

The US Nonprofit Landscape: Human Services Insights 2022

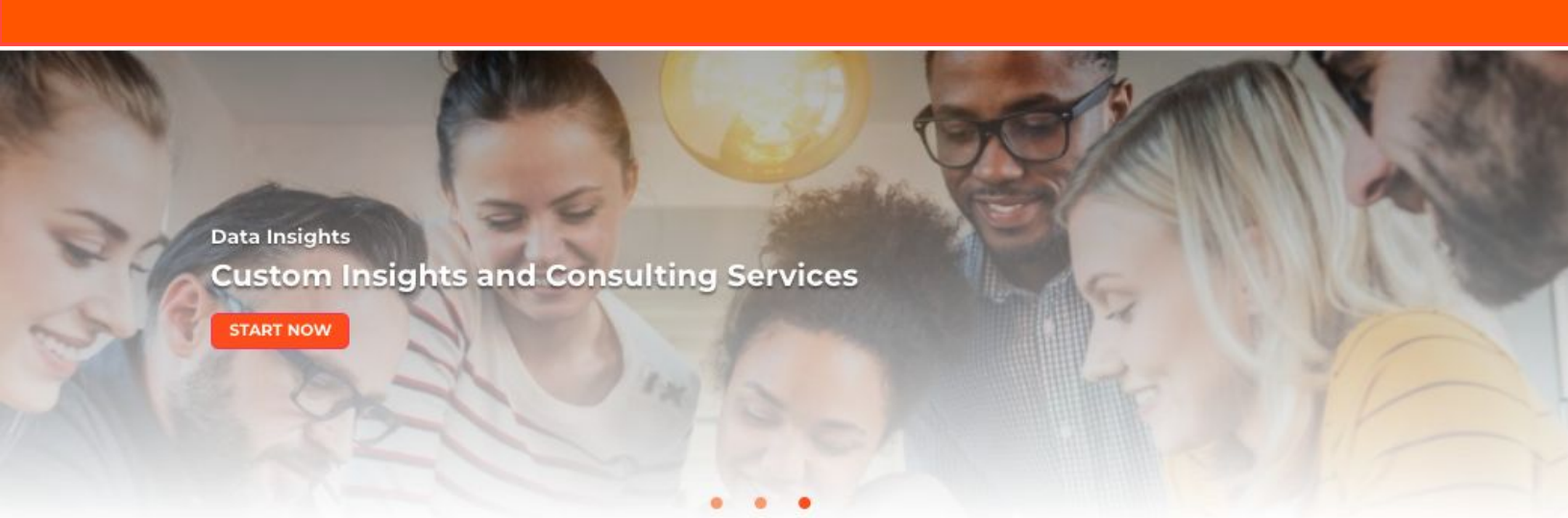
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Interactive Tool
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Interactive Tool
\$2.9T of Social Funding & Software Spending



Infographic
Safe and Affordable Housing - US Landscape

About X4Impact

X4Impact, Inc. is the leading data insights, research, and advisory services company for social innovation in the US.

Our social impact research technology processes billions of data points to provide leaders with the crucial insights, advice, and tools needed to deliver on their mission and build the social impact organizations of tomorrow. We are partners in impact providing data and services to entrepreneurs, investors, philanthropists, local governments, academic institutions, and socially-minded private sector organizations.

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US Nonprofits

The teams at over 1.7 million nonprofit organizations in the US work tirelessly to help mitigate our urgent social issues. They help over 550,000 individuals facing homelessness in the US and **39 million people living under the poverty line**. They advocate and take action to help **one million individuals without access to toilets and clean water**, or the **12% of the population that avoid going to a doctor** because they cannot afford medical care. They also work to address long-term strategic issues such as **Climate Change**, **Responsible Consumption & Production**, and managing the many inequity gaps in our society.

The **nonprofit sector in the US is a \$2.9T economy** and spends over \$38B per year on information technology. Yet, research shows that less than 20% of nonprofits fully leverage AI, cloud, and mobile technologies to deliver their mission.

The two largest categories in the nonprofit sector are Education (K-12 and Higher Education) with 139K entities and \$390B in annual income, and Healthcare (Hospitals and Medical Research), with 59K entities and \$1.4T in annual income.

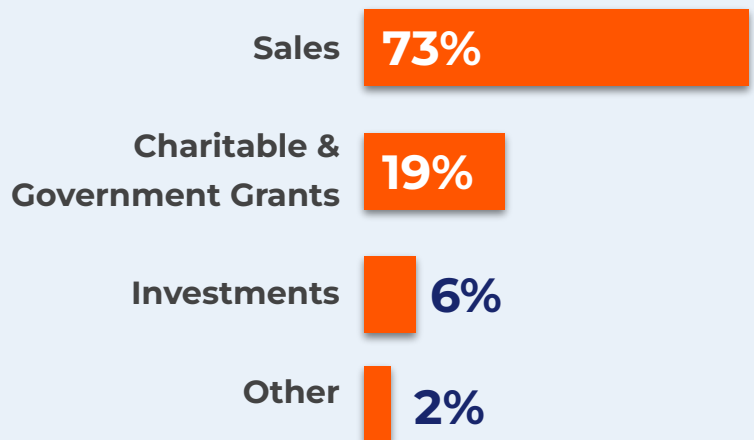
With support from our Founding Partners, we used X4Impact Research Technology to process millions of data points to create this report taking a deeper look at the **Human Services** category of nonprofits.



\$2.9T Annual Income

\$38B Information Technology Spending

% of Annual Income by Source



Human Services Sector

How large is the Human Services Nonprofit Sector in the US? What are the key categories for innovators to deliver tech that helps these nonprofits to serve more individuals, manage more cases, and improve their operational capacity?

There isn't a single definition of Human Services in the Nonprofit sector. For this report, we focus on the nonprofits that address individual needs by managing a case. This includes organizations from homeless shelters to community clinics.

Human Services Organizations as defined in this report include:

- More than 16,000 organizations helping 550,000+ individuals experiencing homelessness.
- Over 12,000 nonprofit organizations supporting 12 million households that face food insecurity.
- 31,000 organizations such as community clinics and centers addressing addiction recovery and substance abuse, crisis support, and related issues.

Many technologies deployed in the private sector for cybersecurity, case management, real-time matching, marketplaces, relationship management, etc., can be adapted to serve the needs of Human Services nonprofits.

Human Services Nonprofits at a Glance

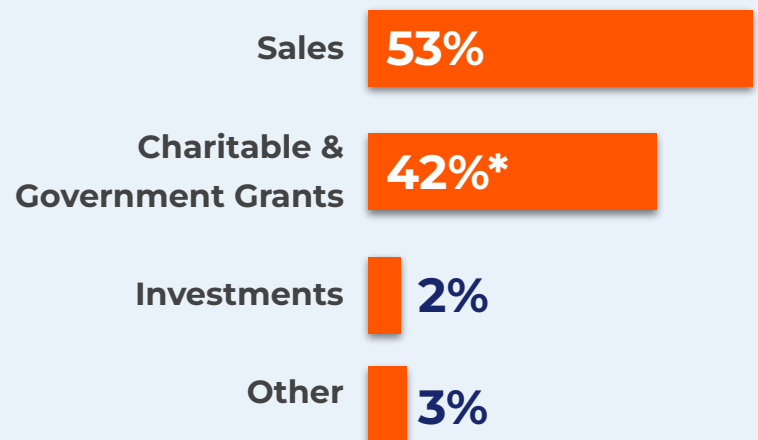
There are over **313,000 organizations** included in this report, with **\$350B** in annual revenue and over **\$4.2B per year** invested in Information Technology.



\$350B Annual Income

\$4.2B Information Technology Spending

% Of Annual Income by Source



*Charitable Grants represent 15% of the total annual income at \$52B/yr.

Human Services and the UN SDGs

The United Nations Sustainable Development Goals (UN SDGs) are 17 internationally agreed-upon goals. Once achieved, they will ensure a better and more sustainable future for all people and the planet.

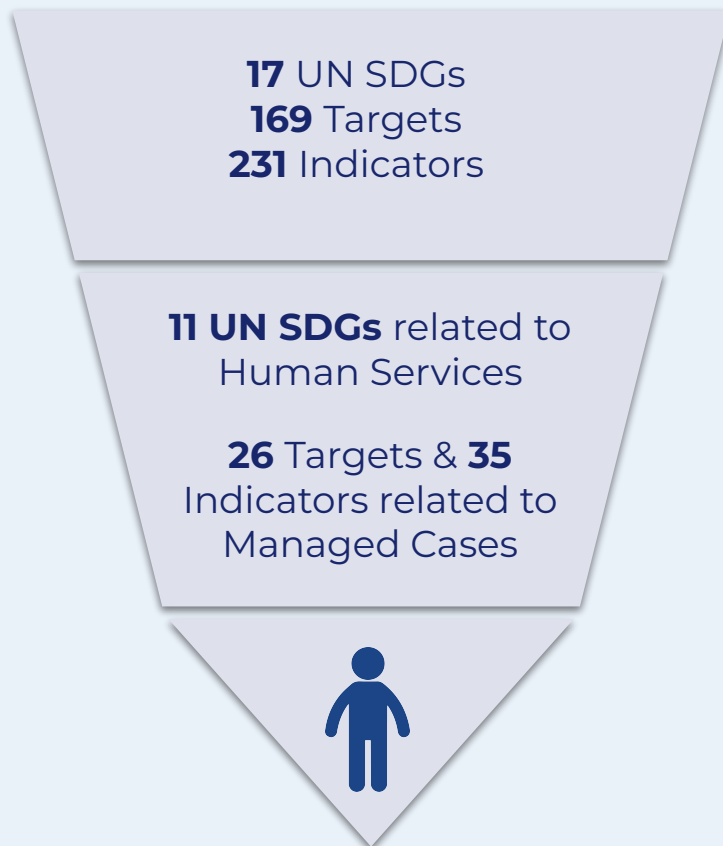
The United Nations provides a framework of 169 Targets and 231 Indicators under the SDGs to align efforts better. They aim to end poverty, improve health and education, reduce inequality, spur innovation and economic growth, address climate change, and protect our oceans and forests.

Human Services organizations, as defined in this research paper, drive significant progress in achieving the SDGs thanks to a large number of organizations and revenue at their disposal to run programs and services addressing key targets and indicators across 11 of the 17 Goals.

We can map a total of 26 Targets and 35 Indicators if we focus on critical indicators directly related to serving a “Human Case.” These 35 Indicators are in many cases intertwined. For example, a safe and affordable house definition includes having access to a sink and a toilet.

The lack of a common data model and interconnectivity between Case Management Systems result in inefficiencies in operation. It makes it challenging to track impact and results. The trend is to measure impact across cohorts of related nonprofits rather than individual programs.

Large foundations, impact investors, and government dependencies, are asking for evidence of impact, as measured by key indicators such as those defined by the UN.



“We must address multiple issues to help someone living under poverty: access to food, affordable housing, clean water, sanitation, mental and physical health, skills training, and employment. Case Management Tech can help measure progress with a human at the center.”

UN Sustainable Development Goals Addressed by the Human Services Sector



Human Services and the UN SDGs

Organizations

UN SDGs

Targets

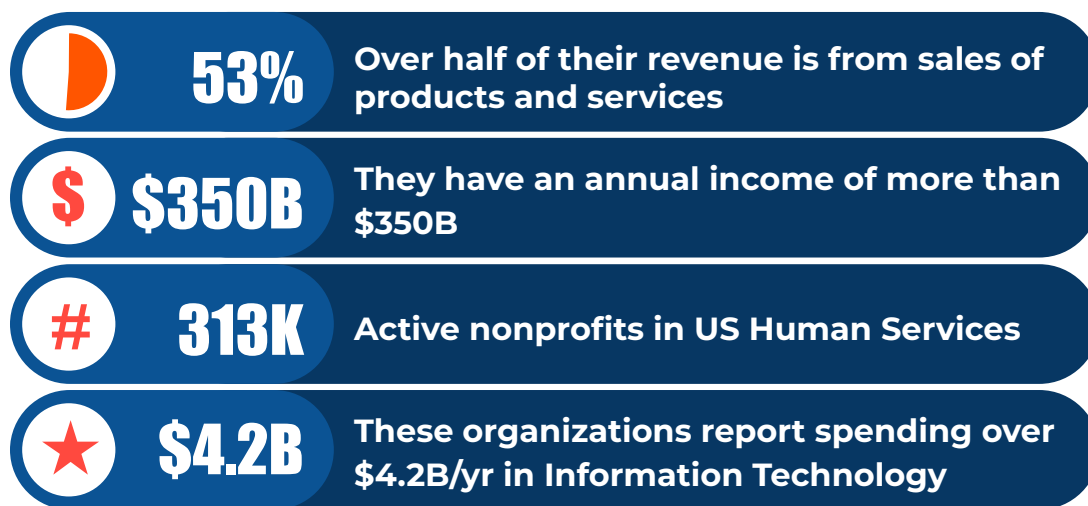
Indicators

Civil Rights, Social Action & Advocacy		14	21
Employment		11	14
Family Services		8	13
Food Programs		2	4
General Human Services		26	35
Healthcare (Community Clinics, Mental Health, Addiction, Crisis Support and Other)		11	18
Housing & Shelter		10	13
Justice: Child Abuse, Abuse Prevention & Protection		6	9
Public Benefit: Military & Veterans		10	14
Public Safety, Disaster Preparedness & Relief, Emergency Assistance		5	6
Residential Care & Adult Day Programs		8	13
Support Centers (General, Immigrants, LGBTQ, Seniors, Women, Visual or Hearing Impaired, Disabled)		8	10
Youth Development		15	20

Key Takeaways - Human Services

The Human Services sector in the US deploys **\$350B per year** on managing hundreds of millions of cases. 53% of the Human Services sector's income comes from sales of products and services. The services provided are crucial; hence the industry enjoys financial stability during challenging times.

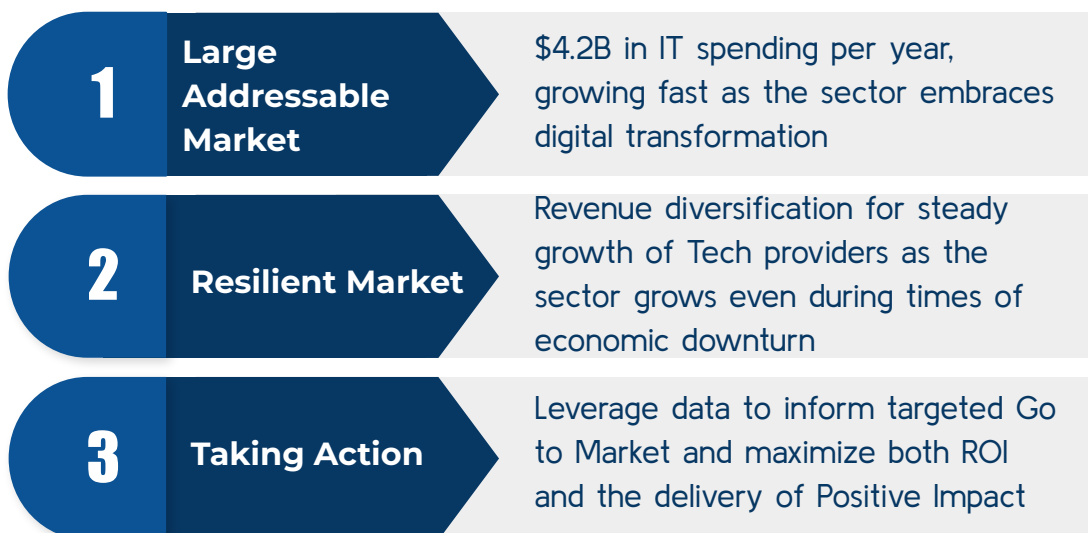
They invest over **\$4.2B per year** in information technology, but 80% report that they are not fully leveraging modern technologies to help them with operational efficiencies in delivering their mission. Nonprofits are accelerating the hiring of technology, digital media, and data staff; they are also embracing tech innovation faster.



There are thirteen areas in the Human Services sector, each with a total **annual income ranging from \$2B to \$70B** and **IT spending between 1.2% and 4.2% of their annual income**. The sector represents a significant opportunity for social innovators to do well while doing good.

Using the Impact taxonomy defined by the UN, we can map **26 Targets and 35 Impact Indicators** directly related to serving a “Human Case.”

Technology Companies serving the nonprofit sector reported **double-digit growth, even during the COVID-19 induced recession of 2020-2021**. Most of these companies operate as for profit, with a social mission, and **80% generate revenues via Software as a Service –SaaS offerings**.



US Nonprofit Human Services by the Numbers

Human Services by Size

There is a healthy ecosystem of Human Services organizations of all sizes. It ranges from over 1,000 enterprise-level organizations with an annual income larger than \$50M to 284,000 small organizations with revenues of up to \$1M per year.

While the nonprofit sector is often thought of as reliant on grants and donations to fund most of their work, these organizations generate over **\$185B**, 53% of their income, selling products and services; charitable grants, while an important source of revenue, represent 15% of their annual income.

Their income from sales or charitable donations and government grants remains stable during periods of economic recession, as observed during the 2008-10 and 2020-21 economic downturns.

Technology innovators have failed to serve the needs of this large economy in the same way they serve the private sector with scalable off-the-shelf solutions with affordable pricing thanks to economies of scale.

Many technology solutions deployed in the sector result from well-intended hackathons and volunteers or are one-off solutions created by consultants thanks to a generous donor. After a few months or years, the technologies are abandoned because they lack constant support and updates.

Selected Median Annual Figures

	Median Annual Income	Median IT spending	Median Employees
Enterprise: Over \$50M/yr 1K Orgs	\$81M	\$751K	888
Higher Mid Market: \$10M to \$50M/yr 5.5K Orgs	\$18.5M	\$161K	308
Lower Mid Market: \$1M to \$10M/yr 23K Orgs	\$2.4M	\$23K	42
Small: Less than \$1M/yr 284K Orgs	\$361K	\$3K	7

Human Services by Geography

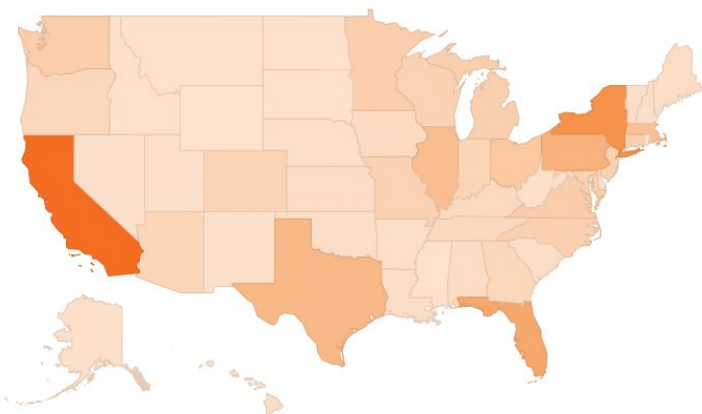
The largest markets from the number of nonprofits and the total annual income point of view are the larger states in terms of population. But, there is a significant lack of per-capita resources to address social issues outside the coastal states.

More money deployed does not necessarily correlate to better performance. We can see that [WA state ranks as the 46th worst performance on addressing homelessness](#). Still, it ranks 18th regarding the number (and total income) of nonprofits focused on poverty and hunger.

Technology innovation, anchored on listening to the needs of the nonprofits and the individuals served, can help to reduce processing times and operating costs associated with millions of cases managed. A geographic focus in one of the top 5 markets: CA, NY, FL, PA, and TX, can help innovators find product-market fit and go-to-market strategy at an optimal cost structure.

Total Annual Income reported by Human Services Organizations.

(Darker shades mean larger numbers)



Top 5 States Ranked by Annual Income Reported by Human Services Organizations

1.	CA	\$49.6B	
2.	NY	\$33.6B	
3.	FL	\$24.8B	
4.	PA	\$20.7B	
5.	TX	\$18.0B	

- 44% of the spending is concentrated in 5 larger states (CA, NY, FL, PA, TX) that represent 37% of the US population, as per Census 2020 data.
- Coastal states outperform non-coastal states on a per-capita basis.

Bottom 5 States Ranked by Annual Income Reported by Human Services Organizations

46.	MS	\$902M	
47.	ND	\$846M	
48.	SD	\$836M	
49.	DE	\$832M	
50.	ID	\$751M	

- At the bottom of spending we have these 5 states (MS, ND, SD, DE & ID) that represent 1.25% of the spending and 2.25% of the US population, as per Census 2020 data.

Human Services Spending on Professional Fees

Nonprofit organizations in the sector spend over **\$23B** in **accounting, fundraising, lobbying, legal, investment, consulting, and other professional fees**. All these areas benefit from state-of-the-art technologies in the private sector, but many of them are not tailoring their solutions to the unique needs of nonprofits. This represents an untapped opportunity.

An X4Impact analysis of over 2,100 nonprofit contracts with 1,500 consulting firms in the US that total over \$1.5B shows a **median value of \$191,000**.

In many cases, these contracts are with Technology Consultants to create one-off tech solutions that address the needs of a particular nonprofit, failing to take a systematic approach to address the needs of the sector at large.

Leading Consulting Firms*

1. Deloitte Consulting
2. Freeman Consulting
3. Colonial Consulting
4. Mckinsey Consulting
5. Ewald Consulting
6. Korn Ferry Intl - Consulting
7. Segal Consulting
8. Aon Hewitt Consulting
9. Capacity Interactive Consulting
10. Graystone Consulting
11. Slalom Consulting
12. RSM Audit Tax & Consulting
13. Vault Consulting
14. Huron Consulting Services
15. Nordic Consulting Partners
16. ECG Management Consultants
17. Boston Consulting Group

	Median Spending by Organization			
	Fundraising	Accounting	Legal	Other
Enterprise: Over \$50M/yr 1K Orgs	\$151K	\$91K	\$113K	\$5M
Higher Mid Market: \$10M to \$50M/yr 5.5K Orgs	\$70K	\$48K	\$25K	\$1M
Lower Mid Market: \$1M to \$10M/yr 23K Orgs	\$30K	\$18K	\$6K	\$111K
Small: Less than \$1M/yr 284K Orgs	\$5.4K	\$5K	\$2K	\$23K

* Based on number of contracts and contract value, as reported to the IRS by over 2,100 nonprofit organizations in 2020-2021

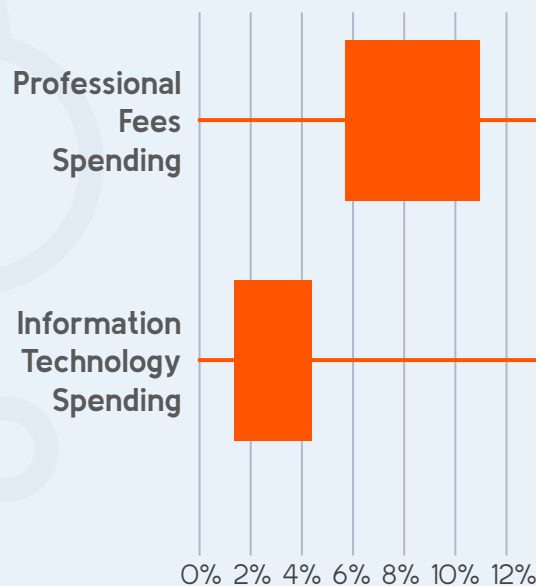
Human Services IT Spending

The Human Services sector spends over **\$4.2B per year on information technology**. IT spending as a percentage of total revenue ranges from **1.2% for enterprise organizations** with incomes over \$50M per year to **4.2% for small organizations** with annual revenues of up to \$1M.

The 2021 Global NGO Technology Survey shows that over 90% of US nonprofits have an online presence. This data matches the statistical analysis of the information disclosed to the IRS by 21,479 nonprofit organizations in the human services sector, where 82% report a valid website.

Online Fundraising is the fastest-growing category in IT spending. It is important to note that **at \$54B per year, charitable donations represent less than 16% of the annual income** for organizations in the Human Services sector. There is a significant opportunity for technologies that helps these organizations better manage their \$350B/yr operations.

Spending as a % of Income



	Total IT Spending*	Spending by Organization (percentiles)			
		25th	Median	75th	90th
Enterprise: Over \$50M/yr 1K Orgs	\$1.5B	\$297K	\$751K	\$1M	\$3M
Higher Mid Market: \$10M to \$50M/yr 5.5K Orgs	\$1.1B	\$75K	\$161K	\$324K	\$571K
Lower Mid Market: \$1M to \$10M/yr 23K Orgs	\$731M	\$9K	\$23K	\$54K	\$111K
Small: Less than \$1M/yr 284K Orgs	\$864M	\$1K	\$3K	\$7K	\$14K

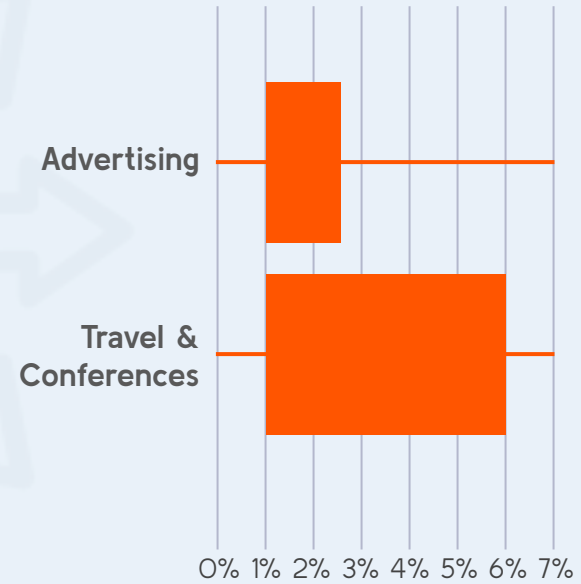
* 4 to 6 of every 10 mid market or enterprise entities report their IT spending. 4 of every hundred organizations with revenues of \$1M or less report their IT spending. We used statistical analysis to estimate the Total IT Spending by segment.

Human Services Spending in Other Areas

Organizations report annual spending of over **\$2.6B in advertising**. Advertising spending as a percentage of total revenue ranges from **0.7% for enterprise** organizations with incomes over \$50M per year to **2.4% for small organizations** with annual revenues of up to \$1M.

Organizations report annual spending of over **\$6B in travel and conferences**. This spending area is **expected to decrease, with some money shifting to IT spending** as nonprofits accelerate the deployment of virtual conferences and gatherings due to the COVID-19 pandemic. Travel & conferences spending as a percentage of total revenue ranges from **1% for enterprise organizations** with incomes over \$50M per year to **6% for small organizations** with annual revenues of up to \$1M.

Spending as a % of Income



Median Spending by Organization

	Advertising	Travel & Conferences	Rent & Utilities
Enterprise: Over \$50M/yr 1K Orgs	\$223.8K	\$514K	\$2.7M
Higher Mid Market: \$10M to \$50M/yr 5.5K Orgs	\$52.4K	\$140K	\$709K
Lower Mid Market: \$1M to \$10M/yr 23K Orgs	\$7.8K	\$22K	\$109K
Small: Less than \$1M/yr 284K Orgs	\$1.4K	\$4K	\$18K

Key Verticals in the US Nonprofit Human Services Sector

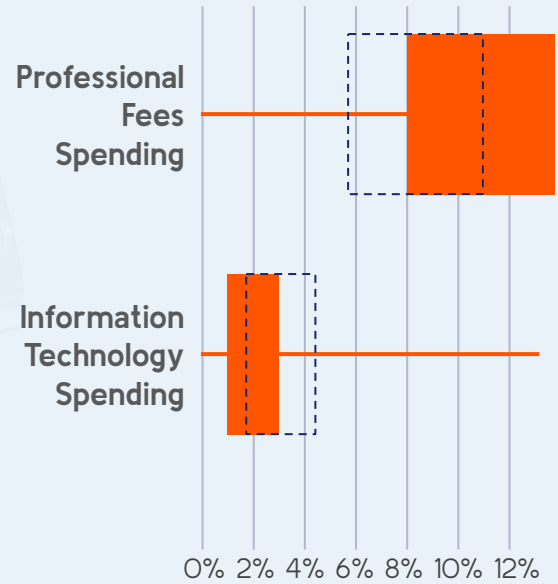
Human Services by Service Type

Over 50% of the total income in the US Human Services sector is driven by three subsegments that represent 28% of the total number of nonprofit organizations:

- Healthcare** (Community Clinics, Mental Health, Addiction, Crisis Support, Other)
- Housing & Shelter**
- Support Centers** (General Support, Immigrants, LGBTQ, Seniors, Women, Visual or Hearing Impaired, Disabled Individuals).

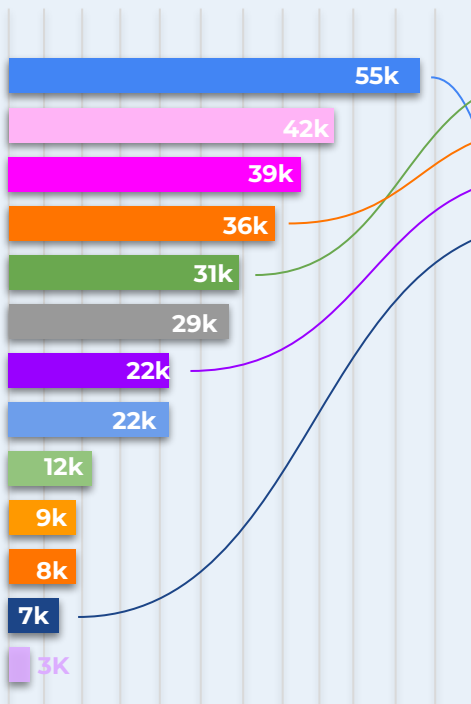
The three top verticals represent over **\$15B in annual spending on professional fees** and close to **\$2B per year in information technology spending**.

Spending as a % of Income in the top 3 verticals

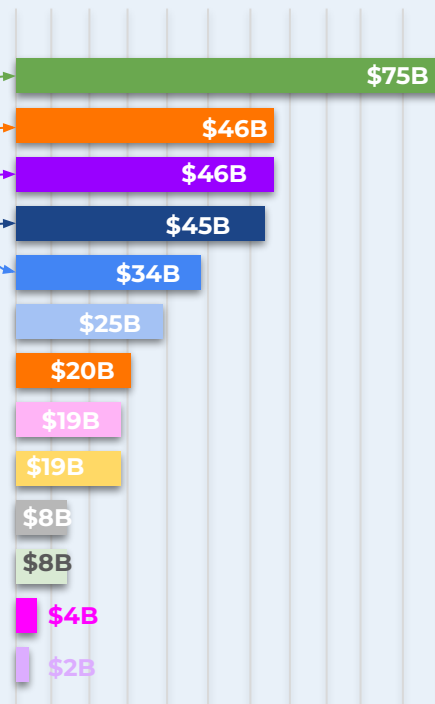


Spending range in the Human Services Sector at large

Ranked by Number of Entities



Ranked by Annual Income



- Healthcare (Community Clinics, Mental Health, Addiction, Crisis Support, & Other)
- Housing & Shelter
- Support Centers (General, Immigrants, LGBTQ, Seniors, Women, Visual or Hearing Impaired, Disabled)
- Residential Care & Adult Day Programs
- General Human Services
- Family Services
- Employment: Jobs, Training, Procurement, & Other
- Youth Development
- Food Programs
- Public Safety, Disaster Preparedness & Relief, Emergency Assistance
- Civil Rights, Social Actions & Advocacy
- Public Benefit: Military & Veterans
- Justice: Child Abuse, Abuse Prevention & Protection

Grouped for data analysis purposes in following extracts under **'All Other Human Services'**

Healthcare *(excluding Hospitals)*

Hospitals are the largest sector in the nonprofit landscape, and we exclude those from this report. We focus on the sub-sector of Healthcare that includes Community Clinics, Mental Health, Addiction, Substance Abuse, and Crisis Prevention and Support. This is the largest sub-segment within Human Services. This sector includes:

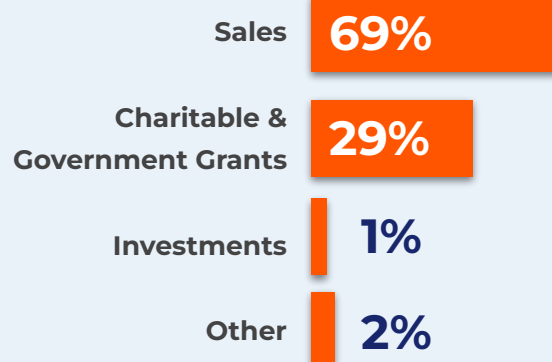
1. **15,600+** nonprofits with total annual incomes of **\$32B** that work on **Mental Health, Substance Abuse, Sexual Assault Support & Crisis Intervention**.
2. **2,200+** **Community Clinics** with **\$28B** in total annual income.
3. **7,400+** **Substance Abuse and Addiction organizations**, with total annual revenues of **\$9B**.
4. **6,000** **Public Health Organizations** with **\$6B** in annual income.

Medication-Assisted Treatment Using Telemedicine (Tele-MAT) is one of the promising emerging technologies to mitigate the effects of substance abuse and addiction. Alongside Telemedicine, TeleMAT focuses on addressing equitable access to Healthcare as 12% of the US population avoid going to a doctor's office due to its high costs.

\$71B Annual Income

31K Active Nonprofit Organizations

Annual Income by Source



Selected Median Annual Figures

	Annual Income	Employees	Information Technology	Travel & Conferences
Enterprise: Over \$50M/yr 0.3K Orgs	\$77M	889	\$992K	\$480K
Higher Mid Market: \$10M to \$50M/yr 1.2K Orgs	\$19M	275	\$259K	\$153K
Lower Mid Market: \$1M to \$10M/yr 3.2K Orgs	\$2.7M	43	\$34K	\$28K
Small: Less than \$1M/yr 26.3K Orgs	\$125K	7	\$4K	\$5K

Housing & Shelter

This sector includes:

1. Over **7,000 nonprofits** with total annual incomes of **\$24B** that work on providing access to Safe & Affordable Housing.
2. More than **18,000 organizations**, with total annual revenues of **\$22B** that provide temporary housing, shelter, or relate to the housing category.

It is one of the sectors with higher operating costs associated with managing individual cases.

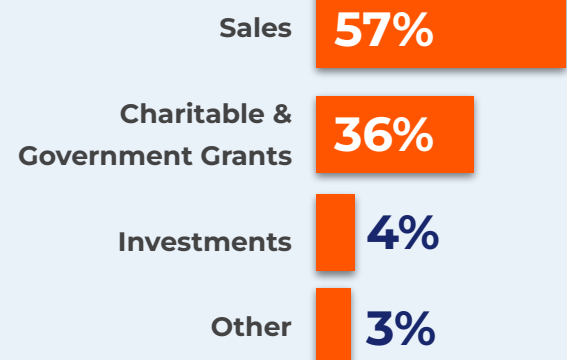
Experts point out that Case Management and Outcome Measurement technologies anchored on redefining and simplifying existing processes are core focus areas for Technology for the Public Interest in this space.

The median IT spending in this sector is below the median compared with all the organizations within Human Services.

\$44B Annual Income

36K Active Nonprofit Organizations

Annual Income by Source



Selected Median Annual Figures

	Annual Income	Employees	Information Technology	Travel & Conferences
Enterprise: Over \$50M/yr 0.1K Orgs	\$78M	655	\$485K	\$417K
Higher Mid Market: \$10M to \$50M/yr 0.6K Orgs	\$16M	211	\$117K	\$61K
Lower Mid Market: \$1M to \$10M/yr 4.5K Orgs	\$2.1M	25	\$18K	\$11K
Small: Less than \$1M/yr 30.8K Orgs	\$177K	5	\$3K	\$2K

Support Centers

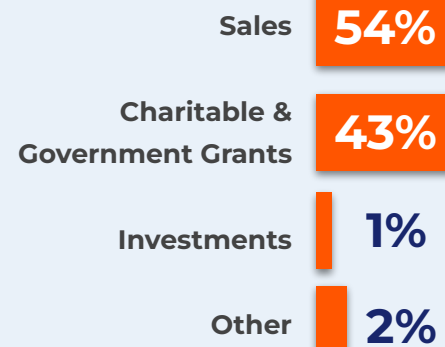
This sector includes:

1. **4,100+ Support Centers for Individuals with Developmental Disabilities.** Annual Income: **\$24.3B.**
2. **7,000+ Support Centers for the General Population,** some of them solely focused on Women and LGBTQ. Annual Income: **\$9.4B.**
3. **5,800+ Senior Support Centers.** Annual Income: **\$8B**
4. **3,700+ Immigrant Support Centers.** Total Annual income **\$3.4B.**
5. **1,100+ Support Centers for Blind, Visually Impaired, Deaf & Hearing Impaired.** Annual Income: **\$1.3B.**

\$44B Annual Income

22K Active Nonprofit Organizations

Annual Income by Source



Selected Median Annual Figures

	Annual Income	Employees	Information Technology	Travel & Conferences
Enterprise: Over \$50M/yr 0.1K Orgs	\$90M	1,000	\$662K	\$620K
Higher Mid Market: \$10M to \$50M/yr 0.7K Orgs	\$18M	425	\$136K	\$190K
Lower Mid Market: \$1M to \$10M/yr 2.4K Orgs	\$2.6M	58	\$22K	\$27K
Small: Less than \$1M/yr 16K Orgs	\$128K	9	\$3K	\$4K

All Other Human Services

There are another ten categories within the Human Services sector. The largest ones are:

- Residential Care and Adult Day Programs: \$45B
- Family Services: \$26B
- Employment Related: \$29B
- Youth Development: \$19B
- Food Programs-Related: \$19B

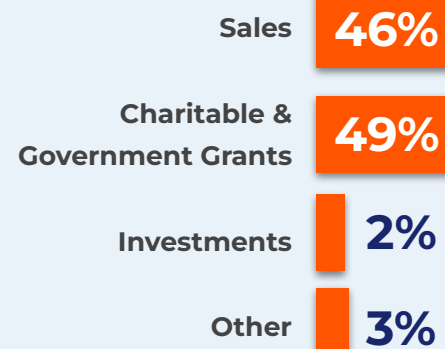
Organizations related to Food Programs are under investing in information technology, compared with their peer group.

Residential Care and Adult Day Programs spend above the median in information technology.

\$173B Annual Income

224K Active Nonprofit Organizations

Annual Income by Source



Selected Median Annual Figures

	Annual Income	Employees	Information Technology	Travel & Conferences
Enterprise: Over \$50M/yr 0.5K Orgs	\$81M	917	\$688K	\$495K
Higher Mid Market: \$10M to \$50M/yr 2.9K Orgs	\$18M	325	\$151K	\$147K
Lower Mid Market: \$1M to \$10M/yr 12.7K Orgs	\$2.3M	46	\$22K	\$24K
Small: Less than \$1M/yr 208K Orgs	\$109K	8	\$3K	\$4K

Technology Solutions for Human Services Organizations

Tech for Good & the Human Services Sector

Social Innovators is a broad category of individuals currently working as a founder, executive, or leader in a for-profit or nonprofit organization with an existing product or service available in-market which aims to address one or more social impact areas.

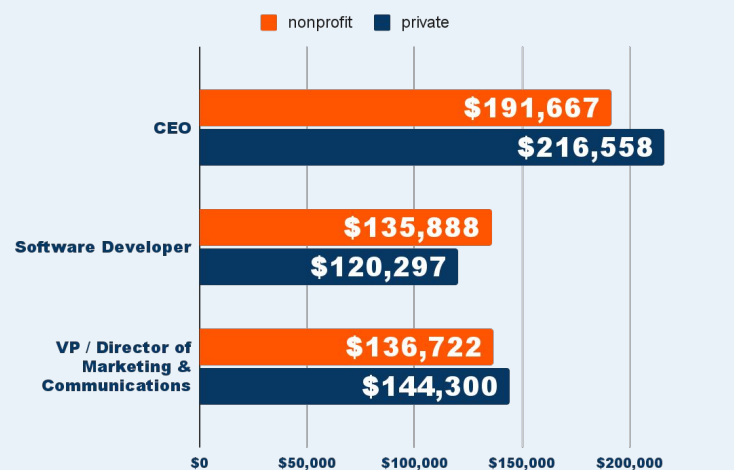
We specifically use the term social innovators instead of social entrepreneurs to be more inclusive of the community, which may not identify as social entrepreneurs as we have learned in our research and outreach efforts.

Research from X4Impact shows that Social Innovators experienced strong growth in 2021.

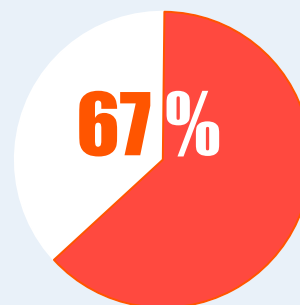
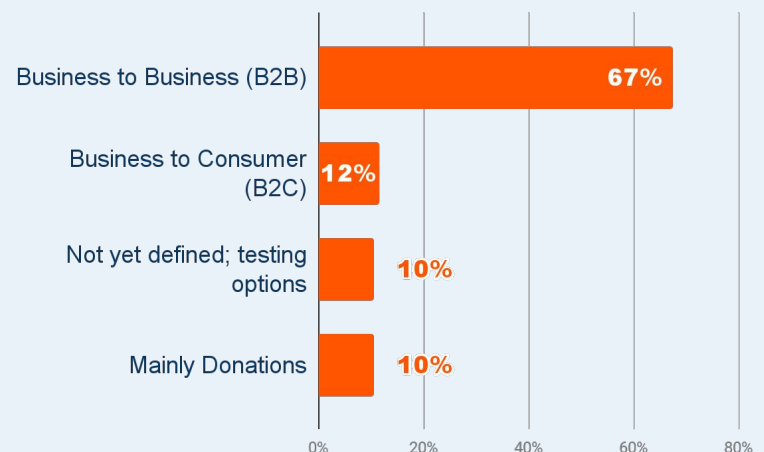
- 80% of organizations generate revenues via sales. Even if receiving donations, they are treated as catalytic grants as most donors expect nonprofit entities to become self-sustainable.
- A Business to Business –B2B subscription model is the preferred mechanism for generating sales.
- The majority of social entrepreneurs choose a for-profit model for their companies, and a third of Tech for Good organizations are structured as a 501(c)(3) nonprofit.
- Nearly two-thirds of organizations track social impact metrics in their measurement of success.

[Download the full report](#) Use the insights as benchmarking to inform your strategy, board discussion, or media outreach.

Tech for Good Nonprofit Compensation is competitive with the private sector*



Monetization Model



Two thirds of Tech for Good organizations pursue a Business to Business –B2B model

* X4Impact analysis of data from Built in Seattle, Payscale, Venture Capital survey in the Pacific Northwest and Glassdoor

Data & Tech Roles in the Sector

Over 5,500 organizations reported compensation for employees in tech & science roles in 2020 and 2021. These roles are gaining traction in the social sector as more organizations create new departments to better serve their mission, and as more Tech for Good companies are created.

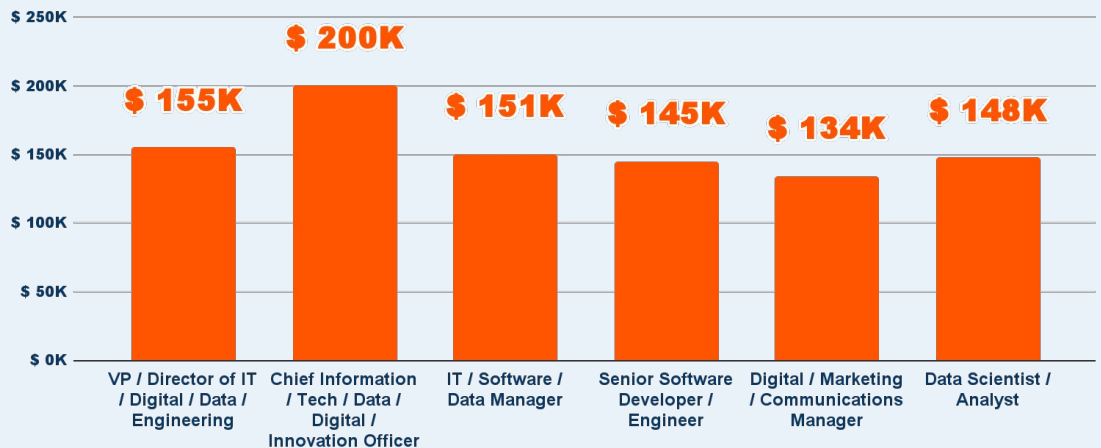
Three quarters of these emerging tech & science roles are reported by organizations with annual budgets over \$10M. 96% are from organizations with budgets over \$1M. VP/Directors of IT/Data/Engineering and Chief Information/Tech/Data/Innovation Officers are currently the only positions reported by organizations of all sizes.



On average, Software, Data, and Technology roles in organizations with up to \$10M in annual revenues **pay equal or more than similar roles at Tech Startups** at the same stage. Our [2022 Nonprofit Compensation Report](#) offers a comprehensive view of over 500,000 salaries in nonprofit organizations

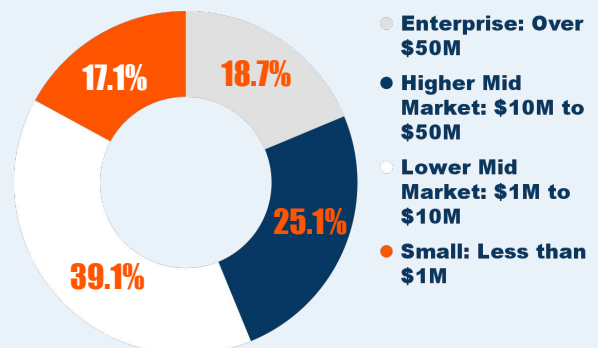
In addition to hiring new teams to facilitate digital transformations, diversity, equity, and inclusion (DEI) is also becoming increasingly prioritized by organizations, both in their missions and in their internal operations. They are employed at nonprofits of all sizes, but most (39%) are at nonprofits with \$1-10M budgets.

Tech & Science Compensation In Nonprofit Organizations in the US
(Cash + Benefits)



3 out of every 4 tech & science roles are reported by organizations with annual budgets over \$10M

Who is hiring diversity officers?



Organizing Technologies that Have a Positive Impact.

In 2021 we started curating Technology Solutions that serve the needs of nonprofit organizations or that directly address social issues. By January of 2022, we had over 2,300 Tech Solutions in our online directory. Each Solution is organized under one or more UN Sustainable Development Goal –UN SDG.

The links on this page take you to the most up-to-date list of solutions under each of the listed categories.

Leading verticals:

- [Cybersecurity](#)
- [Fundraising](#)
- [Case Management](#)

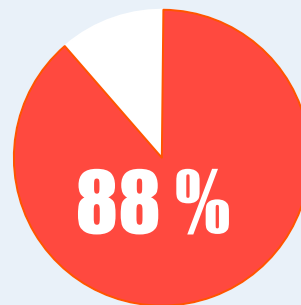
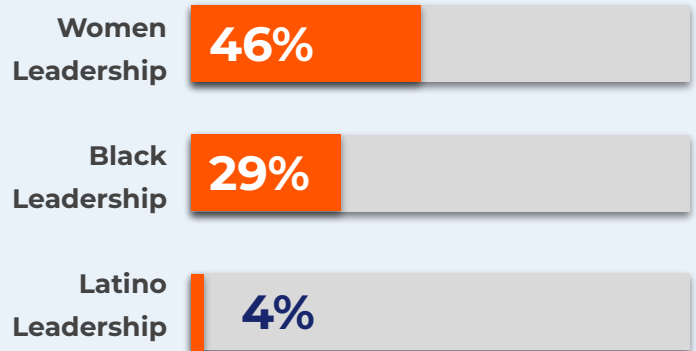
It is inspiring to see hundreds of Technology Solution Providers that created products and services to address the needs of Human Services Organizations:

- [Addiction](#)
- [Poverty and Homelessness](#)
- [Mental Health](#)
- [Workforce Development](#)
- [Hunger and Food Insecurity](#)
- [Reducing Inequalities](#)

It is also inspiring to see the diversity in the organizations creating Technology for the Public Interest. Of the over 2,300 organizations listed in the X4Impact Directory as of Jan 2022:

- One of every two has women in leadership positions.
- One in every ten has Black Leadership.

Leadership of Technology & Service Companies Listed in x4i.org



It is possible to do well while doing good: Nine of every ten organizations in the X4Impact tech directory are structured as for-profit entities.

Looking Ahead

Market Resilience

53% of the Human Services sector's income comes from sales of products and services. The services provided are crucial; hence the industry enjoys financial stability during challenging times.

Charitable giving and government grants are 39% of the total \$350B flowing into the Human Services sector. During recessions, income from philanthropic sources remains stable.

The data from the past 64 years shows that the average giving has increased by 4.7% during years of economic growth. During the years marked by economic downturns, the average giving has decreased only by 0.5%.

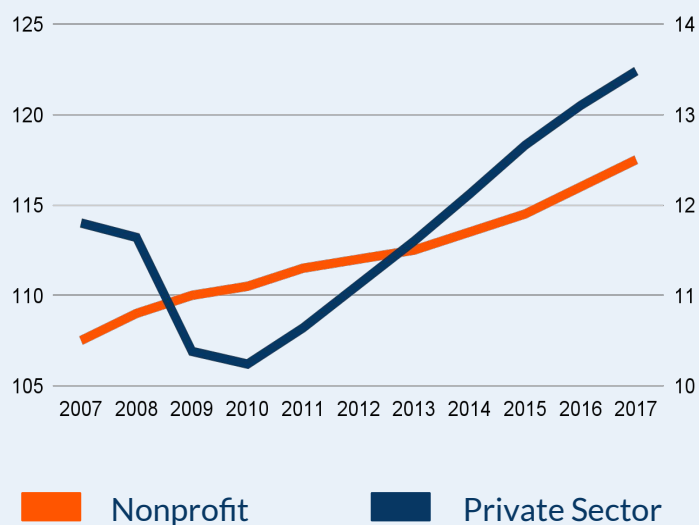
The great recession of 2008 hit most sectors of the economy, resulting in major layoffs and downsizing. With the exception of the nonprofit sector.

Between 2007 and 2012, nonprofit employment increased over 8%. Over the same period, private-sector employment declined 3%.

The data demonstrate the resilience of the nonprofit sector in the face of tough economic circumstances.

From the automation of Immigration applications, to Mental Health related Services, Nonprofit organizations face an increasingly competitive environment and are adopting technology at faster speed. Also, in many areas in which nonprofits have traditionally dominated, tech-driven for-profits took significant market share over the last few years.

Nonprofit vs Private Sector Employment (in millions) during 2008 recession



Key stats:

- Nonprofit employment grew 8% during the last recession, while the private sector jobs decreased 3%.
- 50% of the \$350B in annual income in the Human Services sector comes from selling products and services that are crucial at times of recessions.
- The 39% of income coming from charitable giving remains stable during good and bad times.
- As per data from the [Social Innovators in the US - Market Pulse](#) from X4Impact, 8 of 10 companies that sell technology solutions to the nonprofit sector reported double digit growth during the COVID-19 sparked recession of 2020-2021.

Conclusions and Taking Action

The data demonstrate the large size and the resilience of the nonprofit sector in the face of tough economic circumstances. During the 2008 recession and most recently, during the 2020–21 economic downturn, the sector experienced growth. Furthermore, 80% of Technology Providers for nonprofits experienced double digit growth in 2021.

There are over 313,000 nonprofit organizations that spend over \$350 billion per year addressing Human Services in the US.

These nonprofits deploy over \$4.2 billion per year on information technology. Steady growth is expected in IT spending as a percentage of revenues as nonprofit organizations face an increasingly competitive environment and are adopting technology at faster speeds.

In many areas in which nonprofits have traditionally dominated, for-profits took significant market share over the last few years from immigration paperwork to addiction support.

Case and Relationship Management, Matching Technologies, Marketplaces, and technologies for data capture and visualization of impact are among the key growth areas in the Human Services sector.

Virtual Conferences and Events related technologies can capitalize on the \$6 billion per year spent on travel and conferences by Human Services organizations.

Over 67% of Social Innovators report using SaaS (Business to Business) as their monetization mechanism.

Key actions to do well while doing good

- Spend time understanding the workflow for nonprofits including the manual nature of existing processes, and the roadblocks they face. The perceived issues can often be solved with current technologies and subtle changes to the user experience.
- Do not get lost in translation. The sector speaks in human terms, not IT terms. CRM means nothing to many caseworkers, but it is relatively simple to adapt an existing CRM solution to help manage cases at a shelter or a support center.
- Explore Software as a Service–SaaS offerings as the preferred way of doing business with nonprofit organizations. Since most nonprofits operate under annual budget cycles, predictability in costs is a critical factor when evaluating options.
- Optimize systems and processes for Impact Measurement. The UN defined 26 Targets and 35 Impact Indicators directly related to serving a “Human Case.” By adopting a Common Impact Model, we can help the nonprofit sector deliver on its mission.
- Use data to inform decision-making. Explore [free reports and landscape analysis from X4Impact](#) or contact us for [advisory services and customized data sets](#).

The Data

This report is based on analyzing over 500 million data points gathered from the United States Internal Revenue Service –IRS, The National Center of Charitable Statistics –NCCS, and our proprietary Database of Technology Solutions.

We also conduct primary research to complement our understanding of the sector.

We update our datasets periodically to get the most representative sample of the US nonprofit sector.

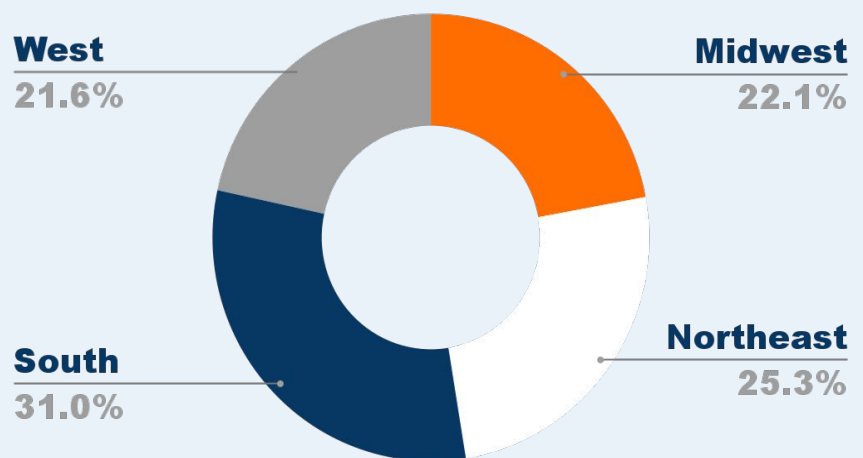
Our classification is based on the NTEE codes reported by the IRS, the National Center for Charitable Statistics, and the mission statement reported by organizations in their filings with the IRS.

Margin of error

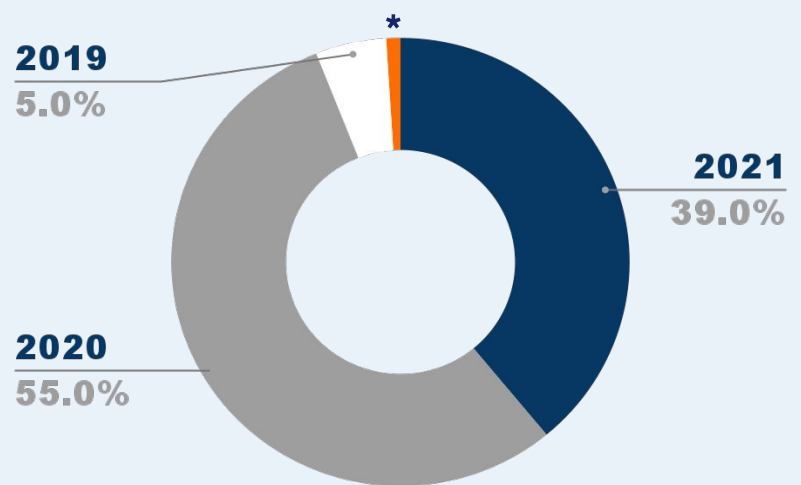
- Organization Classification under Human Services Sector: +/-10%.
- IT Spending Analysis: +/-3%.
- Professional Fees Spending Analysis: +/-10%.

If you are interested in a custom landscape analysis or dataset to inform your strategy, [visit x4i.org](https://x4i.org) to learn [about our Data and Advisory Services.](#)

Geographic Distribution of the Data:



Freshness of the IRS 990 Data:

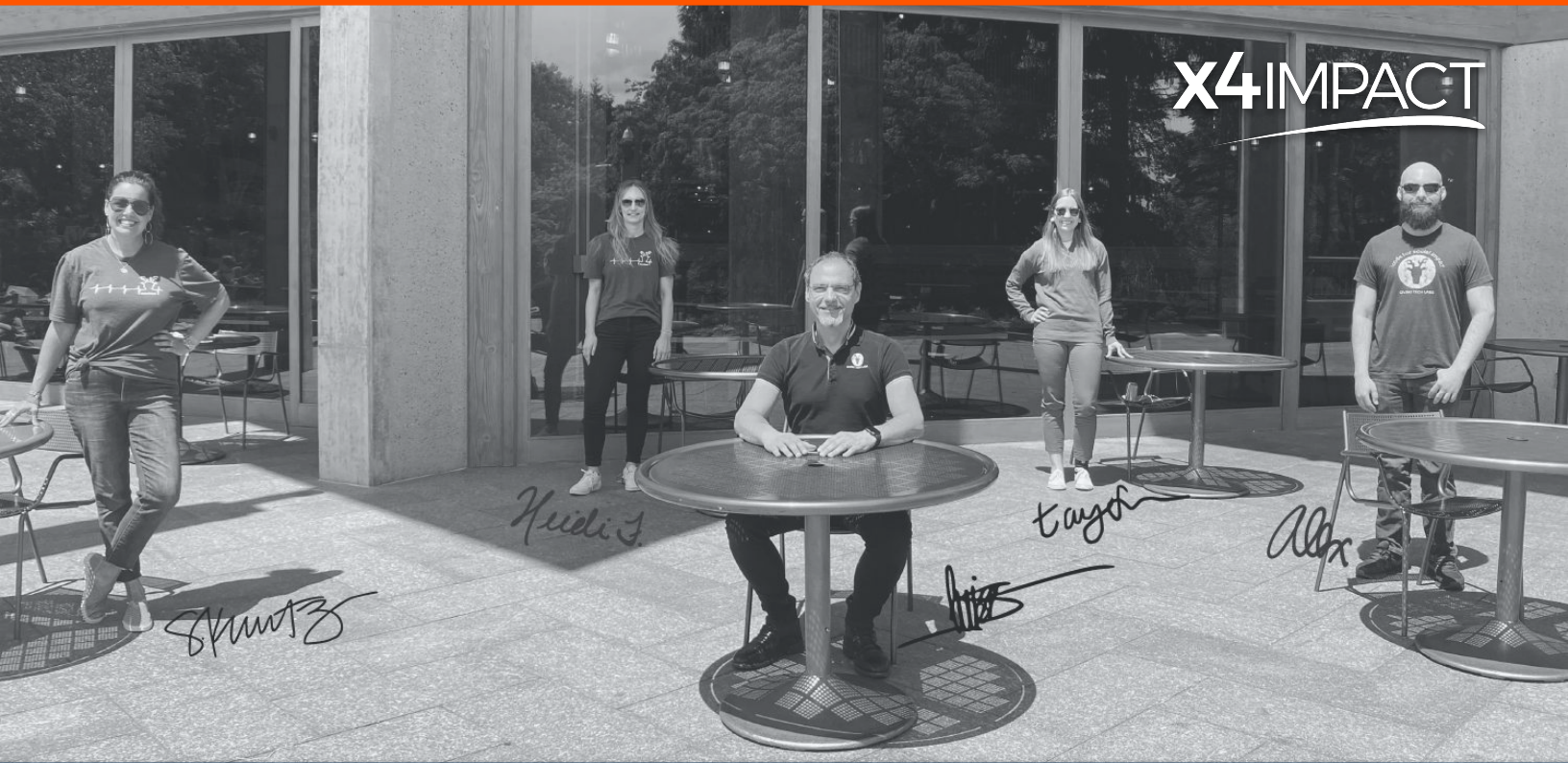


* Orange slice represents less than 1% of the data which comes from 2018

Visit x4i.org for More Data & Insights

Other Reports you might find useful

- [Nonprofit & Tech for Good Compensation](#)
- [US Nonprofit Landscapes by UN SDG](#)
- [Technology Innovation in the US](#)



X4Impact - Data Intelligence for Social Innovation

(The Gartner™ for Social Impact, as some leaders refer to us!)

Credits

Key Sources

- X4Impact Analysis of the IRS and NCCS data sets 2017 - 2022
- [X4Impact Tech & Services Solutions Directory 2022](#)
- [X4Impact - Money Flow in the Nonprofit Sector](#) - Interactive Report 2022
- [Nonprofits in America](#) US Bureau of Labor Statistics
- [Research Data on the Nonprofit Sector](#) US Bureau of Labor Statistics
- [2020 Nonprofit Employment Report](#), Johns Hopkins Center for Civil Society Studies- 2020
- 2021 Global NGO Technology Survey - nptechforgood.com
- [X4Impact UN SDG Interactive Reports](#)
- [2021 Nonprofit Compensation Trends](#) - X4Impact
- [Social Innovators in the US - Market Pulse - 2021](#) - X4Impact
- [State by State Guide](#) - X4Impact

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