



NON-PROFIT ALLIANCE OF GREATER LOWELL

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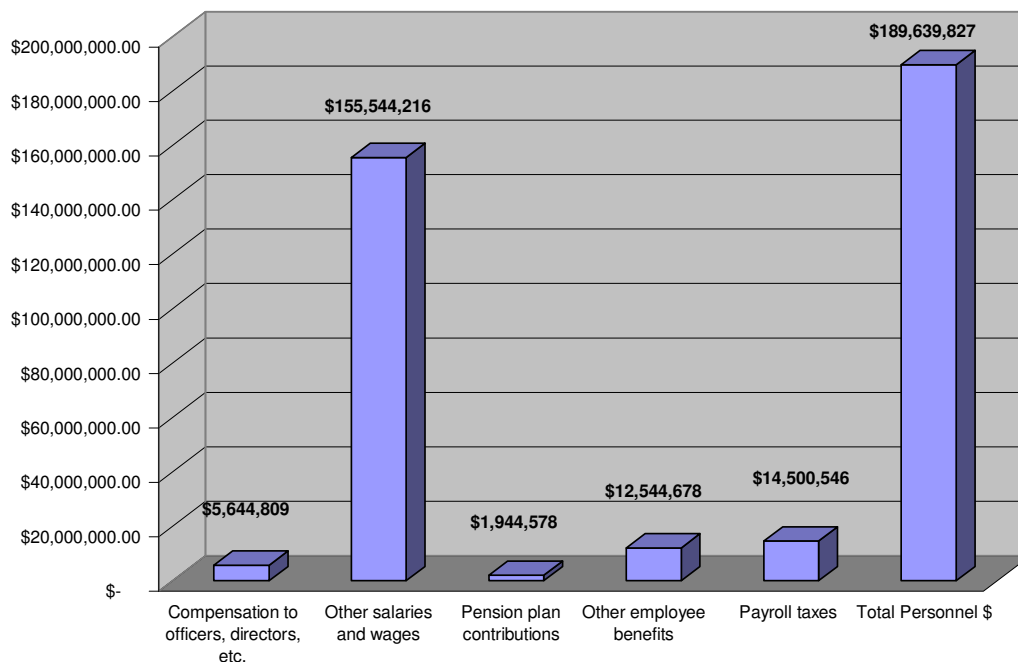
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Nonprofit Organizations Fuel Greater Lowell's Economy

SUMMARY: Western Merrimack Valley area community-based nonprofits generated almost \$447 million in revenue and spent over \$189 million on personnel in 2000, according to a study released by the Non-Profit Alliance of Greater Lowell (NPA) (<http://www.npagl.org>), an alliance of leaders of nonprofit organizations. The study, which was supported by Eureka-Boston and sponsored by NPA members Lowell Telecommunications, One Lowell, and New Beginnings, demonstrates the dramatic impact that community-based nonprofits have on the regional economy. Further cuts in social service spending by state and local governments will not just increase the suffering of people in need. These cuts will increase unemployment across the region and prolong the recession.

Greater Lowell Area Community-Based Nonprofit Organization Payrolls



The study is based on an analysis of IRS filings for 155 community organizations recently completed by the NPA in collaboration with Eureka-Boston. The agencies surveyed are engaged in

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art, community and economic development, community health, crisis intervention and advocacy, services for family, youth and elderly as well as supporting immigrants and cultural communities in Lowell, Lawrence, Andover, Billerica, Chelmsford, Dracut, Methuen, North Andover, Tewksbury and Tyngsboro. They represent 38% of the 323 active nonprofit organizations that were registered with the IRS in these ten cities and towns.

The economic impact of Lowell's universities, hospitals, and cultural institutions may be obvious, but the economic impact of community-based organizations on the local economy is less easily captured. This seems to happen because most community nonprofits are essentially small businesses, operating below the radar screen of public policy makers and the media. Of the 155 organizations analyzed in the NPA study, 91 reported revenue below \$1 million in 2000. Community-based nonprofits were defined as organizations that provided a range of social, human and cultural services to the citizens of their community. The organizations analyzed ranged from large, multi-service providers such as Community Teamwork, Inc. and the Boys & Girls Club of Greater to Lowell to smaller neighborhood-based programs such as the St. Julie Asian Center, a community education organization in Lowell.

If small businesses are the core of the regional economy, then community-based nonprofits are the bedrock. These organizations pumped \$447 million into the local economy in the form of payroll and purchased goods and services. They often provided crucial turn-key employment opportunities to low-income residents who would otherwise have been shut out of the 1990's economic expansion.

This bedrock of the local economy is in serious jeopardy today, as state and local governments consider another round of cuts in services, most of which are carried out under contracts with nonprofit service providers. Non-Profit Alliance member Victoria Fahlberg, director of the ONE Lowell Coalition, commented, "Most of us who do non-profit work don't think of our important impact on the economy. Instead, we think about the way that we help maintain the social safety net that ultimately benefits everyone. None-the-less, together we employ a large number of people, whose purchasing power significantly impacts the local economy. If we are forced to lay off staff due to budget cuts, it will not only be detrimental for us and the common good, but will harshly impact local businesses here in Lowell as well."

Dorcas Grigg-Saito, Executive Director of the Lowell Community Health Center (LCHC), remarks that LCHC has demonstrated the dramatic economic impact of community-based nonprofits for over three decades. Founded as a grassroots provider of health care services in the 1970s, the Center has grown to employ 250 people, with a payroll of \$7.5 million and a total budget of over \$13 million in 2003. As the Center has grown, it has been a significant contributor in the revitalization of the Acre in Lowell and as an anchor tenant in the Cambodian Mutual Assistance Association

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building. Grigg-Saito commented, "Not only does LCHC open its doors 62,000 times a year to serve 20% of Lowell's population, it also is part of Lowell's "economic engine" and one of its largest employers. Contributions to the economic vitality of Lowell by the health center and its employees are typical of the contributions of the over 300 non-profit organizations in the Greater Lowell area."

According to a report in the February 2001 issue of *The Nonprofit Quarterly*, the nonprofit workforce is one of the fastest growing sectors in the economy. It has grown twice as fast as all other nonagricultural sectors between 1977 and 1996. Nearly eight percent of the total workforce in the United States works in a nonprofit organization. Surprisingly, the nonprofit sector as a whole accounted for 26% of the workforce in the Greater Lowell area — a little more than a quarter of all jobs based on the NPA analysis of long-form data from the 2000 US Census. In the ten communities researched, the sector dominates employment figures for residents. Andover and Chelmsford had the highest concentration with 28% of the workforce employed in education, health, social services, or the arts. Lowell (27%), Lawrence (27%), and North Andover (26%) rounded out the top five.

Town/City	Total Employed	# Employed in Ed., Health & Soc.Services	% Employed in Ed, Health & Soc.Services
Billerica	20,732	4,400	21
Tewksbury	15,611	3,741	24
Methuen	20,810	5,065	24
Tyngborough	5,932	1,476	25
Dracut	15,284	3,804	25
North Andover	13,272	3,496	26
Lawrence	25,722	6,819	27
Lowell	47,735	12,921	27
Chelmsford	18,167	5,189	29
Andover	3,811	1,099	29
Totals	187,076	48,010	26

Source: NPA analysis of 2000 US Census long-form data.

Community based organizations are also those who are willing to locate in more economically risky areas, and often provide the means for economic recovery for the area. For example, the Lowell Community Health Center and the Coalition for a Better Acre have been successful anchors for the economic recovery in the Acre. Lowell Telecommunications Corporation (LTC) is another example. As a 10 year-old provider of community media and information for Lowell residents, it built its main studios in downtown Lowell in the early 90s. During this time, the City of Lowell insisted that it be one of the anchors in the city's plan to bring new life to the downtown area. When the organization considered moving in 2000, city officials insisted that LTC not move beyond the parameters of the downtown area. LTC's presence, along with the Lowell National Historical

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Park, the Textile History Museum, and the New England Quilt Museum, has paved the way for the growing and vibrant arts community in this area.

LTC's Executive Director, Robert Haigh, reflected on the organization's role: "Community-based non-profits represent the leading edge for economic development and revitalization, particularly in communities that have been viewed as untouchable or undesirable by the private sector. Especially in low-income communities, we are the risk-takers that make economic expansion possible for the benefit of many." As another indication of the organization's economic force, LTC has also turned \$4.5 million dollars worth of cable franchise fees into \$430 million dollars worth of community media and technology services for Lowell's residents.

David Kronberg, Executive Director of the Greater Lowell Community Foundation, has raised \$6.5 million dollars in endowed funds serving an array of society-building purposes in the region over the last five years. He commented, "State budget cuts on nonprofit services and other community-based enterprises have profound ramifications on our local economy, simply because so many businesses and the people employed by them depend on the purchasing power of these thousands of employees. It is an enormous waste of the Commonwealth's resources to convert productive, even wealth-creating employees into an additional passive drain on our economy as recipients of unemployment compensation."

About the Non-Profit Alliance of Greater Lowell:

The Non Profit Alliance seeks to build collaboration that strengthens the influence and impact of community-based organizations through sharing resources and advancing excellence in administration. For more information about the NPA check out the organization's website at <http://www.npagl.org> .