



A light blue map of Tennessee is centered in the background. A solid orange horizontal line is positioned above the title.

Nonprofit Economic Impact Study

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

Center for Nonprofit Excellence of Middle Tennessee

Nashville Area Chamber of Commerce Research Center · June 2026



Definition

The Bureau of Labor Statistics defines a nonprofit 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.

Included



- Nonprofit hospitals and health systems
- Private colleges and universities
- Religious congregations and faith-based organizations
- Charitable foundations and community service organizations
- Museums, orchestras, and nonprofit arts organizations
- Social service agencies and food banks

Not Included



- Trade and industry associations (501(c)(6))
- Civic leagues and advocacy groups (501(c)(4))
- Public universities and community colleges
- Public hospitals and government health agencies
- For-profit subsidiaries of nonprofit organizations
- Chambers of commerce and professional associations

Key Findings

Size

1,364 establishments and 79,020 employees, with steady growth from 2018–2022.

Impact

\$12.0B+ in total economic impact — wages plus multiplier effects, Nashville metro GDP was \$163B in 2022
Note that GDP is cited for reference. GDP and economic impact are not comparable

Employment

A major regional employer, representing 8.5% of private employment.

Pandemic

Most nonprofits endured: 61% saw revenue rise, 66% saw demand rise, with a quick employment recovery.

Funding

Federal funding cuts are the top emerging threat — 58% of respondents impacted.

Outlook

Cautiously optimistic — 63% expect revenue to increase, with diversification strategies underway.



Executive Summary

The nonprofit sector is a cornerstone of the Middle Tennessee regional economy. Drawing on Bureau of Labor Statistics establishment data (2018–2022) for the Nashville Metro Area and a spring 2026 survey of 151 Nashville-area nonprofits, this study quantifies the sector’s scale and economic contribution.

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

BY THE NUMBERS



The Scale & Growth of Nashville's Nonprofit Sector

Year	Establishments	Employees	Average Salary	Total Wages
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

Key takeaway

Nonprofit establishments grew 19% from 2018–2022, only slightly trailing the private sector's 26%. Employment grew 8% (vs. 10% private). The sector recovered from the pandemic successfully and maintained more jobs through the downturn.

Nonprofit Employment by Industry (2022)

Industry	Establishments	Employees
Educational Services	160	18,092
Health Care and Social Assistance	655	50,611
Arts, Entertainment and Recreation	53	2,034
Social Advocacy Organizations	99	985

Key takeaways

- Health Care and Social Assistance dominates the sector, accounting for almost half of non-profit establishments, followed by Educational Services, Social Advocacy, and Arts, Entertainment, and Recreation.
- Many non-profits have multiple service areas and do not fit perfectly into a single category.
- Many non-profits also have a single or even 0 employees.

Economic Impact

Metric	Direct	Multiplier	Total Estimated Impact
Employment	79,020	1.8x	142,236 jobs
Total Output	\$5.99B	2.0x	\$12.0B

Key Takeaways

- Each nonprofit job contributes to an additional 0.8 (1.8x employment), supporting 142,236 jobs.
- Each \$1 of wages produces \$2 of total impact, resulting in a \$12B economic impact on the regional economy

Income Sources (2024 vs. 2020)

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

Key takeaway

Nonprofits have shifted toward **earned income** (15.7% → 21.0%) and away from **“other” income** (9.0% → 6.5%), signaling a move toward more self-sustaining, diversified revenue.

Workforce & Volunteer Contribution

Nonprofits account for **8.5% of all private-sector employment** and rely heavily on volunteers and part-time staff. Environmental, social/human service, and children/youth organizations depend on volunteers the most. The value of donated time is substantial:

6,168

Estimated total volunteers

296,064

Annual volunteer hours

142.3

Full-time equivalent positions

\$9.9M

Estimated economic value

Volunteer time valued at \$9,915,183 annually — equivalent to 142.3 FTE staff. Many surveyed nonprofits have operated for more than 20 years.

Pandemic Impact & Recovery

61%

Saw revenue increase during the pandemic

66%

Reported increased demand for services

+6.4%

Employment rebound in 2021–2022

BLS data shows nonprofit employment dipped just 1.0% in 2020, then rebounded +3.3% (2021) and +3.0% (2022). Average annual wages rose from **\$58,072 in 2018 to \$75,801 in 2022.**

In their own words

Note: Many non-profits received funding during pandemic e.g., PPP, ARPA

“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.”



Federal Funding Impact

58%

of survey respondents report being directly or indirectly impacted by 2025 federal funding cuts — the top emerging threat to the sector.

Selected quotes on the impact of federal funding cuts

“We saw a decrease of 8% in state funded treatment.”

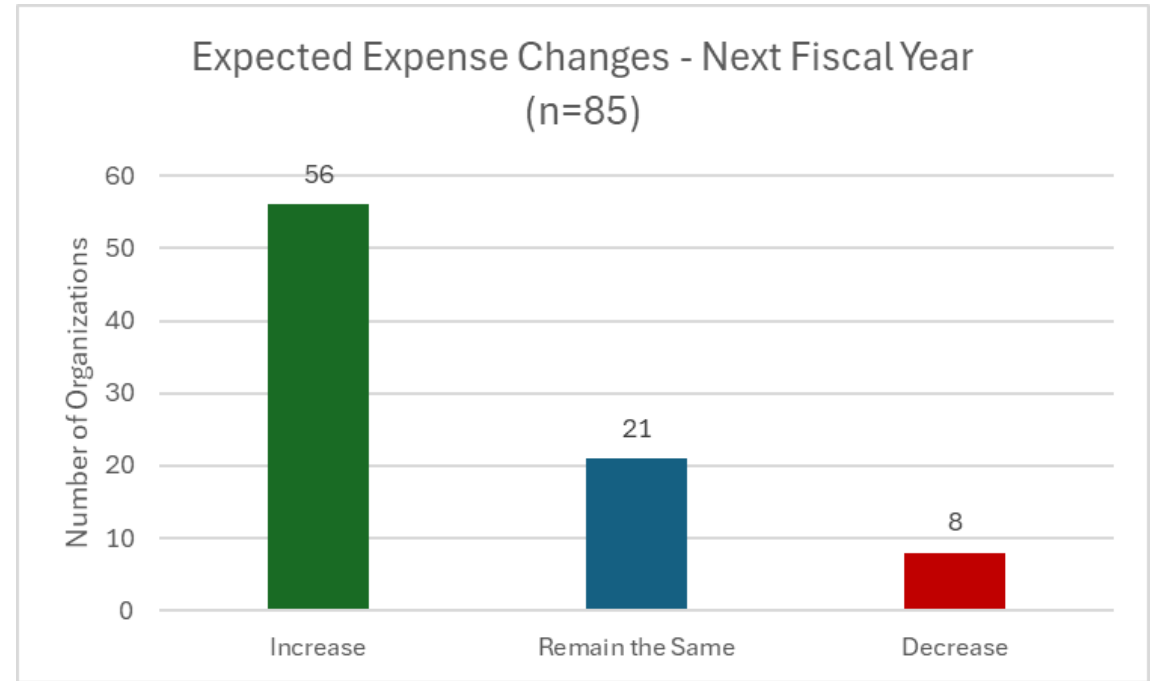
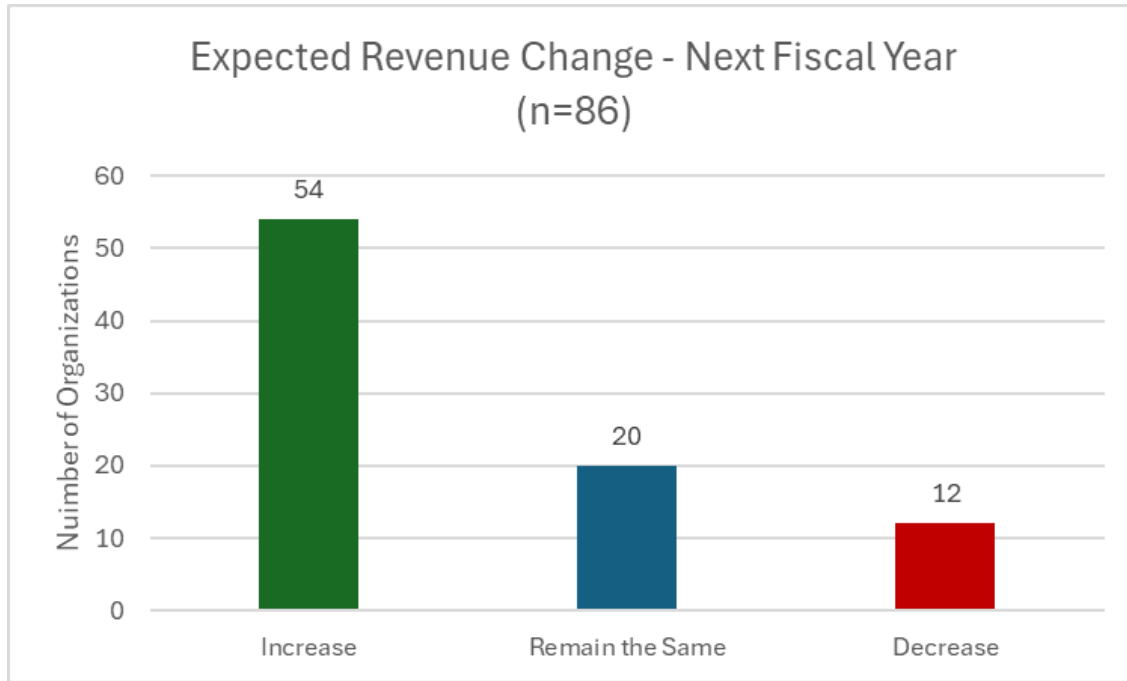
“Federally funded program concerning training of childcare workers reduced 30%.”

“We currently have federal grants for whom we have no grant manager — the department overseeing the grants was 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.”

Outlook – Cautious Optimism, Resilience, & Creative Adjustment

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



The leading mitigation strategies are reducing costs and forming strategic partnerships.

