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NONPROFIT JOB GROWTH IN MARYLAND DEFIES RECESSION

Despite the recession, nonprofit employment in Maryland increased by 2.7 percent in 2008, according to a new report from the Johns Hopkins Center for Civil Society Studies. By contrast, for-profit employment in Maryland decreased by 3.3 percent during this same period.

Maryland's nonprofit workforce grew to 256,618 jobs by the end of 2008. This represented 10.1 percent of all jobs in Maryland (or about one out of every 10 jobs) and 12.5 percent of total private-sector jobs in the state (or about one out of every eight private jobs), which is well above the United States average.

This workforce makes Maryland's nonprofit sector the second largest employer among Maryland industries, behind only retail trade.

Reflecting this, Maryland nonprofit organizations pumped more than \$11.5 billion in wages into the Maryland economy in 2008, or more than 9 percent of the state's total payrolls. These wages translated into an estimated \$635 million of personal income tax revenue for Maryland's state and local governments and nearly \$1.6 billion in federal tax revenues.

The new data indicate that nonprofits in Maryland seem to be confirming an earlier finding by the Johns Hopkins researchers about national nonprofit performance in previous recessions: that nonprofit organizations are a counter-cyclical force in the economy, actually adding workers in times of economic downturn. In two previous U.S. recessions (1990-1991 and 2001-2002), nonprofit employment nationally increased by an average of 2.4 percent while for-profit employment declined by 2.2 percent.

The study authors attribute this trend in part to the fact many nonprofits receive substantial portions of their income from public sector programs such as Medicaid and Medicare, which are designed to buffer citizens from economic downturns.

“That nonprofit employment in Maryland continued to rise in the face of the most severe recession since the Great Depression is a testament to the resilience and determination of Maryland nonprofit leaders and those who support them in the public and private sectors,” said Lester M. Salamon, study author and director of the Johns Hopkins Center for Civil Society Studies. “But this accomplishment, impressive though it is, still left many needs unmet and many organizations under severe strain.”

"This report shows that nonprofits not only strengthen communities across the state through the services they provide, but also strengthen the economy through increased employment, wages, and general commerce," said Darryl A. Jones Sr., CEO of Maryland Nonprofits, the state's nonprofit association. "We are concerned about the sector's continued ability to meet rising demands as the recession drags on and state fiscal problems deepen, and will watch nonprofit employment numbers beyond the conclusion of 2008 to monitor the effects of the recession in 2009."

Other key findings in the Johns Hopkins report include:

- The recent record of nonprofit job growth in Maryland continues a long-term trend. Between 1999 and 2008, nonprofit employment in Maryland grew by 27 percent—nearly seven times the 4 percent growth rate achieved by the for-profit sector during this period.
- Nonprofit job growth during 2008 was evident in every section of the state, but was especially strong in Western Maryland, where nonprofit employment grew 5.3 percent, and in the Baltimore suburbs, where it grew 4.5 percent. Nonprofit job growth in the city of Baltimore was well below the state average (0.8 percent versus 2.7 percent), but it still greatly outperformed the city's for-profit sector, which suffered a 4.9 percent job loss. Net losses in for-profit jobs were evident in every other section of the state as well.
- These changes further solidified the position of the suburbs of Baltimore and Washington as the main hub of nonprofit employment in Maryland, with 53 percent of all nonprofit workers, easily outdistancing the city of Baltimore and the rest of the state.
- Nonprofit job growth was especially robust in the professional and scientific services field, which grew by 5.8 percent during 2008. While private nonprofit hospitals experienced slightly lower than average job growth, they still added 1,208 jobs during this period, or about 20 percent of the state's nonprofit job growth.

To view the entire report, *Nonprofits and Recessions: New Data from Maryland*, which includes a county-by-county breakdown of nonprofit employment, visit <http://ccss.jhu.edu/>.

The private nonprofit sector includes private universities, schools, hospitals, clinics, day care centers, social service providers, symphonies, museums, art galleries, theaters, environmental organizations and many others. The report is one in a series produced by the Nonprofit Economic Data Project at The Johns Hopkins University's Center for Civil Society Studies (CCSS). The data in this report cover the period through the end of 2008 and draw on filings submitted by employers to the Maryland Department of Labor, Licensing and Regulation as part of the federal government's Quarterly Census of Employment and Wages.