

SIZE AND SCOPE OF THE BRAZOS VALLEY NONPROFIT SECTOR



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Center for Nonprofits & Philanthropy

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Introduction



Purpose

The Center for Nonprofits and Philanthropy at the Bush School of Government and Public Service at Texas A&M University has three areas of focus:

- Outreach
- Education
- Research

One key to fulfilling these areas of focus and supporting this nonprofit sector is to regularly analyze its size, financial characteristics, and changes over time. To that end, this report seeks to capture the fullest picture possible of the Brazos Valley's nonprofit sector. More information about our center and research can be found at the center's website:

<http://bush.tamu.edu/nonprofit/>.

Highlights

- As of 2015, the Brazos Valley was home to 1,339 registered nonprofits. If the Brazos Valley's growth continues at this rate, we project that this number would increase to 1,794 registered nonprofits by 2018.
- The number of Brazos Valley nonprofits increased by an average annual rate of 16% over the last 10 years.
- The Brazos Valley boasts the fastest-growing nonprofit sector in the state. Brazos County is home to 51% of the region's nonprofits; these control 88% of the wealth of the region's nonprofit sector.
- Total assets held by nonprofits in the Brazos Valley equaled \$3.6 billion in 2015, and are projected to be around \$6.2 billion in 2018.
- Almost 40% of the nonprofits in the Brazos Valley operate at an annual deficit. This is similar to statewide averages.
- Brazos Valley nonprofits supported 13,848 permanent jobs, \$1 billion in gross product, and \$312 million in retail sales in 2018.





Definitions

- ALICE: Asset limited, income restricted, employed members of the population. This population exists above the poverty rate, but struggles to afford necessities.
- Assets: Property owned by a company that has value and is available to meet debts, commitments, or legacies.
- BMF: Business Master Files provided by the NCCS that contain basic information drawn from IRS forms for all active and registered tax-exempt organizations.
- Core Files: A combination of descriptive information from BMF files and financial variables by organization type (public charity, private foundations, and other).
- Debt-to-Asset Ratio: The total amount of assets divided by total liabilities. This indicates an organization's ability to leverage its debts.
- Expenditures: The amount of money an organization spends.
- Liabilities: What an organization is responsible for, especially a debt or other financial obligation.
- Median Income: The amount of income at the point at which half of the population earns more than this amount, and the other half, less.
- NCCS: A web-based database that is home for all NCCS publications, where nonprofit practitioners, researchers, and policymakers download and explore data.
- Nonprofit Organization: A group that does not distribute profits or any part of its income to their members, directors, or officers. Classified by the IRS as tax exempt 501(c) organizations.
- Positive Net Income: Total revenue less total expenditures of an organization. Indicates if an organization is running at a profit or a deficit.
- Poverty Rate: Percentage of people in a given group whose income is below the poverty line. The poverty line is defined as half of the median income of the total population.
- Public Charities: The largest type of nonprofit charitable organization, classified by the IRS as a 501(c)(3) organization. Public charities differ from private foundations or other tax-exempt organizations in several ways: they are churches, hospitals, schools, colleges, and universities; they have active fundraising programs and receive contributions from many sources; they receive income from activities related to their purpose; or they actively support another public charity.
- Revenue: An organization's collected income.

Brazos Valley Demographics



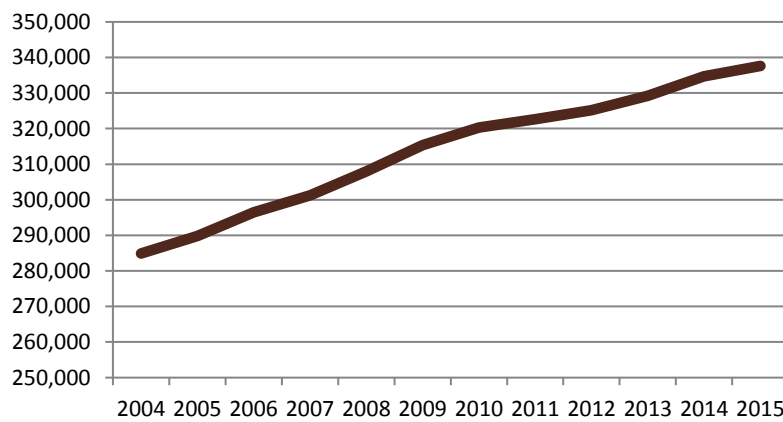


Community Characteristics

Population

The 2015 population of the seven-county Brazos Valley was 302,752, or 1.23% of the state’s population: 64% live in Brazos County, 10% in Washington County, and 8% in Grimes County. The population has increased by 1.56% during each year of analysis; this is almost twice the state growth rate of 0.8% during the same time period, showing that the Brazos Valley is growing more than the state as a whole. The Brazos Valley’s population growth over time is shown in Figure 1.

Figure 1 Brazos Valley Population Over Time

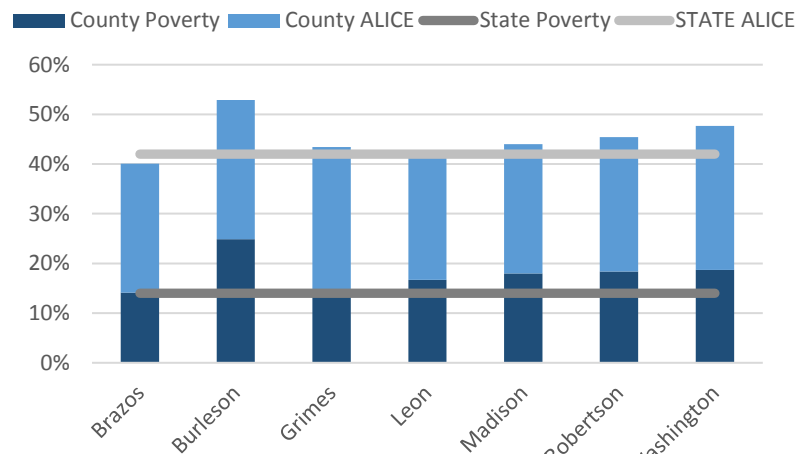


Source: Bureau of Labor and Statistics 2004-2015

Percent Living Below the Poverty Line and ALICE Threshold

The percentage of residents in the region living below the poverty rate ranged from 25% in Brazos County to 14% in Washington and Burleson counties (See Figure 2). While the percentage for most of the seven counties is similar to the state’s poverty rate of 15.6%, the poverty rate in Burleson County was substantially higher. Some of the Brazos County rate is attributable to the student population at Texas A&M University, which tends to report lower incomes.

Figure 2 Percent Living Below Poverty Line and ALICE Threshold by County (2015)



Source: U.S. Census Bureau and United Ways of Texas

The ALICE threshold refers to households that are asset-limited, income-constrained, and employed. While households below



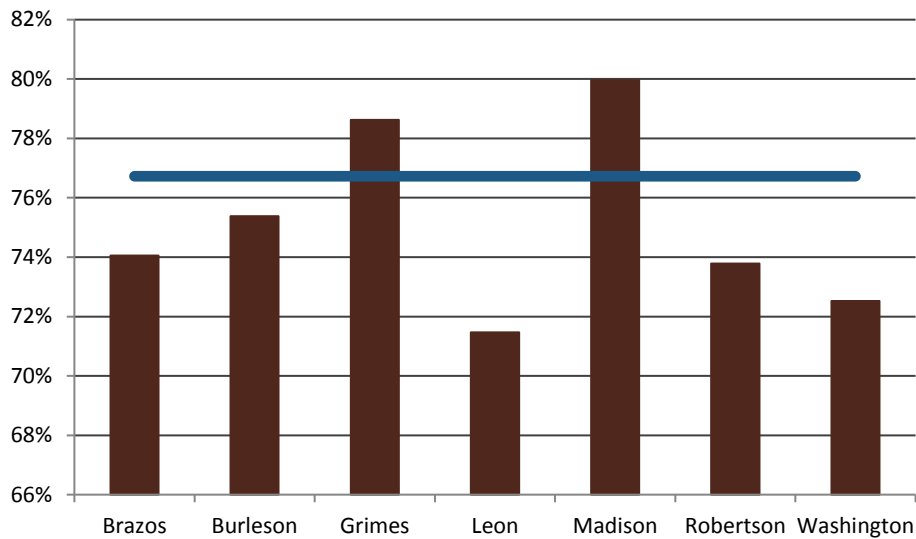


this threshold are not below the poverty line, they struggle to make ends meet. When combined with the poverty rate, this indicates that 45% of households in the Brazos Valley struggle to afford basic necessities, compared to the state percentage of 42%. This varies by county, with over half of households in Burleson County living below the ALICE threshold compared to only 40% in Brazos County.

Free and Reduced Lunch Participation

Over three-quarters of students in the Brazos Valley participate in free or reduced lunch programs at school. Madisonville and Grimes counties had higher average participation rates (80% and 78%, respectively) than those of both the state overall (76%) and of other counties in the region (such as Leon, at 71%).

Figure 3 Brazos Valley Free and Reduced Lunch Participation by County (2015)



Source: Texas Education Agency





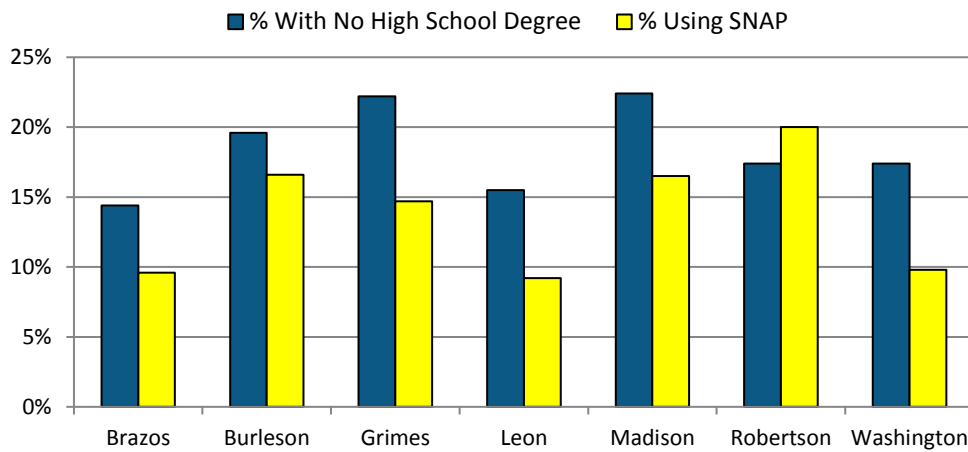
Educational Attainment

Madison County had the highest percentage of residents without a high school education (22.3%) and Brazos County, the lowest (14.6%). As a whole, one in five residents in the Brazos Valley over 25 years of age does not hold a high school degree.

Percent of Households Using SNAP

More than 9.6% of households in Brazos County (over 7,000 total) participated in the Supplemental Nutrition Assistance Program (SNAP). Participation elsewhere in the Brazos Valley varied, but as a whole, 13.5% of households participated in the program. Robertson County had the highest rate, with 20% of households participating.

Figure 4 Demographics in the Brazos Valley (2015)



Source: U.S. Census Bureau



Size and Growth



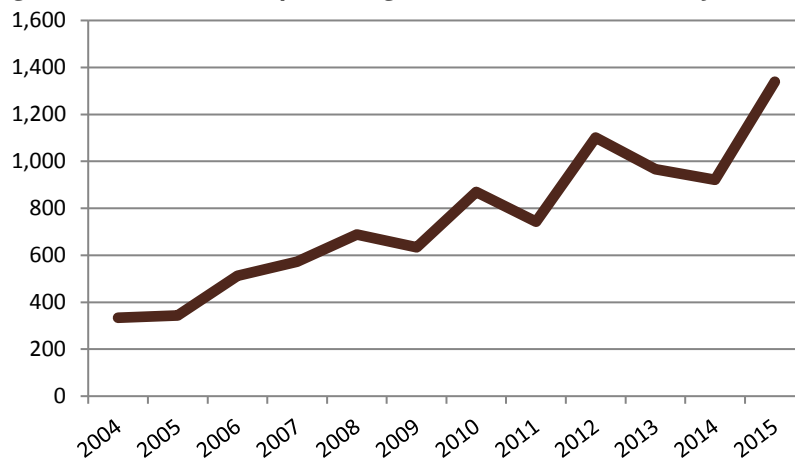
Overall Size and Growth

The Brazos Valley's nonprofit sector has grown over time. Figure 5 shows that in 2004, there were 334 registered nonprofits in the Brazos Valley. This number increased to 1,339 in 2015 and is projected to be close to 1,800 in 2018.

While the growth of registered nonprofits was not always constant, it averaged 16% a year. There could be several reasons why this growth was not consistent. For instance, it could indicate that organizations were no longer registered with the IRS and were dropped or were not recorded in the National Center for Charitable Statistics (NCCS) for that year.

Despite some variability, the Brazos Valley has shown considerable growth over the period of analysis, and a higher average growth rate than that of the state overall (1.7%).

Figure 5 Number of Nonprofit Organizations in Brazos Valley Over Time



Source: NCCS BMF 2004-2015

Another indication of the size of the nonprofit sector is the number of nonprofit organizations that exist per 1,000 residents. In 2004, there was approximately one nonprofit organization for each 1,000 residents but by 2015 this number had increased to four.

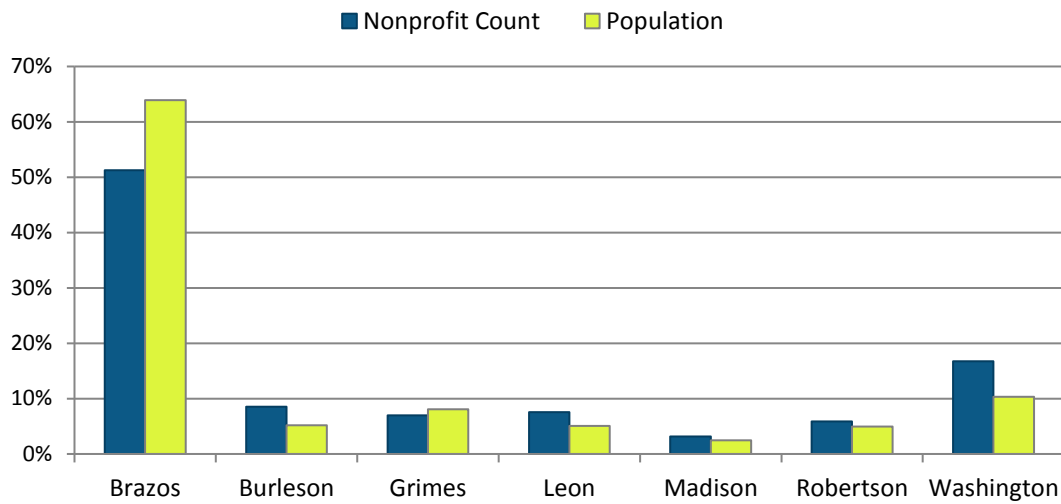




Brazos County

Brazos County is the most populous and wealthiest of the Brazos Valley's seven counties and has the largest number of nonprofits (686 of 1,339 in 2015). This is due in part to the fact that the county is home to Texas A&M, the third-largest university in the country. Nonprofits tend to concentrate in larger counties where resources and donors are plentiful, rather than in counties that demonstrate greater need based on community characteristics.

Figure 6 Percentage of Total Population and Nonprofit Count per County in Brazos Valley



Source: NCCS Business Master Files and U.S. Census Bureau





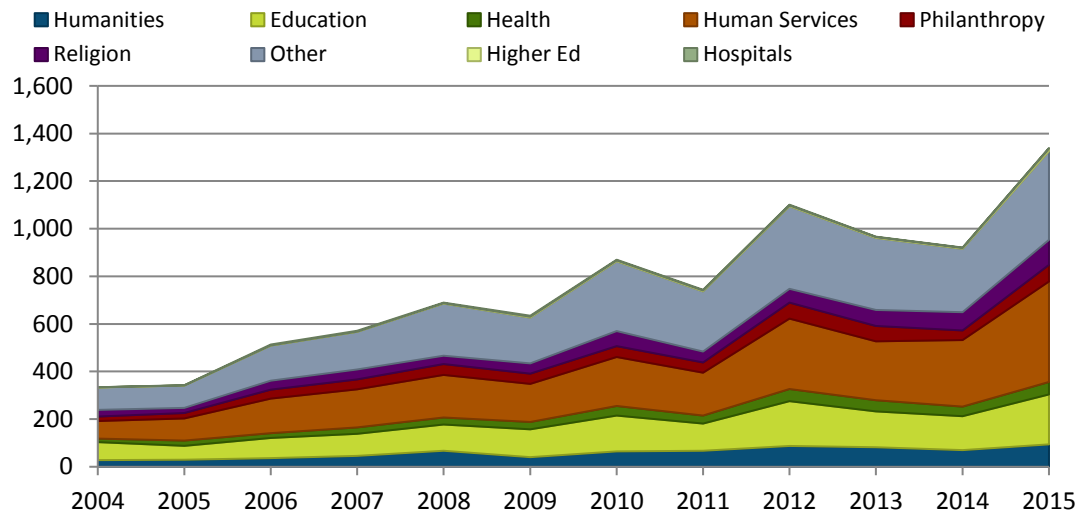
Subsector Sizes

An important consideration in analyzing the Brazos Valley's nonprofit sector is the types of nonprofits and if/how they respond to area needs. Nine categories were considered:

- Arts, Culture, and Humanities
- Human Services
- Other
- Health
- Philanthropy
- Higher Education
- Education
- Religion
- Hospitals

The size of each of these organization types over time is shown in Figure 7.

Figure 7 Total Brazos Valley Organizations Over Time by Type



Source: NCCS Business Master Files 2004-2015

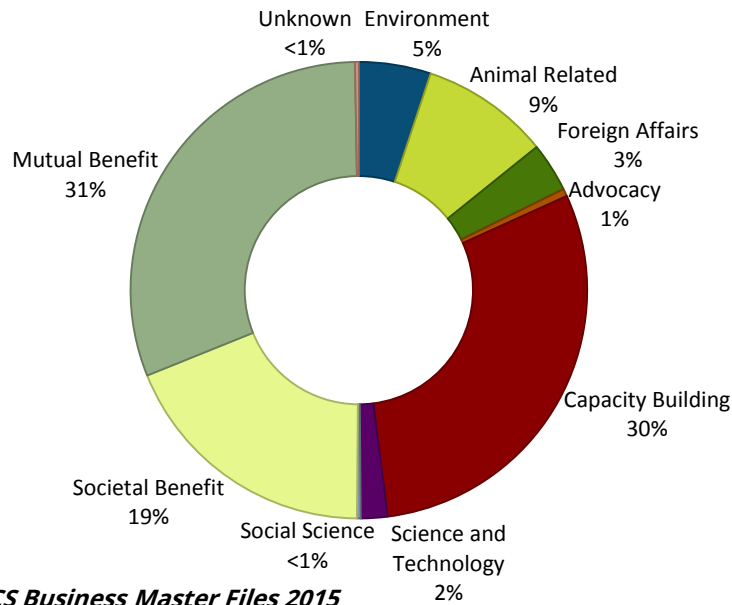




Size

All nonprofit organization types showed growth between 2004 and 2015. The two greatest increases were seen in the categories of Other (comprising a wide variety of organizations, as highlighted in Figure 8) and Human Services.

Figure 8 Organization Types Included in "Other" Category and Size (2015)

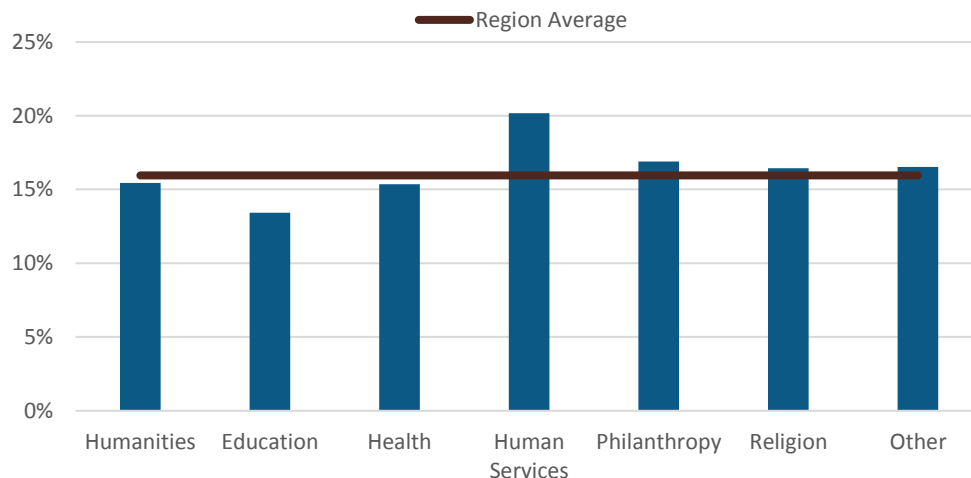


Source: NCCS Business Master Files 2015

Growth

Human Services and the Other category demonstrated an average annual growth of 20% between 2004 and 2015, while the Education category grew the least, with an average annual growth of 13%. Though some organization types grew more than others, no particular type significantly changed the makeup of the overall sector.

Figure 9 Average Annual Growth by Nonprofit Organization Type



Source: NCCS Business Master Files 2004-2015

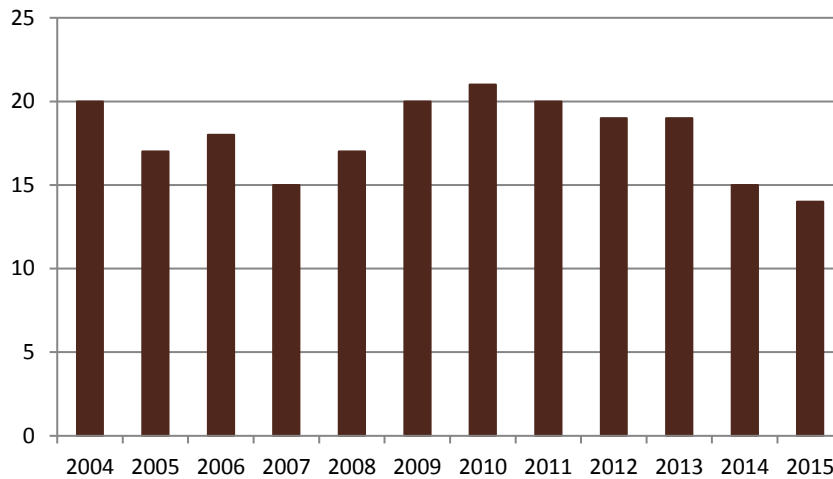




Age

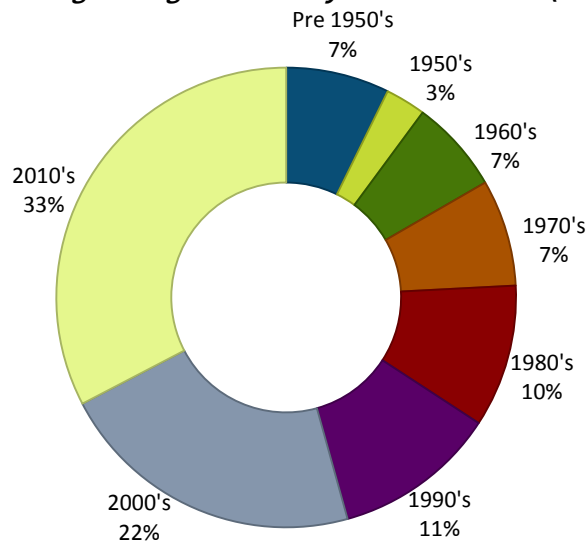
The age of the typical nonprofit in the Brazos Valley decreased between 2004 and 2015, from 20 to 15 years old, as shown in Figure 9. One reason could be the large number of new nonprofits. As more organizations are created, the median age of the sector as a whole decreases. This is confirmed when examining the decade that nonprofits in the region were established: More than half were founded in 2000 or later (as of 2015). This trend mirrors statewide findings.

Figure 10 Median Nonprofit Age over Time



Source: NCCS Business Master Files 2004-2015

Figure 11 Percentage of Organizations by Decade Founded (2015)



Source: NCCS Business Master Files 2015



Financial Characteristics



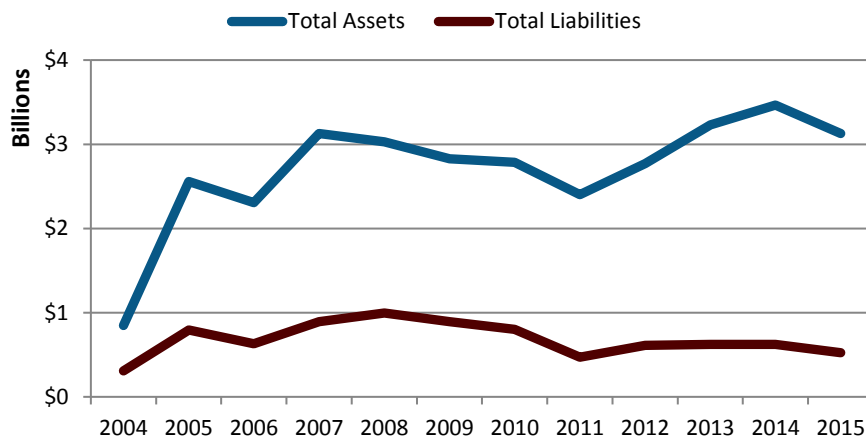


Assets and Liabilities

Assets

Assets reflect the value of a sector’s holdings, such as buildings, equipment, cash, and investments. The total assets of Brazos Valley nonprofits are shown in Figure 12. Total assets increased from slightly under \$1 billion in 2004 to over \$3 billion in 2015. While some years showed more change than others, on average, total assets increased by 21% annually. The Brazos Valley holds 1.2% of the state’s total assets.

Figure 12 Total Public Charity Assets and Liabilities Over Time



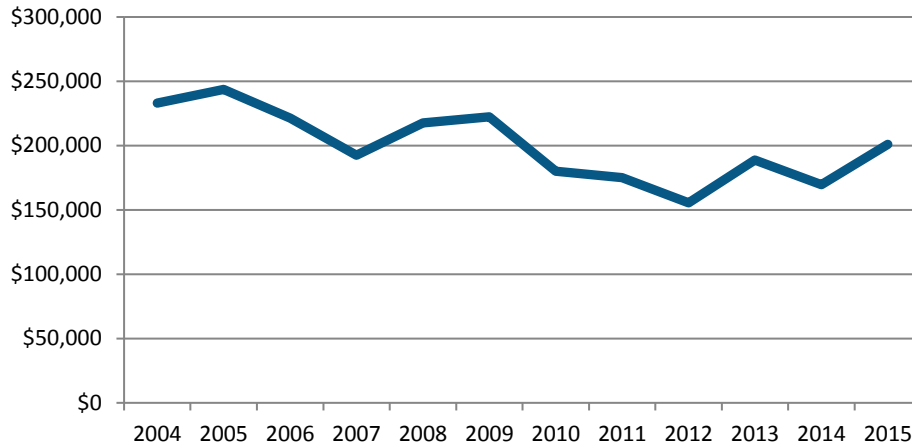
Source: NCCS Core Files 2004-2015

The median assets shown in Figure 13 indicate a different rate of change. While assets remain greater than liabilities, the assets of a “typical” organization decreased over our years of study, from \$230,000 in 2004 to slightly over \$200,000 in 2015. This indicates that while total organizations and assets have increased over time, the typical organization holds fewer assets. The increase in assets, therefore, is largely associated with bigger organizations.





Figure 13 Median Public Charity Assets Over Time



Source: NCCS Core Public Charity Files 2004-2015

Brazos County nonprofits hold substantially more assets (89% of the total in 2015) than those in the other six counties. A few large nonprofits have most of these assets. Notable among these are the Greater Texas Foundation, which holds 16% of the Brazos Valley's assets, St. Joseph Regional Health Center (16%), and the Texas A&M Foundation (60%). Grimes County nonprofits hold 6% of the region's assets, with Mid-South Electric Cooperative Association and Camp Allen Conference Center topping the list.

The impact of these large organizations can be seen in their total assets and other financial variables of analysis. While Hospital and Higher Education nonprofits usually control much of the sector's financials, in the Brazos Valley, Education nonprofits are the largest subsector in terms of wealth (although The St. Joseph Foundation also holds a large portion).

This is just one example of how the wealth of Brazos Valley nonprofits is concentrated around Texas A&M, but these organizations are outliers and do not reflect the wealth of the region's typical nonprofit.





Liabilities

Liabilities are what organizations owe financially, such as payments for services or loan debt. The total liabilities of the nonprofit sector were never equal to or greater than the total assets in this sector. Liabilities increased and decreased, but with an average increase of 13% each year, did not change as drastically as assets.

Even though the number of nonprofits increased, the total amount of liabilities remained relatively stable, while median liabilities decreased. This shows that the newer organizations have smaller financials and little debt. Overall, nonprofits in the Brazos Valley had far more assets than liabilities, indicating long-term financial health.

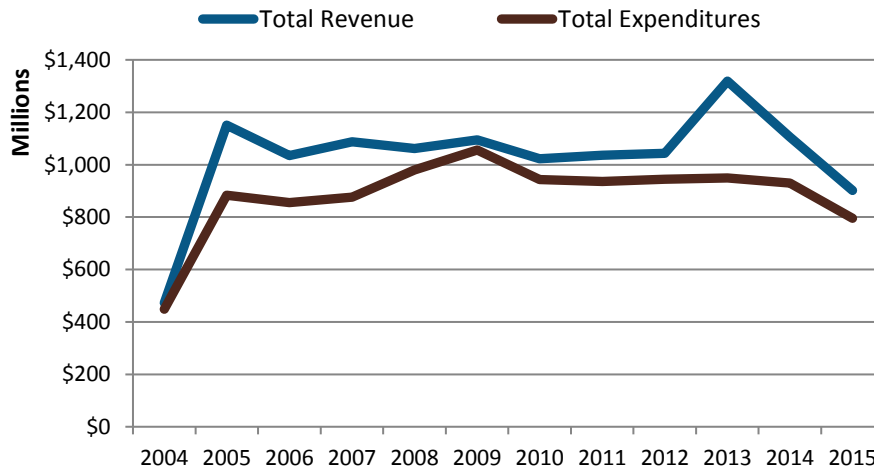


Revenue and Expenditures

Revenue

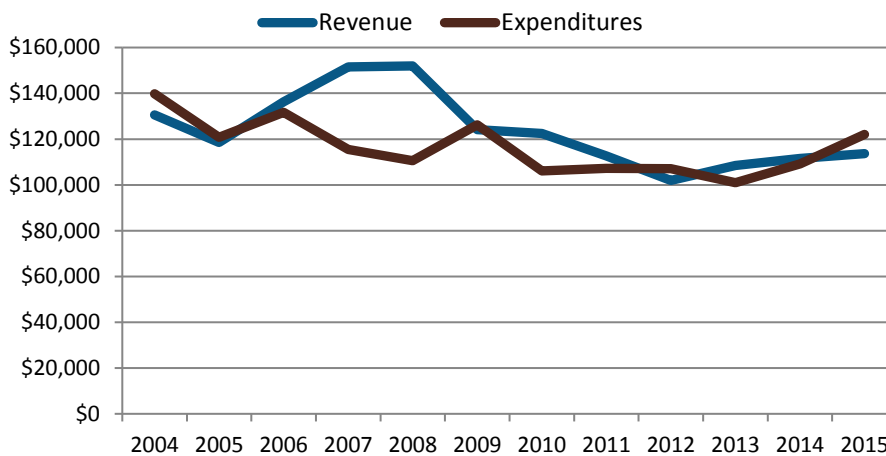
Revenue is the total value of funds secured annually. Total Revenue is shown in Figure 14. Overall, revenue grew from under \$500 million in 2004 to one billion dollars in 2015, an average increase of 11% annually. Revenue for the region saw a steep increase starting in 2004 and continued to increase or remain stable until 2014, when it declined. A few large nonprofits dominated total revenue.

Figure 14 Total Public Charity Revenue and Expenditures Over Time



Source: NCCS Core Public Charity Files 2004-2015

Figure 15 Median Public Charity Revenue and Expenditures Over



Source: NCCS Core Public Charity Files 2004-2015



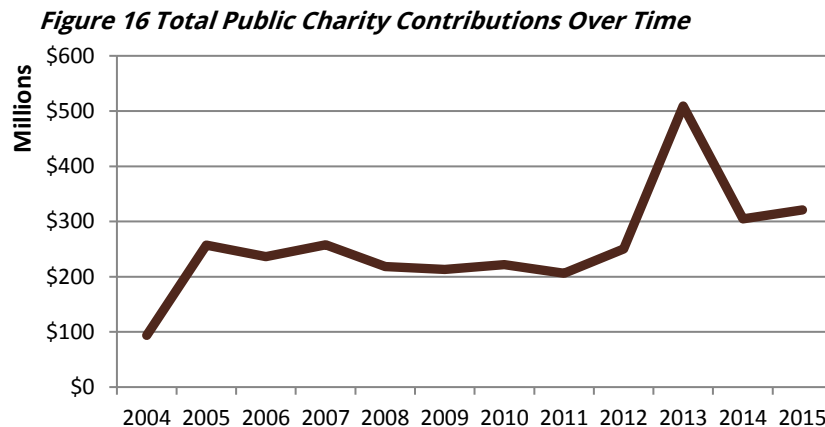


The Brazos Valley sector more closely matched the statewide trend when median revenue is considered. The median nonprofit's revenues shown in Figure 15 were stable over time after a drop in 2009 and 2012. Overall median revenue decreased between 2004 and 2015 from \$130,000 to \$113,000. Total revenue showed greater variation due to the impact of larger nonprofits and their major projects.

Contributions

Contributions are an important source of revenue for nonprofit organizations. Figure 16 **Total Public Charity Contributions Over Time** shows an overall increase in annual contributions between 2004 and 2015, with dollar values held constant. Total contributions made to Brazos Valley nonprofits were just under \$100 million in 2004 and slightly above \$300 million in 2015.

There are a few years when contributions spiked upward. This could be a result of major campaigns, which illustrates how a few nonprofits can drive total revenue (see discussion on The Impact of Aggie Football) and contributions in the Brazos Valley.



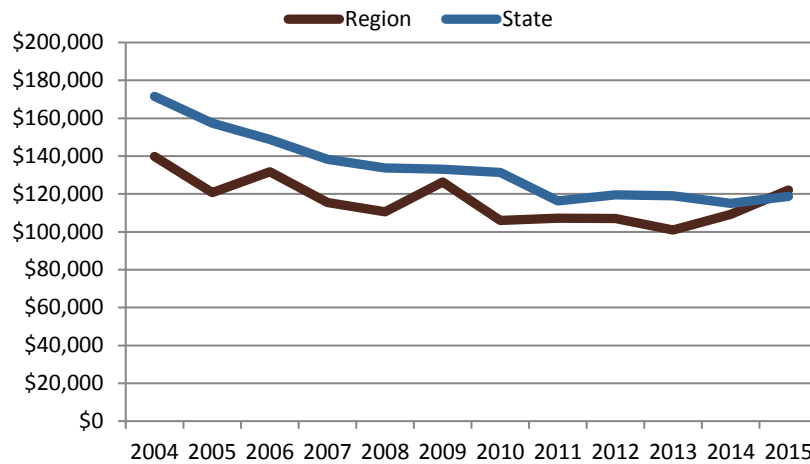
Source: NCCS Core Public Charity Files 2004-2015

The typical nonprofit received around \$60,000 in contributions as of 2015 (see Figure 17), which is slightly higher than the state average. Median contributions slipped slightly from around \$140,000 in 2004 to just under \$120,000 in 2015. This follows the statewide pattern of nonprofits collecting fewer contributions today than 10 years ago. This could reflect the overall decrease in age and size of the typical nonprofit in the state and the Brazos Valley.





Figure 17 Brazos Valley vs. State Median Contributions Over Time



Source: NCCS Core Public Charity Files 2004-2015

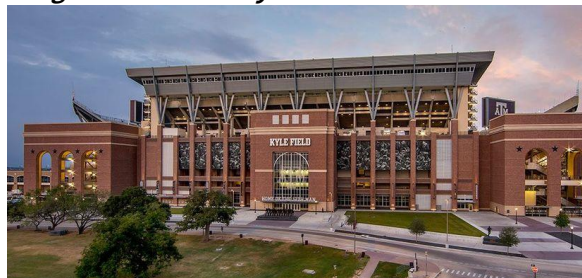
Grants Received

One additional source of revenue is grants from foundations. Based on data from the Foundation Center, the Brazos Valley received 57 grants totaling almost \$7 million in 2015, with a typical amount of \$63,000. Most of these grants focused on education and were directed towards Brazos County nonprofits.

The Impact of Aggie Football

Between September 1, 2012, and August 31, 2013, Texas A&M had a record number of donations in a single fiscal year, mainly revolving around the football team's successful season, freshman Johnny Manziel winning the Heisman Trophy, and the university's move to the Southeastern Conference (SEC).

Image 1 Renovated Kyle Field



In addition, Kyle Field underwent an 18-month, \$485 million renovation and expansion to become the largest collegiate football stadium in both Texas and the SEC. Increased attendance at football games likely led to the increase in contributions, as well.



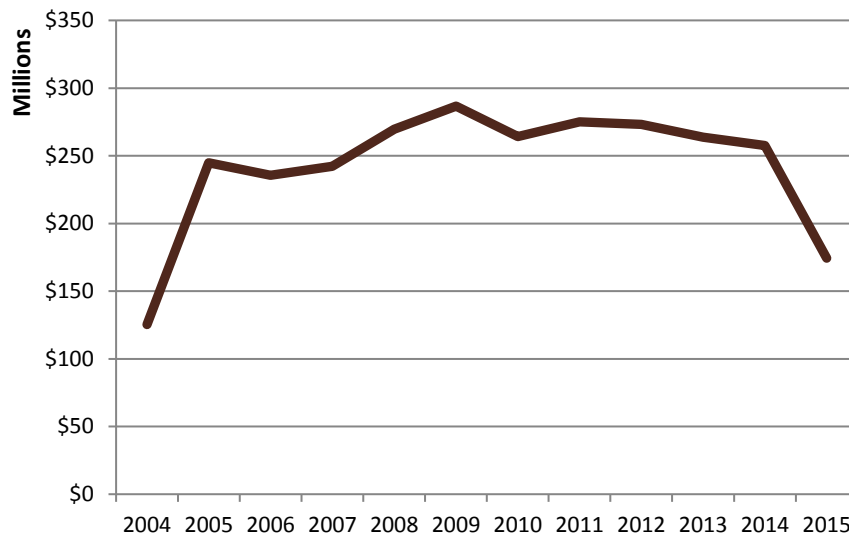
Expenditures

Expenditures are costs accumulated by nonprofit organizations over a year. Total expenditures followed a similar trend as total revenues, growing by 78% between 2004 and 2015 (see Figure 14). Expenses increased between 2004 and 2015, but remained below total revenue in all years analyzed. Expenditures steadily decreased after 2009, unlike total revenue, which increased in 2013 to an amount higher than its pre-recession total. Median expenditures decreased slightly between 2004 and 2015 but have steadily increased since 2013 (see Figure 15). Though the increase in expenditures over the period of study was not constant, the overall trend is similar to that of median contributions and revenue, indicating that the typical organization is seeing increases in revenue—not spending—which signals good short-term fiscal health.

Labor Expenditures

Labor expenditures followed a similar pattern as total expenditures, changing along with the sector's total expenditures. Labor made up around 30% of this sector's expenditures across the years of analysis. Brazos County accounted for between 85% and 98% of the reported total labor expenditures in the Brazos Valley.

Figure 18 Total Labor Expenditures Over Time



Source: NCCS Core Public Charity Files 2004-2015





Economic Impact and Financial Health

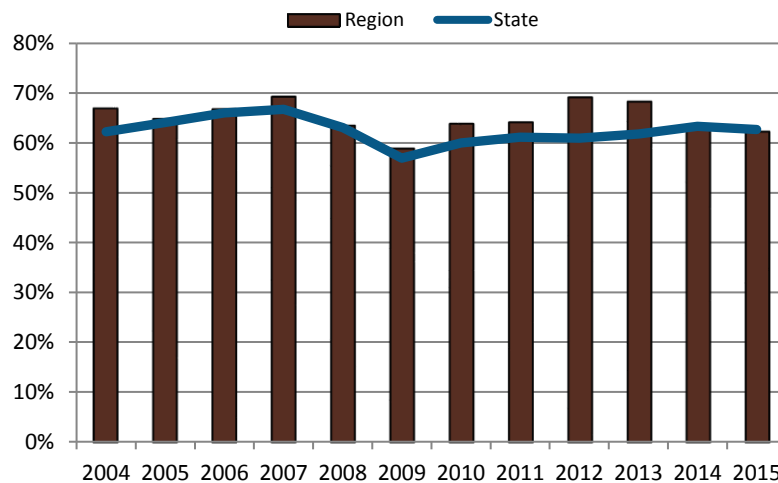
Economic Impact

Nonprofits significantly impact the economy of the region and state as a whole. Research and analysis by the Perryman Group show that the estimated \$2 billion in Brazos Valley nonprofit expenditures in 2018 generated \$1 billion in gross product, \$730 million in personal income, and \$31 million in retail sales. In other words, for each dollar spent by nonprofit organizations, an additional \$1.02 was generated in gross product, personal income, and retail sales. Additionally, the money spent by nonprofits in the Brazos Valley in 2018 supported 13,800 jobs.

Positive Net Income

The percentage of Brazos Valley organizations reporting more revenue than expenses was relatively consistent with the statewide trend (average over years) between 2004 and 2015, as shown in Figure 19. The biggest dips occurred in 2008 and 2009 at the beginning of the Great Recession, where just 58% of the nonprofits operated with net positive revenue. Though the percentage began to increase, the overall percentage did not reach pre-recession levels. Even with these changes, however, the percentage of Brazos Valley organizations that have more income than expenses is still only slightly above 60%.

Figure 19 Percent of Organizations with Positive Net Income Over Time



Source: NCCS Core Public Charity Data 2004-2015

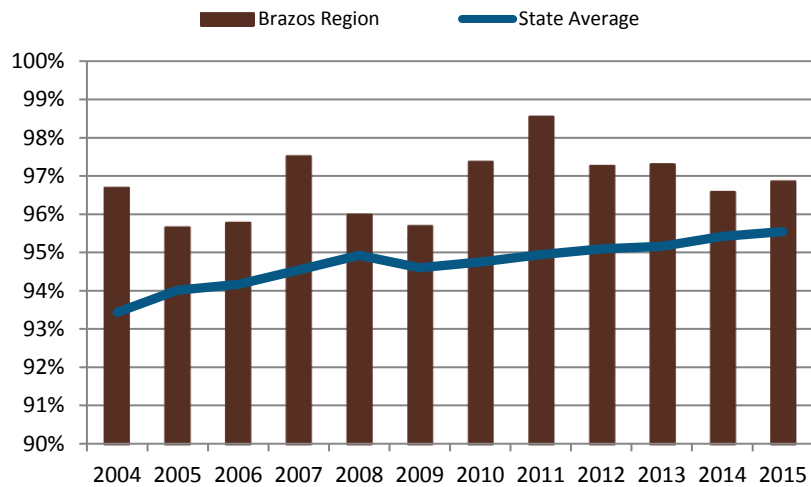




Debt-to-Asset Ratio

Figure 20 shows that, overall, the Brazos Valley has a higher percentage of organizations with greater assets than liabilities when compared to the state overall. Organizations in the Brazos Valley had a comparatively healthy long-term financial outlook in 2015, with 97% of organizations able to service their debts.

Figure 20 Percent of Organizations with More Assets than



Source: NCCS Core Public Charity Data 2004-2015





Conclusion

The nonprofit sector in the Brazos Valley is rapidly growing each year, along with a population that is increasing twice as fast as the state overall. Brazos Valley residents differ in their needs, with over half the population of Burleson County below the ALICE threshold and 80% of Madison County public school students participating in free and reduced-cost lunch programs.

While the nonprofit sector continues to grow in size, the typical organization is younger (the typical nonprofit in 2015 was six years younger than the typical 2004 nonprofit) and holds less financial value. Forty percent of Brazos Valley nonprofits operate at an annual deficit, showing that while the sector as a whole is growing, smaller organizations can still struggle to earn more than they spend.

The financials of the Brazos Valley's nonprofit sector are driven by a few large organizations, especially hospitals and nonprofits tied to Texas A&M, and those that focus on education. Additionally, campaigns and major events have a drastic impact on the sector, as shown in the sector's total contributions.

Nonprofits in the Brazos Valley boost the economy, adding \$1 billion in gross product and another \$300 million in sales, and supporting nearly 14,000 permanent jobs. Nonprofit organizations are a vital part of the Brazos Valley, supporting residents in need, students at Texas A&M, and many others.