serves as the standard industry code for the nonprofit sector, similar to how the North American Industry Classification System (NAICS) is used for industry activities.

Nonprofit organization: A nonprofit organization is an entity formed for purposes other than generating profit and in which no part of the organization's income is distributed to its members, directors or officers. Instead, these organizations use their surplus revenues to further achieve their ultimate objective or mission. In the United States, nonprofits are often defined by their federal tax-exempt status under Section 501(c) of the Internal Revenue Code. They are typically categorized into two main types: charitable nonprofits 501(c)(3) and noncharitable nonprofits.

- **Charitable nonprofits:** These are the most common nonprofits and are organized exclusively for religious, charitable, scientific or educational purposes. They are eligible to receive tax-deductible contributions from donors. These nonprofits include public charities and private foundations.
- **Noncharitable nonprofits:** These organizations are tax exempt but serve specific member communities or social goals rather than the general public. While they do not pay federal income tax, donations to them are generally not tax deductible for the donor.

Revenue: Total revenue is reported in IRS Form 990 part VIII, line 12, column (A); part I, line 9 on Form 990-EZ; and part I, line 12, column (a) on Form 990-PF. Revenue represents the gross inflow of all economic resources received by a nonprofit during its specific tax year. This value is calculated by summing all sources of support — including contributions, gifts and grants; program service revenue from mission-related activities; and investment income or other secondary revenue streams. This figure represents the total volume of funding managed and deployed throughout the year, rather than the static value of property or reserves held at year-end.

Appendix B: Methodology and Data Sources

PSC compiled the nonprofit data from a variety of data sources: the Internal Revenue Service (IRS) Exempt Organizations Business Master File (EO BMF), the National Center for Charitable Statistics (NCCS) CORE dataset for private foundations, and a completed data request for employment and wage data from the Michigan Department of Technology, Management and Budget (MDTMB).

Internal Revenue Service

The June 2025 IRS EO BMF was the main source of data for this study. Where the IRS EO BMF lacked revenue data for the private foundations, PSC supplemented the data with the most recent update from the NCCS CORE dataset (2023).

The IRS generally removes entities from the EO BMF file as inactive if they have not filed a 990 form for three consecutive years; however, there were approximately 11,000 entities included in the June 2025 file that had a tax filing period that was prior to July 2022. Those entities that showed a tax period prior to July 2022 were removed by PSC for this analysis.

National Center for Charitable Statistics

The IRS EO BMF does not include revenue information for private foundations. The NCCS CORE Data Series, which is derived from nonprofits' annual Form 990 filings with the Internal Revenue Service (IRS), does contain this information and was used to supplement the IRS EO BMF for this study. The most recent revenue data for private foundation in these files are from 2023.

Michigan Department of Technology, Management and Budget

The IRS provided firm-level data on nonprofits for use in this analysis. Employer Identification Numbers (EINs) in this file were given to the Michigan Department of Technology, Management, and Budget (MDTMB) to obtain aggregate employment data for a variety of different geographic and National Taxonomy of Exempt Entities (NTEE) categories of 501(c)(3) nonprofit organization. At no time was organization-level employment information shared with Public Sector Consultants.

As with previous reports on the employment numbers of Michigan's nonprofits, there are limitations to this method of obtaining employment data. Firms that have no regular employees are not covered by unemployment insurance and thus are not required to supply the MDTMB with information on employees. MDTMB provided PSC with aggregated employment and wage data that included 5,081 (16%) of the 501(c)(3) nonprofit entities in the IRS EO BMF. Despite the relatively small percentage of matches, those that were matched represent the largest organizations and account for most of the economic activity. The employment numbers in the table represent those nonprofits matching 70% of all 501(c)(3) assets and 72& of all 501(c)(3) revenue, implying that 501(c)(3) employment is likely higher.

MDTMB suppressed selected nonprofit categories of employment and wage information[13] and PSC imputed these figures through a multistep process. PSC identified the total suppressed employment and wage figures, along with the subsectors and nonprofit types that needed estimates. Using the actual distribution and share of nonprofits' revenue by NAICS code among the set of suppressed categories, PSC estimated shares of employment and wages among the same NAICS codes using Lightcast, a proprietary labor force data tool. These shares were calculated for each of the suppressed subsectors and nonprofit types and were applied to the total suppressed employment and wage figures to allocate an estimate of employment and wages for each.

IMPLAN

To analyze the economic contributions of operational and capital spending, PSC used Impact Analysis for Planning (IMPLAN), an input-output model to estimate economic impacts and contributions. This model is a staple for regional economic analysts.

IMPLAN methodology

Input-output models trace transactions among and between different economic sectors (like households, businesses and governments) over the course of a year. Tracing these transactions clarifies how a change in one part of the economy creates changes in other parts. When a business sells inventory, it uses some of the earnings to pay for other goods and services (like restocking its inventory). Some of the wages companies pay to employees will go to local retailers and service providers, continuing the ripple effect throughout the economy. Because of all these additional transactions, the overall economic effect is greater than the value of all the different direct spending streams (employer to employee, consumer to business, business to business, etc.), resulting in what is called the multiplier effect. Multiplier effects in regional and national economies are well documented in economics literature (Coughlin and Mandelbaum 1991).

Direct effects

The standard approach to modeling economic impacts with input-output models is to establish the value of transactions that represent direct expenditures, giving rise to the economic effect. To model the benefits of Michigan's 501(c)(3) nonprofit entities, PSC relied on annual revenue figures from the IRS and NCCS data files and the aggregated employment and wage data provided by the MDTMB. To be able to enter these figures into IMPLAN, PSC first used the NTEE codes provided in the IRS EO BMF file, conducted internet research to fill in missing codes, and then used a cross walk to translate the NTEE codes into North American Industry Classification System (NAICS) codes. Subsequently, we cross-walked those NAICS codes to one of IMPLAN's 528 industry codes. The data were modeled in IMPLAN using the Industry Impact Analysis event type.

[13] Because nonprofits (or any other type of business) are not compelled to publicly report employment and wage information, it is considered protected data at the firm level. Any suppression of these data by a state or other government entity is done to prevent firm identity disclosure.

Indirect and induced effects

Direct effects are measured in dollars transacted and used to estimate the secondary transactions that happen because of the direct effects. The first set of secondary transactions is the indirect effects, which are transactions between business sectors. Indirect effects are the intermediate purchases of goods from one business to another (such as restocking or consulting services). A business's operational costs—like electricity, rent and business services—are also indirect effects. Indirect effects ripple throughout the economy as businesses purchase goods and services from other businesses. These transactions cascade throughout the region, reduced only to the extent that inputs are purchased from suppliers outside the region or state.

The second set of secondary transactions are called induced effects. Induced effects measure the value of new transactions by households, governments and other institutions in response to higher labor income, taxes and profits. These household and institutional expenditures generate new rounds of business-to-business transactions and associated payments to institutions. These expenditures continue throughout the regional economy, hampered only by the extent to which purchases are made for goods, services, and payments to institutions outside the local economy. The direct, indirect and induced effects are summed together to calculate the total economic effects.

While the underlying model simulation tracks the value of transactions as they traverse the economy, the economic effect measured by the value of transactions provides only one measure of economic effect. More common measures of economic outcomes are the effect on employment or income. IMPLAN and similar input-output economic simulation models use fixed ratios of employment and income-to-sales transactions to estimate how changes in sales transactions convey effects on employment and income. Fixed ratios are created for each of the more than 500 industries underlying the IMPLAN model and once total economic effects measured in dollars is calculated for all 500-plus industries, the fixed ratios are used to convey that measure in employment and income terms.

Appendix C: Industries Impacted by Michigan's 501(c)(3) Nonprofit Organizations

Industry Display	Direct Output	Indirect Output	Induced Output	Total Output
472 - Hospitals	$42,138,721,101	$568,383,954	$3,443,204,698	$46,150,309,753
504 - Grantmaking, giving, and social advocacy organizations	$8,430,869,822	$5,308,213	$238,371,726	$8,674,549,761
468 - Outpatient care centers	$4,450,830,501	$0	$366,606,768	$4,817,437,269
475 - Individual and family services	$3,760,321,161	$0	$311,978,659	$4,072,299,820
463 - Junior colleges, colleges, universities, and professional schools	$2,854,648,213	($238,796)	$170,001,877	$3,024,411,294
477 - Community food, housing, and other relief services, including rehabilitation services	$2,853,684,440	$0	$201,703,328	$3,055,387,767
473 - Nursing and community care facilities	$1,424,766,837	$0	$483,030,308	$1,907,797,145
446 - Scientific research and development services	$1,157,590,048	$904,296,312	$523,829,123	$2,585,715,484
506 - Labor and civic organizations	$1,128,211,703	$1,811	$173,334,125	$1,301,547,639
474 - Residential mental health, substance abuse, and other residential care facilities	$937,494,640	$0	$192,123,691	$1,129,618,330
462 - Elementary and secondary schools	$900,104,581	$0	$173,088,026	$1,073,192,608
471 - Other ambulatory health care services	$837,605,160	$247,478,785	$121,216,313	$1,206,300,258
470 - Home health care services	$740,876,323	$0	$240,059,604	$980,935,927
505 - Business and professional associations	$733,601,577	$37,151,529	$110,660,125	$881,413,231

Industry Display	Direct Output	Indirect Output	Induced Output	Total Output
503 - Religious organizations	$645,588,550	$0	$505,325,427	$1,150,913,978
464 - Other educational services	$639,627,508	$354,118,284	$293,106,598	$1,286,852,390
483 - Museums, historical sites, zoos, and parks	$639,538,492	$8,281	$47,204,515	$686,751,289
482 - Promoters of performing arts and sports and agents for public figures	$347,931,159	$101,682,958	$142,857,653	$592,471,770
444 - Management consulting services	$265,768,323	$995,550,217	$177,776,456	$1,439,094,997
426 - Insurance carriers, except direct life	$249,266,146	$1,062,191,189	$1,419,810,898	$2,731,268,233
486 - Other amusement and recreation industries	$226,918,305	$10,789,089	$150,376,828	$388,084,222
454 - Employment services	$166,248,125	$2,034,022,283	$493,541,654	$2,693,812,062
415 - Wired telecommunications carriers	$157,204,740	$174,576,418	$225,893,401	$557,674,558
437 - Legal services	$147,137,763	$1,008,498,057	$464,078,835	$1,619,714,655
490 - Other accommodations	$105,820,275	$1,796,209	$30,995,552	$138,612,035
419 - News syndicates, libraries, archives and all other information services	$87,039,125	$15,313,743	$8,453,066	$110,805,934
476 - Child day care services	$75,502,200	$0	$140,556,597	$216,058,797
467 - Offices of other health practitioners	$68,851,821	$0	$368,713,663	$437,565,483
413 - Radio and television broadcasting	$51,507,634	$87,437,547	$60,656,476	$199,601,657
487 - Fitness and recreational sports centers	$41,094,508	$6,225,492	$73,870,459	$121,190,460
479 - Commercial Sports Except Racing	$28,574,631	$60,273,737	$94,317,990	$183,166,359

Industry Display	Direct Output	Indirect Output	Induced Output	Total Output
19 - Support activities for agriculture and forestry	$27,045,760	$1,583,536	$6,763,894	$35,393,189
405 - Newspaper publishers	$21,859,170	$17,257,235	$27,084,776	$66,201,181
395 - Retail - Miscellaneous store retailers	$19,253,909	$8,002,471	$291,362,962	$318,619,342
400 - Transit and ground passenger transportation	$15,631,555	$144,790,003	$119,559,351	$279,980,908
425 - Direct life insurance carriers	$11,980,245	$771,350	$125,173,266	$137,924,861
420 - Internet publishing and broadcasting and web search portals	$9,930,479	$620,396,947	$343,634,170	$973,961,595
460 - Other support services	$8,535,444	$230,190,239	$86,730,746	$325,456,428
411 - Motion picture and video industries	$6,774,142	$105,657,212	$91,174,568	$203,605,922
408 - Directory, mailing list, and other publishers	$1,861,242	$5,050,677	$4,373,229	$11,285,148
449 - Veterinary services	$1,629,247	$118,134,642	$124,892,582	$244,656,470
502 - Other personal services	$936,826	$17,793,191	$252,586,211	$271,316,228
423 - Monetary authorities and depository credit intermediation	$601,110	$762,437,594	$917,851,207	$1,680,889,911
429 - Other real estate	$228,902	$6,313,583,292	$1,936,160,188	$8,249,972,381
406 - Periodical publishers	$166,995	$43,231,239	$23,330,116	$66,728,349
451 - Management of companies and enterprises	$0	$1,471,942,754	$685,444,995	$2,157,387,750
418 - Data processing, hosting, and related services	$0	$856,979,817	$377,683,664	$1,234,663,481
438 - Accounting, tax preparation, bookkeeping, and payroll services	$0	$775,602,608	$267,766,424	$1,043,369,032

Industry Display	Direct Output	Indirect Output	Induced Output	Total Output
491 - Full-service restaurants	$0	$725,691,506	$1,065,683,874	$1,791,375,380
Balance of total	$0	$15,048,592,120	$28,336,014,229	$43,384,606,349
Total	**$76,419,380,437**	**$34,942,553,745**	**$46,530,014,888**	**$157,891,949,071**

Source: IMPLAN 2024 data
Note: Columns may not total due to rounding.
Note: Table includes contributions stemming from total 501(c)(3) activity, including healthcare and education provider organizations.



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