



Center for Nonprofit Excellence of Middle Tennessee

Nonprofit Economic Impact Study

Nashville Area Chamber of Commerce
Research Center



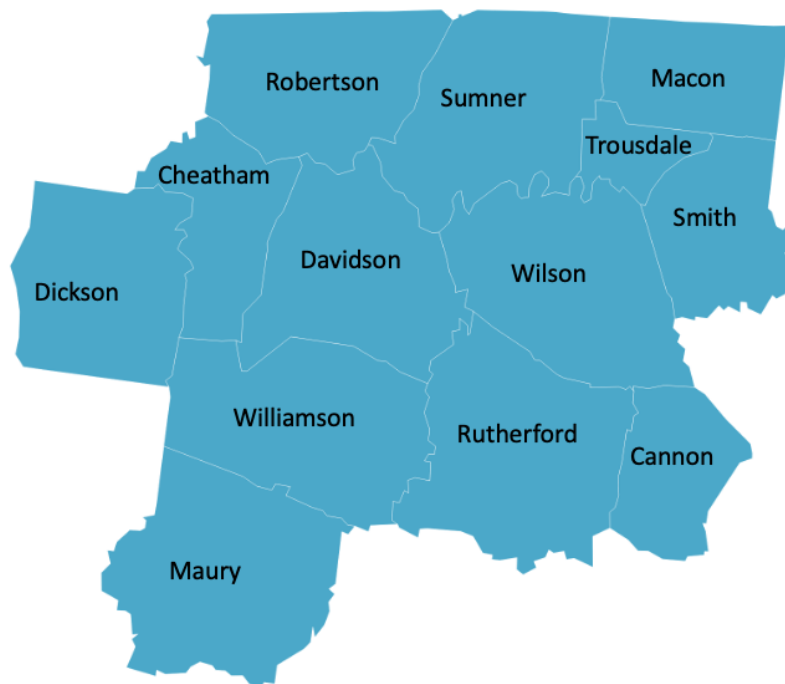
An analysis of the nonprofit sector's economic contribution to the greater Nashville region

June 2026



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Executive Summary

The nonprofit sector is a cornerstone of the Middle Tennessee regional economy. This report analyzes the non-profit sector using Bureau of Labor Statistics nonprofit establishment data (2018–2022) for the Nashville Metro Area and a spring 2026 survey of Nashville-area nonprofits conducted by the Nashville Area Chamber of Commerce Research Center and distributed by the Center for Nonprofit Excellence. In 2022, Nashville’s 1,364 nonprofit establishments employed 79,020 workers, paying just under \$6 billion in total wages.

Using conservative Type II input-output multipliers, the sector’s total economic impact is estimated at approximately 142,236 jobs and \$12 billion in total economic output.

Key Findings

1. **Size:** Nashville’s nonprofit sector in the Nashville economic landscape represents 1,364 establishments, 79,020 employees and has seen steady growth from 2018–2022.
2. **Impact:** Nonprofits generate \$12.0B+ in total economic impact including direct wages + multiplier effects. For reference, the Nashville metro area’s GDP in 2022 was \$163 billion.
3. **Employment:** The sector is a major employer of the Middle Tennessee area representing 8.5% of private employment.
4. **Pandemic:** Most nonprofits were able to survive the pandemic with 61% seeing a revenue increase, 66% seeing a demand increase plus a quick employment recovery.
5. **Funding:** Federal funding cuts are the top emerging threat with 58% impacted.
6. **Outlook:** The outlook is cautiously optimistic with 63% expect revenue to increase and diversification strategies underway.

Definitions:

- 1) The geographic area covered in this report is the Nashville Metropolitan Statistical Area which covers the 13-county region.
- 2) Non-profit is designated by the Bureau of Labor Statistics as any organization holding 501(c)(3) tax-exempt status with the IRS — the federal designation for entities organized for charitable, educational, religious, scientific, or literary purposes. Nonprofit status in this context is an administrative designation, not a behavioral one. An organization qualifies based solely on its IRS ruling. Employment figures are measured at the establishment level, meaning each physical location filing under a qualifying 501(c)(3) employer identification number (EIN) is counted separately. For-profit subsidiaries or separately incorporated entities, even those operating under a nonprofit parent, are excluded from the count.

Finding 1: The Scale & Growth of Nashville’s Nonprofit Sector

Nashville’s nonprofit sector comprises 1,364 establishments employing 79,020 workers and paying \$5.99 billion in total wages (2022). Establishment and employment growth in nonprofits have only slightly trailed the private sector and recovered from the pandemic successfully.

BLS¹ Trends (2018–2022)

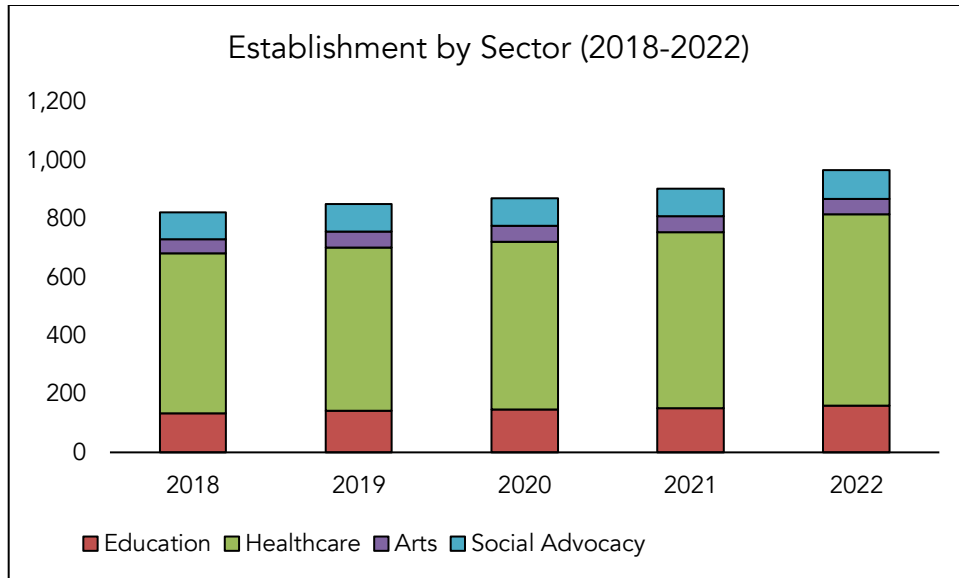
Year	Establishments	Employees	Average Salary	Total Wages (\$B)
2018	1,143	73,234	\$58,072	\$4.25B
2019	1,199	75,030	\$61,597	\$4.62B
2020	1,229	74,258	\$66,136	\$4.91B
2021	1,277	76,721	\$69,158	\$5.30B
2022	1,364	79,020	\$75,801	\$5.99B

Nonprofit Employment by Industry (2022)

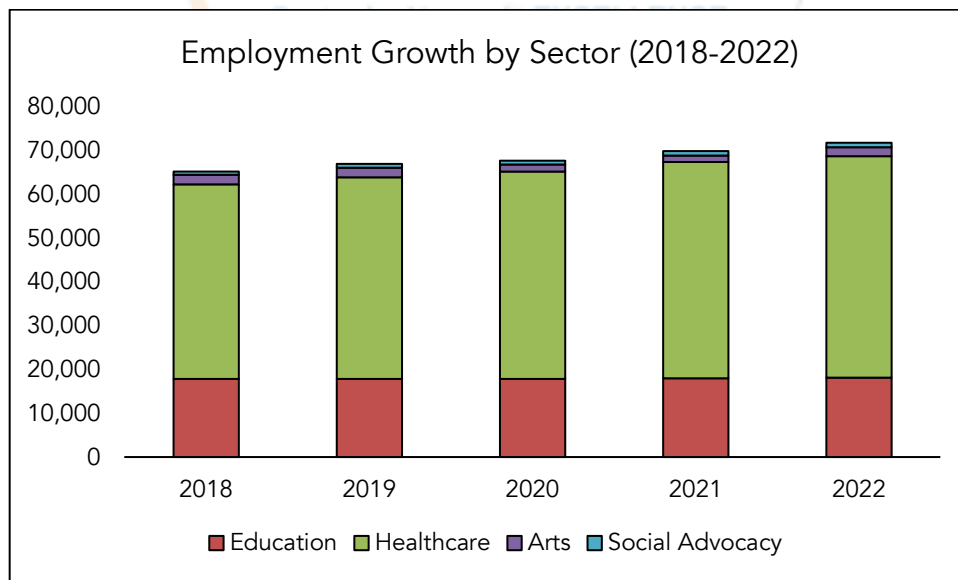
Industry	Establishments	Employees	% of Selected Areas
Educational Services	160	18,092	25.2%
Health Care and Social Assistance	655	50,611	70.6%
Arts, Entertainment and Recreation	53	2,034	2.8%
Social Advocacy Organizations	99	985	1.4%

The private sector grew by 26% for new establishments from 2018 to 2022 while the nonprofit sector grew by 19% in the same period. The pandemic had a bigger impact on the creation of non-profits as their growth rate shrank in half from 2019 to 2020.

¹ <https://www.bls.gov/bdm/nonprofits/nonprofits.htm>



Healthcare saw the largest increase in establishments while Arts, Education and Social Advocacy saw smaller growth.



Private sector employees grew by 10% and nonprofit employees grew by 8% from 2018 to 2022. The nonprofit sector maintained more jobs during the pandemic.

Healthcare nonprofit employment saw a much larger increase in employment than the other sectors, which remained relatively flat even through the pandemic.

Finding 2: Economic Impact

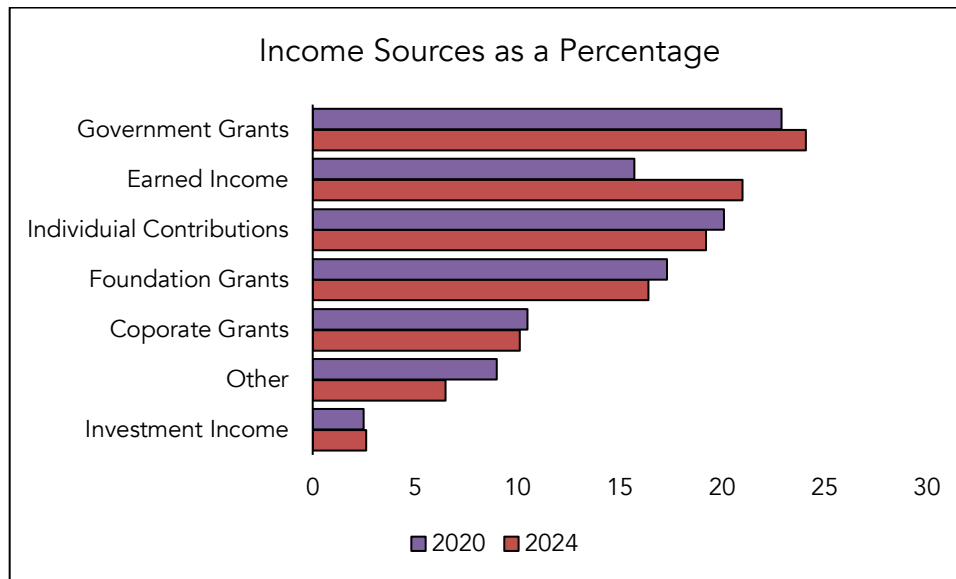
Metric	Direct	Multiplier	Total Estimated Impact
Employment	79,020	1.8x	142,236
GDP Contribution	\$5.99B	1.9x	\$11.4B
Total Earnings	\$5.99B	1.7x	\$10.2B
Total Output	\$5.99B	2.0x	\$12.0B

The nonprofit sector directly employs 79,020 workers. Applying the employment multiplier of 1.8x, the sector supports an estimated 142,236 total jobs.

Income Sources

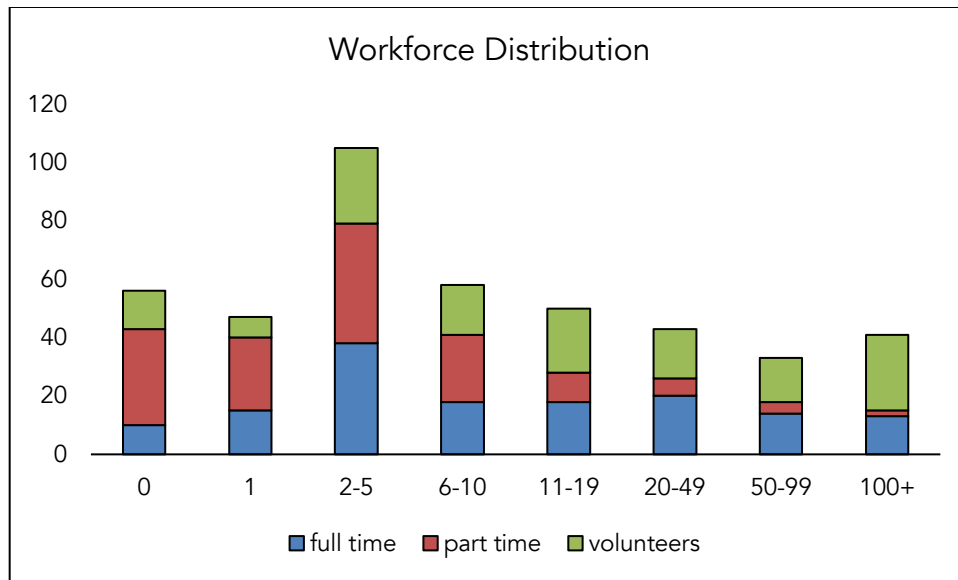
Income Source	2024 Mean %	2020 Mean %
Earned Income	21.0%	15.7%
Individual Contributions	19.2%	20.1%
Corporate Grants	10.1%	10.5%
Foundation Grants	16.4%	17.4%
Government Grants	24.1%	22.9%
Investment Income	2.6%	2.5%
Other	6.5%	9.0%

Income from nonprofits has seen an increase in earned income and a decrease in other income as a percentage of their total income.



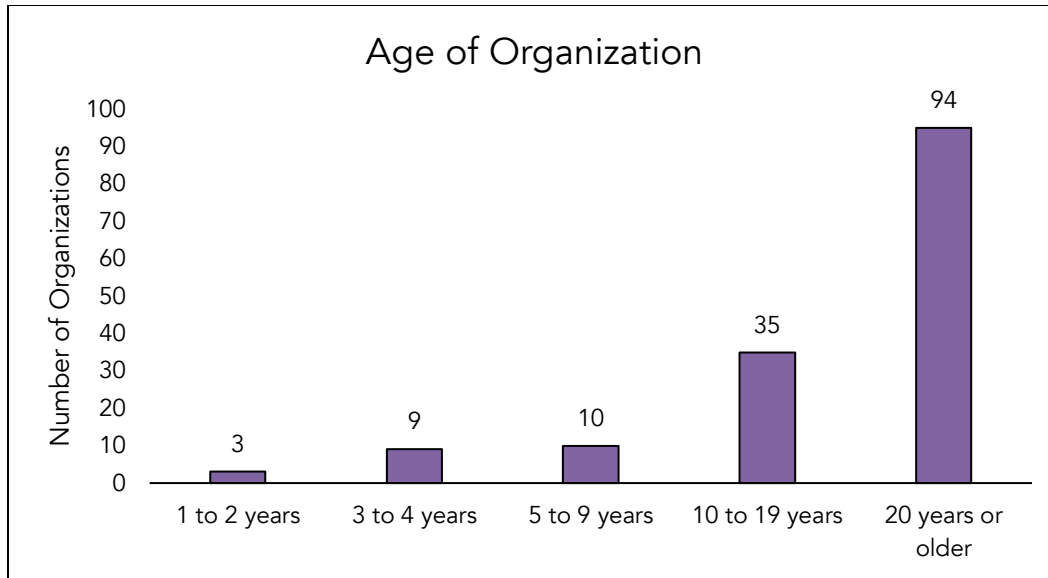
Finding 3: Workforce & Volunteer Contribution

Nonprofits account for 8.5% of all private-sector employment. Nonprofits rely heavily on volunteers and part time employees with environmental non-profits, social and human services non-profits, and children/youth focused non-profits relying on volunteers the most.

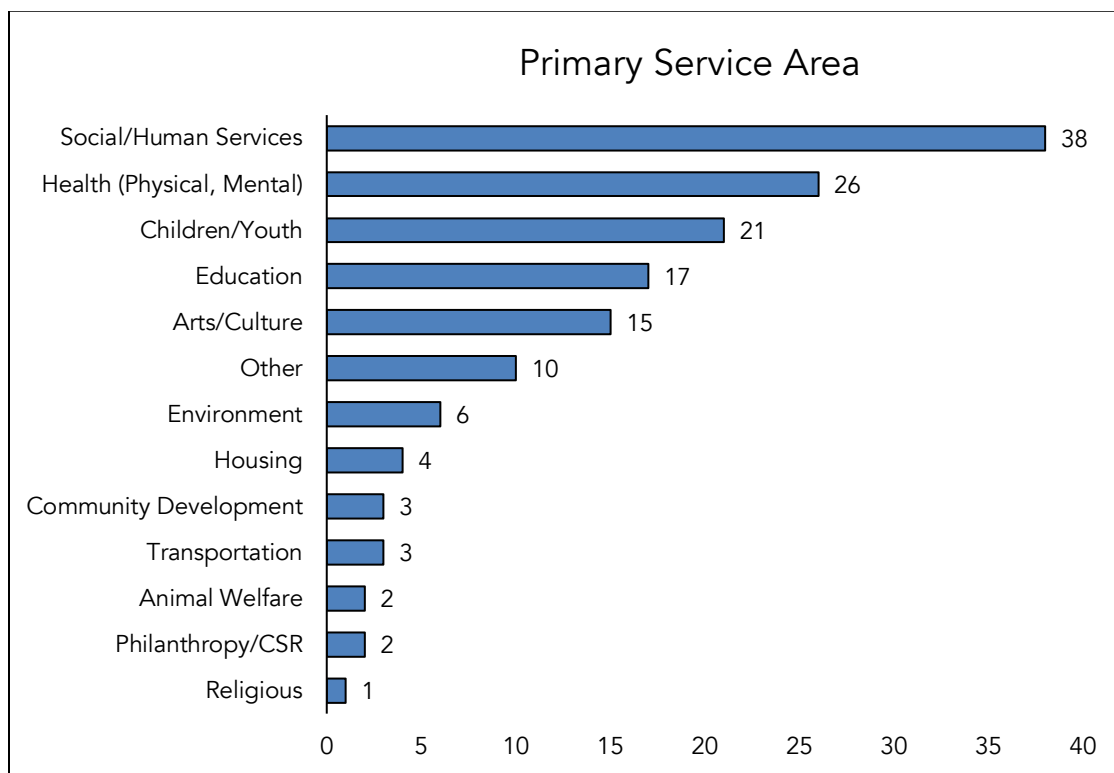


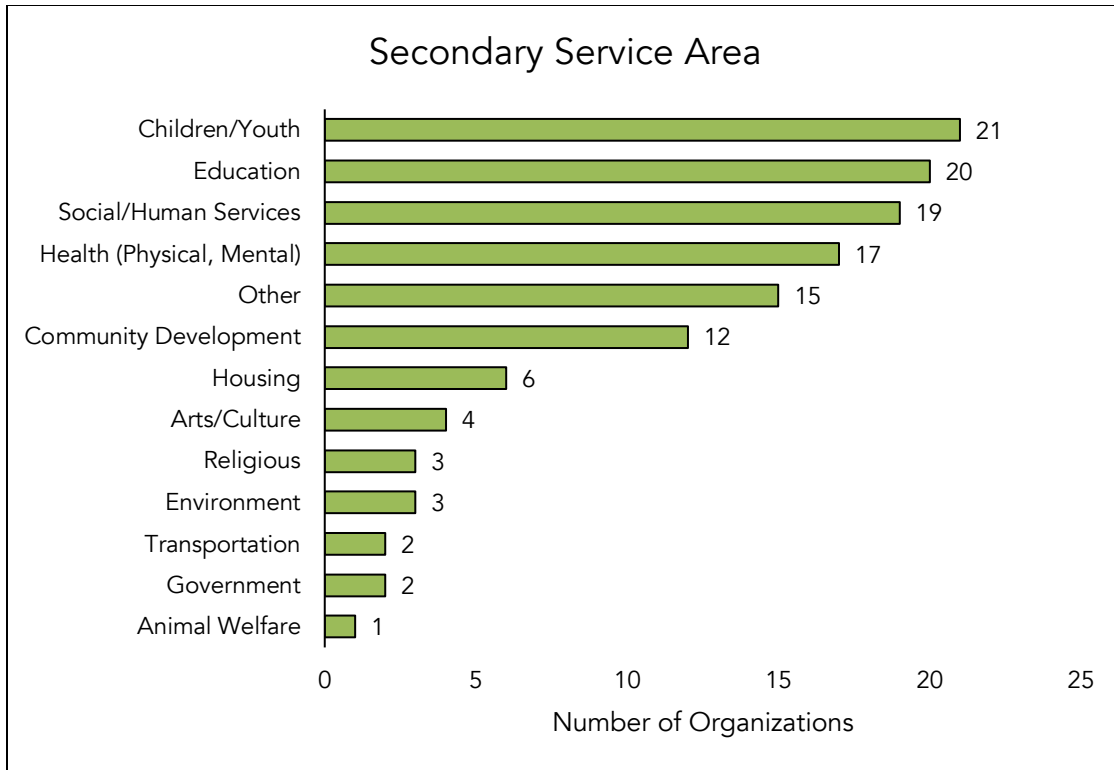
Volunteer Value Estimation

- Estimated total volunteers: 6,168
- Estimated annual volunteer hours: 296,064
- Full-time equivalent positions: 142.3 FTEs
- Estimated economic value: \$9,915,183



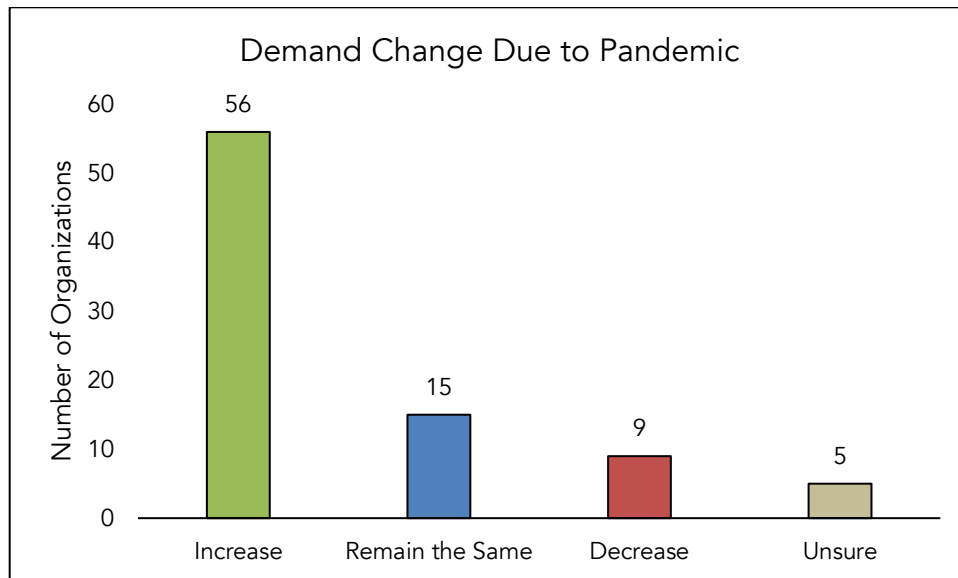
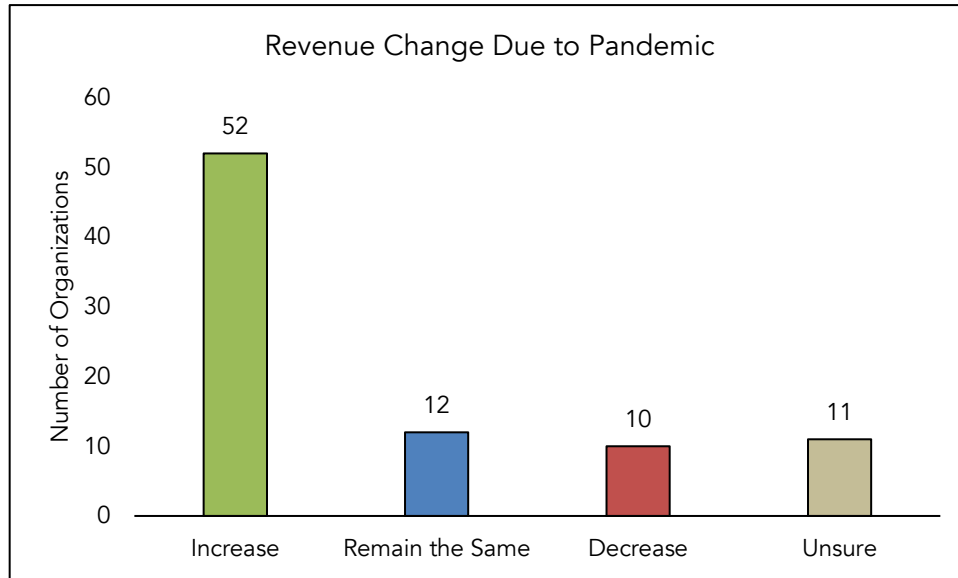
Many of the nonprofits in the survey have existed for more than 20 years.



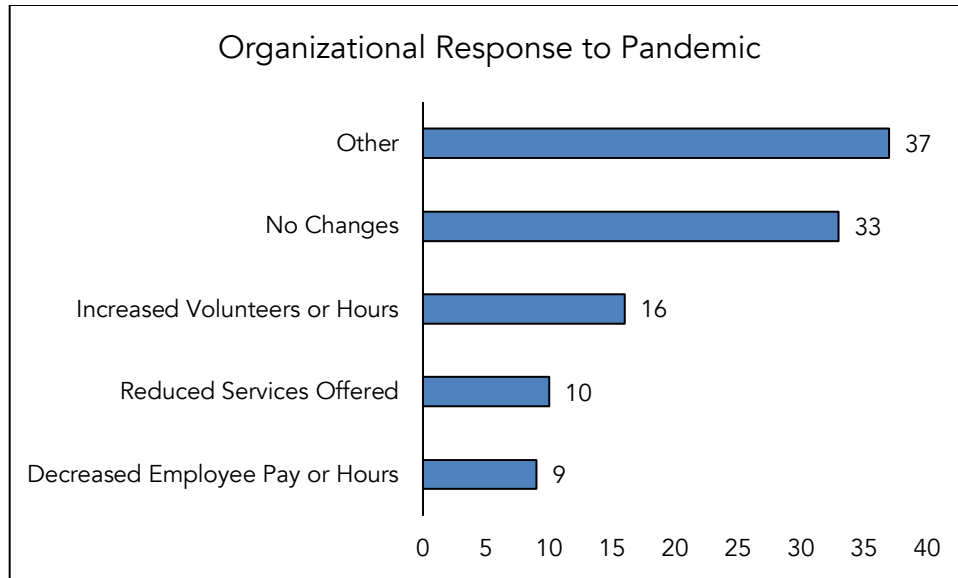


Finding 4: Pandemic Impact & Recovery

BLS data shows nonprofit employment declined by 1.0% in 2020, rebounding strongly in 2021 (+3.3%) and 2022 (+3.0%).



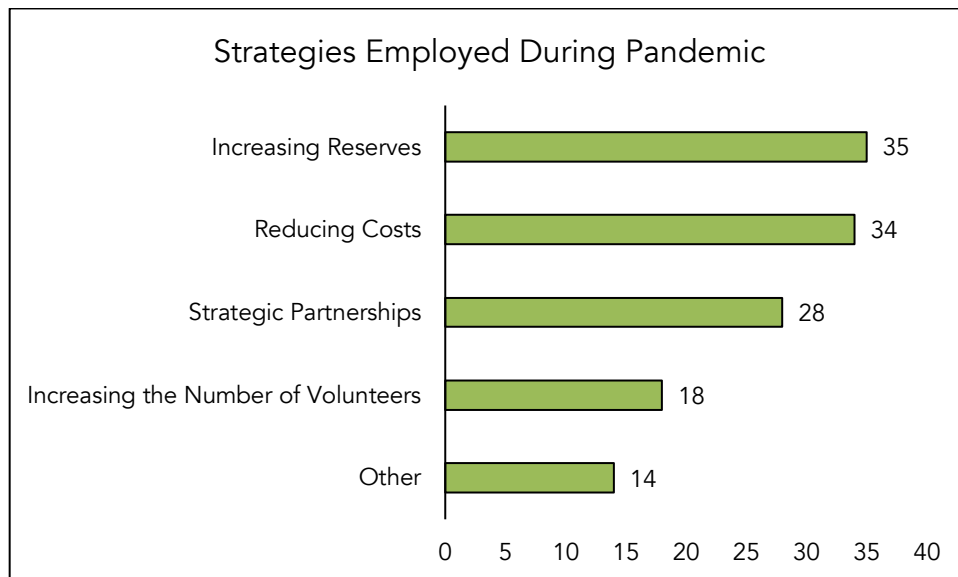
- 61% of organizations saw revenue increase during the pandemic period
- 66% report increased demand for services
- Average annual nonprofit wages rose from \$58,072 in 2018 to \$75,801 in 2022.



Some examples of what the “Other” category consists of which is mainly positive outcomes through increased need for services and increased revenue:

“We added an additional state contract for revenue and needed to move an employee from part time to full time to meet the need. Contributions are down from 2020, so we have pivoted to more grant writing.”

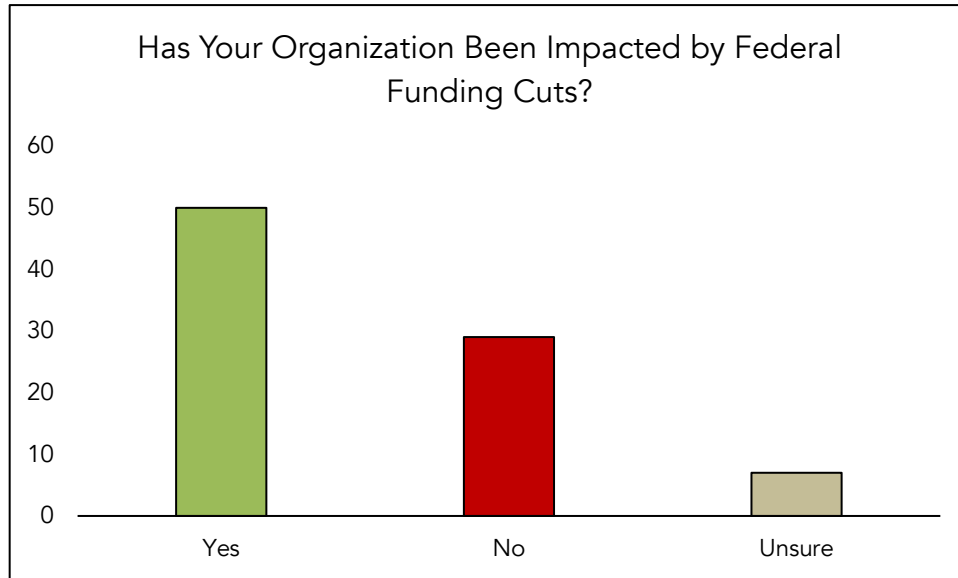
“We increased employee hours, pay, and benefits to try to retain staff to be able to meet the increased need for services.”



Organizations employed multiple different strategies during the pandemic with many of them increasing reserves, reducing costs and increasing strategic partnerships.

Finding 5: Federal Funding Impact

Among survey respondents, 58% report being directly or indirectly impacted by federal funding cuts in 2025.



Selected quotes on the impact of federal funding cuts:

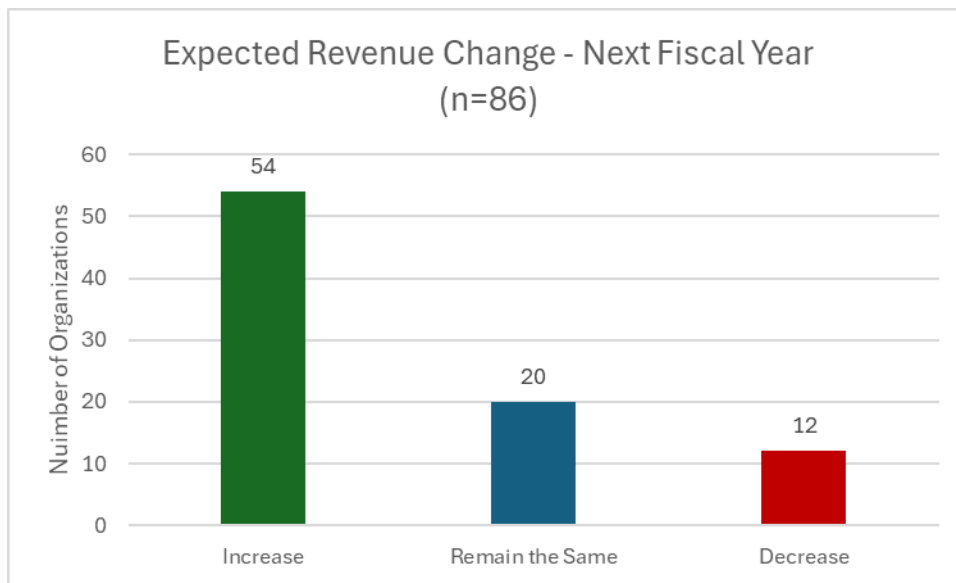
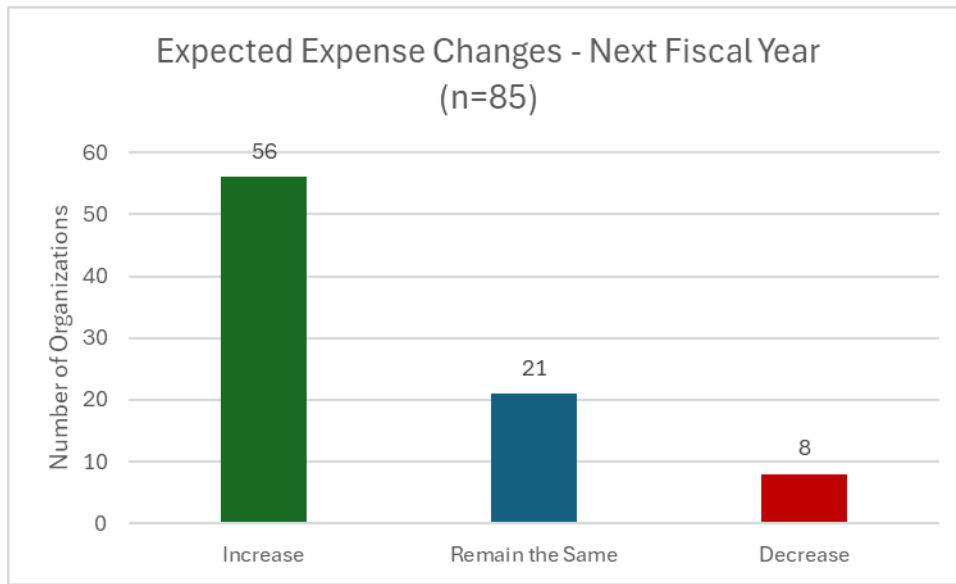
"We saw a decrease of 8% in state funded treatment"

"Federally funded program concerning training of childcare workers reduced 30%"

"We currently have federal grants for whom we have no grant manager--the department overseeing the grants were eliminated. It has led to a great deal of confusion."

"Indirectly. When families need to find food, they must find that funding somewhere. Diapers can be that somewhere. Our partners have seen increased needs and we then see that"

Finding 6: Outlook



63% of respondents expect revenue to increase in the next fiscal year, while 66% expect expenses to increase. Other strategies include:

- Reducing costs
- Strategic partnerships
- Increased volunteers
- Increasing reserves



Conclusion & Summary

The nonprofit sector remains a vital economic engine for the Nashville metropolitan area. With 1,364 establishments employing 79,020 workers and generating \$5.99 billion in wages, the sector's direct economic contribution is substantial. Its total economic impact is \$12 billion to the Nashville economy contributing to over 140,000 total jobs. The non-profit landscape is a microcosm of the Nashville economy with a significant percentage of non-profits having a healthcare focus. Non-profits in Nashville were able to weather the pandemic impacts and are facing a challenge of significant funding cuts. The outlook for the non-profits in Nashville surveyed shows cautious optimism, while at the same time, having to adjust strategically.

Appendix & Methodology

Data Sources

- Bureau of Labor Statistics (BLS) Business Employment Dynamics: Nonprofit establishment, employment, and wage data for the Nashville MSA, 2018–2022.
- Spring 2026 Survey: 151 responses covering demographics, workforce, finances, pandemic impact, federal funding effects, and outlook. Not all respondents answered all questions.

Glossary of Terms

BLS: Bureau of Labor Statistics

BED: Business Employment Dynamics

Establishment: A single physical location where business is conducted

FTE: Full-Time Equivalent (2,080 hours/year)

MSA: Metropolitan Statistical Area

NAICS Code: North American Industry Classification System

Type II Multiplier: Captures direct, indirect, and induced effects

QCEW: Quarterly Census of Employment and Wages

Bibliography & Recommended Citation

This report was prepared for the Center for Nonprofit Excellence (CNE). We gratefully acknowledge the 151 nonprofit organizations that participated in the spring 2026 survey.

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Survey

The following questions were included in the spring 2026 CNE Nonprofit Survey. A total of 151 valid responses were received.

1. How old is your organization?
2. What is your role in the organization?
3. How would you classify your non-profit primary service area?
4. If applicable, how would you classify your non-profit's secondary service area?



5. How many full-time employees currently work for your organization?
6. How many part-time employees currently work for your organization?
7. How many volunteers currently volunteer at least 2 hours a month?
8. What was your organization's total expenses for the 2024 fiscal year?
9. What was your organization's total expenses for the 2020 fiscal year?
10. What was your organization's total revenue for the 2024 fiscal year?
11. What was your organization's total revenue for the 2020 fiscal year?
12. Please estimate income sources for the 2024 fiscal year as a percentage of total income.
13. Please estimate income sources for the 2020 fiscal year as a percentage of total income.
14. How did your revenue change as a result of the pandemic-induced crisis of 2020?
15. How did the demand for your services change?
16. What was your organization's response to the pandemic-induced recession?
17. Did your organization attempt to use any of the following strategies?
18. Do you expect expenses to increase, decrease, or remain the same?
19. Do you expect revenue to increase, decrease, or remain the same?
20. [If decrease] Do you have plans to employ any of the following strategies?
21. Has your organization been impacted by federal funding cuts?
22. [If yes] Please elaborate on the impact of federal funding cuts.
23. Anything else you would like to elaborate on?