MARYLAND NONPROFITS BY THE NUMBERS

Key Findings

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A joint product of | MARYLAND NONPROFITS | CENTER for CIVIL SOCIETY STUDIES JOHNS HOPKINS UNIVERSITY

Dedicated to Dr. Lester M. Salamon

Maryland Nonprofits honors the living memory of the late Dr. Lester Salamon, Professor Emeritus at the Johns Hopkins University and Director of the Johns Hopkins Center for Civil Society Studies, who passed away during the development of this report.

Dr. Salamon played a leading role in the founding of Maryland Nonprofits 30 years ago, when his research report "Beyond Charity" galvanized nonprofit leaders and the grantmaking community to become more united through the creation of the Maryland Association of Nonprofit Organizations. Dr. Salamon remained supportive of Maryland Nonprofits over the years, serving as a keynote speaker at several of our events and we were proud to honor him with the Maryland Nonprofits Founder's Award at our 25th Anniversary in 2017.

The nonprofit community—in Maryland and beyond—is grateful to Dr. Salamon for being so generous with his vast knowledge, his vision, his humor, and his advocacy for social justice. Dr. Lester Salamon deeply cared for the nonprofits and communities he uplifted through his decades of scholarly research that was accessible, practical and helped define the nonprofit sector we know today. It is with gratitude and heavy hearts that we therefore dedicate this study in his honor.

INTRODUCTION

Every day, in every corner of the state, Maryland's nonprofit organizations impact the lives of Marylanders, providing health care, education, social services, community support, and opportunities for artistic and athletic expression. At no time has this been more evident than today, as the COVID-19 pandemic has an unprecedented need for the services that nonprofits are uniquely able to provide. Maryland Nonprofits commissioned this study, produced in collaboration with the Johns Hopkins Economic Data Project, to demonstrate the important role of the nonprofit sector as a driver of economic and community development in Maryland and to empower nonprofit organizations and the communities they serve to advocate for themselves at the local, state, and national levels.

Indeed, the data show that this vital sector not only contributes directly to the health, safety, and cultural enrichment of the communities it serves, but plays a crucial role as a major driver of the state's economy. In the latest year for which data are available, Maryland's **30,880 public-serving nonprofits**—including hospitals, universities, day care centers, nursing homes, social service agencies, museums, theatre companies, environmental organizations, advocacy groups, clinics, and more—generated nearly **$60 billion in revenue** and supported **more than 280,000 jobs, representing nearly 13% of all non-government workers in the state**. That's more workers than the manufacturing, construction, or hotel and restaurant industry employed, and just behind the state's entire retail sector. What is more, these nonprofit workers earned nearly **$16 billion in wages**—well ahead of any other major industry in the state, and almost $7 billion more than the state's largest industry, retail trade—paid in the same year.

This overview report demonstrates the size, scope, structure, and impact of this vital set of organizations in Maryland. An accompanying **data dashboard** provides similar data on the regional and county-level.

KEY FINDINGS

1 Maryland's nonprofits are a diverse set of institutions, with a clear focus on public service

As of 2019, Maryland was home to 37,297 registered nonprofit organizations, of which the vast majority—83%—were public-serving institutions under the IRS' 501(c)(3) classification[1].

Maryland's nonprofit organizations by type, 2019

Type	Number of organizations	Share of organizations
501(c)(3)	30,880	82.8%
501(c)(4)	1,537	4.1%
501(c)(6)	1,145	3.1%
501(c)(7)	1,448	3.9%
501(c)(8)	632	2.0%
501(c)(19)	457	1.2%
Other 501(c)	3,733	10.0%
ALL	**37,296**	

2 Maryland's nonprofits generate significant revenue, concentrated in the largest institutions

While 65% of Maryland's nonprofits reported annual revenue of $25,000 or less, they accounted for just .02% of the sector's $60 billion in total revenue. More than 92% of the sector's revenue was concentrated in the largest institutions.
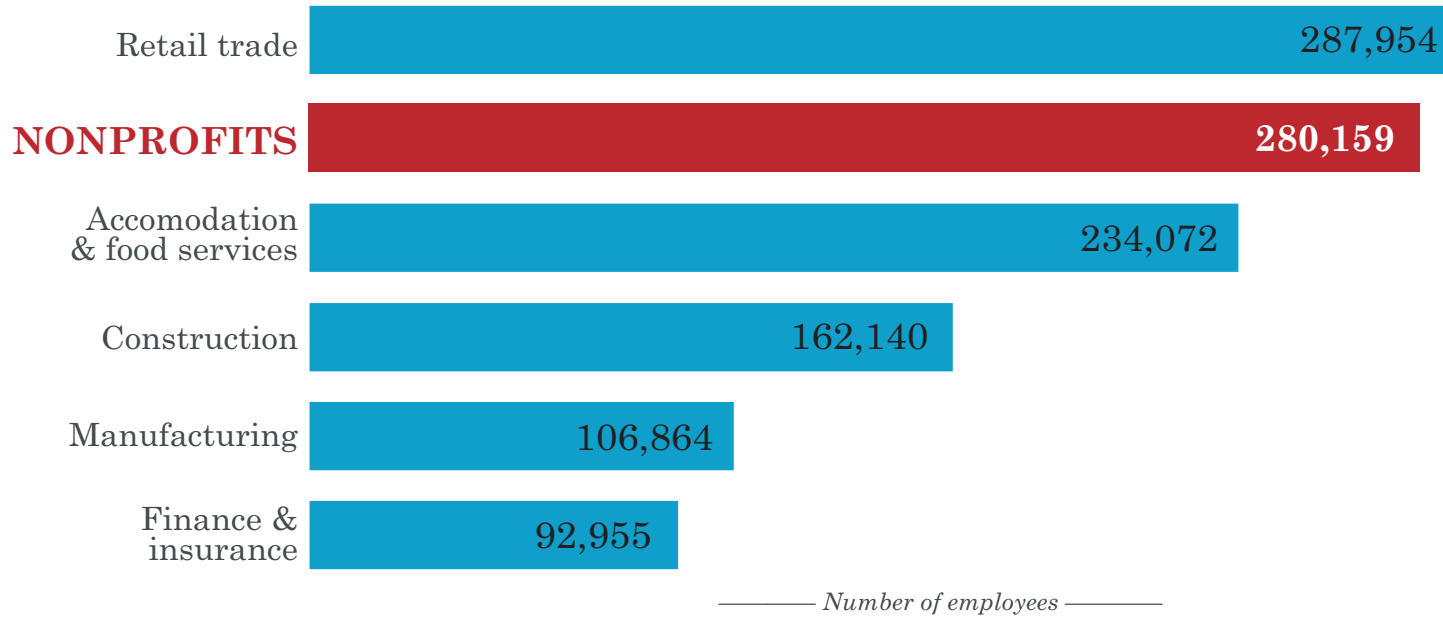
Maryland's nonprofit organizations by revenue size, 2019

Revenue range	Number of orgs.	Total revenue	Share of orgs.	Share of revenue
Under $25,000	17,353	$14,902,541	64.9%	0.02%
$25,001-$100,000	2,806	$165,287,029	10.5%	0.3%
$100,001-$250,000	2,132	$341,996,110	8.0%	0.6%
$250,001-$500,000	1,278	$455,649,841	4.8%	0.8%
$500,001-$1 million	906	$643,050,775	3.4%	1.1%
$1,00,001-$5 million	1,346	$3,067,235,268	5.0%	5.1%
Over $5 million	911	$55,078,727,700	3.4%	92.3%
Revenue not reported	10,564			
TOTAL REVENUE		**$59,766,849,264**		

[1] See **Appendix A** for IRS definitions of these classifications.

3

Nonprofits employ Maryland's second largest non-government workforce

As of 2017, Maryland's nonprofits[2] employed over 280,000 workers—more than every other major private industry in the state, with the single exception of retail trade.

Maryland nonprofit employment vs. employment in major for-profit industries, 2017

Industry	Employees
Retail trade	287,954
NONPROFITS	280,159
Accomodation & food services	234,072
Construction	162,140
Manufacturing	106,864
Finance & insurance	92,955

——— Number of employees ———

4

Maryland's nonprofits provide a wide array of critical services

While more than half of Maryland's nonprofit workers are concentrated in the health services field, sector workers are active in providing a wide array of services and expressive opportunities in the state.

Maryland nonprofit employment distribution by field, 2017

- Health care, **55.1%**
- Education, **17.2%**
- Social assistance, **9.9%**
- Other services*, **5.5%**
- Professional & technical services, **4.9%**
- Arts, entertainment, & recreation, **2.8%**
- Management of companies, **1.7%**
- *All other fields, 2.9%*

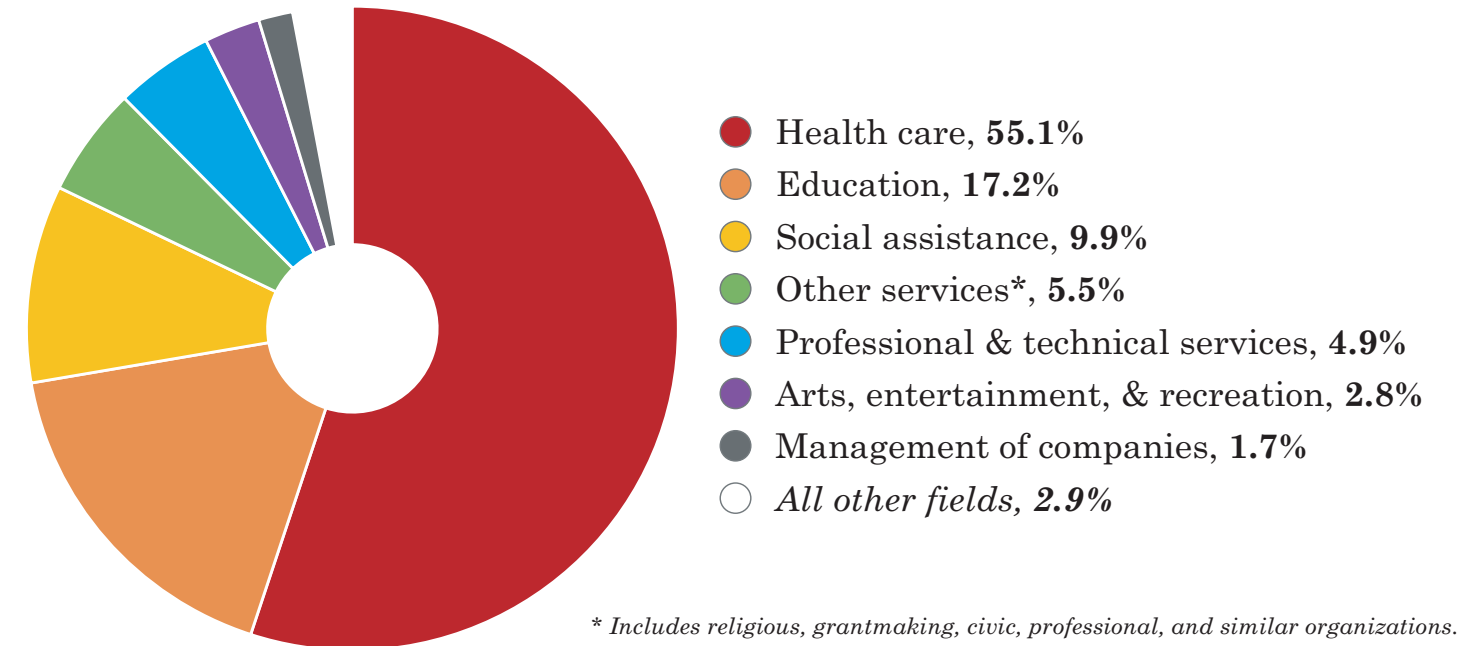** Includes religious, grantmaking, civic, professional, and similar organizations.*

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[2] The following charts, drawn from Bureau of Labor Statistics data, zero in on the economic impact of the core of the nonprofit sector—the so-called 501(c)3 organizations that comprise nearly 83% of all registered nonprofits in the state. See the Appendix A for more information on data sources and methodology.
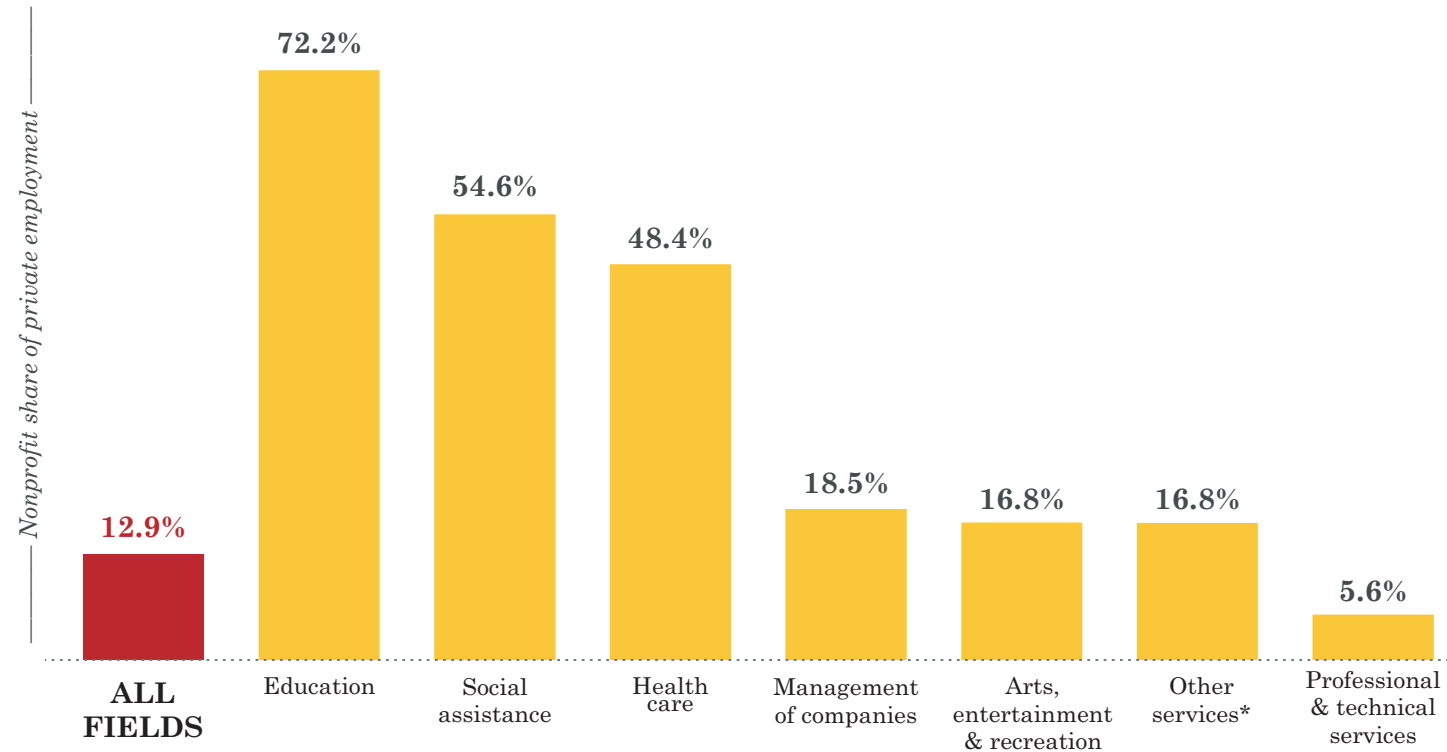
5 Nearly 13% of all non-government workers in Maryland work for nonprofits

The 280,000-strong nonprofit workforce represents just under 13% of all private employees in Maryland, exceeding the national average of 10.2%. In fields in which nonprofits are active, they constitute an even larger share of the private workforce.

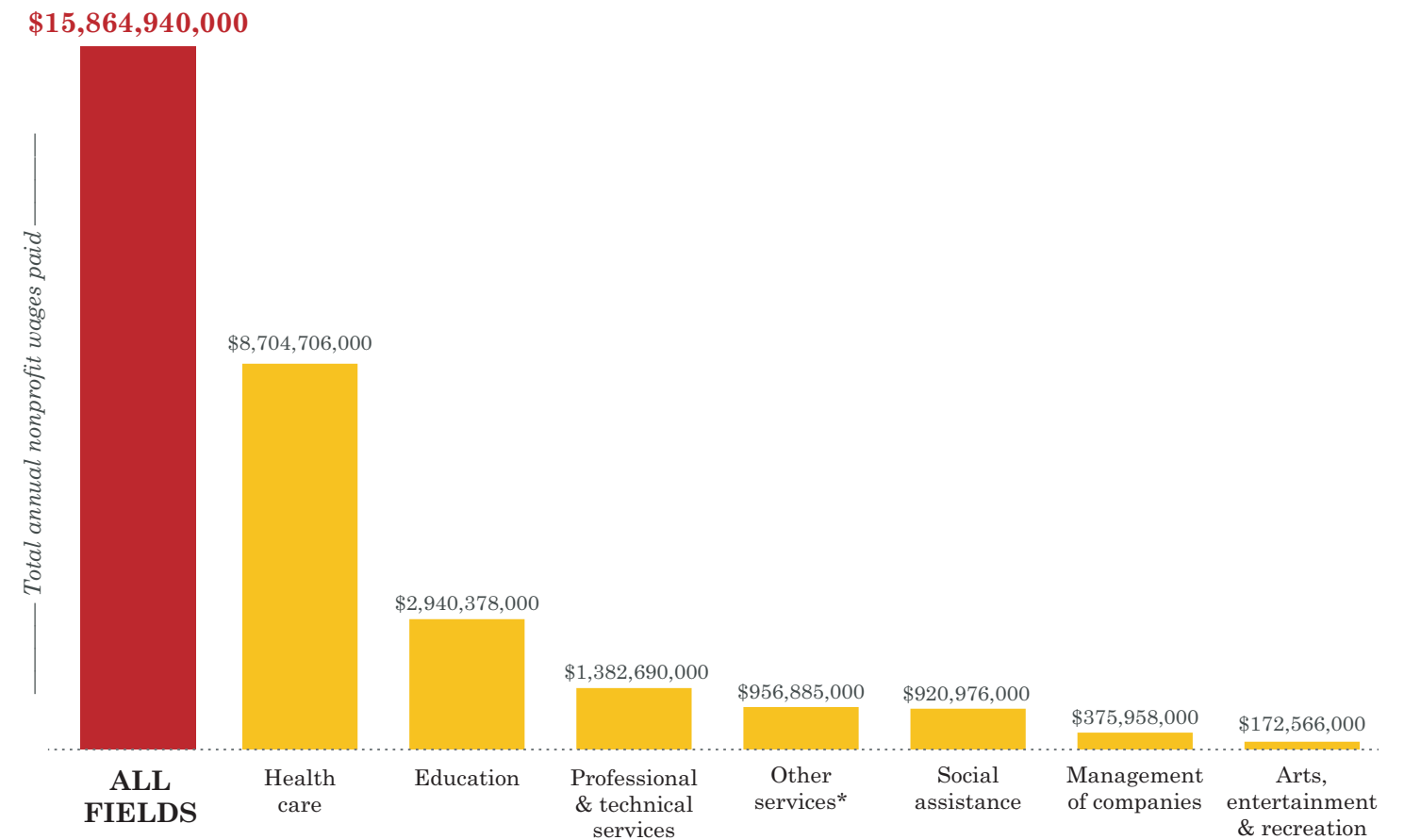*Maryland nonprofit share of employment, by field, 2017*

Nonprofit share of private employment

- ALL FIELDS: **12.9%**
- Education: **72.2%**
- Social assistance: **54.6%**
- Health care: **48.4%**
- Management of companies: **18.5%**
- Arts, entertainment & recreation: **16.8%**
- Other services*: **16.8%**
- Professional & technical services: **5.6%**

* Includes religious, grantmaking, civic, professional, and similar organizations.

6 Maryland's nonprofits are a major generator of income

Maryland's 280,000 nonprofit workers earned nearly $16 billion in wages in 2017.

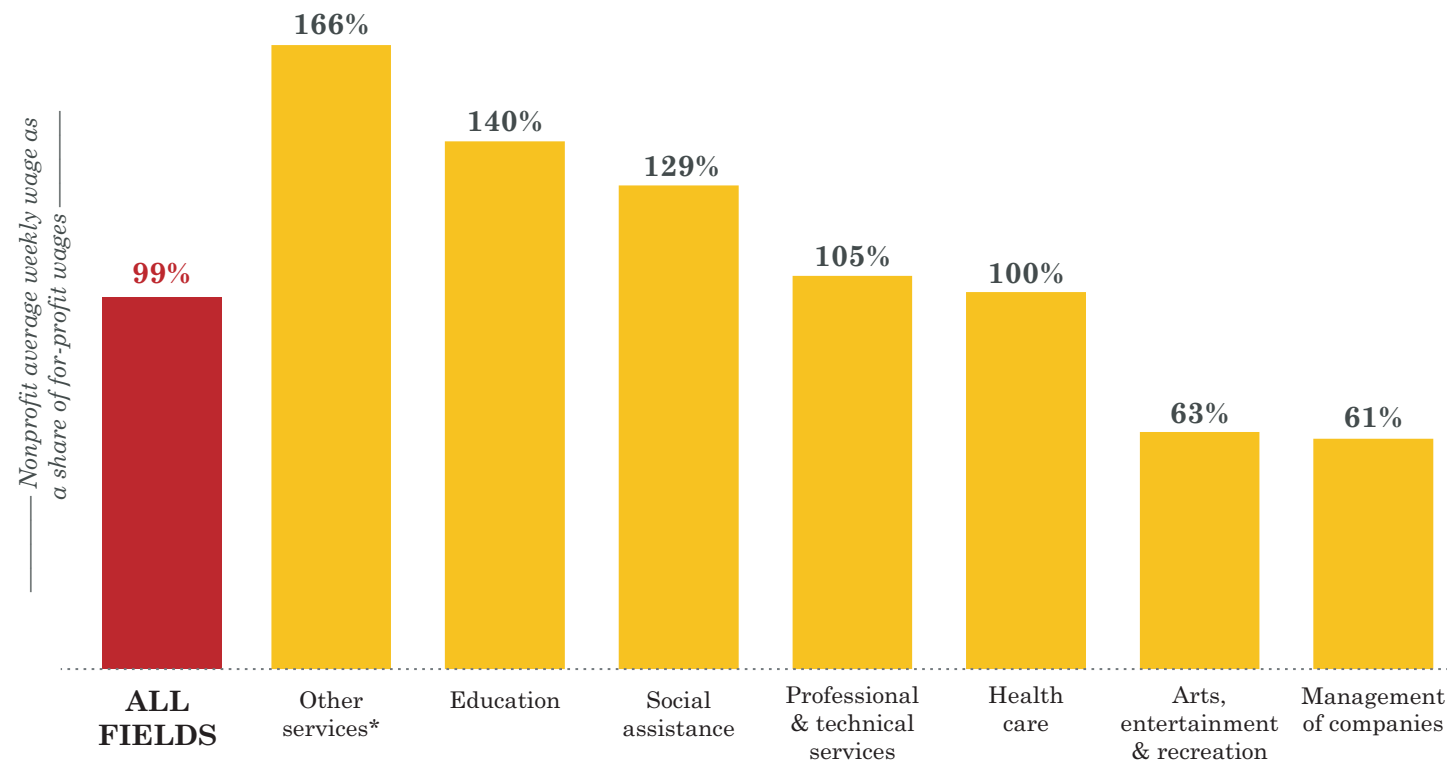*Total wages paid by Maryland nonprofits, by field, 2017*

Total annual nonprofit wages paid

- ALL FIELDS: **$15,864,940,000**
- Health care: $8,704,706,000
- Education: $2,940,378,000
- Professional & technical services: $1,382,690,000
- Other services*: $956,885,000
- Social assistance: $920,976,000
- Management of companies: $375,958,000
- Arts, entertainment & recreation: $172,566,000

* Includes religious, grantmaking, civic, professional, and similar organizations.

7 Nonprofits in Maryland pay better average wages than their for-profit counterparts in key fields

Maryland nonprofits overall paid nearly the same average weekly wages as those paid by the for-profit sector as a whole—and far better wages than those paid by for-profits in the key education and social assistance fields.

Maryland average weekly nonprofit wages as a share of for-profit wages, by field, 2017

Nonprofit average weekly wage as a share of for-profit wages

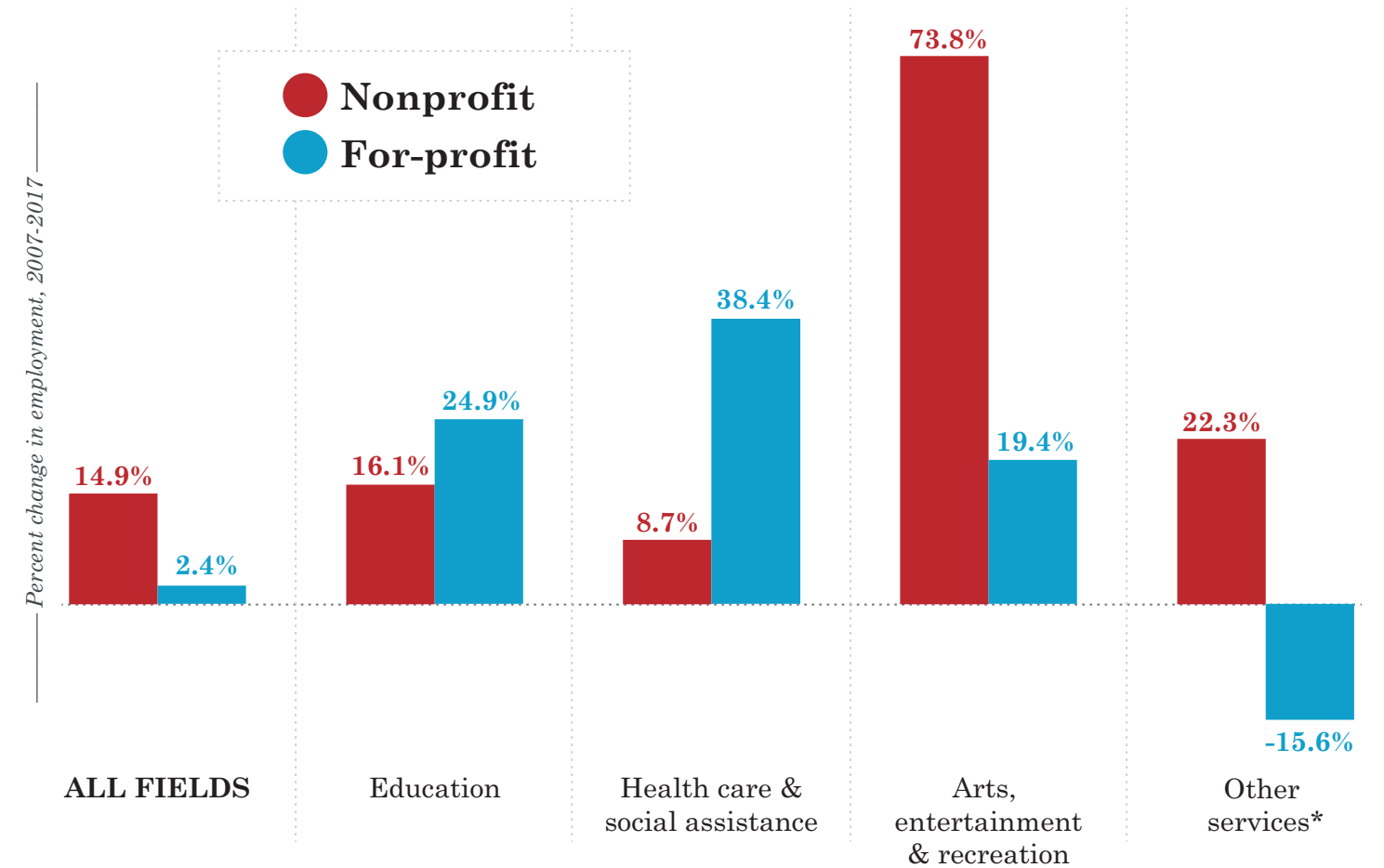|	
ALL FIELDS	99%
Other services*	166%
Education	140%
Social assistance	129%
Professional & technical services	105%
Health care	100%
Arts, entertainment & recreation	63%
Management of companies	61%

* Includes religious, grantmaking, civic, professional, and similar organizations.

8 Maryland's nonprofits are a key contributor to economic growth and resiliency, but for-profits are making inroads in key fields

Between 2007 and 2017, nonprofit employment in Maryland grew by nearly 15%, far exceeding the for-profit sector's 2.4% growth rate. However, in key traditionally nonprofit fields, for-profits made significant inroads during the decade, outpacing nonprofits in both education and healthcare and social assistance . This suggests that nonprofits may be experiencing increased competition. Given the importance of the sector to the state's economic, social, and cultural fabric, understanding this trend is critical to ensuring the sector's health into the future.

Change in Maryland nonprofit vs. for-profit employment, by field, 2007-2017

Percent change in employment, 2007-2017

Legend: ● Nonprofit ● For-profit

	Nonprofit	For-profit
ALL FIELDS	14.9%	2.4%
Education	16.1%	24.9%
Health care & social assistance	8.7%	38.4%
Arts, entertainment & recreation	73.8%	19.4%
Other services*	22.3%	-15.6%

* Includes religious, grantmaking, civic, professional, and similar organizations.

APPENDIX A
Methodology

The data for this study come primarily from two sources.

Organizations and Revenue

Data on number of establishments and 501(c) classifications are derived from data from the Internal Revenue Service (IRS) Business Master File. Data on revenue is derived from the IRS Form 990 database for reporting charitable nonprofits that file tax returns that include financial information (Form 990, Form 990-EZ and Form 990-PF). These are generally organizations with annual gross receipts greater than $50,000, though some smaller nonprofits choose to file one of these forms as well.

Definitions of IRS 501(c) classifications

501(c)(3)	Religious, Educational, Charitable, Scientific, Literary, Testing for Public Safety, to Foster National or International Amateur Sports Competition, or Prevention of Cruelty to Children or Animals Organizations
501(c)(4)	Civic Leagues, Social Welfare Organizations, and Local Associations of Employees
501(c)(6)	Business Leagues, Chambers of Commerce, Real Estate Boards, etc.
501(c)(7)	Social and Recreational Clubs
501(c)(8)	Fraternal Beneficiary Societies and Associations
501(c)(19)	Post or Organization of Past or Present Members of the Armed Forces

Employment and Wages

The employment and wage data included in this study cover tax exempt entities under the IRS Section 501c(3). These data come from the Quarterly Census of Employment and Wages (QCEW), which is administered by state Labor Market Information agencies (e.g., the Department of Labor in New York or Maryland Department of Labor, Licensing, and Regulation) and at the federal level by the Bureau of Labor Statistics (BLS). QCEW is an administrative dataset collected by states as a part of the federal Unemployment Insurance (UI) program and draws on the quarterly surveys of workplaces that state employment security offices have conducted since the 1930s. QCEW accounts for approximately 97% of all wage and salary civilian employment nationally (however, the program does not cover self-employed and family workers). Under federal law, all nonprofit places of employment with four or more employees are required to participate in the unemployment insurance system.

However, 22 states also extend this requirement to places of employment with one or more employees.

The principal exclusions from the QCEW dataset vary by state and include employees of religious organizations, railroad workers, small-scale agriculture workers, domestic service workers, crew members on small vessels, state and local government elected officials, and insurance and real estate agents who receive payment solely by commission. However, QCEW data encompass approximately 97% of non-farm employment—providing a virtual census of employees and their wages as well as the most complete universe of employment and wage data, by industry, at the State, regional, and county levels. In terms of nonprofit employment, the exclusion of religious organizations as well as entities with less than four employees is the most significant; however, religious organizations may elect to be covered by the unemployment insurance program and those that do are covered in the data. At this time the exact number of employees in tax-exempt establishments not covered by QCEW is not known, but we estimate it to be no more than 3% of total employment in the nonprofit sector.

Finding Nonprofits in the QCEW. While nonprofit places of employment have long been covered by the QCEW surveys, the data generated by these surveys have never broken out the nonprofit employment separate from the for-profit employment. As a consequence, the nonprofit sector has essentially been buried in the data. The Johns Hopkins Center for Civil Society Studies' Nonprofit Economic Data Project developed a methodology of identifying nonprofit employers in the QCEW micro-data by record matching with the publicly available register of tax exempt entities maintained by the Internal Revenue Service (IRS). The nonprofit micro-data were subsequently aggregated by county and fields of activity to meet the federal disclosure rules, mandated by law to protect the confidentiality of company specific information. The result is the most accurate and up-to-date picture of nonprofit employment yet available.

In 2014, BLS started releasing nonprofit data at the national, state, county, and Metro Statistical Area levels following a similar methodology of record matching. However, BLS improved that methodology by adding organizations called "reimbursables" that were not included in the IRS business register. Reimbursables are organizations that under state unemployment laws are not required to pay unemployment insurance contributions each quarter, but rather are allowed to reimburse the unemployment insurance system when a claim is made. Most states will restrict such units to 501(c)3 nonprofits. The QCEW micro-data include information on reimbursables. More information, including the full downloadable data tables for 2013-2017, is available here.

Data Limitations and Suppression. The primary limitation of the nonprofit employment data come from the federally mandated disclosure rules that require suppression of statistical information that allows the identification of single institutional units. This suppression is applied at the industry level. In practice, this suppression can take two forms. First, the so-called "primary suppression" is applied when aggregates contain fewer than 3 units or when a single unit exceeds 80 percent of the aggregate total. Due to the large number of nonprofit aggregates on this website, the primary suppression rules that guided the data assembly by JHU researchers are somewhat stricter and require at least 10 units per aggregate and maximum 75% of the aggregate total per single unit. Second, the so-called "secondary suppression" must be applied if the value of the non-disclosable aggregate can be calculated from the disclosed values (e.g. by subtraction); when this is the case, the disclosure of additional aggregates must also be suppressed to eliminate this possibility.

ABOUT MARYLAND NONPROFITS

For more than 25 years, Maryland Nonprofits has worked to promote a thriving and effective nonprofit sector in Maryland. Maryland Nonprofits is a 501(c)3 nonprofit organization and a statewide membership association. Nonprofits, businesses that serve nonprofits, government agencies, students, and individuals comprise our membership.

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ABOUT THE NONPROFIT ECONOMIC DATA PROJECT

The Johns Hopkins Nonprofit Economic Data Project (NED) charts economic trends in the nonprofit sector and produces cutting-edge reports on components of the nonprofit economy in regions and states across the country.

Tapping a wide assortment of the best data sources available, the Center's NED reports cover nonprofit employment, revenues, expenditures, assets, philanthropic resources, and volunteering. They also document changes over time and reveal how nonprofits compare to for-profit organizations overall and in key nonprofit fields.

Over 40 such reports have been prepared, making it possible for nonprofit leaders to put their sector on the mental maps of policy-makers, the media, the sector itself, and citizens at large.

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