



beyond charity

Nonprofit Business in
Montgomery County,
Maryland



Nonprofit Montgomery
A NONPROFIT ROUNDTABLE AFFILIATE



This report was made possible with support from the Montgomery County Department of Economic Development and the Department of Health and Human Services.

The Department of Economic Development stimulates job growth and encourages business location and expansion in Montgomery County. To learn more, visit: www.choosemontgomerymd.com

The Department of Health and Human Services is responsible for public health and human services that help address the needs of Montgomery County's most vulnerable children, adults and seniors. To learn more, visit: www.montgomerycountymd.gov/hhs

Nonprofit Montgomery is an alliance of nonprofit leaders working to build the strength, influence and visibility of the nonprofit community towards a more just and caring Montgomery County. We believe in working together to solve problems that no organization can solve alone. In 2012, executives of Nonprofit Montgomery's member organizations managed 4,275 employees, 61,840 volunteers, and an aggregate budget of \$308.6 million. To learn more, visit: www.nonprofitmontgomery.org

Nonprofit Montgomery is an affiliate of the Nonprofit Roundtable of Greater Washington. To learn more, visit: www.nonprofitroundtable.org



executive summary

Nonprofit businesses are a bigger economic driver than most people ever realize.

Consider the following:

- 1 in 10 workers in Montgomery County is employed by a nonprofit – a number in line with the national average.
- In 2011, the county’s 43,371 nonprofit employees earned \$2.2 billion in total wages.
- The nonprofit job market in the county has seen steady growth, even through the worst of the recession, increasing 9.1 percent between 2007 and 2011, while overall employment in the county *decreased* 2.5 percent.

Despite compelling facts like these, nonprofits are primarily known for the missions they pursue and the good work they do. This frame of reference makes it easy to overlook the strategic and financial aspects of running a successful nonprofit business – and, in turn, to greatly underestimate the sector’s economic impact.

This report takes a closer look at three central ways that nonprofits contribute to the economic vitality of Montgomery County, Maryland – with special emphasis on how nonprofits help create and fill good jobs.

1. Doing good means doing business.

Nonprofits may have a different kind of bottom line, but the day-to-day reality of managing a nonprofit business is all about dollars and cents. Like their for-profit counterparts, nonprofits pay wages that generate tax dollars and fuel local spending. Nonprofits also spend money on a wide array of goods and services. The total purchasing power of Montgomery County nonprofits is nearly \$4 billion. [Learn more on page 2.](#)

2. Building a stronger workforce.

Not only are nonprofits employers themselves, but many also are deeply involved in workforce development and economic empowerment efforts designed to assist a wide variety of populations – including youth, seniors, veterans, small business entrepreneurs, displaced workers, second-language speakers, and individuals with physical and mental disabilities. [Learn more on page 6.](#)

3. Multiplying every dollar’s impact.

Nonprofits provide tremendous economic value by tapping into the power of volunteers, in-kind donations, and multiple funding streams. This isn’t about “doing more with less” – professional staff and core capacity must be in place to leverage and manage these resources. But when nonprofits have adequate investment and sustained support, they are uniquely positioned to multiply each dollar many times over. [Learn more on page 10.](#)

NONPROFITS AT WORK: doing good means doing business

Nonprofits are businesses, first and foremost – they just have a different kind of bottom line. Like their for-profit counterparts, nonprofit businesses are an essential part of Montgomery County’s economic landscape, contributing to the economy in multiple ways. In addition, nonprofit businesses often function as catalysts for economic development.

Providing good jobs.

Montgomery County nonprofits employ 43,371 people, or 9.7 percent of the county’s total workforce. Furthermore, the nonprofit workforce is highly educated and highly skilled. Nationally, 45 percent of full-time nonprofit employees have a college or advanced degree, and professional specialty occupations account for 38 percent of employees in the sector. The culture of most nonprofits supports professional development for employees at every level, and high-performing nonprofits attract top talent to the county.

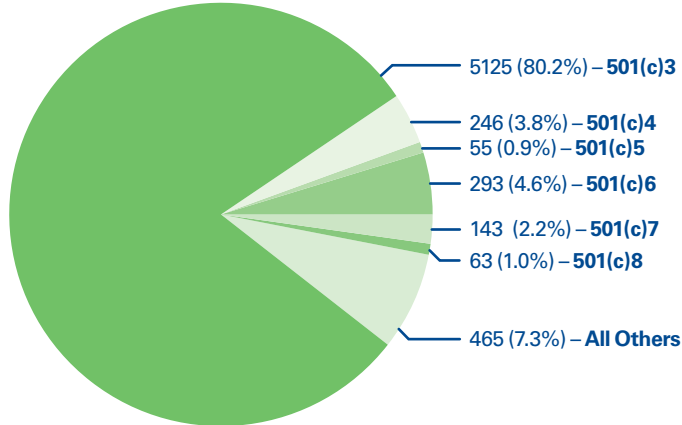
Real purchasing power.

Like any business, nonprofits must pay employees and purchase goods and services. From nonprofit enterprises with hundreds of employees and corporate-sized budgets to small neighborhood nonprofits that are more akin to microbusinesses, every nonprofit spends money and supports the local economy. Those dollars add up, with annual payroll for Montgomery County nonprofits totaling \$2.2 billion and total spending of nearly \$4 billion.

Stimulating economic growth.

Because their bottom lines are mission-driven not profit-driven, nonprofit businesses are often uniquely positioned to be cornerstones of economic development. This is especially true when they join forces with partners in the public and private sectors. For instance, the Montgomery County Food Council is a cross-sector partnership working to improve the environmental, economic, social, and nutritional health of the county through the creation of a robust, local, sustainable food system. Arts and culture nonprofits frequently play a leading role in community development. Two shining examples of this dynamic are AFI Silver Theatre, which has been a driving force in the revitalization of downtown Silver Spring, and BlackRock Center for the Arts, which is a centerpiece of the Town Center development in Germantown.

Montgomery County Nonprofits by IRS Subsection Designation



Source: Maryland Association of Nonprofit Organizations analysis of IRS data, September 2012

What is a nonprofit?

A nonprofit organization doesn't have a profit objective and exists for the public good. Section 501(c) of the IRS code designates 28 types of nonprofits. By far the most common type is 501(c)3, which indicates that a nonprofit has charitable purposes, and that donations to the group are tax-deductible.

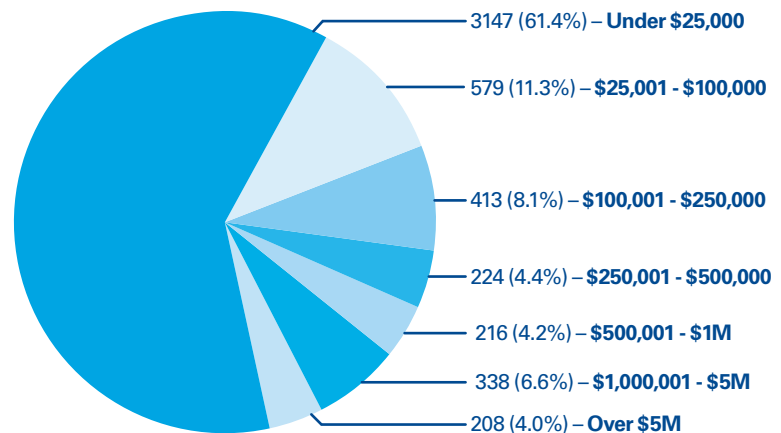
Out of 6,390 nonprofits in Montgomery County:

- 5,125 are 501(c)3, which includes private foundations and public charities (charitable, religious, educational, scientific, literary, public safety, and animal welfare organizations).
- 293 are 501(c)6, which includes organizations that seek to improve business conditions, such as chambers of commerce.
- 246 are 501(c)4, a designation that includes civic leagues and associations.

Does size matter?

In 2012, 3,147 Montgomery County 501(c)3 nonprofits had budgets under \$25,000. PTAs, sports leagues, neighborhood associations and other worthwhile groups fall into this category, and even the tiniest nonprofit can help strengthen the fabric of our community. However, for the purposes of this report, we want to draw attention to the 1,978 nonprofits above the \$25,000 threshold – all the way to the 208 with revenues of \$5 million or more. Not represented here are a number of large nonprofits in the county with other IRS designations that also have significant economic impact.

Montgomery County 501(c)3 Nonprofits by Size of Annual Revenue



Source: Maryland Association of Nonprofit Organizations analysis of IRS data, September 2012

What about national and international nonprofits?

Montgomery County has a significant number of national and international nonprofits because of its proximity to the nation's capital – including large, well-known nonprofit enterprises like the **Howard Hughes Medical Institute**, **Goodwill Industries International**, and the **National Association of the Deaf**. Past research by The Urban Institute's Center on Nonprofits and Philanthropy, based on 2000 IRS data, found that 65 percent of Montgomery County 501(c)3 nonprofits were local and 35 percent were national or international. The county is also home to more than 400 professional and trade associations, some of which are 501(c)3, but many of which have other IRS designations, like the **National Association of School Psychologists** and the **American Nurses Association**, both of which are 501(c)6. Even though national and international nonprofits may not provide services to local residents, their presence is an economic asset to the county, providing jobs for thousands and pumping millions of dollars into the local economy.

How many people do nonprofits employ?

According to unemployment insurance data collected by the Maryland Department of Labor, Licensing and Regulation, there were 43,371 nonprofit employees in Montgomery County in 2012, or 9.7 percent of the total workforce.

Some of the county's biggest nonprofits and largest employers in any sector are nonprofit hospitals. Taken together, **Holy Cross Hospital**, **Medstar Montgomery Medical Center**, **Shady Grove Adventist Hospital**, **Suburban Hospital**, and **Washington Adventist Hospital** employ more than 9,000 people. In addition to fulfilling their core missions to provide medical and surgical care, these nonprofit hospitals operate many programs that reach deeply into the community.

Some other large nonprofit employers in the county include **The ARC Montgomery County**, which serves families affected by intellectual and developmental disabilities, and **CHI Centers, Inc.**, which also assists individuals with developmental disabilities, each with more than 600 employees. In addition to 501(c)3 charitable organizations, other types of nonprofits also are major employers. For instance, the **American Speech-Language-Hearing Association**, a 501(c)6 with over 150,000 members, has 260 employees at its national headquarters in Rockville.

At the other end of the spectrum are small nonprofits with fewer than 10 full-time employees, like **Bethesda Green**, which is currently incubating 14 next-generation green businesses; **Korean Community Service Center of Greater Washington**, which provides social services to 3,500 Korean-American residents in Montgomery County; **Hospice Caring** in Gaithersburg, a volunteer, non-medical hospice; and **Stepping Stones Shelter** in Rockville, which provides emergency shelter and long-term supportive housing to homeless families with children.

Nonprofit Employment in Montgomery County 2007-2011

	2007	2008	2009	2010	2011	1-yr growth	5-yr growth
Nonprofit employees	39,769	40,279	41,648	42,721	43,371	1.5%	9.1%
Total employees in the county	459,313	457,482	443,284	441,544	447,755	1.4%	-2.5%

Nonprofit Employers Show Resilience

According to Lester M. Salamon and the Center for Civil Society Studies at Johns Hopkins University, "The nonprofit sector is not only a significant employer, but also a very resilient employer during economic recessions. While the private sector as a whole was losing jobs, nonprofits continued to create new ones." Salamon and his group found that U.S. nonprofit employment grew every year between 2000 and 2010, with an average annual growth rate of 2.1 percent, while the for-profit sector lost jobs at an average annual rate of minus 0.6 percent.

Nonprofit Density Linked to Lower Unemployment

Research by the National Conference on Citizenship has shown that the number and type of nonprofit organizations in a community predicts resilience to unemployment. For instance, an individual living in a metropolitan area with low nonprofit density had a 5.5 percent chance of losing his or her job between 2008 and 2009, compared to a 2.7 percent chance for someone living in an area with high nonprofit density. More research will be needed to explain the link between nonprofit density, civic health, and unemployment, but one explanation is that nonprofit density, as part of a larger measure of civic engagement, may be a buffer that lessens structural unemployment (mismatches between the skills that employers are looking for and the skills that potential employees have).

THE ECONOMIC IMPACT OF ONE NONPROFIT

Family Services, Inc. was founded in 1909 and is the county's oldest and largest private nonprofit social services agency. In 2012, it had 290 employees, payroll of \$9.1 million, and spending of \$7 million for goods, services, and direct support to families.

THE STORY BEHIND THE IMPACT

Family Services has grown dramatically, adding 200 full-time jobs between 1998 and 2012. Family Services established a model nonprofit collaborative that co-locates community partners to serve families more effectively and efficiently, from primary health and dental care, to tax assistance and housing assistance. Partners currently include **Community Clinic, Inc., Dwelling Place, Teen and Young Adult Health Connection, Oakmont School, Foundation School, Manna Food Center,** and the **Housing Initiatives Partnership**. Not unlike for-profit businesses, nonprofits sometimes merge because it's a good business decision. In January, 2013, the **Guide Program, Inc.**, a behavioral health and social services nonprofit, merged with Family Services to strengthen their mutual capacities. Annually, the merged organizations will serve 22,000 individuals and families, with a combined budget of \$22 million.

THE ECONOMIC IMPACT OF A FIELD OF NONPROFITS

Arts and Culture nonprofits in Montgomery County and their audiences spent \$151 million in 2010 – including \$43.2 million in event-related spending by non-residents.

THE STORY BEHIND THE IMPACT

The Arts & Economic Prosperity IV survey conducted by Americans for the Arts, in partnership with the **Arts and Humanities Council of Montgomery County**, found that arts and culture nonprofits in the county spent \$76.7 million in 2010. This spending was nearly equaled by their audiences, who generated another \$74.3 million in event-related spending (excluding the cost of admission). Event-related expenditures that were tallied include meals and refreshments, souvenirs and gifts, ground transportation, and overnight lodging (one night only). Arts attendees who reside in Montgomery County spent \$31.1 million, or an average of \$15.51 per person, and non-resident attendees spent \$43.2 million, or \$30.14 per person. A good example is the week-long Silverdocs documentary film festival and conference, presented by **AFI Silver Theatre** and the Discovery Channel, which attracted 27,000 attendees in 2012.

THE ECONOMIC IMPACT OF AN ALLIANCE OF NONPROFITS

Participants in the **Nonprofit Energy Alliance** used their collective purchasing power to save \$536,000 on a fixed expense.

THE STORY BEHIND THE IMPACT

The Nonprofit Energy Alliance (NPEA) is not a formal or contractual group, but an alliance of like-minded nonprofits that join together to enhance their negotiating power for clean energy and help build a greener economy. NPEA is organized by **Nonprofit Montgomery**, the **Arts and Humanities Council of Montgomery County**, and the **Nonprofit Roundtable of Greater Washington** with technical assistance from the county's Department of Environmental Protection. Saving on electricity – a fixed expense – frees up dollars for programs and services while also introducing environmentally sustainable business practices. Since 2010, a total of 64 nonprofits have saved a combined \$536,000 during a one-year period compared to standard-offer service. The wind power purchased by the alliance has offset about 40 million pounds of carbon dioxide – equivalent to taking 3,500 passenger vehicles off the roads for one year.

NONPROFITS AT WORK: building a stronger workforce

Nonprofits are on the front lines of workforce development and economic empowerment. From work readiness and career training, to internships and placement services, to loan programs and business incubators – nonprofits play a big role in putting people to work in Montgomery County.

More workers, more wages.

The county's Workforce Services program partners with several nonprofits, including Workforce Solutions Group, which operates the MontgomeryWorks One-Stop Career Centers in Wheaton and Germantown that serve 14,000 job seekers each year. In addition, many nonprofits offer workforce programs for specific populations. For instance, each year CASA de Maryland works with 7,500 low-income immigrants at three employment centers, helping them find day, temporary, and permanent jobs that pay a living wage. Single moms, wounded warriors, homeless families, adults with disabilities – for these groups and many more, nonprofits offer specialized services that connect people with jobs and greater opportunity.

Learning and earning.

From pre-K programs that prepare children for long-term success in school and life, to computer training for senior workers, to English literacy training for recent immigrants, the right education at the right time in life can move people from poverty to earning a living wage – or from basic self-sufficiency to personal prosperity and asset-building. Nonprofits meet people where they are, helping them overcome personal challenges, cultural divides, and socio-economic barriers in order to access education that can open the doors to greater earning potential.

Stability and self-sufficiency.

Very often, nonprofits help people stabilize their life so they can benefit from job programs and educational opportunities. For instance, it's hard to keep a job – or even apply for one – if you're homeless. When nonprofits like Montgomery County Coalition for the Homeless, Montgomery Housing Partnership, and Housing Unlimited help individuals and families find stable housing, that is a huge first step toward economic self-sufficiency.

THE IMPACT

In 2012, the Vocational Services Program at **Interfaith Works** served 128 individuals, leading to 59 full-time and 12 part-time job placements, with a median hourly wage of \$11.13.

THE STORY BEHIND THE IMPACT

Interfaith Works is a non-sectarian interfaith coalition of 165 congregations of diverse faiths, working together to meet the needs of the poor and homeless in Montgomery County, with the goal of helping them achieve self-sufficiency. Of the 71 job placements last year, 63 were long-term (six months or longer). The Vocational Services Program prepares clients for employment by offering job readiness classes (59 graduates in 2012), skills assessment, computer skills, financial literacy, and job placement. Clients work one-on-one with Vocational Counselors to develop skills, identify trainings, write resumes, practice for interviews, and secure and maintain jobs.

THE IMPACT

The **Jewish Foundation for Group Homes** (JFGH) helps young adults with developmental disabilities and/or chronic mental disorders join the workforce and become more financially independent.

THE STORY BEHIND THE IMPACT

Vocational training is a key part of a yearlong individualized program at JFGH designed to facilitate successful transition into the adult community. Of 34 participants who first came to the program in 2008, 18 have moved into employment; of those, 10 are working with daily supports, four with drop-in support, two are attending college, and two are working on entrepreneurial pursuits.

THE IMPACT

Last year, **IMPACT Silver Spring** facilitated the creation of a Youth Jobs Circle, a community-based network of 20 African-American teenage basketball players and 15 homeowners and business owners, which resulted in the young people earning \$6,000.

THE STORY BEHIND THE IMPACT

The Youth Jobs Circle is slated for replication in 2013, and it reflects IMPACT's newly re-focused mission: to build and sustain community-based networks that support people who are creating social, economic, and civic momentum that contributes to strong local economies and vibrant communities. IMPACT has initiated several other prototype projects focused on economic empowerment and self and collective sufficiency. For instance, the El Rosal Sewing Circle is a growing microenterprise run by four Central American women.

THE IMPACT

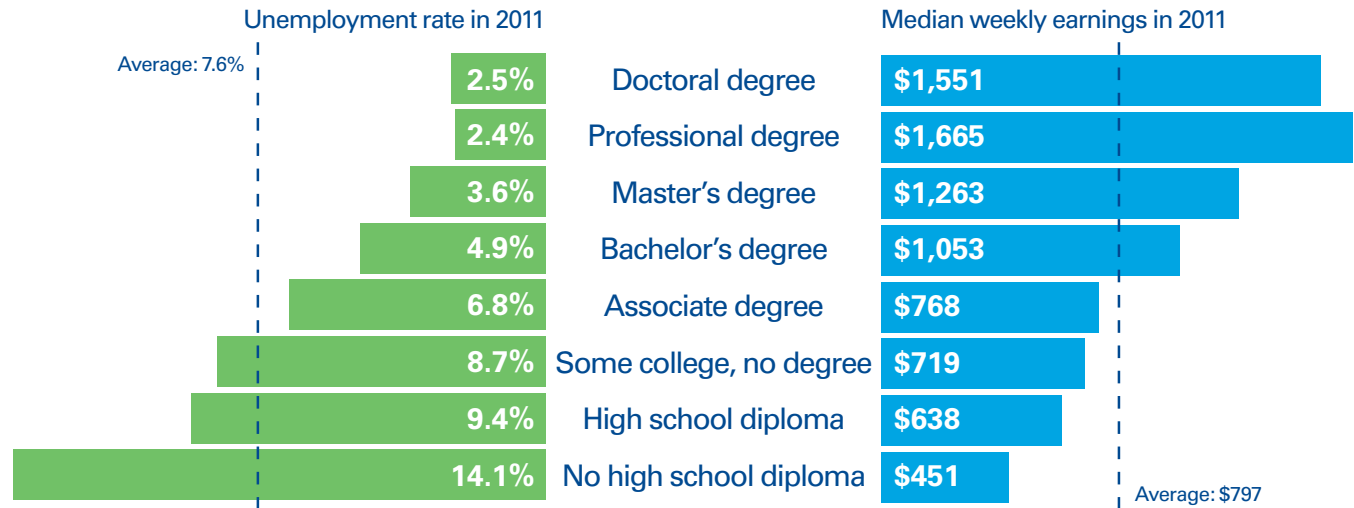
Last year, the **Latino Economic Development Center** (LEDC) provided microloans totaling \$317,000 to 18 small businesses in Montgomery County.

THE STORY BEHIND THE IMPACT

LEDC equips Latinos and other metro-area residents with the skills and financial tools to create a better future for their families and communities. Microloans are made to microbusinesses that would otherwise not have access to capital. Nationally, each loan of this type generates an average of 1.9 jobs, so 18 microloans have the potential to create 34 jobs in the county. LEDC also provides technical assistance and entrepreneurial education through its Small Business Development Program, which served more than 350 entrepreneurs in Montgomery County last year with training and technical assistance. In addition to its focus on helping microbusinesses formalize and thrive, LEDC also works to retain small business culture, including efforts to mitigate the impact of redevelopment on around 75 small businesses in Wheaton. LEDC's comprehensive approach to community-based economic development also includes preparing families for homeownership and foreclosure intervention.

Education Pays

Every level of educational attainment steadily increases earning power while drastically reducing the chances of unemployment.



Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.
Source: Bureau of Labor Statistics, Current Population Survey.

THE IMPACT

In 2011-2012, **CollegeTracks USA** provided intensive college admissions and financial-aid advising to 600 juniors and seniors at Wheaton and Bethesda-Chevy Chase High Schools.

THE STORY BEHIND THE IMPACT

CollegeTracks gives low-income and first-generation college students the chance to go to colleges where they can succeed, with enough financial aid and continuing support to attain a degree. Forty trained, supervised volunteers meet with students at least weekly, with another 20 volunteers focused exclusively on ACT test preparation. In 2012, the program's 330 graduating seniors all gained acceptance to college or technical school, with 63 percent admitted to four-year colleges. These graduates were offered more than \$6 million in grants and loans. Of the 1,225 CollegeTracks high-school students who graduated between 2008 and 2011, 83 percent enrolled in college within a year of high school graduation, exceeding the 74 percent rate for all Montgomery County Public School students. Of those, 91 percent persisted to a second semester, 93 percent to a third, and 87 percent to a fourth. (Graduation is measured on a six-year time frame, so college completion numbers will be assessed starting in 2014). Students enrolled in the CollegeTracks College Success Program, which worked with 120 students last year, enrolled and persisted at even higher rates.

ACES Aims to Pave the Way to College Success

Achieving Collegiate Excellence and Success (ACES) is a new program designed to create a seamless educational pathway from high school to college completion. ACES is a collaborative effort among Montgomery County Public Schools (MCPS), Montgomery College, and the Universities at Shady Grove (USG), created to support students who are underrepresented in higher education and first-generation college students. MCPS will identify ninth-grade students who will benefit from ACES and provide support and interventions to keep them in a college-going mindset; coaches from Montgomery College work with students starting in grade 11 to provide ongoing support and advising when they enroll; and USG will advise students as they attend Montgomery College, keeping them on track to enroll at a USG institution (or in the University System of Maryland) and complete a bachelor's degree. The program will launch in eight MCPS high schools in 2013-2014 and is expected to expand to more schools in the future. ACES anticipates that 60 students will participate at each grade level, for a total of 240 students at each school. All three organizations are working with their foundations to establish scholarship funds that will benefit participants.

PHILANTHROPY AT WORK: foundations invest in workforce development

Private foundations are nonprofits, too, and philanthropy is an important source of revenue for many nonprofit businesses, often helping to leverage public and private dollars. Conversely, government funding can position a nonprofit to attract funding from private foundations and corporate donors. Here are just a few examples of local grant programs that focus on workforce development and economic empowerment.

The **Community Foundation for Montgomery County** houses charitable giving funds for individuals, families, and businesses. Many of its donors give through Sharing Montgomery, a grant program to assist nonprofits that serve the county's growing population of low-income children, families, and seniors. Last year, Sharing Montgomery granted \$640,000 to 60 local nonprofits, many of which offer workforce development programs.

In 2012, Sharing Montgomery grantees included **Career Catchers**, for one-on-one career counseling and job-skills training; **CASA de Maryland**, for its Center for Employment and Training in Gaithersburg; **Catholic Charities of the Archdiocese of Washington**, for its center in the Wheaton neighborhood that provides housing stabilization services; **Empowered Women International**, for an entrepreneurship training program for immigrant, refugee, and low-income women; the **Latino Economic Development Center**, for its Small Business Development Program (see page 7); **Maryland Multicultural Youth Center**, for its summer work-skills and internship program (see page 13); **Red Wiggler Community Farm**, for vocational training for adults with developmental disabilities; and **Sunflower Bakery**, for on-the-job training in baking and food preparation for individuals with developmental and cognitive disabilities.

The **Washington Area Women's Foundation's** Stepping Stones grant program helps low-income, female-headed households in the region out of poverty and onto a path of economic security and financial independence. In 2012, grants totaling \$175,000 were awarded to five nonprofits working in Montgomery County, including **Casa de Maryland** for its Women's Workforce Initiative; **Latino Economic Development**

Center to provide coaching and financial tools to low-income women; and the **Montgomery College Foundation** to support job training and opportunities in the apartment industry for 20 low-income women.

The Women's Foundation also supports the **Greater Washington Workforce Development Collaborative** at the **Community Foundation for the National Capital Region**. Philanthropies and businesses pool resources to invest in a stronger workforce development system for the region. Since 2009, the collaborative has awarded \$335,000 to Montgomery County workforce programs and \$100,000 for state workforce policy advocacy and organizing. Recently, the Collaborative granted \$105,000 to **Montgomery College Foundation** to support the Apartment Maintenance Technician training program, and an innovative partnership with Montgomery County hospitals has provided English literacy, ESOL, or college preparatory training to 56 entry-level, frontline workers. This effort has empowered 26 of the employees to enroll in college with employer sponsored tuition assistance, and has helped 14 more earn a promotion.

The **Jim and Carol Trawick Foundation** funds health and human service and arts nonprofits in Montgomery County, and many of its grants support workforce development and education, with preference given to innovative approaches and programs. For instance, in 2011, Trawick and its co-funder the **HSC Foundation** awarded \$300,000 to the Maryland Multicultural Youth Centers (MMYC) for INSPIRE (Internships Providing Readiness for Employment), a one-year program focused on providing job readiness training and work skills development for young adults, ages 16 to 24, who were pregnant, parenting or aging out of the foster-care system. To assist these young people during times of critical transition in their lives, MMYC partnered with **Pyramid Atlantic**, **Dance Exchange**, the Department of Health and Human Services, the Department of Recreation, and local employers. Of the 51 youth participants, 44 completed paid internships, eight obtained their GED, two obtained permanent employment, and 14 enrolled in post-secondary education.

NONPROFITS AT WORK: multiplying every dollar's impact

As mission-driven businesses, nonprofits are motivated to make every dollar do as much good as possible. This begins with being fiscally prudent and working in cost-efficient ways – but that's not usually enough. Achieving meaningful, lasting outcomes demands going beyond spending money wisely to finding ways to multiply every dollar many times over. How do nonprofits manage this financial alchemy? By using their charitable status to leverage resources.

The power of being a 501(c)3.

Eighty percent of Montgomery County nonprofits have 501(c)3 charitable status that allows them to pursue multiple funding streams. Most of these nonprofits leverage federal, state, and local dollars earmarked for a specific cause or population. For instance, in FY12, Montgomery County had almost 500 contracts with nonprofits valued at nearly \$97 million. County dollars and other public funding streams are typically leveraged with donations from national and local foundations, corporations, and individuals.

The power of volunteers.

Nonprofits have the unique ability to harness the power of volunteers of all types, from professionals who provide pro-bono services or serve on boards of directors, to program and administrative volunteers who work on the front lines and keep things running behind the scenes. For instance, last year the Center for Adoption Support and Education leveraged 50 hours of HR consultation services, 20 hours of legal consultation, 640 hours from its 16 board members, 1,040 hours of volunteer time in the form of graduate internships, 3,300 service hours by AmeriCorps youth workers, and 100 hours of general volunteer time.

The power of in-kind donations.

From food drives to hard drives, the ability to accept tax-deductible in-kind donations gives nonprofits another way to leverage resources and multiply impact. Donations of goods include items to help needy families (food, clothing, diapers, school supplies, furniture), computers and professional clothing for workforce readiness and placement programs, building materials for capital projects, and donations for auctions and other fundraisers.

THE IMPACT

Manna Food Center leverages food donations and volunteers to provide a return on investment of \$3.49 for every dollar donated.

THE STORY BEHIND THE IMPACT

Last year, Manna served 184,000 low- and moderate-income residents at risk for hunger in Montgomery County. Manna conducts food drives and partners with about 40 local supermarkets to rescue food that would otherwise be disposed of. In 2012, the value of food donations totaled \$5.4 million, with volunteers donating 52,000 hours to help sort, pack, and distribute food – the equivalent of 25 full-time employees in addition to Manna's paid staff of 20.

THE IMPACT

Primary Care Coalition (PCC) of Montgomery County obtains around \$1 million each year in specialist medical care for uninsured residents.

THE STORY BEHIND THE IMPACT

PCC's network of 100 specialists serves patients who receive primary care paid for through the county's programs for uninsured adults and children. PCC also offers technical assistance to clinics receiving Montgomery Cares funding as they begin and grow. The number of clinics serving the uninsured has grown from just two in 1998 to 12 clinic organizations today (many with multiple sites), and the number of uninsured residents served each year has grown from around 4,000 to 30,000. Donated specialty care saves money and is an efficient way for primary care physicians to refer uninsured patients to specialists. PCC also obtains donations of brand-name medicines for uninsured residents, valued at \$3.7 million in FY12 alone. This, too, saves money for the county as the majority of these medicines go to individuals served by county health programs, and access to medications for chronic conditions also reduces doctor and hospital visits.

THE IMPACT

In 2012, **A Wider Circle** furnished the homes of 3,650 families with donated furniture and home goods that had an average value of \$1,500 per family.

THE STORY BEHIND THE IMPACT

The mission of A Wider Circle is to help children and adults lift themselves out of poverty. More than 12,000 families donated furniture and household items to the organization last year, and items were distributed free of charge to more than 13,000 adults and children. At its new Center for Professional Development – opening in Silver Spring in February, 2013 – A Wider Circle will expand its ability to leverage donated goods by collecting and distributing work attire and accessories, with the goal of providing professional clothing to 3,000 individuals in its first year. The Center will also offer job skills training and life skills classes and plans to provide job-placement support to 500 individuals.

THE IMPACT

Trained volunteers at **Montgomery County Hospice** (MCH) worked 16,000 hours in 2012, time valued at \$364,000 or the equivalent of eight full-time employees.

THE STORY BEHIND THE IMPACT

MCH provides professional medical hospice to insured, underinsured, and uninsured patients. MCH supplements its paid staff of 260 employees with about 270 volunteers, a number that stays constant from year to year. Volunteers must attend an intensive three-day training session and take several refresher courses annually, and they are required to make detailed notes about their interactions with patients. In 2012, volunteers helped MCH provide hospice care to 2,098 patients and their families.

THE IMPACT

Last year, 16 nonprofits leveraged the county's investment of \$500,000 in adult English literacy classes with \$1.85 million in revenue from other sources and in-kind donations valued at \$640,000.

THE STORY BEHIND THE IMPACT

Thirty-nine percent of county residents ages five and up speak a language other than English at home. The **Montgomery Coalition for Adult English Literacy** (MCAEL) is a coalition of public, nonprofit, and business partners that supports 80 adult English for Speakers of Other Languages and literacy service programs. In 2012, MCAEL awarded county-funded grants totaling \$500,000 to 16 nonprofits. Those grantees served 3,456 students (who attended 75,732 hours of class) at an average cost to the county of just \$144 per learner – cost-effectiveness made possible by MCAEL's coordination and capacity building, along with each nonprofit's ability to multiply the value of county dollars using volunteers, in-kind donations, and other funding streams. In addition to the dollars and donations leveraged by its 16 grantees, MCAEL itself also leveraged the county's investment in adult English literacy with \$92,000 in other revenue and \$42,500 of in-kind donations.

the value of volunteers

Some nonprofits utilize a handful of volunteers, while others rely on hundreds of volunteers to support their mission and programs in myriad ways. For instance, 500 volunteers work with the George B. Thomas Sr. Learning Academy each year to tutor and mentor more than 3,000 Montgomery County Public School students through Saturday School programs offered at 12 locations.

According to the Corporation for National and Community Service, 27 percent of Marylanders volunteered in some way in 2011, giving an average of 40 hours of their time over the course of a year. In 2012, the Montgomery County Volunteer Center's website referred 9,135 individuals to 37,369 volunteer opportunities at 722 agencies – and this level of interest represents just one point of entry for volunteer engagement in the county.

What is a volunteer worth?

The standard rate assigned to volunteer time in Maryland is \$22.77 per hour (2010 estimate, Independent Sector). Last year, 141 volunteers worked a total of 2,177 hours at the Jubilee Association of Maryland, which provides residential services and support to adults with developmental disabilities. Using the standard rate, that donated time has a dollar value of \$49,570. Another way to think about the value of volunteer time is to translate volunteer hours into their full-time equivalent. For instance, MobileMed utilizes 130 volunteers who work 15,540 hours a year, the equivalent of 7.5 full-time employees.

Special skills and expertise

Most nonprofits also rely on volunteers with special skills, from carpenters and clinicians, to gardeners and graphic designers. In the case of MobileMed, 80 of the volunteers are medical clinicians. When people apply professional expertise to their volunteer work, the market value of their service is not reflected in the standard hourly rate for volunteer time. This extends to the volunteers who serve on nonprofit boards, which can include lawyers, judges, activists, academics, doctors, nurses, dentists, teachers, business executives, realtors, developers, architects, financial experts, and marketing specialists.

NONPROFITS AT WORK: 360° economic impact

Ultimately, every nonprofit business contributes to the local economy in multiple ways. By design, the examples featured elsewhere in this report provide a narrower view of each nonprofit through a single economic or strategic lens. However, it's important to remember that all businesses are multidimensional economic agents. Here are three examples that take a broader view, showing how a single nonprofit business can have wide-ranging economic impact.

Jewish Council for the Aging of Greater Washington (JCA)

JCA has an annual budget of \$5 million, spent primarily in Montgomery County, although the agency does operate some programs in Frederick, MD, and Northern Virginia. JCA employs 54 full-time and part-time workers, 48 of whom live in Montgomery County, with a total payroll of around \$2 million.

JCA is the older-worker expert at the Montgomery Works One-Stop Career Centers at the Westfield Wheaton Shopping Center, and at the annual 50+ Senior Employment Expo, where thousands of mid-life and older job-seekers network with area employers and resource organizations. JCA has been operating the Senior Community Services Employment Program (SCSEP) for nearly three decades. This program has around 100 participants each year, and between 2006 and 2012, JCA brought \$3.5 million in federal dollars into the county's economy to pay subsidized wages to SCSEP participants, averaging \$580,000 per year.

In the same time period, JCA graduated 118 participants into unsubsidized full- and part-time employment in Montgomery County, turning recipients of federal support into tax-paying individuals. Based on the average starting wage and hours at the time of placement, JCA estimates the Annual Economic Value of these participants in terms of taxable earnings to be \$330,000 on average each year, totaling \$2 million over six years.

Last year, it cost JCA \$75,000 for vehicle repairs to its nine-bus fleet, and another \$75,000 for participant

meals – all of which was spent in the county. Another \$100,000 was paid to the Bethesda North Marriott Hotel & Conference Center to put on the Productive Aging Dinner (its annual award event) and its Senior Employment Expo. Related costs for these events, totaling around \$45,000, were paid almost exclusively to county businesses. JCA very consciously tries to buy locally, from office supplies to capital investments. In 2008, JCA purchased its current building for \$5.5 million, and completely remodeled it for another \$1.75 million, using local construction firms.

JCA multiplies its impact with 600 volunteers. Last fiscal year, those volunteers contributed 9,500 hours – valued at \$216,000 and the equivalent of 4.5 full-time employees – for front-line activities, including teaching computer skills to seniors, general office support, and helping set up and staff the annual employment expo.

Maryland Multicultural Youth Center (MMYC)

MMYC is the Maryland branch of the Latin American Youth Center and has served Montgomery County since 2005. MMYC/LAYC serves 1,000 youth annually at four sites in Montgomery and Prince George's County. These youth are low-income and 95 percent are minorities. To fulfill its mission, MMYC employs 12 staff at its central office in Silver Spring, with annual compensation ranging from \$35,000 to \$70,000, and will be hiring three more employees in 2013. MMYC pays \$80,000 a year in rent for its Silver Spring office, and its employees spend money at local retailers and restaurants every day, just like for-profit employees would.

MMYC manages the county's youth workforce program and focuses on serving young people ages 14-24 with job readiness training, computer training, high-school/GED completion, college preparation, paid internships, job placements, and job retention. From 2008 to 2012, 732 youth participated in MMYC job readiness training, and 568 were placed in jobs or internships, with an average hourly wage of \$8.85. MMYC also holds an annual job fair for about 900 youth, with 40-50 participating employers. In past years, the job fair has resulted in more than 100 youth hired for summer, part-time or full-time jobs. Last year, MMYC also helped more than 40 youth obtain their high-school diploma or GED.

Last year, MMYC had annual revenues of \$2.6 million, including \$500,000 in federal dollars awarded by the county for the youth workforce program, and an additional \$223,000 in other county funds. MMYC was recently awarded \$390,000 by the Department of Health and Human Services for FY13 to run the Montgomery Conservation Corps program, which targets very high-risk youth. Typically, MMYC also leverages between \$30,000 and \$60,000 in private grants each year. In FY11-12, a \$300,000 grant from the Jim and Carol Trawick Foundation, partially funded by the HSC Foundation, supported a special job-readiness and work-skills program called INSPIRE, which worked with 50 youth who were pregnant, parenting, or aging out of the foster-care system.

In addition to purchasing supplies and materials needed to run its office and programs, MMYC multiplies these county and private dollars by leveraging tens of thousands of dollars in donated goods, including computers from Inter-American Development Bank and IBM, office furniture, office supplies, business clothes for youth, and construction materials. MMYC also employs 30 additional staff and utilizes 25 AmeriCorps volunteers to staff its youth centers (which are located in Prince George's County but serve both counties).

MMYC partners with local employers to find internships and jobs for youth, including Holy Cross Hospital, where eight youth completed internships in 2012 and two were subsequently hired; a local State Farm office, owned by Ray and Tawanna Mensah, which provides summer internships to two or three youth each year; and the law firm Strandberg and Associates, which took on two interns last summer and hired one of them to continue part time. MMYC uses evaluation data from employer partners to continually refine its job readiness curriculum.

Mental Health Association of Montgomery County (MHA)

MHA has 61 full-time and 18 part-time employees, of which 52 are Montgomery County residents, with a total payroll of \$3.8 million. MHA has been recognized by Washingtonian Magazine as one of the "50 Great Places to Work" in the metro area, and has received the Workplace Excellence Seal of Approval from the Alliance for Workplace Excellence seven years running. MHA supplements its staff and helps develop a stronger mental health workforce in the county by supervising 20-25 interns each year who are working on a Master of Social Work or similar degree.

MHA has an annual budget of around \$5 million and leverages funding from multiple sources inside and outside the county, including national foundations. For instance, a four-year Robert Wood Johnson Foundation grant, which provides \$125,000 annually that must be matched locally, is funding MHA as the lead agency on Serving Together, a coordinated system of care to support the 50,000 veterans living in Montgomery County. One facet of Serving Together is connecting veterans with employment opportunities through a website directory and peer support, and in 2013, MHA will host its second annual forum for businesses about best practices for hiring veterans.

To deliver services through its 11 programs and at multiple locations across the county, MHA relies on 700 volunteers who worked 26,000 hours last fiscal year. Those volunteer hours are valued at \$592,000 and equivalent to 13 full-time employees. MHA multiplies its impact by accepting a whole host of in-kind donations for the families it serves. For instance, local congregations and businesses make annual donations of food, clothing and supplies for 200 children in the Kensington Wheaton Youth Services program, and employees at Discovery Communications make holiday donations to provide gifts and supplies for 40-50 families in the Families Foremost program, at an average donation value of \$500 per family.

Many of MHA's programs have a workforce development or economic empowerment component. For instance, the Families Foremost Center provides free, comprehensive services for 250 primarily low-income pregnant women and parents, many of whom have limited English language proficiency. Job-related supports include classes in computer literacy, employment readiness, ABE (Adult Basic Education), ESOL (English for Speakers of Other Languages), and GED preparation.

NEXT STEPS: partners in shared prosperity

We hope this report inspires a broader shared commitment to Montgomery County's economic well-being, including deeper conversations and new collaborations around economic development. We also hope it will engender greater investment for successful projects and partnerships already in place.

This report has looked “beyond charity” to how nonprofits contribute to the economic vitality of the county. To be clear, a robust strategy to create and fill good jobs doesn't obviate the need for a social safety net, and providing lifeline services is often an important first step toward self-sufficiency. At the same time, we believe that nonprofits can do more to reach the triple bottom line of job growth, a highly skilled workforce, and economic self-sufficiency. To that end, we put forward some next steps for the nonprofit sector – including philanthropy – as well as for our partners in private industry, government, and education.

1. Work together on a unified workforce development and job creation strategy.

Many people in the county are already working on both these fronts. But if the players across sectors had clearly defined roles and common goals, we could aim higher, hold each other accountable, and achieve greater impact. This starts with identifying what is already being done and where there are opportunities to do more. Where can we expand initiatives that have demonstrated success? Where can we incentivize new programs that deliver qualified workers to good jobs? How can we take advantage of opportunities to apply jointly for funding?

2. Make sure that nonprofit leaders are at the economic development table.

This is a two-way street. Nonprofit leaders need to establish cross-sector networks and actively participate in community decisions on matters that go beyond the walls of our own organizations. At the same time, leaders in government, education, and private industry should draw on the assets nonprofits bring to the table, including intimate connections to people they serve, social capital, and subject-area expertise.

3. Pursue spending policies and practices that could do more to boost the local economy.

For example, what else can we do, across sectors, to encourage people in the county to invest locally in nonprofit businesses and buy locally from for-profit businesses? What can we do to attract more dollars and investments from outside the county? How can we promote less traditional but highly effective avenues of economic empowerment, including microenterprises and microloans?

We invite you to join us in refining and expanding the opportunities going forward. Ultimately, we think there's a different kind of bottom line we can all agree on, nonprofit or not: the benefits of building a brighter, more prosperous future for everyone in Montgomery County – every worker, every business owner, every family, every child.

beyond charity resources

Center for Civil Society Studies, Johns Hopkins University

ccss.jhu.edu

🐦 @JHUCCSS

CCSS is a leading source of research and knowledge about the nonprofit sector, social investing, and the tools of government. Cited in this report: *Holding the Fort: Nonprofit Employment during a Decade of Turmoil (2012) Nonprofit Economic Data Bulletin #39*, available on the CCSS publication page.

Center on Nonprofits and Philanthropy, The Urban Institute

urban.org/center/cnp

🐦 @urbaninstitute

CNP conducts and disseminates research on the role and impact of nonprofit organizations and philanthropy. Of particular interest: *The Nonprofit Sector in Brief: Public Charities, Giving and Volunteering, 2012*. CNP also houses the National Center on Charitable Statistics: nccs.urban.org

CForward

cforward.org

🐦 @CForwardUS

Founded by Robert Egger (founder and president of DC Central Kitchen), this nonpartisan advocacy organization champions the economic role of the nonprofit sector and supports candidates who include the sector in their plans to strengthen the economy.

Maryland Nonprofits (Maryland Association of Nonprofit Organizations)

marylandnonprofits.org

🐦 @mdnonprofits

Nonprofits by the Numbers, published annually by Maryland Nonprofits, provides a statewide analysis and a county-by-county breakdown of nonprofit statistics. Available as a PDF or in a searchable online format at mdnonprofits.simplicitymetrics.com

National Conference on Citizenship

nccoc.net

🐦 @NCoC

NCoC's 2012 annual theme was "Jobs, Jobs, Jobs: Exploring the Link Between Civic Engagement and Employment." Cited in this report: *Civic Health and Unemployment II: The Case Builds*, available along with other key resources at nccoc.net/2012theme

METHODOLOGY

This report is modeled on *Beyond Charity: Recognizing Return on Investment – How the Nonprofit Community Impacts Greater Washington*, published by the Nonprofit Roundtable of Greater Washington in 2007. Examples and data related to featured nonprofits were gathered through a combination of answers to a widely disseminated survey; interviews with nonprofits, government and community experts; and online research. County-level data about the number of nonprofits and employees provided by the Maryland Association of Nonprofit Organizations (based on IRS and DLLR sources). Data on purchasing power of nonprofits provided by The Urban Institute's National Center for Charitable Statistics.

ACKNOWLEDGEMENTS

FEBRUARY 2013

In keeping with our commitment to working together to solve problems that no organization can solve alone, we hope this report inspires boundary-crossing actions to support job growth and economic prosperity for all in Montgomery County, Maryland. Needless to say, *Beyond Charity* would not have been possible without the involvement of a great many people and organizations.

Special thanks to:

- **Steve Silverman**, Director of the Montgomery County Department of Economic Development, and **Uma Ahluwalia**, Director of the Montgomery County Department of Health and Human Services, for their sponsorship, support, and commitment to the nonprofit business community.
- Our project consulting team of **Sharon Friedman** (Friedman Strategies), **Hope Gleicher** (Nonprofit Montgomery), **Beth Ponticello** (cedc.org), and **Amy Southerland** (wordhoney.com) for documenting the impact and potential of nonprofit businesses on our economy.
- **Shulman, Rogers, Gandal, Pordy & Ecker, Burness Communications**, and **Discovery Communications** for their generous assistance.
- And all the nonprofits that shared stories of workforce and economic development . . . many more than could be included in the final report.



Beyond Charity: Nonprofit Business in Montgomery County, Maryland is available as a PDF. Use the QR code above to download it now, or visit www.nonprofitmontgomery.org