More Than Mission: How Tennessee's Nonprofits Drive Jobs, Income, and Tax Revenue.

An Economic Impact Analysis of Tennessee Nonprofits

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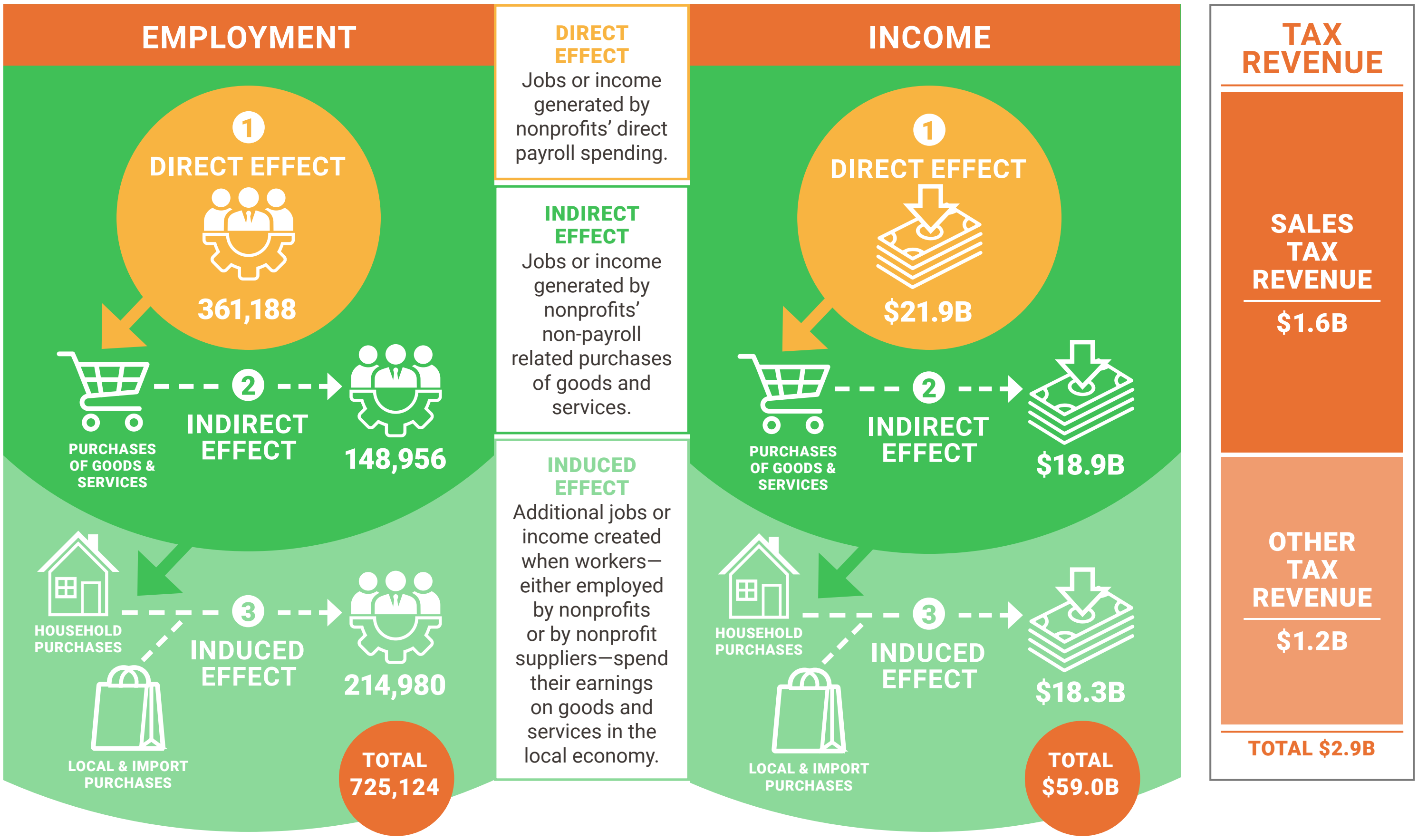
KEY TAKEAWAYS

Tennessee's nonprofits are known for the impact they create in the communities they serve—but their economic footprint is just as significant. Each year, Tennessee's nonprofit sector supports over 725,000 jobs, generates $59.0B in income, and contributes $2.9B in state and local tax revenue. That's equivalent to 21.5% of Tennessee's nonfarm jobs, 11.9% of the state's personal income, and 12.6% of its FY2024-25 tax revenue. However, recent changes in government funding risk putting the financial stability of nonprofits in jeopardy.[a,1]

The nonprofit sector supports over 725,000 jobs, generates $59.0B in income, and contributes $2.9B in tax revenue for Tennessee each year.*



**Income, individual sales, and other tax revenue figures may not sum to the total due to rounding.*
Source: The University of Tennessee, Boyd Center for Business & Economic Research.

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This economic impact analysis, produced in partnership with the Boyd Center for Business and Economic Research, highlights the important contributions Tennessee's nonprofits make to the state's economy and how government funding shifts risk jeopardizing their economic and social impact in our communities.[b]

Key Takeaways:

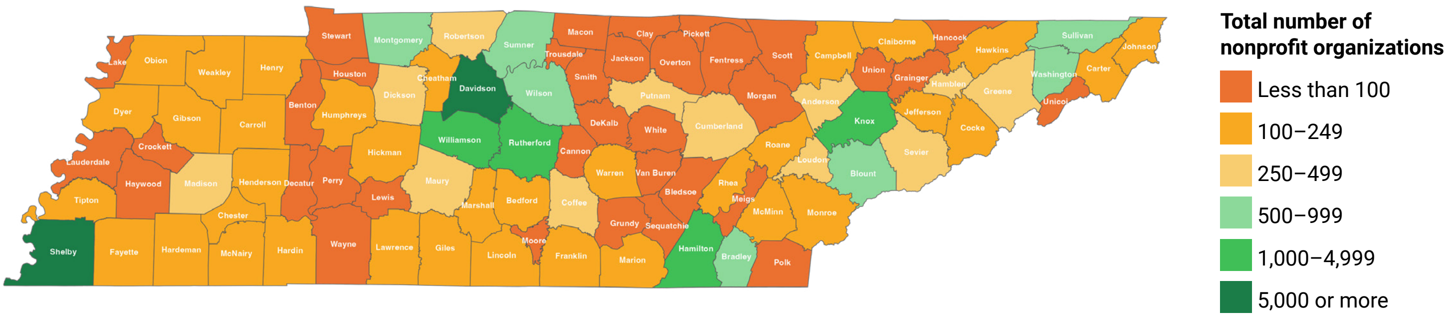
1. **Nonprofit operations reach every Tennessee county.**
2. **Tennessee nonprofits support over 725,000 jobs.**
3. **Tennessee nonprofits spend nearly $7,800 per resident, on average.**
4. **Nonprofits generate $59.0B in income and $2.9B in tax revenue each year.**
5. **Funding shifts risk diminishing nonprofits' economic and social impact.**

1 Nonprofit operations reach every Tennessee county.

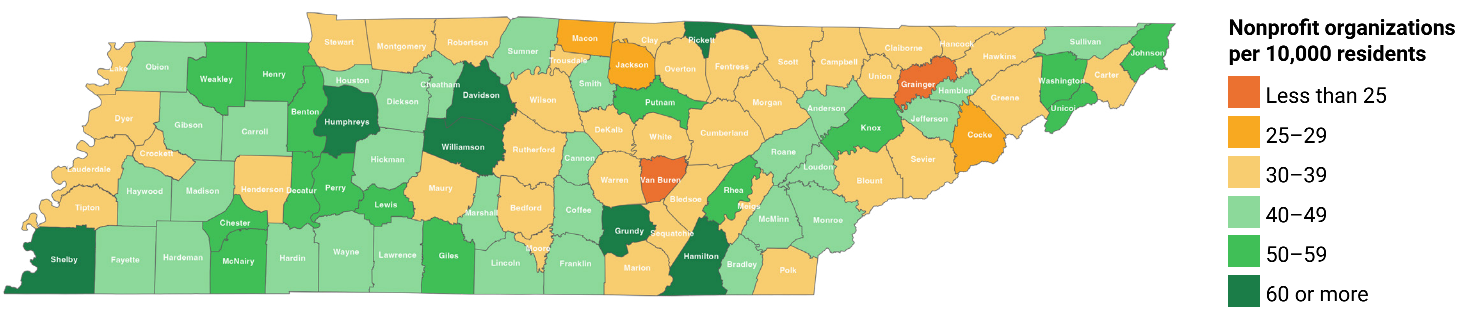
There are nearly 40,000 nonprofit organizations in Tennessee. As of July 2026, 39,263 nonprofit organizations are registered in the state, with presence in every Tennessee county. Nonprofit activity is mostly concentrated in the most populous counties, but on a per capita basis, they're more evenly distributed—equating to 54 nonprofits per 10,000 residents statewide.[c,2]

Nonprofits are largely concentrated in the state's largest population centers, but carry the greatest weight in small, rural communities.

Shelby and Davidson counties host over 5,000 organizations each.



Outside of Williamson, Hamilton, Shelby, and Davidson counties, nonprofits' per capita presence is most notable in rural counties such as Grundy, Pickett, and Humphreys.



Source: The University of Tennessee, Boyd Center for Business & Economic Research.

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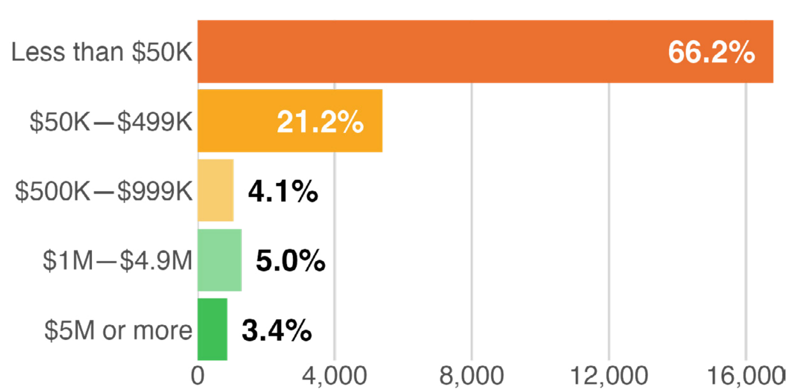
Most nonprofits operate with small revenues. Nearly two-thirds of the state's nonprofits (66.2%) have revenues below $50,000 a year—a similar proportion (69.5%) to that of the sector nationwide. Yet, most of Tennessee's nonprofits (60.6%) report operating with less than $1,000 in revenue. Just 25 organizations alone, 17 of them in health services and two educational institutions, generate $31.7B—over half the sector's total revenue ($61.8B).[3]

Most (66.2%) of Tennessee nonprofits generate less than $50,000 in revenue—while only 8.4% reach $1M in annual revenues.*



*Only captures nonprofits with non-missing revenue data.
Source: The University of Tennessee,
Boyd Center for Business & Economic Research.

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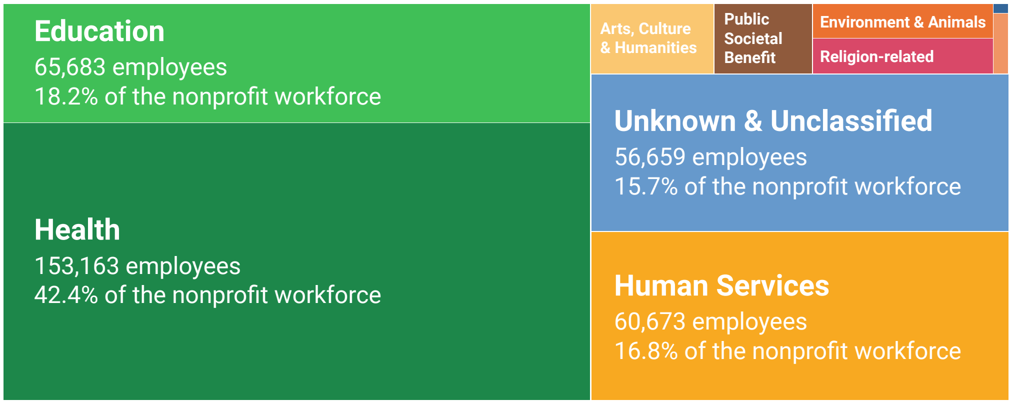
2 Tennessee nonprofits support over 725,000 jobs.

Tennessee nonprofits support over 725,000 jobs—half (361,188) of which are directly employed by the sector. Three service areas—Health, Education, and Human Services—account for over 77.0% of this workforce. Altogether, nonprofit employees make up one-in-ten (10.7%) of Tennessee's nonfarm jobs, more than double the state's Construction workforce (164,000) and nearly as much as the Manufacturing sector (363,500).[d,4]

Workers in the Health, Education, and Human Services service areas account for over three-fourths (77.4%) of Tennessee's nonprofit workforce.



Source: The University of Tennessee, Boyd Center for Business & Economic Research.

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Nonprofit organizations provide job opportunities beyond their direct workers.

While half (49.8%) of the jobs supported are direct employees of Tennessee nonprofits, the other half is supported by nonprofits' economic activity:

When nonprofits purchase goods and services from Tennessee vendors, **these purchases support jobs at those supplier businesses** *(indirect effect)*.

As both nonprofit employees and their suppliers' employees spend their paychecks locally—at grocery stores, restaurants, and other Tennessee businesses—**that spending supports more jobs across the state** *(induced effect)*.

Together, the nonprofits' economic activity contributes an additional **363,936 jobs**—totaling **725,124 jobs** supported because of the state's nonprofit sector, equivalent to 21.5% of Tennessee's nonfarm employment.

Source: The University of Tennessee, Boyd Center for Business & Economic Research.

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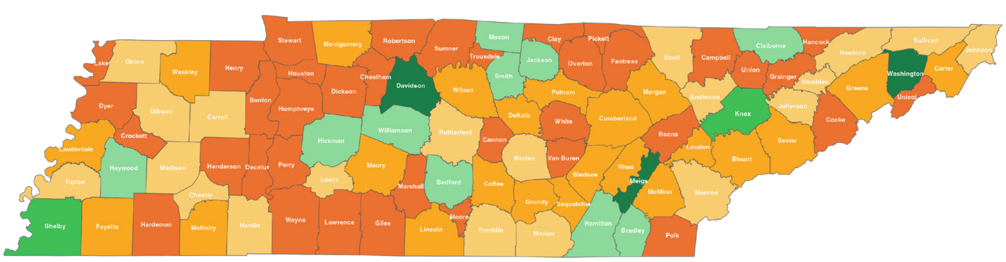
3 Tennessee nonprofits spend nearly $7,800 per resident, on average.

Nonprofit spending in Tennessee totals $55.1B each year—equivalent to $7,795 per resident. Nonprofits dedicate funds to program services that fulfill their mission, operational costs such as staff payroll, and fundraising activities that sustain their work. Spending varies widely across the state, ranging from less than $15 to over $24,000 per resident by county. Nonprofits in most counties (58 out of 95) however, spend at least $1,000 per resident.[5]

In 58 out of 95 counties, nonprofits spend at least $1,000 per resident—surpassing $20,000 in three counties (Davidson, Meigs, and Washington).



Nonprofit spending per capita

- Less than $1,000
- $1,000–$2,499
- $2,500–$4,999
- $5,000–$9,999
- $10,000–$19,999
- $20,000 or more

Source: Think*Tennessee*, State of Our Counties Dashboard.

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4 Nonprofits generate $59.0B in income and contribute $2.9B in tax revenue.

Each year, Tennessee nonprofits generate $59.0B in income—equivalent to 11.9% of the state's personal income. Nonprofit spending drives income: $21.9B in direct wages and benefits, plus another $37.2B in nonprofits' spending and their workers' spending.[e,6]

Tennessee nonprofits spend nearly half of their operational budget on workers' payroll.	Nonprofits spent $21.9B in workers' income—$17.0B on salaries and wages, and $4.8B on employee benefits.
Nonprofits generate an additional $37.2B in income from purchases and household spending.	Nonprofits generated $18.9B in income because of non-payroll related spending—purchasing goods and services from state vendors. As nonprofit dollars were spent and re-spent by households across the state; nonprofits generated an additional $18.3B in income.

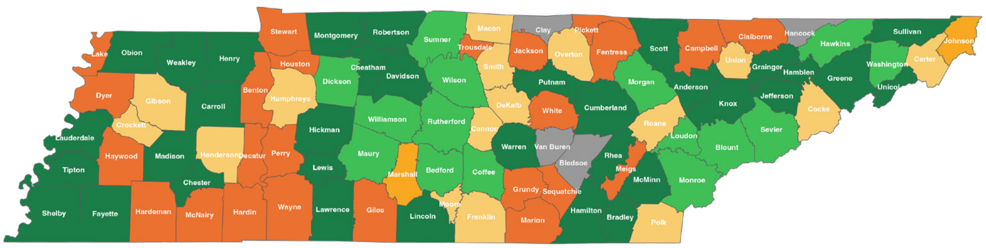
Nonprofits generate billions in tax revenue—amounting to 12.6% of Tennessee's tax revenue in FY2024-25. Nonprofits' economic activity in Tennessee totals $2.9B for state and local governments each year. While nonprofits receive several tax exemptions, they generate tax revenues when carrying out their operations. Employee purchases of goods and services generate $1.6B in sales tax revenue, and other taxes paid when carrying out their operations, such as hotel and gasoline taxes, generate $1.2B.[7,8]

5 Funding shifts risk diminishing nonprofits' economic and social impact.

Between 2020 and 2024, 2,187 Tennessee nonprofits received $4.6B in government grants. Without those grants, most of those recipients (72.5%) would face an operating deficit.

Yet, Tennessee nonprofits are facing shifts in government funding. In a Think*Tennessee*-Tennessee Nonprofit Network Spring 2026 nonprofit survey, 159 out of 261 participants (60.9%) reported receiving government funding. Among those, 59.1% said at least one of their funding streams—federal, state, or local—had decreased or been eliminated within the past year.

Without their government grants—and no new revenue to replace them—
every single government-funded nonprofit across 24 Tennessee counties would be in the red.[f]



Share of government-funded nonprofits that would run a deficit without government grants.

- Less than 30.0%
- 30.0%–49.9%
- 50.0%–69.9%
- 70.0%–99.9%
- 100.0%
- Zero nonprofits with government grants

Source: Think*Tennessee's* analysis of Internal Revenue Service Form 990-series data, drawn from the most recent tax returns filed by all Tennessee nonprofits between 2020 and 2024.

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Tennessee's nonprofits are an integral part of the state's economy: they generate hundreds of thousands of jobs, billions in income, and meaningful tax revenue every year—on top of the services communities rely on. The economic contributions documented in this report depend on the financial stability of the sector, and recent government funding shifts put this economic and social footprint at real risk.

References

1. All dollar amounts are in 2025 USD. Differences between these figures and "The Economic Impact of Nonprofit Organizations in Tennessee" report result from variations in inflation adjustments.
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3. Candid. (n.d.). *U.S. social sector: Money.* Retrieved from https://candid.org/impact-insights/us-social-sector/money/
4. Tennessee nonfarm employment is measured as the annual average employment count in 2024. U.S. Bureau of Labor Statistics. (2024). *Table 1. Employees on nonfarm payrolls in states and selected areas by major industry sector, annual average 2024*. U.S. Department of Labor. https://www.bls.gov/sae/tables/annual-average/2024/table-1-employees-on-nonfarm-payrolls-in-states-and-selected-areas-by-major-industry.htm
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6. Personal income is the sum of all income residents receive from wages and salaries, business and investment earnings, and government benefits. U.S. Bureau of Economic Analysis. (n.d.). *Regional GDP and personal income* [Interactive data table]. U.S. Department of Commerce. Retrieved from https://www.bea.gov/itable/regional-gdp-and-personal-income
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Technical Notes

Data and scope

a Charitable organizations (Section 501(c)(3)) are the largest subset of tax-exempt organizations and are often treated as synonymous with "nonprofits," but tax exemption also covers more than two dozen other organization types under Section 501(a). In this report, "nonprofit" refers to all tax-exempt entities recognized by the IRS.

b Estimates of job, income, and tax effects include only nonprofits that filed IRS Form 990, 990-PF, or 990-EZ returns between 2020 and 2024. Nonprofits that filed a 990-N—those with annual gross receipts below $50,000—are excluded, since that filing doesn't contain enough financial detail to support this analysis. Of the nearly 40,000 Tennessee-based tax-exempt organizations, 26,680 file Form 990-N.

c The IRS Exempt Organization Business Master (EO BMF) File Extract, updated on July 14th, 2026, lists 39,263 unique organizations registered in Tennessee. However, the subsequent analyses use a previous version of the EO BMF.

Methodology

d Because not every nonprofit files a return every year, this analysis draws on five years of filings (2020–2024) rather than a single year, using each organization's most recent return to avoid double-counting. This can slightly overcount organizations that ceased operating during the sample period, while a single-year snapshot would have undercounted organizations that simply didn't file that year.

All spending, employment, and density figures are attributed to each nonprofit's IRS-registered address, not necessarily to where the dollars are spent or the services are delivered. A nonprofit headquartered in one county may employ workers, purchase from vendors, or serve residents well beyond that county's borders.

e The analysis does not capture the nonprofit's economic activity that crosses state borders. With the existing data, we are unable to isolate the economic impact that occurs solely within Tennessee's borders—for example, a large health care facility may purchase supplies or lab services from out-of-state vendors. Similarly, Tennessee benefits from out-of-state nonprofits operating in or near the state. We can't measure the size of either outward or inward leakage but acknowledge both exist.

Nonprofits can report to the IRS on either a calendar-year or fiscal-year basis. This analysis assigns all reported activity to the calendar year matching a return's filing year, which holds up well if a fiscal-year filer's activity remains consistent from one year to the next.

f Government-funded nonprofits would be at risk of operating at a deficit when, once excluding government grants from total revenue, the nonprofit would have a negative operating surplus. Calculated as follows: Operating surplus when excluding government grants = (total revenue - government grant - expenses) / abs(total revenue). We use this Operating Surplus formula to estimate the share of government-funded nonprofits that would be at financial risk due to funding shifts.

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