



Fighting back, Michigan nonprofits say they stabilized state economy during downturn

food bank.JPG

Nonprofits, like the Food Bank of Eastern Michigan, employ hundreds of thousands of people in Michigan, paying them nearly \$20 billion per year. (MLive.com | File)

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MACKINAC ISLAND, MI – Nonprofits helped to stabilize Michigan's economy during the 2008 economic downturn that roiled other industries, according to a study released Thursday morning.

The industry, which ranges from massive health care agencies to education and community arts groups, has added 12,000 jobs since 2006, a study conducted by Public Sector Consultants for the Michigan Nonprofit Association found. Over the same time period, Michigan lost 200,000 jobs across all industries.

"The numbers show how important the nonprofit is in Michigan," said Jeff Guilfoyle, vice president of PSC. "Nonprofits are a huge part of our state and a huge part of our economy."

How huge? Consider:

Nonprofits employed 438,387 in the third quarter of 2013, employing 1 out of every 10 non-farm workers in the state.

Total wages to nonprofit workers in the third quarter of 2013 were \$4.9 billion.

Since the 2008 housing crisis, nonprofit employment in Michigan dropped 0.3 percent, compared to a 1 percent drop across all job sectors in the state. Manufacturing jobs fell 1.4 percent since 2008 and construction jobs are down 12.9 percent.

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Donna Murray-Brown, president and CEO of the Michigan Nonprofit Association, said nonprofits' durability during the 2008 housing crisis illustrates the industry stepping up during a time of need.

"Many times it's during an economic crisis that's when the needs of nonprofits escalate," she said. "It is the sense of stability that the community can rely upon, know there are providers out there to pull them through."

But while nonprofits maintained employment numbers across the state, the industry suffered legislative setbacks in recent years. In 2013, **Michigan eliminated income tax deductions for donations to many nonprofits**, including community foundations, state universities, public libraries, homeless shelters, and food banks. The move saved the state \$35 million per year, but took away a popular tax credit that encouraged donations to nonprofits. The result? Donations are down this year, Murray-Brown said.

"People are still generous in Michigan, but they're not giving as much," she said.

The legislative defeat galvanized the nonprofit industry to quantify its worth and share the findings. Officials hope the findings remind policy makers that policy detrimental to nonprofits can threaten jobs.

"It's easy to take it (the nonprofit industry) for granted and not realize how important it is to the state," Guilfoyle said. "It pays \$20 billion in wages per year. It's the livelihood for a lot of people in the state."

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