Responding to Demographic Shifts within the Greater Pittsburgh Nonprofit Sector

Tayo Fabusuyi
Victoria Hill
Tim Weidemann

Background and Research Purpose

Project is designed to assist nonprofit agencies in greater Pittsburgh better anticipate and respond to future workforce and talent shortages.

Research Questions

- How do the region's current demographic and future demographic shifts affect the supply of labor available to Pittsburgh area nonprofit?
- What is the current workforce demand and how is it likely to change in the coming years?
- What is the risk of workforce shortage within the sector and what can be done to reduce the risk?

Approach

- A two-pronged approach
  - Used secondary data from the U.S. Census Bureau QWI to examine the overall labor market in the Pittsburgh area.
  - We complemented the above with primary data obtained from a survey administered to the greater Pittsburgh nonprofit agencies

Labor Supply Snapshot

Demographic Estimates for Allegheny County: 2006-2008			
Population Estimate			1,218,970
	Population > 25		845,829
		% with high school certificate or higher	91.30%
		% with bachelor's degree or higher	33.50%
	Active workforce population (> 18 but < 65)		758,877
	Participation Rate*		
		High School graduate, no college	53.90%
		Associate Degree	72.60%
		Bachelor's Degree	81.70%

Source: American Community Survey. Participation rate figures are 2004 figures for the Pittsburgh MSA from the Bureau of Labor Statistics.

2008 Cross Metropolitan Workforce Demographic comparison

Number of workers for each cohort across MSAs		
MSA	**14-44**	**45+**
Pittsburgh	602,071	502,642
Baltimore	719,786	510,126
Cleveland	566,066	459,344
Denver	754,719	490,003
San Diego	787,068	471,812
St Louis	643,822	403,588
Tampa	682,642	505,733
Total (Excluding Pittsburgh)	4,154,103	2,840,606
Average (Excluding Pittsburgh)	692,351	473,434
Difference	-90,280	29,208

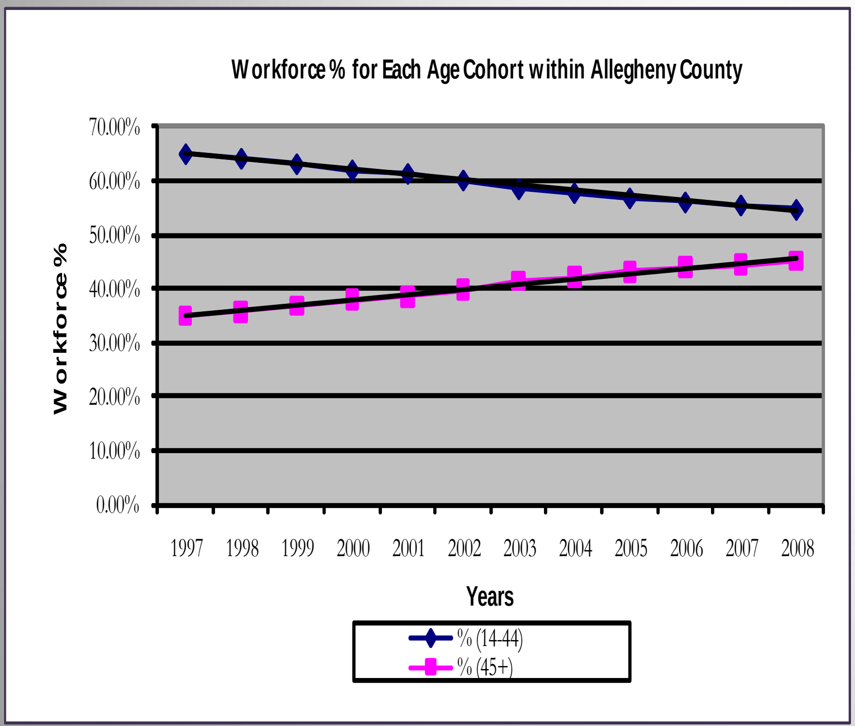
Source: US Census Bureau Local Employment Dynamics

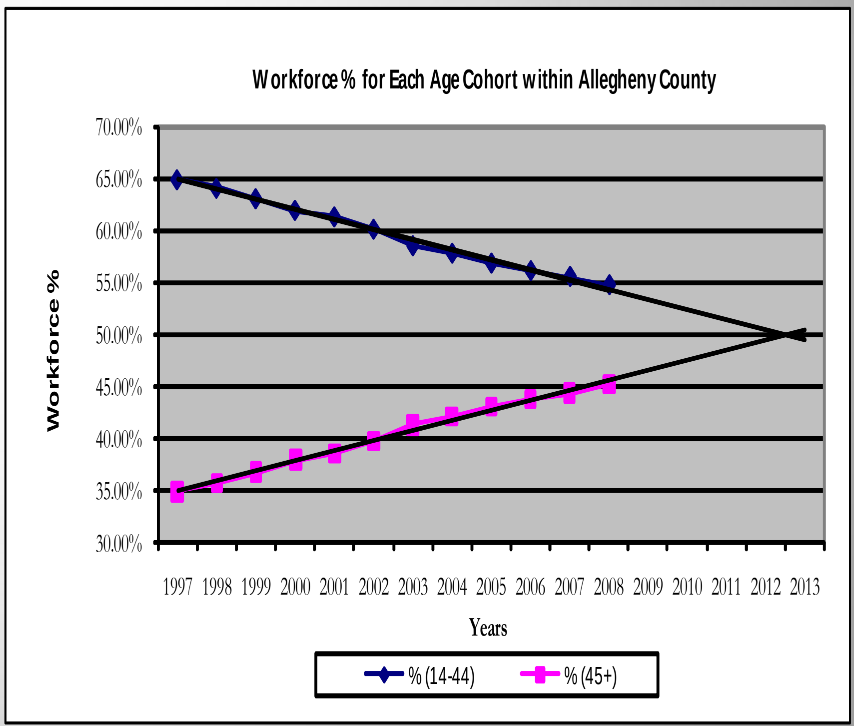
The demographic profile shows an increasingly aging population – the rank of the working population 45 and older increased by 36,941 while the cohort of workers 44 years or younger declined by 60,658

Allegheny County Workforce Composition		
Year	**Total Employment (14-44)**	**Total Employment (45+)**
1997	454,797	244,758
1998	457,791	255,582
1999	450,754	262,939
2000	449,337	275,169
2001	441,036	277,453
2002	426,862	282,488
2003	408,304	288,865
2004	404,824	295,105
2005	393,897	298,736
2006	391,405	306,010
2007	388,538	310,645
2008	380,378	314,394

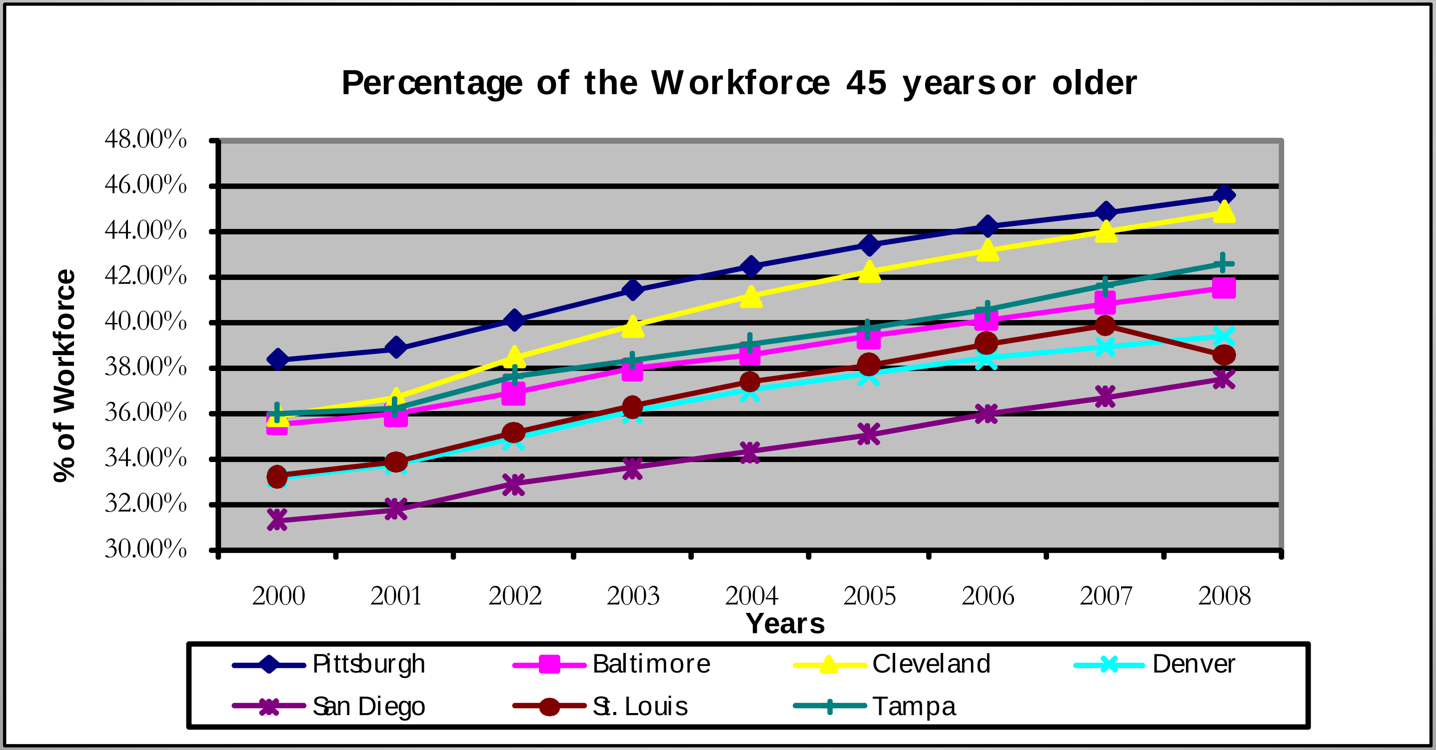
Source: US Census Bureau Local Employment Dynamics

The numbers translate to a yearly increase of 2.59% for the older workers and a decrease of 1.49% for the category of workers 14-44. Were this trend to continue, the number of workers over 45 will surpass those below this threshold by 2013.





This demographic trend is not specific to the Pittsburgh region. Every MSA surveyed experienced a year to year increase in the proportion of their workforce that is made up of workers 45 years or older. The Pittsburgh MSA however consistently posts a higher % of older workers compared to any other MSA that featured in the analysis.



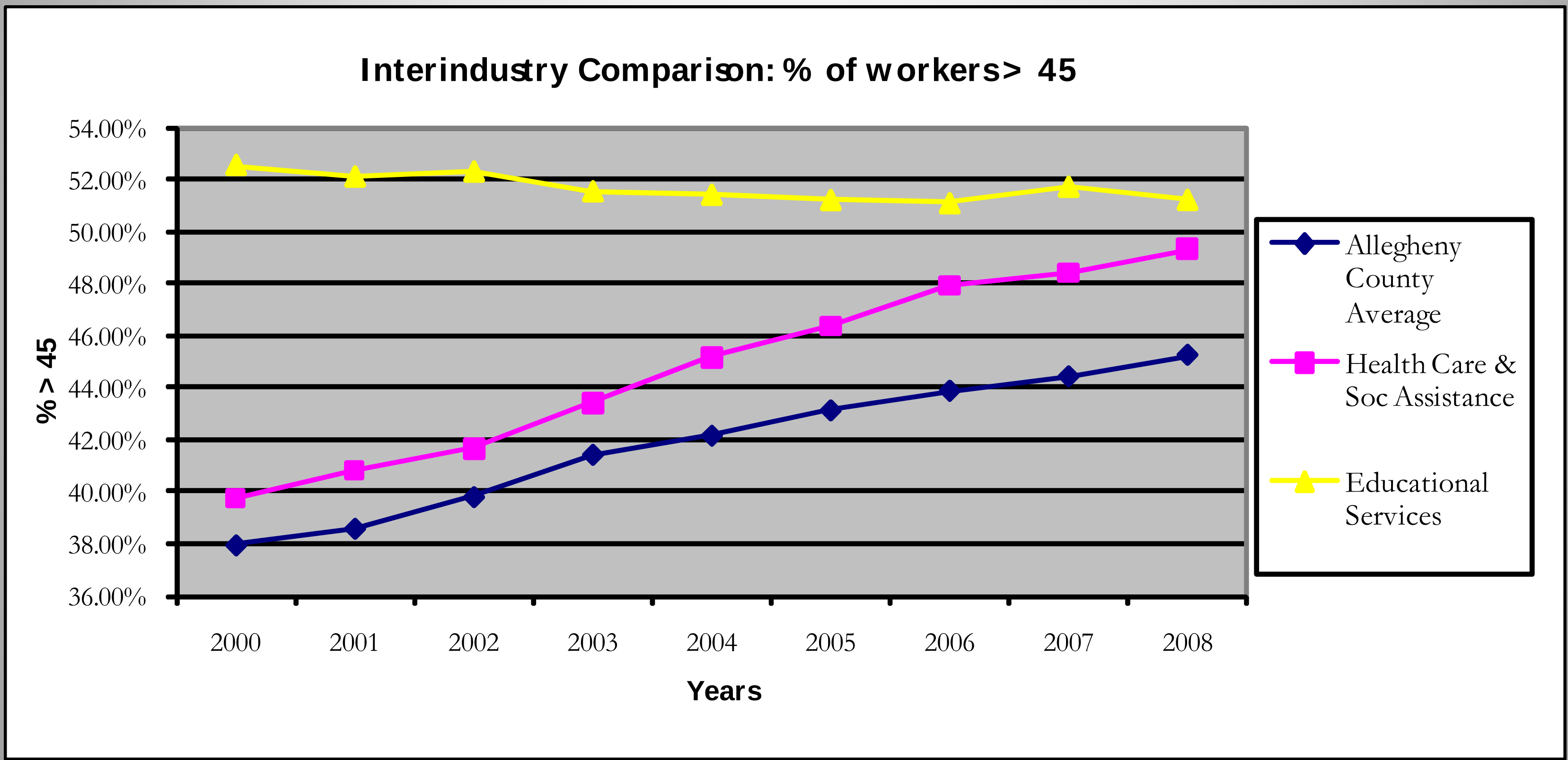
Source: US Census Bureau Local Employment Dynamics. Aggregation and percentage calculations by the authors.

For cross industry comparison, the % of the workforce ≥ 45 either for Health Care & Social Assistance or Educational Services is higher than the average of this cohort of workers across all industries in Allegheny County.

Percentage of the Workforce ≥ 45			
Year	Allegheny County	Health Care & Social Assistance	Educational Services
2000	37.98%	39.76%	52.56%
2001	38.62%	40.82%	52.12%
2002	39.82%	41.67%	52.31%
2003	41.43%	43.41%	51.57%
2004	42.16%	45.18%	51.44%
2005	43.13%	46.38%	51.24%
2006	43.88%	47.92%	51.12%
2007	44.43%	48.41%	51.74%
2008	45.25%	49.34%	51.25%

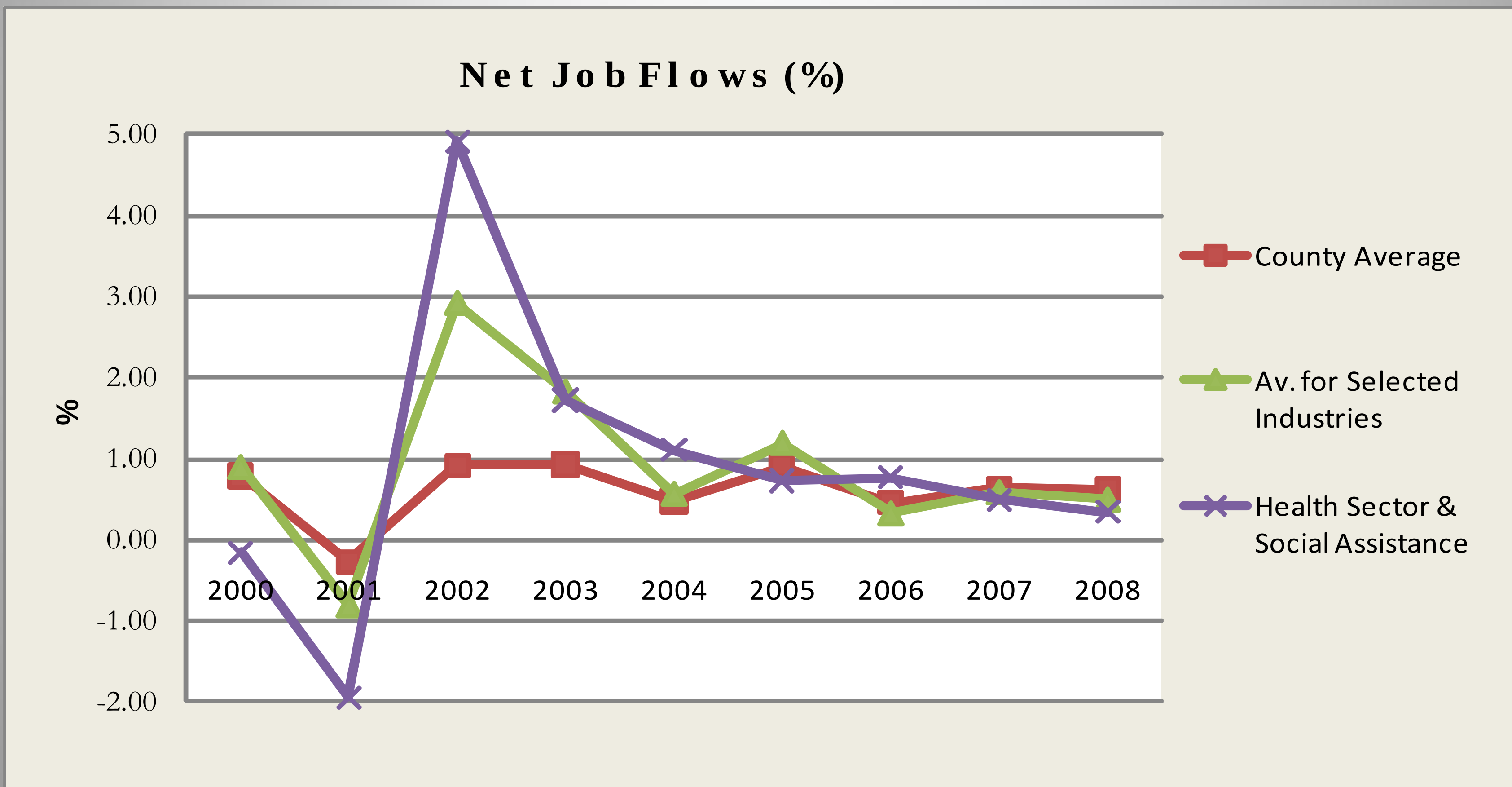
Source: US Census Bureau Local Employment Dynamics

The % of workers ≥ 45 for selected industries is higher compared to the average of this cohort across all industry. Educational Services has the highest though the % is holding steady or showing a marginal decline while that of Health Care & Social Assistance is on the rise.



Source: US Census Bureau Local Employment Dynamics. Aggregation and percentage calculations by the authors.

The chart below employs a flow variable to explain the "*double whammy effect*". Agencies experience funding shortfalls as funders scale down their commitment. However, it is in this environment that there is increased demand for their services. Invariably, they need to shore up their staff strength to meet the increased demand.



Source: US Census Bureau Local Employment Dynamics. Aggregation and percentage calculations by the authors.

Revisiting the Inter-industry comparison and Net Job Flows charts

- Difficult to explain Health Care & Social Assistance demographic trend as an artifact of the industry
- Strategies for meeting short term demand for talent may be different compared to medium to longer term ones.
- Approximately 70% of all respondents in our survey belong to the Health Care & Social Assistance industry
- Primary data needed to reveal more insight

Survey Design and Data Analysis

- Focus group was conducted to provide insight that was subsequently used in modifying the original survey draft
- Primary dataset collected through an electronic survey mailed to all the agencies that are members of the Greater Pittsburgh Nonprofit Partnership (GPNP)
- Data was distributed and collected using Survey Monkey while the data analysis was done primarily using STATA
- A total of 93 agencies responded to the survey

Survey Findings

- Significant generational tensions exist within the nonprofit workforce
- Area nonprofits are tapping only a small subset of the available talent pool
- Of the CEOs who will be retiring in the next 5 years, 92% expressed interest in staying on in some form
- 3 out of 4 CEO who will be retiring in the next 5 years would prefer to find a replacement outside the organization or have no preference

Conclusions

- There is a real potential for labor shortage, though not of the drastic type that is often predicted.
- The nonprofit sector leadership’s preference to stay longer in office may exert contradictory effect on labor market situation
- The high participation rate may not be sustainable in the long term giving the rapidly aging demographic profile
- Generational tensions and the underutilization of recruitment sources may further shrink the available labor pool
- In the very short term, there may be a more than proportionate increase in demand for talent within the nonprofit as sector's funders recover and demand for services remains high