

## What's Driving the Growth of the Non-Profit Sector?

Despite the economic recession in this country, the non-profit sector has continued to thrive and grow, maintaining the third-largest workforce in the country, as of 2011.<sup>1</sup> According to a study done by the Urban Institute, nearly 50 percent of organizations surveyed indicated they experienced a decrease in local, state or federal funds, but the majority of the organizations were able to survive without having to make any cutbacks in programs or payroll.<sup>2</sup> Further, only 14 percent had to reduce their number of clients served when experiencing a cut in government funding.<sup>3</sup> Despite what you might think, the non-profit sector more successfully weathers economic down turn than the for profit sector. While the for-profit sector experienced an 8.4 percent decrease in employment and 8 percent decrease in wages, the nonprofit sector increased overall employment by 4 percent and increased wages by 6.5 percent.<sup>4</sup> The non-profit sector continues to contribute to the economy and provide much needed public service throughout tough economic times.

So how do non-profits continue to thrive during these rough economic times? David Waters, CEO of Community Servings of Boston, a non-profit organization that provides medically tailored meals to chronically and critically ill individuals and families, offered one counter intuitive approach to non-profit growth during tough economic times.<sup>5</sup> Instead of retreating or cutting back on costs during the recession, Community Servings expanded. More

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<sup>1</sup> Jaclyn Lambert, *Infographic: What is Driving Nonprofit Sector's Growth*, NonProfitQuarterly.org, (Dec. 10, 2013), <http://www.nonprofitquarterly.org/policysocial-context/23359-infographic-what-is-driving-nonprofit-sector-s-growth.html>.

<sup>2</sup> Sarah L. Pettijohn & Elizabeth T. Boris, *Non-Profit Government Contracts and Grants: Findings from the 2013 National Survey*, Urban Institute, <http://www.urban.org/UploadedPDF/412962-Nonprofit-Government-Contracts-and-Grants.pdf>.

<sup>3</sup> *Id.*

<sup>4</sup> Lambert, *supra* note 1.

<sup>5</sup> David B. Waters, *Community Servings of Boston: A Successful Counterintuitive Approach to Growth Amid Constraints*, NonProfitQuarterly.com (Dec. 13, 2013), <http://www.nonprofitquarterly.org/management/23389-community-servings-of-boston-a-successful-counterintuitive-approach-to-growth-amid-constraints.html>.

specifically, Waters stated, “[w]e realized we needed a ‘programmatic roommate’ to share our overhead costs, so we expanded in a way that allowed us to access different resources without cannibalizing our core services or creating mission creep that would distract us from providing quality... nutritious meals to sick people.”<sup>6</sup>

For example, Community Servings of Boston, having recently expanded prior to the recession, expanded their programs again during the recession to include a food service job-training program that brought trainees into the kitchen. This allowed Community Servings to manage an increased work load with free labor, while still giving back to the community by offering skills training to volunteers and using their connections to the restaurant industry to provide career opportunities.<sup>7</sup> Additionally, Community Servings started a training program specifically targeting ex-offenders.<sup>8</sup> This allowed Community Servings to access workforce development donors, provide more meals for sick individuals and families in need, and further expand the mission of the organization without taking away from its main purpose.

According to Waters, Community Servings “recognized that we could leverage our core competencies to access new funding opportunities. But we also understood that we could not explore those opportunities at the expense of our core mission. Instead, we had to identify new programs that could uniquely capitalize on our existing assets and further that mission.”<sup>9</sup> Waters recommended this strategy for other non-profits in continuing their growth and expansion, despite economic constraints. Based on the statistics of the growing strength of the non-profit sector, organizations have been able to find unique ways to maximize their key assets and

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<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

continue to provide service, making the non-profit sector the most growth-oriented segment of the economy.<sup>10</sup>

*Sarah Abfalter  
University of Oregon  
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<sup>10</sup> Lambert, *supra* note 1.