nonprofit montgomery

2025 State of Nonprofits in Montgomery County, Maryland

Photo credit: Identity, Inc.

Photo credit: Rebuilding Together Montgomery County

Photo credit: Manna Food Center

About Nonprofit Montgomery

Nonprofit Montgomery is an alliance of nonprofit organizations in Montgomery County, serving as a network, information resource, and advocate for the County's nonprofit sector. Through advocacy, capacity-building, and collaboration, we empower nonprofits to be effective and sustainable, offering training and resources to strengthen leadership and build resilience. We connect nonprofit leaders, advocate for increased resources, and ensure that policymakers, business partners, and the public understand the sector's vital role.

Our Funders and Sponsors

Nonprofit Montgomery would like to extend gratitude to our report funders and sponsors. This report would not have been possible without their financial support and commitment to our nonprofit sector.

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Our Research Partner

To lead the research, analysis, and writing of this report, Nonprofit Montgomery partnered with Sharp Insight, LLC (*sharp-insight.com*). Based in Montgomery County, Maryland, Sharp Insight is an evaluation firm that supports organizations in measuring and strengthening their impact.

Member and Participating Nonprofit Organizations

Nonprofit Montgomery would like to recognize our membership and the nonprofit organizations in Montgomery County, Maryland, whose staff members shared their time and expertise by participating in the Montgomery County Nonprofit Needs Assessment Survey. Organizations that participated in the survey are indicated with an asterisk (*).

4Montgomery's Kids
A Place for Grace Cat Rescue
Action in Montgomery
Action Youth Media
Advancing Black Lives in Education, Inc.
Allen Chapel AME Outreach*
American Diversity Group*
Ayuda*
Bethesda Cares*
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BlackRock Center for the Arts
Blossom Maternal Wellness
Bob Levey LLC*
Capacity Partners, Inc.
CaringMatters, Inc.
Carpe Diem Arts, Inc.*
Catholic Charities of the Archdiocese of Washington
Cedar Lane Unitarian Universalist Congregation
CentroNia
Charles Koiner Center for Urban Farming, Inc.*
Children's Opportunity Alliance (COA)
Circle of Rights, Inc.*
Climate Diet*
College Tracks
Community Bridges, Inc.*
Community FarmShare
Community Health and Empowerment through Education and Research*
Community Humanitarian Emergency Board International
Community Reach of Montgomery County*
Community Support Services, Inc.*
Conflict Resolution Center of Montgomery County*
Cornerstone Montgomery*
Cory Heidaran Charitable Foundation
Crossroads Community Food Network
Dance Exchange
DC Volunteer Lawyers Project*
Docs In Progress
Easterseals DC MD VA*
EduCare Support Services, Inc.
Empowering the Ages*
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For 3 Sisters, Inc.
Friends of the Library, Montgomery County, Maryland, Inc.
Gaithersburg HELP, Inc.
GapBuster, Inc.*
Germantown HELP, Inc.*
Girls on the Run of Montgomery County*
Greater DC Diaper Bank
Greater Washington Community Foundation-Montgomery County
HarvestShare*
Healthcare Initiative Foundation*
HealthWell Foundation
Housing Unlimited, Inc.
Identity, Inc.
Imagination Library
Imagination Library of Montgomery County, MD, Inc.
Integrative Strategies Forum*
Interfaith Works
Jewish Council for the Aging of Greater Washington*
Jewish Social Service Agency
Josie's Closet, Inc.
Just Neighbors Ministry*
Kingsbury Wellness & Learning Group
Kunzang Palyul Choling/KPC Buddhist Temple*
Latino Early Care and Education Coalition
Liberty's Promise*
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Living Legends Awards for Service to Humanity
Madison House Autism Foundation*
Main Street Connect*
Manna Food Center*
Maryland Coalition for Roadway Safety, Inc.
Maryland State Child Care Association
Montgomery Coalition for Adult English Literacy
MCCPTA Educational Programs, Inc. DBA Big Learning*
Mid Atlantic Food Resilience and Access Coalition
Mid-County United Ministries*
Montgomery County Black Collective*

Montgomery County Food Council*
Montgomery County Public Schools Educational Foundation, Inc.
Montgomery County Renters Alliance, Inc.
Mujer Fuerza y Coraje
NAMI Montgomery County, MD
New Orchestra of Washington
Nourishing Bethesda
Parent Encouragement Program*
Partnership for Extraordinary Minds*
Passion for Learning, Inc.*
Pride Youth Services, Inc.
Primary Care Coalition*
Proyecto Salud Clinic*
Rainbow Community Development Center*
Rebuilding Together Montgomery County
Red Wiggler Care Farm
SciTech2U*
SEEC*
Seneca Creek Community Church
SGAP Leaders, Student Global Ambassador Program
Shepherd's Table, Inc.*
Silver Spring Village
Spirit Club Foundation*
Stepping Stones Shelter
Stillborn And Infant Loss Support
Story Tapestries Inc.
Sunshine Projects Foundation, Inc.
The Arc Montgomery County*
The Civic Circle*
The Living Legends Awards for Service to Humanity, Inc.*
The Upcounty Hub, Inc.
The Widow's Promise
Theatre Consortium of Silver Spring
Tommy's Pantry*
Upcounty Community Resources, Inc.*
Vikara Village®
Village at Kentlands and Lakelands
Voices for Children Montgomery
Washington Estonian Society
Washington Metro Oasis*
Wonders Early Learning + Extended Day
Worksource Montgomery Inc.
WUMCO Help*

Message from
Nonprofit Montgomery's Staff and Board

As Nonprofit Montgomery began planning our celebration of 10 years as an independent organization in 2025, we realized it was time to revisit our landmark 2015 Beyond Charity report. That report illustrated the economic and workforce development impact of nonprofits in Montgomery County and informed Nonprofit Montgomery's advocacy for many years.

As 2025 approached, we considered the immense changes of the past decade, both nationally and locally. These national changes have included the COVID-19 pandemic; a public reckoning with issues related to diversity, equity, and inclusion; and significant changes in the federal administration and their priorities. Locally, we saw term limits pass, changes in how County-funded grants were managed, and transformed demographics. Every single one of these external factors impacts how nonprofits operate in Montgomery County, and we determined that it was time to tell that story.

This report concludes with concrete recommendations for public policy and community changes to help nonprofits weather the next decade and more. It also includes commitments that the nonprofit leaders who comprise Nonprofit Montgomery believe are essential for that success.

Nonprofit Montgomery Staff

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Nonprofit Montgomery Board

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Shepherd's Table

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(SGAP Leaders)

Introduction

Nonprofit organizations are essential to a healthy, thriving Montgomery County. Our County's nonprofit organizations play a critical role in addressing our social needs and building stronger communities. Through a wide range of programs and services, Montgomery County nonprofits provide vital support to our residents by feeding the hungry, sheltering the homeless, providing healthcare to those who are sick, and offering safe spaces for our youth. Beyond direct service delivery, nonprofits foster civic engagement through volunteerism, enrich communities through arts and culture, lead mobilization efforts, and create innovative solutions to address societal challenges. From an economic perspective, Montgomery County's nonprofit organizations drive financial growth in our local economy and supplement both government and business sector efforts to enhance our quality of life. In short, our nonprofit organizations matter.

Despite the fundamental role that our County's nonprofits play, few understand the daily complexities and obstacles facing the sector, from workforce shortages to challenging funding environments. With a mission to strengthen nonprofits in Montgomery County, advocate for the sector, and catalyze action to solve the community's toughest challenges, Nonprofit Montgomery is poised to help bridge this gap. In 2015, Nonprofit Montgomery assessed the economic impact of the nonprofit sector in Montgomery County. The culmination of that research, a report titled *Beyond Charity: Nonprofit Business in Montgomery County, Maryland*,[1] demonstrated that nonprofits are essential to the economic vitality of the County. A decade later, Nonprofit Montgomery collaborated with an external evaluator partner, Sharp Insight, LLC, to develop this second report that highlights the impact of nonprofits in the County for a range of county leaders in nonprofits, foundations, local government, and private industry. Grounded in existing research and the Montgomery County Nonprofit Needs Assessment Survey of Nonprofit Montgomery's members, this report summarizes the County's nonprofit landscape, workforce and economic impact, strengths and challenges, and emerging trends for an even more influential and effective sector in the future.
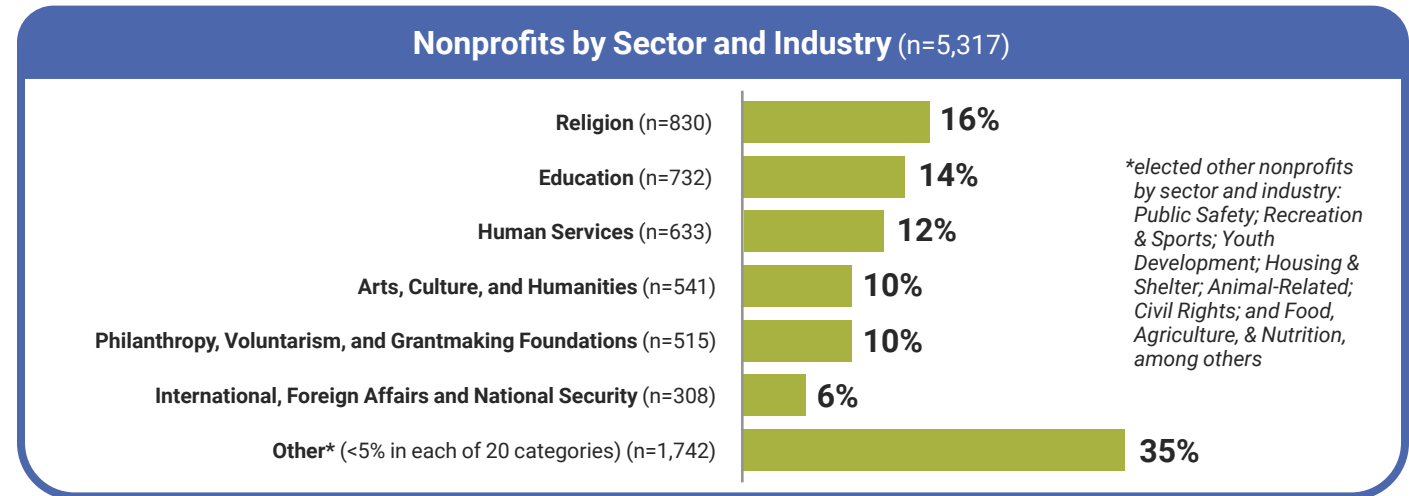
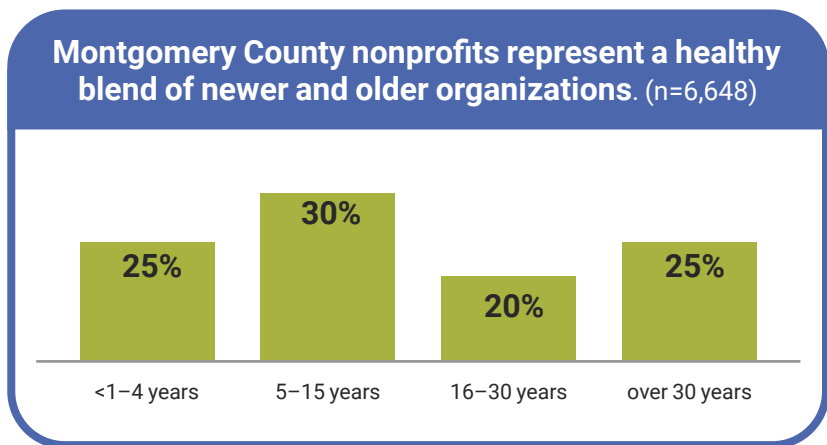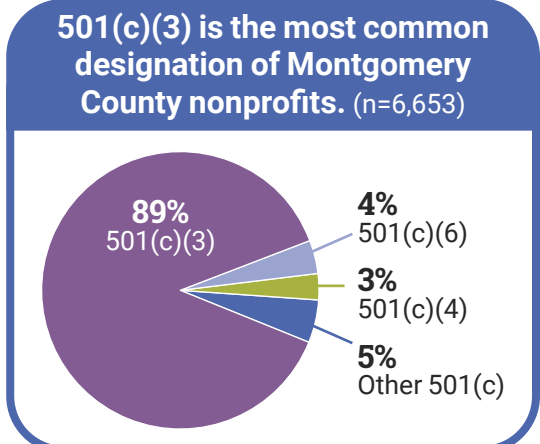# The Nonprofit Landscape in Montgomery County, MD

Nonprofits mean business. In fact, by definition, nonprofit organizations are businesses. But unlike their for-profit business counterparts, they are uniquely classified to **use their profits to advance the public good.** More specifically, a nonprofit organization may be classified by the Internal Revenue Service (IRS) into approximately thirty different categories under Section 501(c). Among these designations, the most common is 501(c)(3), which indicates that a nonprofit has a **charitable mission** and that donations to the organization are tax-deductible.[2] This report uses the term "nonprofit organization" to refer to 501(c)(3) organizations.

Montgomery County is home to 7,242 nonprofit organizations. These nonprofits hold numerous designations and benefit a wide range of sectors and industries. The IRS categorizes most nonprofits in Montgomery County as 501(c)(3) organizations. This designation includes public charities and private foundations. Examples of 501(c)(3) organizations include charitable, religious, educational, scientific, literary, public safety, and animal welfare organizations. As of August 2024, nearly 4% of county nonprofits are designated as 501(c)(6), which includes organizations that seek to improve business conditions, such as chambers of commerce. Approximately 3% of Montgomery County nonprofits are designated as 501(c)(4), a designation that includes civic leagues and associations. All other designations compose 5% of nonprofit organizations in Montgomery County.[3]

Nonprofits in Montgomery County represent a wide range of sectors and industries. The top three areas of focus for County nonprofit organizations include religion (16%), education (14%), and human services (12%). Notably, these are the same top three categories of reported subsectors of nonprofits nationally.[4] Following these are County organizations focused on arts, culture, and humanities (10%), philanthropy, volunteerism, and grantmaking foundations (10%), and international, foreign affairs and national security (6%). Within the County, the remaining 35% of organizations represent another twenty categories of nonprofit focus areas, with less than 5% in any one category, as highlighted in the table below.[5]

7,242
Nonprofit organizations are located in Montgomery County, Maryland

501(c)(3) is the most common designation of Montgomery County nonprofits. (n=6,653)

- **89%** 501(c)(3)
- **4%** 501(c)(6)
- **3%** 501(c)(4)
- **5%** Other 501(c)

Nonprofits by Sector and Industry (n=5,317)

Sector	Percentage
Religion (n=830)	16%
Education (n=732)	14%
Human Services (n=633)	12%
Arts, Culture, and Humanities (n=541)	10%
Philanthropy, Voluntarism, and Grantmaking Foundations (n=515)	10%
International, Foreign Affairs and National Security (n=308)	6%
Other* (<5% in each of 20 categories) (n=1,742)	35%

*elected other nonprofits by sector and industry: Public Safety; Recreation & Sports; Youth Development; Housing & Shelter; Animal-Related; Civil Rights; and Food, Agriculture, & Nutrition, among others

Montgomery County nonprofits represent a healthy blend of newer and older organizations. (n=6,648)

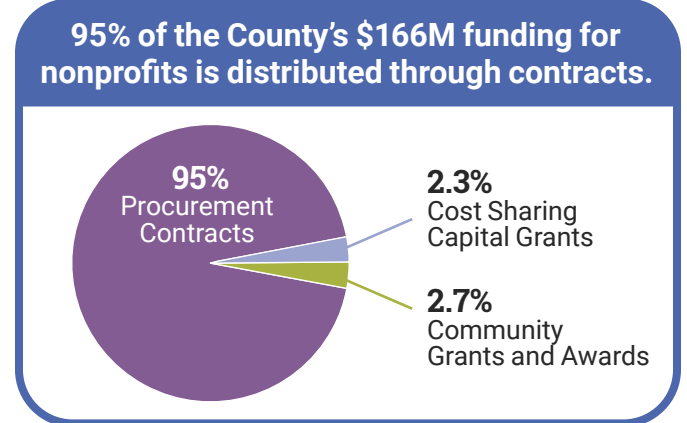| <1–4 years	5–15 years	16–30 years	over 30 years
25%	30%	20%	25%

About half of the County's nonprofits have been operating up to 15 years (55%), and half for 16 years or more (45%). The longest-running nonprofit organization on record has been operating for 103 years![6]

Nonprofits are supported by a range of revenue sources, both nationally and in Montgomery County. According to the National Council of Nonprofits,[7] there are three ways nonprofits can earn revenue: charging for their services/work, seeking donations, or finding other ways to bring in funding (e.g., grants). Larger nonprofit organizations, such as hospitals, healthcare entities, or educational institutions, are more likely to have a fee-for-service model, while small or mid-sized nonprofits tend to rely more heavily on donations. Nationally, just under half of reported nonprofit revenue (49%) from private fees for services, followed by nearly one-third (32%) from government grants/contracts, one-tenth (10%) from individual donations and bequests, 3% from foundations, 1% from corporate donations, and 5% from all other sources.

Among the respondents to the Montgomery County Nonprofit Needs Assessment Survey, reported revenue sources differed from these national averages. Among survey respondents, government funding (federal, state, and county) accounted for the largest percentage of nonprofit budgets, with Montgomery County government funding being the largest single revenue source reported, averaging 25% of the participating organizations' budgets. Other commonly reported revenue sources were individual donations, followed by private philanthropy and fees for good and services. While these survey responses represent just a subsample of nonprofits in the County, they reflect of the significant impact that County funding has on the sector.

In 2024, the Montgomery County Council approved approximately $166 million in FY25 spending for nonprofit organizations serving the County. About 95% of this funding is received by nonprofits through approximately 600 procurement contracts. The remaining 5% includes County Departmental and Community Grants Non-Departmental Account (NDA) grant awards (2.7%) and Cost Sharing Capital Grants (2.3%) that are primarily targeted to nonprofit providers (some grant programs allow awards to for-profit entities). Approximately $10.9 million in grants is allocated to be distributed via the Office of Grants Management (OGM). The County budget also includes an increased operating budget for OGM that totals over $600,000, of which the majority is devoted to personnel to support grants selection, distribution, monitoring, and technical assistance. An additional $2.5 million in the County's capital budget is allocated for nonprofit Cost Sharing Capital Grants.[8]

95% of the County's $166M funding for nonprofits is distributed through contracts.

- **95%** Procurement Contracts
- **2.3%** Cost Sharing Capital Grants
- **2.7%** Community Grants and Awards

> **"Realize that nonprofits are also businesses. We are filling unmet needs throughout the community, and we have the same challenges as for-profit businesses."**
>
> — Survey Participant

A Continually Changing County and Nonprofit Sector

Montgomery County, Maryland is a distinctive county. Within Maryland, Montgomery County is the most diverse county, is the most educated, has the second highest average income, and ranks as one of the healthiest in Maryland.[9]

Montgomery County, MD

Is the most **DIVERSE** county in Maryland	Is the most **EDUCATED** county in Maryland	Has the second highest average **INCOME** in Maryland	Ranks as one of the **HEALTHIEST** in Maryland

Montgomery County is also experiencing a rapidly changing population and growing needs to support its increasingly diverse, aging, and economically disadvantaged communities.

Montgomery County continues to grow in population size and diversity. According to *2020 U.S. Census Bureau data*,[10] there are 1,062,061 residents in Montgomery County. This was an increase of over 9% from its 2010 population of 975,619.

Amidst this growth in overall population has been an increase in the racial and ethnic diversity of the County. From 2010 to 2020, the white population significantly decreased (58% to 43%), while populations increased for Hispanic or Latino populations, Black or African American populations, Asian populations, and those reporting two or more races. There is also a growing foreign-born population in the County. In 2022, 358,504 residents reported not being born in the United States, which is 8% higher than the foreign-born population recorded in 2018.[11]

1,062,061
Residents in Montgomery County, Maryland

From 2010 to 2020, Montgomery County's changing demographics reflected increasing racial and ethnic diversity.

Population Subgroup	2010	2020	Change
White, Non-Hispanic	58%	43%	⬇ (-15%)
Black or African American	17%	19%	⬆ 2%
Hispanic or Latino	17%	21%	⬆ 4%
Asian	14%	15%	⬆ 1%
Two or More Races	4%	11%	⬆ 7%
American Indian and Alaska Native	0.4%	1%	⬆ 0.6%
Native Hawaiian and Other Pacific Islander	0.1%	0.1%	= 0%

Diverse communities are associated with economic growth, strengthened creativity and innovation, and a wide range of skills and knowledge. However, increased diversity, particularly linguistic diversity, can also lead to challenges with effective communication and connection to essential resources and services.[12] One respondent to the Montgomery County Nonprofit Needs Assessment Survey suggested that one of the County's greatest challenges or unmet needs over the next decade will be "*immigration legal services.*" Montgomery County nonprofits, businesses, and government must continually adapt to meet the needs and reap the benefits of an increasingly diverse population.

The fastest-growing age group in Montgomery County are adults, ages 65 and older.[13] From 2010 to 2022, the 65+ age group experienced its population increasing by 51%. The 2022 population of older adults totaled 181,334, accounting for 17% of the total population. During this same timeframe, the 0–4 age group declined by 7%. As one survey respondent shared, an anticipated challenge facing the nonprofit sector over the next decade will be, "*supporting [our] growing population of Seniors to age safely in place.*"

Due to the rising older population, like other counties across the nation, Montgomery County is faced with a range of significant impacts, including reduced workforce, increased healthcare demands, and amplified needs for age-friendly housing and community resources.[14]

Poverty in Montgomery County is on the rise. As of 2022, 7.9% of Montgomery County residents reported living beneath the poverty threshold, an increase from 6.9% just four years prior.[15] The federal poverty level (FPL) threshold is nationally determined by the U.S. Census Bureau each year and is the same figure for all 48 contiguous states; as of 2023, the FPL for a family of four was $30,000, and for a single adult was $14,580. Given that Montgomery County is the second most expensive county in the state,[16] the financial pressures facing lower-income residents are exacerbated. These pressures do not remain at the household level, as schools, nonprofits, businesses, and the government face their own pressures in identifying how best to support their communities and meet the essential needs of their lower-income residents of all ages.

Similarly, Montgomery County's nonprofit sector has experienced shifts in its landscape due to both national trends and local circumstances. Aligned with national trends, these have included changes in funding sources and strategies, changes due to the acute and long-lasting impacts of COVID-19, the increased use of technology and data, and a growing focus on collaborative models. Locally, these have included a nonprofit workforce that does not reflect the increasing diversity of the County, changes in County nonprofit funding mechanisms, and new term limits impacting tenure of strategic funding priorities.

> "The proportion of older adults with memory challenges will continue to increase and burden the adult caregiver segment of the population."
> — Survey Participant

Nearly
8%
of Montgomery County residents reported living beneath the federal poverty threshold

> "Funding is needed for the increasing number of residents who find it too expensive to live, eat, and house their families here."
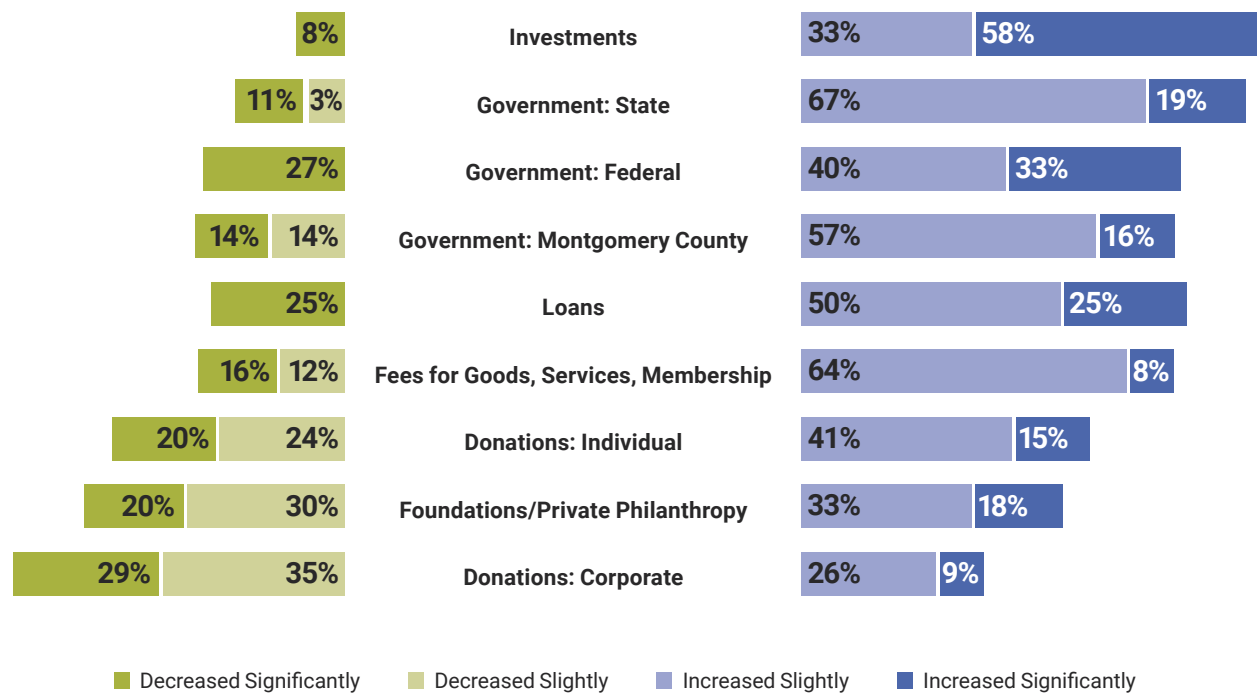> — Survey Participant

> "The philanthropic generational trend towards less giving to nonprofits is concerning."
>
> – Survey Participant

Over the past decade, nonprofit organizations' philanthropic funding sources and strategies have significantly changed. Individual, corporate, and foundation philanthropy is both an important source of revenue for many nonprofit organizations and a crucial antidote to large-scale social challenges such as food insecurity and homelessness. These funding sources not only help in the moment, but also give nonprofits another way to leverage private and public dollars, multiplying their impact.[17] However, due to a range of factors including shifts in federal charitable giving incentives and the COVID-19 pandemic, nonprofit organizations have experienced a decline in philanthropy. During this same time, government funding increased due to the pandemic response and aftermath, leading some nonprofits to rapidly grow in response to such significant community need.[18]

Responses to the Montgomery County Community Needs Assessment Survey reflect this same pattern. While philanthropic sources are critical to nonprofit operations, survey responses indicate these funding streams were particularly concerning. More specifically, when asked about their experience over the past decade, nearly two-thirds of respondents (64%) reported a decline in corporate donations, half (50%) reported a decline in foundations/private philanthropy, "and at least 44% reported a decline in individual donations. During this same time, the organizations also reported increases in funding from investments (91%), government (86% state, 83% federal, and 73% county), and fees for goods, services, and membership (72%). Grounded in this context, when asked what budget and/or philanthropic trend will most impact their nonprofit organization over the next decade, one needs assessment respondent shared, *"lack of county or state funding will impact us dramatically,"* while another added, *"underfunding from Montgomery County government will be a problem for the nonprofit sector."*

At least 44% of County nonprofits surveyed reported declines in donations and philanthropy over the past decade, while over half reported experiencing increases in funding from investments and government. (n=45)

	Decreased Significantly	Decreased Slightly	Category	Increased Slightly	Increased Significantly
Investments		8%	Investments	33%	58%
Government: State	11%	3%	Government: State	67%	19%
Government: Federal		27%	Government: Federal	40%	33%
Government: Montgomery County	14%	14%	Government: Montgomery County	57%	16%
Loans		25%	Loans	50%	25%
Fees for Goods, Services, Membership	16%	12%	Fees for Goods, Services, Membership	64%	8%
Donations: Individual	20%	24%	Donations: Individual	41%	15%
Foundations/Private Philanthropy	20%	30%	Foundations/Private Philanthropy	33%	18%
Donations: Corporate	29%	35%	Donations: Corporate	26%	9%

■ Decreased Significantly   ■ Decreased Slightly   ■ Increased Slightly   ■ Increased Significantly

The COVID-19 pandemic impacts on the County nonprofit sector were both acute and long-lasting. According to the *2022 Nonprofit Finance Fund national survey*, during the pandemic, 71% of nonprofit employee respondents saw an increase in service demand, and 49% reported that staff took on duties outside regular job descriptions all or most of the time. Most staff surveyed (81%) also reported having to adjust to new or different ways of working, such as virtually or as a hybrid approach. In response to the growing needs faced by the nonprofit sector, there was an influx of federal funding serving as temporary support. As the years have passed since the start of COVID-19, this pandemic-relief funding has ended, and organizations are faced with fewer resources to adapt to changing needs within their communities, funding environments, and organizations. While masking requirements have subsided, some practices that began during the pandemic, such as virtual or hybrid services, expanded use of technology, and charitable giving trends, may become normalized. In fact, half (51%) of the Nonprofit Finance Fund's national survey respondents believe that new or different ways of working during the pandemic could lead to permanent changes within the sector.

> "It may be difficult to draw new donors with the current economy. [I] am hoping that foundation and corporate grants will take up the slack."
>
> – Survey Participant

Within Montgomery County, nonprofits have experienced these same trends. Service demand grew, as did the availability of public funding, including what is outlined in the Montgomery County, Maryland, 2022 Recovery Plan, specifically through support of Health and Human Service Hubs.[19] While ramping up to meet overwhelming community needs was challenging, years after the start of COVID-19, the sector is still facing the aftermath of the pandemic. This includes shifting funding streams away from recovery/relief funding, continued declines in charitable giving, increased cost of living and staffing pressures, and fluctuating political climates that impact funding allocations to the sector. One respondent to the Montgomery County Nonprofit Needs Assessment Survey shared a similar sentiment from the vantage point of charitable giving, noting, *"In general, donors appear traumatized by the lingering hangover from the pandemic, inflation, political turbulence and overall burnout."*

In recent years, nonprofits have increased their use of technology and data, but there is still a digital gap in the sector. While technological advancements were well underway before the pandemic, in some instances, COVID-19 and the subsequent need for virtual workspaces and alternative service models accelerated this movement. Today, technology is infused within many aspects of nonprofit organizational life. Technology is used to share information with organizations' interest holders via websites, on social media, and through targeted media campaigns. Service delivery can now be accessed in some organizations virtually and/or in hybrid formats. Evaluation of programming and services is often grounded in analysis of data from client databases and electronic surveys, with written reports supplemented by internet-based dashboards for various audiences. Fundraising efforts have become more technologically sophisticated, in terms of both donor research and the use of grant portals. Organizations that have been able to effectively transition to technological solutions can improve their impact through increased efficiency, productivity, real-time data gathering, and innovative programmatic opportunities and service delivery models; however, not all nonprofits have been able to effectively make the transition to digital workflows, widening the digital gap.[20]

Cybersecurity is a growing concern for nonprofits globally and locally. As such, according to Microsoft's 2021 Digital Defense Report,[21] nonprofit organizations have become the second most targeted sector by cybercriminals, accounting for 31% of all notifications of nation-state attacks against organizational domains,

as detected by Microsoft. For example, a February 2025 ransomware attack on Frederick Health, a nonprofit health system that provides some services to Montgomery County residents, jeopardized operations.[22]

In addition to cybersecurity insurance against attacks, government contracts frequently require vendors to protect personal information of clients served, and to follow industry standards of payment compliance.[23] Furthermore, nonprofits that provide health care services must follow HIPAA standards to protect information. These requirements mean that nonprofits must invest in compliant systems.

A nonprofit organization's transition to using technology is challenging and complex. The transition requires increased needs for specialized staff, technology training and professional development for existing staff, expanded data security risks and ethical considerations, and funding for devices, servers, platforms, and other related technological expenses. While many nonprofit organizations in the County have made great strides with respect to their technological advancements, responses to the Montgomery County Nonprofit Needs Assessment Survey reveal that there is still work to be done. In fact, **61% of Montgomery County nonprofit organizations surveyed reported technology as an organizational challenge during their last fiscal year.** Open-ended survey feedback echoed these challenges, with one respondent noting *"technology, data systems, cybersecurity"* as contributing to the increased cost of doing business.

Collaborative models offer unique approaches to maximizing nonprofit organizations' contributions. A growing and oftentimes welcome trend within the nonprofit sector is a focus on collaborations and partnerships. This focus is grounded in the knowledge that no single organization can fulfill the entirety of a community's complex needs, and that aligning initiatives, institutions, and government entities can be a productive way to streamline efforts to address a shared challenge. Examples of collaborative models include nonprofits intentionally working with other nonprofits, government entities, for-profit companies, and/or any of the above through a partnership, collective, or collaborative. Often guided by a memorandum of understanding or charter, these approaches allow each entity to bring their greatest assets to the group to advance a particular cause or achieve a common goal within the community.[24]

> "Montgomery County has struggled to transition to a new grant-making process. That has led to a lot of groups competing for a small piece of the pie. It's a challenging and competitive fundraising environment overall."
>
> – Survey Participant

In Montgomery County, one example of a collaborative model has roots in Nonprofit Montgomery — Montgomery Moving Forward (MMF).[25] Established by Nonprofit Montgomery in 2012 as a collective impact initiative, MMF brings together leaders from a variety of sectors to address significant challenges facing the County. With the support and guidance from its Leadership Group, since it began, MMF has focused on two core issues—workforce development and early childcare education. The workforce development focus led to the creation of Workforce Montgomery, the leading workforce development service provider in the County. The early childcare education work led to the creation of the Children's Opportunity Alliance, specifically focused on ensuring that Montgomery County's children are thriving. MMF, now operating independently from Nonprofit Montgomery, serves as an example of the significant impact that cross-sector partnerships can have on the County, though collective impact initiatives are not the only partnership options; it will continue to take creativity, nonprofit and multi-sector collaboration, and innovation to address the County's challenges and maximize its opportunities.

Over the past five years, Montgomery County has continued to fund nonprofits primarily through contracts. In fact, the vast majority of the County's funding for nonprofits (95%) is provided as non-compete or procurement contracts. Procurement contracts enable nonprofits to view open solicitations and bid for work. That said, the procurement and contracting processes have been perceived by some nonprofit leaders as challenging, specifically those that favor certain organizational types or owner characteristics (e.g., minority, female, disabled, veteran)[26] and those related to non-competitive awards, which can be a barrier for other new or long-standing County nonprofit organizations that may want to compete for these contracts, including service delivery contracts.

During this same period, Montgomery County has significantly shifted its approach to the smaller amount of grant funding allocated. Today, this remaining 5% of nonprofit funding is administered through the County's Grants programs.[27] The recent transformation in grant funding has been significant to the County, in terms of both process and structure. According to the *Office of Legislative Oversight September 2018 report*,[28] between 2015 and 2019, there was an increase of approximately 67% in the number of grant requests and 49% in the number of grant awards. To better understand this shift, the County Council and County Executive sought feedback from nonprofits and the Council Grants Advisory Group. The feedback received mentioned confusion about the purpose, goals, and relationship of executive versus council grants, and that County procurement requirements were burdensome and challenging. As a result of these findings outlined in their 2018–19 report, the County Council and County Executive updated the grant-funding process. In July 2021, the County Council enacted Bill 36-19, which established the Office of Grants Management as an office of the Executive Branch, amended the circumstances in which a grant is awarded without competition, and required the creation of a publicly available grants database. By Fiscal Year 2024, the Office of Grants Management managed 28 grants programs, including focus areas supporting youth, seniors, individuals with disabilities, underserved communities, the arts, and nonprofit capacity-building.[29] While some aspects of this transition have occurred as planned, as expressed by nonprofit representatives in the Montgomery County Nonprofit Needs Assessment Survey, there has been significant frustration related to communication challenges and delayed funding processes, among other issues. One respondent requested that the County *"coordinate funding better — support the grants office and meet deadlines,"* while another added, *"simplify the grants process."* As such, this transition continues to be a work in progress.
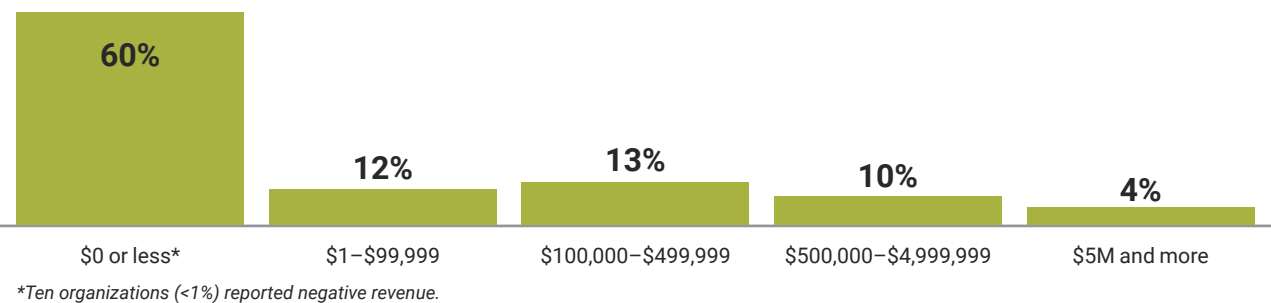
A growing movement in Montgomery County succeeded in limiting the terms of elected officials who play a key role in determining funding priorities. *In 2016*, voters approved a measure to limit the County Executive and County Council Members to three consecutive terms, after not approving this measure in 2000 and 2004.[30] In *July 2024*, an advocacy group, the Committee for Better Government, had collected more than 20,000 petition signatures to get a referendum added to the November 2024 ballot to limit the County Executive to two consecutive terms, and a break in between a second and third term.[31] With these more limited terms comes increased potential for more frequent changes in the strategic priorities of County funding, on which County nonprofits depend.

The Impact of Nonprofits on Montgomery County's Economy and Workforce

Montgomery County nonprofits generate billions of dollars in revenue per year. In 2024, revenue reported by nonprofits in Montgomery County totaled over **$16.3 billion**. Among the 4,784 Montgomery County nonprofits with recently reported revenue to the IRS, revenue ranged from a negative return to $5.6 billion.[32] The **revenue diversity** within the sector is notable, as 60% of these nonprofits report no revenue, one-quarter (25%) report less than $500,000 per year, and just 15% report revenue greater than $500,000 per year.

While total annual nonprofit revenue exceeds $16B, there is a wide range of revenue diversity among nonprofits in Montgomery County. (n=4,784)

60%	**12%**	**13%**	**10%**	**4%**
$0 or less*	$1–$99,999	$100,000–$499,999	$500,000–$4,999,999	$5M and more

Ten organizations (<1%) reported negative revenue.

Montgomery County nonprofits provide employment opportunities and rising wages. According to data from the U.S. Census Bureau and U.S. Bureau of Labor Statistics, of the 436,843 people employed in Montgomery County in 2022, approximately 58,100 (13.3%) were employed by 501(c)(3) establishments.[33] This figure has remained relatively consistent since 2018. During that same time period, total wages paid by nonprofits in Montgomery County, average annual wages per employee, and average weekly wages have seen a steady increase since 2018.[34]

58,100
Number of individuals employed by nonprofit organizations in the County

From 2018 through 2022, nonprofit employment in Montgomery County has remained relatively consistent, while total wages, annual wages per employee, and average weekly wages have steadily increased.

	2018	2019	2020	2021	2022
Percent Employment 501(c)(3)	13.1%	13.2%	13.6%	13.3%	13.3%
Total Wages Paid 501(c)(3)	$2.9 Billion	$3.1 Billion	$3.1 Billion	$3.2 Billion	$3.5 Billion
Wage Ratio	0.82	0.83	0.79	0.77	0.83
Annual Wages per Employee	$59,965	$61,727	$65,390	$69,115	$73,252
Average Weekly Wage	$1,153	$1,187	$1,257	$1,329	$1,409

Data source: U.S. Bureau of Labor Statistics 2018–2022

County nonprofits provide varied employment types and numerous volunteer opportunities. According to data from the Montgomery County Nonprofit Needs Assessment Survey, nonprofit teams comprise different employee types, reporting 80% working as full-time employees, 14% as part-time employees, and 6% as seasonal employees.

Unique to the nonprofit organizational model is the support of a volunteer workforce. Respondents to the Montgomery County Nonprofit Needs Assessment Survey report that their organizational paid workforce needs are supplemented by volunteers including, on average, **167 volunteers per nonprofit organization.**

Despite their employment opportunities and rising wages, nonprofits fall short of meeting the economic needs of workers in the County. While the federal poverty level (FPL) for a family of four is set at $30,000, Montgomery County's 2023 Self-Sufficiency Standard indicates that a family of four needs approximately $122,943 to cover necessities — a figure that exceeds even the County's median household income of $118,323.[35] For nonprofit employees with children, achieving self-sufficiency proves particularly challenging. According to the self-sufficiency standard, in 2023, a single adult with one child needs an annual income of $82,195 to be self-sufficient. *This self-sufficiency average is higher than average annual wages paid to nonprofit employees.* Because of this financial hardship, nonprofit workers may seek residence outside of the County where the sufficiency standard is lower or choose to seek alternate employment. In short, while wages paid have increased, providing competitive salaries for employees so they can support the high costs of living in Montgomery County remains a considerable challenge for local nonprofits. As one nonprofit representative shared in the Montgomery County Nonprofit Needs Assessment Survey, the greatest challenge facing the nonprofit sector is *"affordable housing and resources,"* while another described the sector's greatest challenge as *"the inability to recruit and retain staff if funding doesn't keep pace with the rising costs of doing business in Montgomery County."*
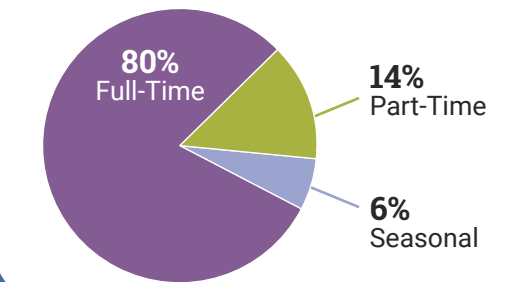
Nonprofit organizations' challenges to meet salary demands have led to workforce shortages and reduced ability to meet the needs of the community, both nationally and in Montgomery County. In 2022, the *National Council of Nonprofits*[36] reported that nonprofits across the United States have experienced higher job vacancy rates than for-profit and government organizations, as nonprofits are unable to provide competitive salaries and nonprofit employees face burnout that was exacerbated by the COVID-19 pandemic and the 2021 repeal of the Employee Retention Tax Credit. The Council asserted that the nonprofit worker shortage leads to nonprofits not being able to sufficiently meet the needs of their communities.

Montgomery County nonprofits offer a range of employment types. (n=54)

- 80% Full-Time
- 14% Part-Time
- 6% Seasonal

> *"We faced significant challenges, including the loss of essential funding, the lasting impacts of the COVID pandemic, and the need to relocate our office with very limited financial resources."*
>
> **– Survey Participant**

7 in 10
Montgomery County nonprofits surveyed report being *understaffed*

In Montgomery County, nonprofit organizations are faced with these same workforce shortages. Among the nonprofit organizations who took part in the Montgomery County Nonprofit Needs Assessment Survey, there were an average of five vacancies for paid positions per organization, leading to 69% of the organizations reporting being understaffed.

In the last fiscal year, Montgomery County nonprofit job vacancies were reported by Montgomery County Nonprofit Needs Assessment Survey respondents in a range of job categories. These job vacancies

included roles in program and service delivery, entry-level positions, administration and human resources, senior management, development, and fundraising. When asked with vacancies were filled, the nonprofit respondents reported being most likely to fill program and service delivery roles, followed by entry level positions. Least likely to be filled were communications roles and development and fundraising roles.

When asked about recruitment and retention, respondents to the Montgomery County Nonprofit Needs Assessment Survey shared strengths and challenges faced by the sector. The two factors rated as their overwhelming strengths to staff recruitment and retention were mission connection and the culture of their organizations. More neutral in their recruitment and retention roles were the work-life balance that some organizations reported as well as benefits provisions. Among the challenges to staff recruitment and retention, the two most significant were the overall budget of the organization and salary provision, followed by contracting and grant cycles as well as employee stress and burnout within the field.

Montgomery County nonprofits' recruitment and retention strengths include their mission and culture, but they are challenged by many financially driven factors.

Mission Connection
Culture of Organization
Work-Life Balance
Benefits Provision
Stress and Burnout
Contracting/Grant Cycles
Salary Provision
Organizational Budget

CHALLENGES
in Recruitment & Retention

STRENGTHS
in Recruitment & Retention
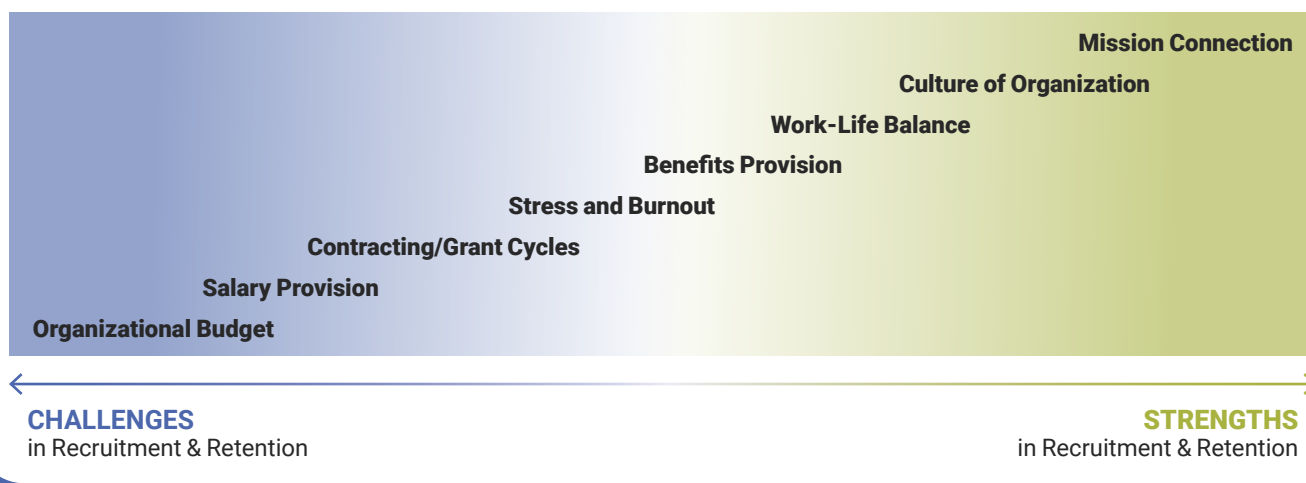
Similarly, in the open-ended responses, one individual shared that the greatest challenge or unmet need facing the nonprofit sector in Montgomery County was, *"Insufficient revenue and general operating dollars to recruit, attract, and retain a critical workforce in a competitive job market supported by strong organizational infrastructure and resources."* Another respondent simply added, *"hiring and retaining qualified staff at all levels will be the biggest issue."*

As such, while the impact of nonprofits on Montgomery County's workforce and economy is strong, so, too, is the need for the financial support of nonprofits to ensure a sustainable, thriving sector for the future.

Recommendations for a Stronger Nonprofit Sector

Montgomery County government, business, philanthropy, and community leaders can take action to alleviate the challenges facing the nonprofit sector. These investments will demonstrate the County's commitment to sustainable funding principles for the nonprofits that provide essential services to our residents. Grounded in research, findings from the Montgomery County Nonprofit Needs Assessment Survey, and discussions with nonprofit leaders, Nonprofit Montgomery respectfully proposes the following recommendations to ensure a sustainable future for nonprofits in the County over the next decade and beyond.

For Leaders in Montgomery County Government:
Support Sustainable Funding to Nonprofit Organizations

The nonprofit model is challenging to sustain, but there are actions the Montgomery County Government can take to alleviate some challenges. These investments in the sector will demonstrate the County's commitment to sustainable funding principles for the nonprofits that provide essential services to its residents.

- **Create a County Office of Nonprofit Partnerships to frame the County government's relationship with nonprofit partners cross-departmentally**. Nonprofits engage with County government in almost every department. This office would serve as a connector and convenor for nonprofits as well as a support for County agencies that partner with nonprofits. A central point of contact to ensure consistent policy across departments, troubleshoot concerns, and identify opportunities for public-private partnerships to include nonprofits would be a benefit to the County Executive's team.

- **Develop standard procedures for the County's nonprofit partners' contract procurements, grant funding, and monitoring/evaluation that are transparent, equitable, and reflective of changing community needs.** Ensuring county funds are fairly invested with partners who can successfully meet the needs of our growing population is vital to both the County's health and the stability of organizations. Additionally, consistent procedures for monitoring and evaluation would streamline work for both nonprofits and the government agencies they support.

- **Match the federal indirect rate floor of 15% on County-administered contracts and grants to nonprofits or their federal Negotiated Indirect Cost Rate Agreement (NICRA), whichever is greater.** This measure would reduce the administrative burden for nonprofits to calculate their indirect rates, which can be a complex calculation due to the receipt of varied funding sources, including other government contracts with varying indirect rates. Furthermore, having an indirect rate floor would support nonprofits in their ability to recover a minimum amount of essential overhead costs needed to sustain the organization.

- **Build Cost of Living Adjustments (COLA) into County-administered contracts and grants to nonprofits.** Multi-year contracts or grants typically provide a consistent, flat fee each year for a set amount of years to provide a consistent, set amount of services each year; however, given that COLA typically increases over time, this model does not offset the effects of inflation. Without COLA included in multi-year funding opportunities, the contracts or grants lose their purchasing power each year, ultimately placing the financing burden on the nonprofit organizations to make up the difference and reducing the impact of their organization's work.

> "Think broadly about the environment, and actively seek out strategic partnerships. There are a lot of nonprofits doing related work that could be more strategically aligned to enhance their impact."
>
> – Survey Participant

> "Beyond additional funding, the single most important thing Montgomery County business leaders can do to foster a thriving nonprofit sector is to build strong partnerships with local nonprofits through skills-based volunteering, mentorship, and shared resources. By leveraging their expertise, connections, and infrastructure, business leaders can support nonprofits in critical areas like strategic planning, financial management, and technology. This collaborative approach not only strengthens the nonprofit sector's capacity to address community needs but also fosters a sense of shared purpose and resilience across the County."
>
> – Survey Participant

For Leaders in Montgomery County Government, Business, and Philanthropy:

Strategically Invest in Nonprofit Organizations' Infrastructure

Location, location, location! Public and private investments in nonprofit organizations' physical infrastructure benefit the organizations' sustainability as well as the communities they serve.

- **Include securing office, programming, and warehouse space for nonprofit organizations in the County's commercial real estate development goals.** There are many ways in which the County could meet such a goal. For instance, future developments may include building set-aside space for the sector (potentially with tax incentives) and/or existing County facilities could be re-envisioned to co-locate nonprofits, a strategy that has been found to enhance programming, reduce costs, and increase collaboration. This strategy would require engaging nonprofits early in the development and planning processes to ensure that facilities meet programmatic needs.[37]

- **Dedicate strategic infrastructure investments to nonprofit organizations in high-need, underserved areas,** such as the East County region, Germantown, and Long Branch communities, among others. While nonprofits may be compelled to locate in affordable facilities wherever they exist in the County, there are areas that have higher needs and lower existing infrastructure. Intentionally building spaces for nonprofit organizations in lower-income areas that are more geographically isolated is a strategic investment for these communities — physically, economically, and socially. Additionally, as master plans are conducted for any high-need, underserved communities, the Montgomery County Planning Department should intentionally focus on ensuring the inclusion of nonprofit service delivery in those plans.

> "Securing adequate funding will continue to challenge the nonprofit sector. The Montgomery County government reimbursement contract approach never fully covers the costs of services, and seems to be falling ever further short of covering costs. That contributes to the financial challenges nonprofits face. The posture of treating nonprofit partners as vendors rather than partners is an emerging concern that may face the sector."
>
> – Survey Participant

For Leaders in Montgomery County Government, Schools, Business, and Philanthropy:

Strengthen Collaborations with Nonprofit Organizations

Nonprofit organizations have big missions but do not need to face their challenges on their own. These opportunities to strategically collaborate, both within the sector and among sectors, leverage nonprofit organizations' unique strengths and enable them to achieve more than they could on their own. This investment should be funded by philanthropy, government, and business interests.

- **Promote and advance a range of models of collaboration within the nonprofit sector.** Within the nonprofit community, there are a full range of opportunities for collaboration, such as partnering on programming/service delivery or sharing administrative space. Beyond partnerships, organizations with strong strategic alignment may find a benefit from merging to reduce duplication efforts and consolidate costs. These types of strategic partnerships all along the spectrum are essential to a mission-driven, cost-effective, and responsive sector. Multiple respondents to the Montgomery County Nonprofit Needs Assessment Survey echoed this sentiment with suggestions such as, *"collaborate and decrease overlapping services," "consider mergers and stronger partnerships,"* and *"collaborate on systemic solutions to County issues with other nonprofits rather than competing."*

- **Increase investment from private and public entities in models of collaboration that include nonprofit organizations alongside businesses, government, and philanthropy.** The nonprofit sector offers distinct operational advantages due to their deep, trusted connections within the communities they serve, their ability to manage responses to federal and state challenges, as well as their ability to be nimble and adaptive. As such, nonprofit organizations can be ideal partners with private-sector and public-sector organizations alike; however, due to strains within the sector, nonprofits do not always have the bandwidth to foster these partnerships. As such, the challenge lies with the private and public sectors to strengthen Montgomery County through mutually beneficial public-private-nonprofit-sector collaborations.

- **Formalize access to, and investment in, nonprofit partnerships benefiting Montgomery County Public Schools (MCPS).** Nonprofit organizations play a vital role in the educational, social-emotional, and recreational development of students, families, and staff of MCPS during the school day and during out-of-school-time hours, including summer. Despite these benefits, there is not a consistent pathway for nonprofits to partner with the school system. Similarly, there is not a consistent integration of nonprofit activities in MCPS' multi-billion-dollar budget. Currently, partnerships with nonprofits range from the informal (e.g., non-contractual activities at the school level supported by external funding) to the formal (e.g., contractual engagements funded by the central office). As one Montgomery County Nonprofit Needs Assessment Survey respondent shared, *"recognizing partnerships with schools is highly important."*

For Leaders in Montgomery County Government, Business, Philanthropy, and the Community-at-Large:

Advance Economic Policy That Benefits Middle-Income Residents

To offset the high cost of living and challenging real estate market in Montgomery County, the following recommendations are proposed, specifically focused on affordable housing and tax policy. These recommendations would benefit all residents, including many nonprofit employees who face economic hardship residing in the County, as highlighted in this report.

- **Advocate for federal, state, and local investment in, and zoning adjustments for, affordable housing production in the County.** As previously highlighted in this report, the high cost of living in the County impacts many factors, including the ability for nonprofit employees to live in or near the communities in which they work. Amended zoning codes ("upzoning") and increased investment in support of market-rate ("missing middle") and subsidized affordable housing will help meet the important market demand from nonprofit employees, as well as the clients they support each day.

- **Support the Fair Share for Maryland Coalition work on tax policy.** The tax policy changes supported by the Fair Share for Maryland Coalition[38] are designed to increase state revenue through closing corporate tax loopholes, addressing inequities in our current tax structure, which will benefit hardworking low- and middle-income residents. These includes many of the nonprofit sector's interest holders, from their staff members to their clients/participants. Tax policy change represents systematic solutions that can benefit the nonprofit sector for years to come.

"Analyze and articulate the nonprofit sector's greatest strengths and challenges. Convince the County to outsource more of their direct services to the nonprofit sector whenever they are clearly the more trusted messenger in the community."

— Survey Participant

Nonprofit Montgomery's Commitment

Nonprofits play vital roles in keeping our communities healthy and strong; however, they also need someone advocating for them and strengthening them. That is where Nonprofit Montgomery comes in — to facilitate connections and opportunities, train leaders and staff, and adapt to meet the needs of changing communities. Grounded in the organization's mission and strategic plan as well as driven by data from this report, Nonprofit Montgomery is committed to the following focus areas over the next decade.

- **Nonprofit Montgomery is committed to providing research and advocacy for the needs of the sector.** Understanding the unique needs of the nonprofit sector and being able to advocate for those same needs to a range of interest holders are essential components of a thriving nonprofit sector. Nonprofit Montgomery will stay informed of work that other communities across the nation are doing to support nonprofits, utilize best practices, and continue to collaborate with Maryland Nonprofits. The Montgomery County Needs Assessment Survey respondents were clear in their desire for an advocate, with one noting that Nonprofit Montgomery's *"biggest support to us is advocacy — we do not have the capacity."* Others shared, *"advocate and educate for nonprofits"* and *"advocate for more funding for organizations that have a proven track record in the County."*

- **Nonprofit Montgomery is committed to facilitating connections and strategic opportunities among nonprofits.** The nonprofit sector within the County includes busy staff who, oftentimes, do not have the bandwidth to network or explore similar work happening in their communities; however, that is exactly the type of work that will foster a coordinated and connected nonprofit sector. One Montgomery County Needs Assessment Survey respondent suggested an idea aligned to this recommendation, *"offer programs exploring collaborative strategies and visions of sustainable futures."*

- **Nonprofit Montgomery is committed to supporting the diversity and cultural competency of nonprofit leaders and staff to meet the changing needs of the County's population.** The county's socio-demographic composition has rapidly evolved over the past decade and is projected to continue evolving. Supporting our increasingly diverse population includes identifying, hiring, and training nonprofit leaders and staff who represent the communities they serve and, when needed, speak languages other than English to support effective communication and service delivery. Additionally, nonprofit staff of all backgrounds benefit from effective professional development around cultural competency, generally, and the communities served by their organizations, specifically.

- **Nonprofit Montgomery is committed to building capacity among nonprofit leaders and staff, as well as educating County government leaders and staff about the nonprofit sector.** Given the workforce challenges facing the sector, staff transition is not uncommon. To ensure that County-based nonprofit leaders and staff are well-trained and poised to address the challenges facing their organizations and communities, the sector requires capacity-building. This could be in the form of in-person or virtual training, mentoring, peer support groups, or apprenticeships, among others. Nonprofit Montgomery will continue to provide this vital support in the years ahead. Nonprofit Montgomery will also continue to provide formal and informal education to County government employees about the needs of the nonprofit sector. This could be in the form of trainings for contract monitors, regular advisory group meetings with department directors, and connecting with elected officials.

"[We need] relationship-building across sectors and de-siloing of initiatives. There is a sense that the right hand does not know what the left is doing. We need greater coordination among nonprofits and CBOs to leverage the capacity of the many."

— Survey Participant

Our Call to Action

We hope this report encourages a collective commitment to strengthening the nonprofit sector in Montgomery County. With the need for sustainable funding, strategic collaborations, enhanced infrastructure, and economic policies that benefit middle-income residents in mind, we ask you to consider the following actions.

1 Join *Nonprofit Montgomery* to strengthen our alliance.

2 Advocate for these recommendations on the local and state levels.

3 Share these findings with policy makers, funders, and the business community in Montgomery County.

We invite you to join us in our mission of enhancing the nonprofit sector, building a brighter and more prosperous future for everyone in Montgomery County.

The 2025 State of Nonprofits in Montgomery County, Maryland report is available on Nonprofit Montgomery's website. It is accessible via this QR code or at the following link: *https://www.nonprofitmoco.org/advocacy/stateofnonprofits2025/*

"… [I]nvest in building organizational resilience through capacity-building and strategic partnerships. This means prioritizing professional development for staff, strengthening board governance, and fostering collaborations with other nonprofits, businesses, and government agencies. By focusing on capacity-building, nonprofit leaders ensure that their organizations are agile, effective, and better equipped to navigate future challenges while maximizing impact for the communities they serve."

– Survey Participant

Methodology & End Notes

To scope and assess the landscape, this project was conducted in a two-phase approach. The first phase consisted of an in-depth review of existing secondary documents, literature, and statistical databases. The second phase consisted of a Needs Assessment survey distributed to current, former, and prospective members of Nonprofit Montgomery serving Montgomery County, Maryland. Needs Assessment data was collected through a mixed-methods survey administered via Qualtrics. The survey was administered to 196 organizations, of which 56 responses were submitted, yielding a response rate of 29%. Quantitative survey data were analyzed using descriptive statistics to calculate frequencies. The analysis included cross-tabulations to examine relationships among different variables and identify patterns across organizational characteristics such as budget size, staff size, and age of organization. Open-ended responses were coded and themed in Dedoose where common themes and patterns in participant feedback were identified.

Limitations of the 2024 Montgomery County Nonprofit Needs Assessment Survey included a small sample size and self-reported data. Additionally, the methodology was limited to research and one survey; while a small number of interviews were planned, various factors in fall 2024 prevented the availability of participants and the interviews were ultimately removed from the design. Finally, while researchers sought to include the most recently available data, some of the secondary data sources were more current than others; as such, data sources typically span from 2018 through 2024.

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