

COMMONWEALTH INSIGHTS

A publication of the Massachusetts Nonprofit Network
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The Massachusetts Nonprofit Sector: 529,000 Jobs Make It Larger, Stronger, and More Resilient than Expected

Nonprofits are the cornerstones of Massachusetts communities, enriching neighborhoods and providing vital services. Their contributions to society are immense — as are their benefits to the state's economy.

The federal government has released unprecedented data which, now more than ever, provides a complete look at the nonprofit sector in each state. The figures reveal striking facts, including the size, strength, and range of the nonprofit workforce.

The findings for Massachusetts are remarkable. First and foremost, there are more than half a million nonprofit jobs in the state, making the Commonwealth's nonprofit sector one of the strongest in the country.

The sector is home to nonprofits in a wide range of industries, beyond the familiar education and health care subsectors. And when the economy is weak, the Massachusetts nonprofit sector is resilient — adding jobs even during the Great Recession.

LARGER | **OVER HALF A MILLION PEOPLE ARE EMPLOYED BY NONPROFITS IN MASSACHUSETTS**



The state's 529,000+ nonprofit employees help people grow and communities thrive. STRIVE Boston, pictured left, enables more than 150 residents to reenter the workforce each year.

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An Introduction to Commonwealth Insights

Welcome to Commonwealth Insights. This recurring publication is designed to highlight important trends and issues that impact the nonprofit sector. It is part of MNN's advocacy agenda, which seeks to raise awareness of and build consensus around issues important to the sector.

We look forward to working with MNN's members, funders, civic leaders, and public officials as this publication grows to engage a broad audience around topics that impact nonprofits, and inevitably each and every one of us.

I hope you enjoy this inaugural issue and I look forward to your feedback.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Klocke".

Jim Klocke
CEO, Massachusetts Nonprofit Network

Prior studies have examined nonprofit employment, but the new data from the federal government's Bureau of Labor Statistics (BLS) takes a closer look. It measures the number of nonprofit jobs in every state for each year between 2007 and 2012, building on prior estimates. The BLS study combines information from multiple federal agencies, making it more accurate. In addition, it measures 501(c)(3) nonprofit jobs in every industry, including surprising industries such as finance and technology.

According to the BLS, in 2012 nonprofit organizations in Massachusetts accounted for an impressive 501,595 jobs. When that number is updated using calculations tied to statewide job growth from 2012 to 2015, the result is even more remarkable — 529,538 nonprofit jobs in Massachusetts at the end of 2015.

Those jobs produce significant wages for nonprofit workers — well over \$30 billion in 2015, based on BLS data and the methodology used to determine 2015 nonprofit employment. Those wages, in turn, generate billions of dollars in tax revenues for state, federal, and local governments.

STRONGER | MASSACHUSETTS HAS A LARGER SHARE OF NONPROFIT JOBS THAN NEARLY ALL OTHER STATES

The strength of a single nonprofit can be measured by its impact on the constituents and the communities it serves. The strength of the nonprofit sector can be measured by its economic scale. Assessing that requires a look at the number of jobs in the nonprofit sector relative to the total number of jobs in the state — a measurement that can be done with the BLS data.

The Massachusetts nonprofit sector is exceptionally strong. According to data for all 50 states and the District of Columbia for the period covered in the BLS study, Massachusetts is ranked 6th from the top

with over 17% of its workforce employed by nonprofits. (The District is a unique case, given its large number of associations and other nonprofits that work with the federal government.)

Massachusetts and the other four top states are in a group by themselves, as illustrated in Graph 1 below. This concentration of jobs makes the nonprofit sector a powerful economic engine for Massachusetts. The impact of nonprofits' jobs, spending, and services are all immense — as are the tax revenues those activities generate. Those economic impacts occur in every part of the Commonwealth, and in many regions they are the linchpin of local economies.

The BLS data provides a window into another strength of the state's nonprofit sector: it is broader than expected, with important work being done in industries beyond the familiar ones. Nonprofits often engender thoughts of youth and education, health care, social services, and the arts. The Massachusetts nonprofit sector covers those industries and more. The BLS study identifies thirteen industries in Massachusetts with nonprofit organizations, including the professional and technical services industry, the management industry, the finance industry and the information industry.

In those and other industries, nonprofit status brings unique perspectives and value. Addgene, a life sciences nonprofit whose story is told in the box on the next page, illustrates the point. The creativity and innovation it exemplifies is repeated every day in nonprofits across the Commonwealth.

Graph 1: Nonprofit Employment as a Percentage of Total Private Employment





Addgene, a nonprofit plasmid repository, is rapidly growing with more than 65 employees in its Cambridge office.

Addgene: A Cutting-Edge Nonprofit in the Life Sciences Industry

Located in Cambridge, Massachusetts, Addgene is one of the largest nonprofit plasmid (small DNA molecules that are essential to biomedical research) repositories in the world. Addgene's mission is to connect scientists with their repository of high-quality published plasmids to further research, boosting both the quality and rate of scientific discovery.

Addgene's status as a nonprofit is fundamental to its identity. As a nonprofit, Addgene can devote its time to connecting scientists with plasmids quickly and affordably, a feat not always possible in traditional science laboratories. Since its founding in 2004, Addgene has developed a robust plasmid repository that serves as an open source library for any nonprofit academic organization seeking to further research — the nonprofit mails 550 plasmids a day to as many as 85 countries. Its staff has grown from less than 20 employees five years ago to more than 65 employees in 2016. Those employees live, work, and shop in the Greater Boston area, adding to the local economy and culture.

Joanne Kamens, Executive Director of Addgene, notes that the organization's nonprofit status is "*intrinsic to its success.*" As a nonprofit, Addgene can ensure that its mission to accelerate scientific research and discovery carries through to all of its work. By connecting scientists throughout the world with plasmids, Addgene's unique approach encourages innovation and collaboration, two features vital to sustained scientific progress.

Addgene and other Massachusetts nonprofits in unexpected industries employ over 30,000 people. There are over 3,000 nonprofit jobs in the information industry, over 2,000 nonprofit jobs in the finance industry, over 17,000 jobs in the professional and technical services industry, and over 8,000 jobs in the company management industry. They drive home the point that the Commonwealth's nonprofit sector is far-ranging, with jobs, skills and innovation of all types.

RESILIENT | THE MASSACHUSETTS NONPROFIT SECTOR ADDED JOBS DURING THE GREAT RECESSION

The Great Recession of 2007-2009 hit Massachusetts hard. Job losses began in the financial services sector and cascaded across the economy, wiping out all types of businesses. But the BLS data tells a different story for the nonprofit sector: nonprofit employment in Massachusetts actually increased by 16,765 jobs in 2008 and 2009, as illustrated in Graph 2. If the nonprofit sector had lost jobs at the same rate as the rest of the economy, it would have shrunk by 22,911 jobs.

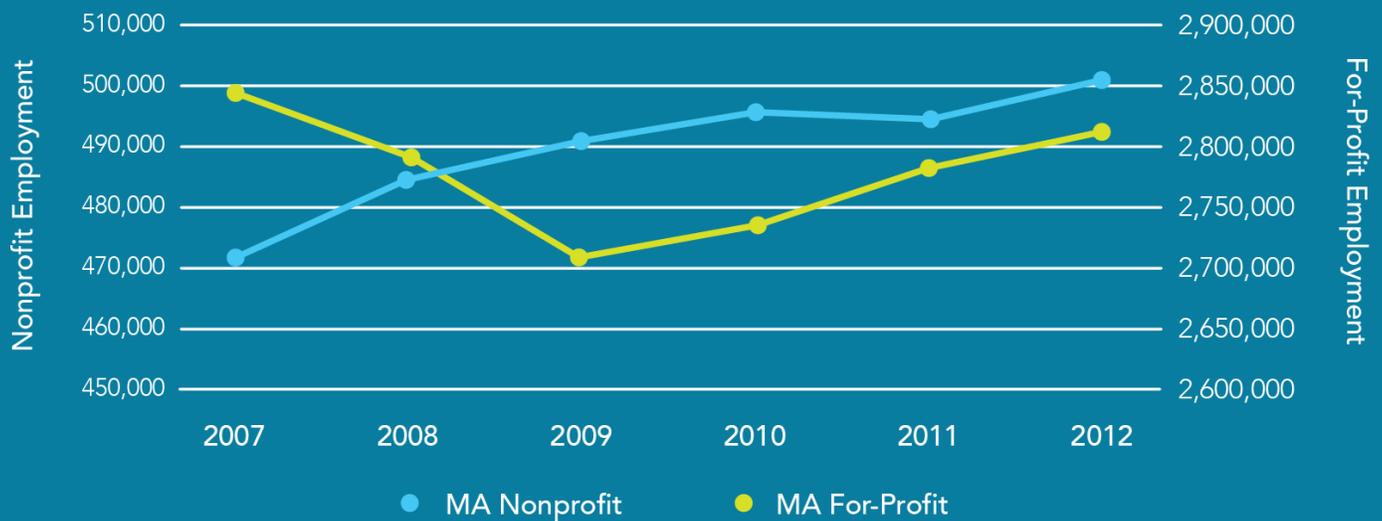
The difference—a gain of almost 17,000 jobs versus an expected loss of 23,000 jobs — is remarkable. It means that tens of thousands of people were able to keep their jobs in the nonprofit sector, and thousands more moved into new jobs in the sector.

There are multiple reasons for this resilience. During the recession, federal stimulus dollars went to nonprofits in social service, health care, and related subsectors. And some of those subsectors, including education and health care, have a history of job growth during recessions even without stimulus funds.

The nature of nonprofits plays a role as well. They are created, by design and under the law, with social (e.g. charitable, education, scientific) missions. Their assets are held by the organization itself, rather than by shareholders trading stocks on an exchange. As a result, they are less impacted by the roller-coaster turns of markets than are for-profit firms.

Nonprofits are therefore an economic lifeline, providing strong, consistent job growth over time and supplying badly-needed new jobs when the rest of the economy is shrinking.

Graph 2: Nonprofit & For-Profit Employment in Massachusetts (2007-2012)



CONCLUSION

The Massachusetts data paints a powerful picture, illustrating a nonprofit sector that employs over half a million people, is one of the Commonwealth’s strongest sectors, and functions as an economic lifeline. Awareness of the importance and impact of nonprofits must grow, accompanied by efforts to help make the sector even stronger. MNN will work to advance those goals in the years ahead.

MNN’s efforts will be built around its policy agenda, which highlights measures to strengthen nonprofits and all of their constituencies — the people they serve, the leaders they partner with, the supporters vital to their growth, and the residents of the communities they work in. The agenda is driven by five priorities: building a strong and stable nonprofit workforce; investing in promising ideas and proven solutions; promoting citizen philanthropy and volunteerism; preserving and protecting the nonprofit tax exempt status; and strengthening nonprofit-government collaboration.

Going forward, MNN will work with a wide range of partners to advance these priorities and help make Massachusetts better than it has ever been before.



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ABOUT THE MASSACHUSETTS NONPROFIT NETWORK

MNN is the only statewide organization that brings together nonprofits, funders, business leaders, and elected officials to strengthen nonprofits and raise the sector’s voice on critical issues. The network has 650 nonprofit member organizations and more than 100 for-profit affiliate partners. To join the network visit massnonprofitnet.org/join.

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Source List

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