

REPORT | 2023 EDITION

# BUILT FOR TEXAS

Creating a More Connected & Resourced  
Future for our Nonprofit Sector

RESEARCH CONDUCTED BY



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Welcome to the 2023 edition of *Built for Texas*—our first update on the initial report that premiered in 2019. Our theme—a more connected and resourced future—reflects the continued growth of the state’s nonprofit sector and the importance of collaboration amid increasingly limited resources.

We believe that a robust nonprofit sector is essential for strong and vibrant communities. For all participants in the social impact ecosystem—whether donors, nonprofit professionals, lawmakers, or funders—we are asking the question, “How can I continue to help the communities I care about in an era of rapid change?”

This document is our answer and, we hope, a guide for you. The report is presented in three parts: an executive summary featuring high-level insights, a deeper dive into findings, and tools and suggested actions by audience.

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## EXECUTIVE SUMMARY

From improving and saving lives to bolstering local, state, and national economies, we know that nonprofits matter. But running a nonprofit in Texas is both a rewarding and challenging endeavor. The number of nonprofits continues to increase year after year. There are more than 130,000 nonprofits across the state of Texas. The sector has grown by 22 percent between 2015 and 2022. In fact, one in 20 people in Texas are directly employed by a nonprofit. Revenue, however, lags far behind this growth, which stifles full impact potential. Factors that limit revenue growth include the shifting trends in giving and economic uncertainty.

This *Built for Texas* report (2023 Edition) provides an update on the original report published in 2020. Many of our findings draw upon research through 2019, the most recent year with available data. This report, nonetheless, sheds light on the typical nonprofit in Texas which is small but mighty. Smaller nonprofits, in particular, may be forced to manage an increasing demand for services in the face of stagnant revenue. We also highlight the evolving challenges facing rural nonprofits. Rural regions tend to have less access to locally-based funders and receive nine cents per every dollar that an urban nonprofit receives.

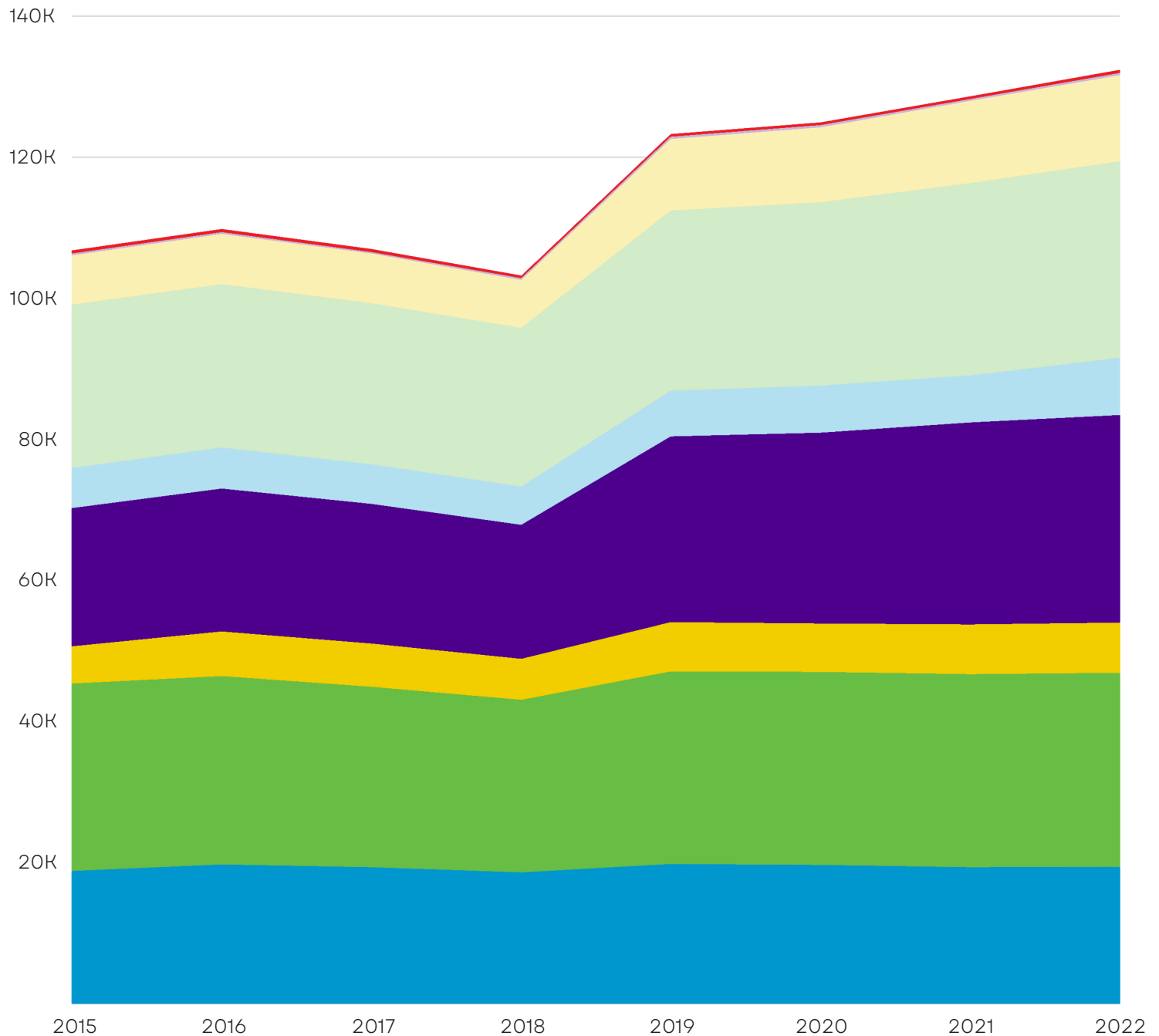
From this data, we observed an urgent need to establish more collaboration between nonprofit networks, particularly around advocacy. By pursuing these connections, the sector can build more power together than by independent and fragmented efforts.

Moreover, nonprofits can continue to enhance the lives of our changing Texas communities but will need to get even more creative in fundraising strategy. Some of this creativity may manifest through new partnerships, but there is also a special role for philanthropy to play in developing creative approaches to funding. Within the Texas nonprofit sector, there are many routes for innovation, which will lead to serving Texans in a more impactful way.



# TEXAS NONPROFITS BY FOCUS AREA

This graph displays an overview of the growth distribution of nonprofits by focus areas. Certain areas, such as Arts, Culture, and Humanities, exhibit relatively stable trends with minimal growth fluctuations. Conversely, other focus areas, notably Human Services, demonstrate more pronounced increases in growth.



Arts, Culture, and Humanities



Education (excluding higher ed)



Health (excluding hospitals)



Human Services



Philanthropic Organizations



Religious Organizations



Other



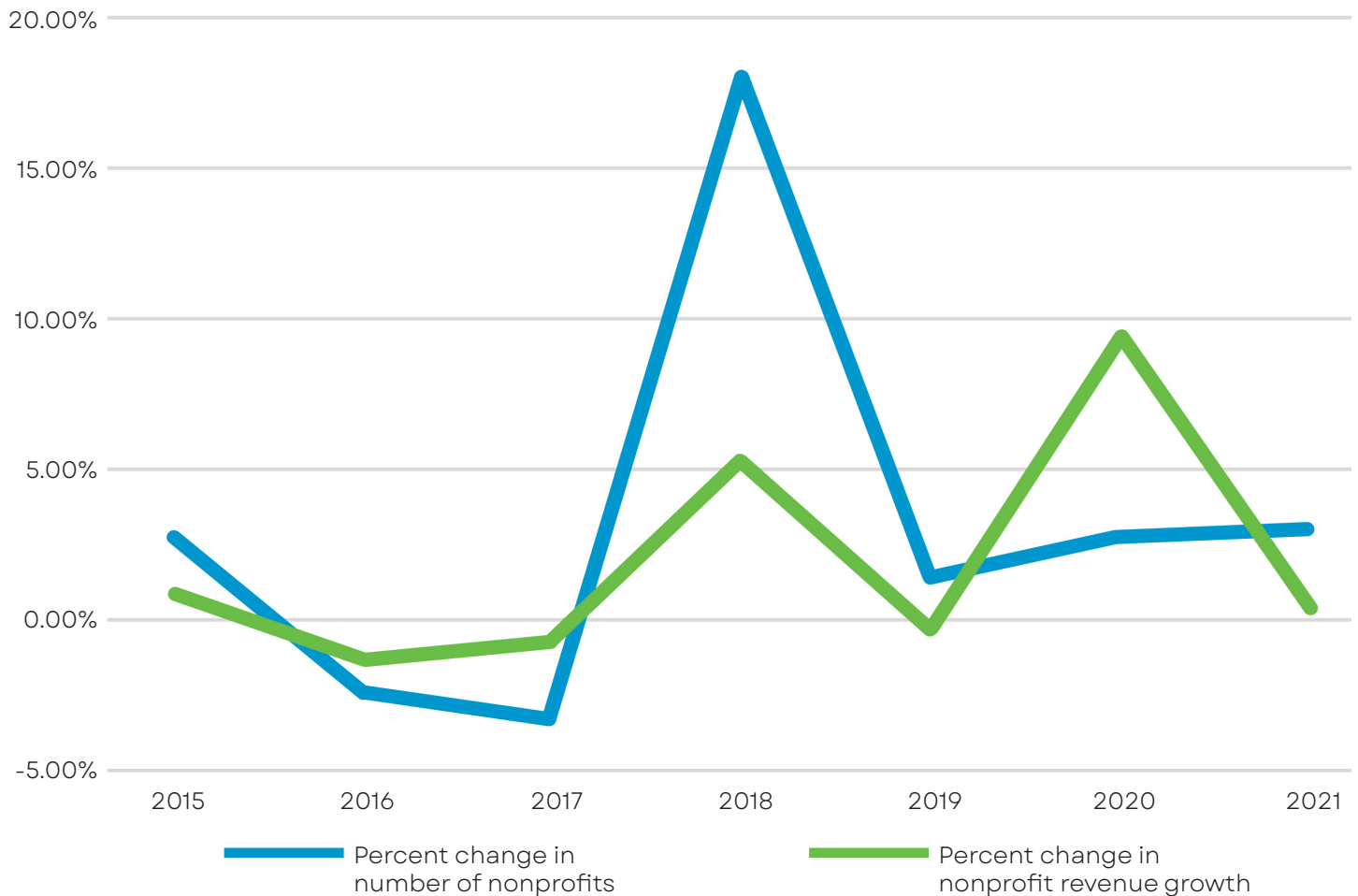
Higher Education



Hospitals

## GROWTH OF TEXAS NONPROFITS VS. REVENUE

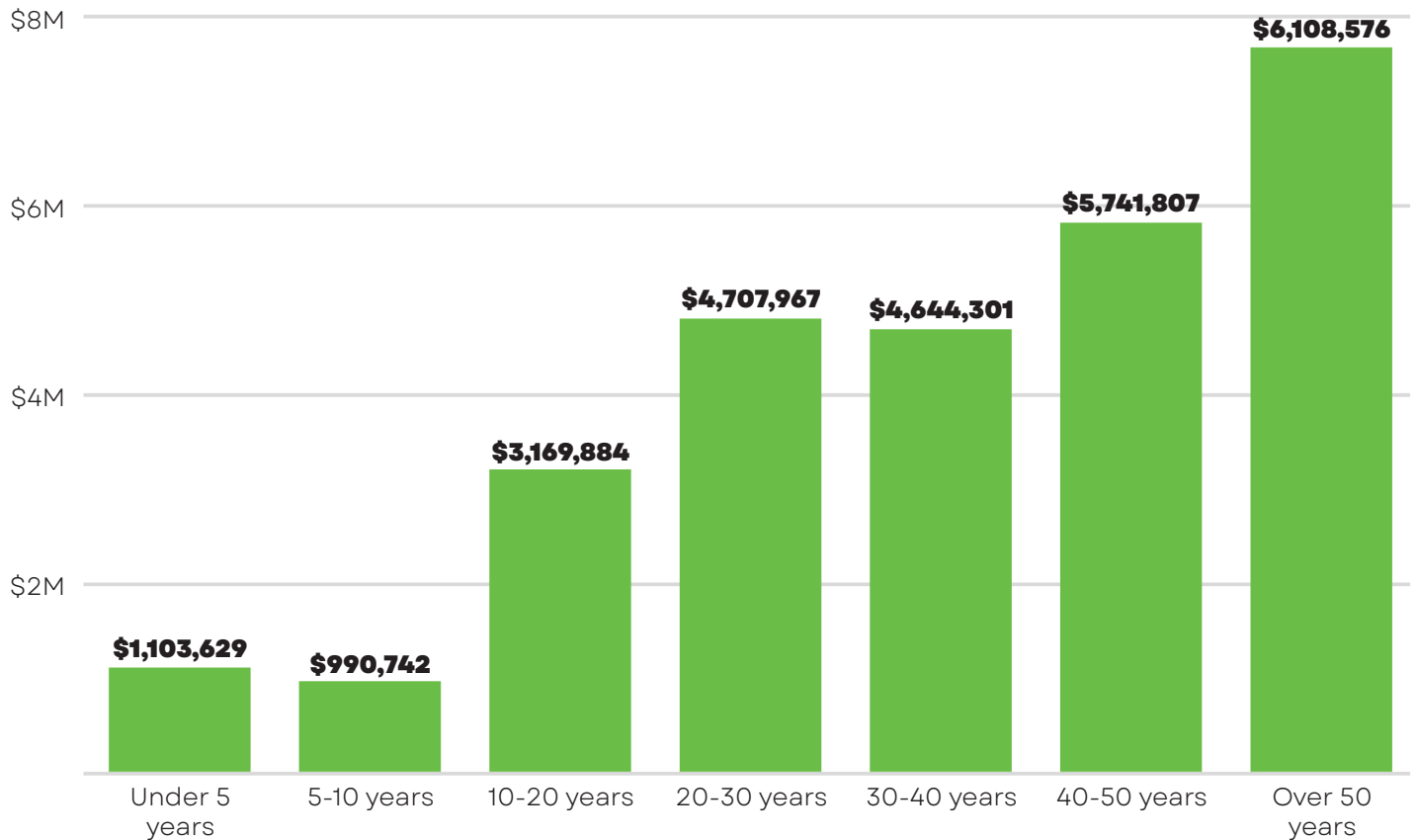
This graph illustrates the growth of the Texas nonprofit sector, which historically has not been matched by a corresponding increase in revenue. While support for nonprofits may surge in response to major events, such as Hurricane Harvey in 2018 or the COVID-19 pandemic in 2020, the rate of growth is insufficient to support the rapidly expanding nonprofit sector.



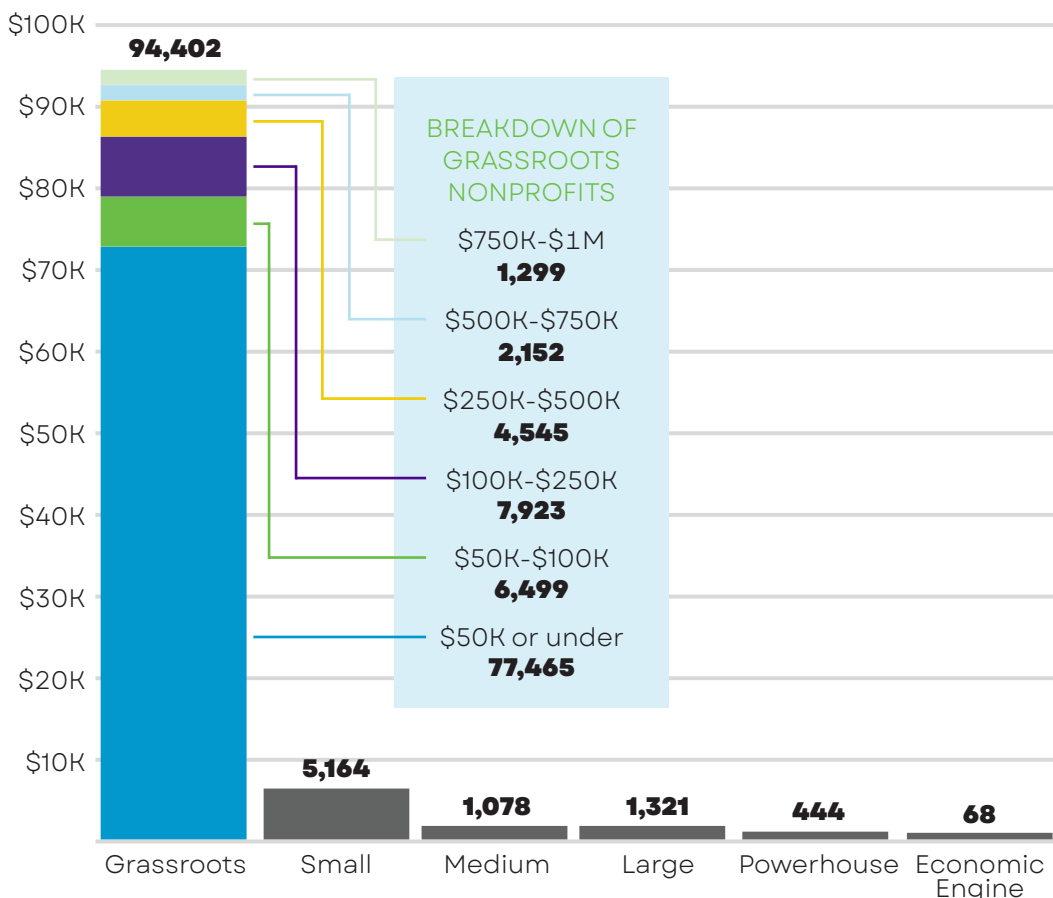
	Number of Texas nonprofits	Percent change in number of nonprofits	Revenue of Texas nonprofits	Percent change in revenue
2015	106,764	-	\$117,077,582,739	-
2016	109,806	<b>2.85%</b>	\$117,996,636,389	<b>0.78%</b>
2017	106,969	<b>-2.58%</b>	\$116,320,085,401	<b>-1.42%</b>
2018	103,222	<b>-3.50%</b>	\$115,355,594,924	<b>-0.83%</b>
2019	121,876	<b>18.07%</b>	\$121,343,358,717	<b>5.19%</b>
2020	123,384	<b>1.24%</b>	\$120,695,746,984	<b>-0.53%</b>
2021	126,690	<b>2.68%</b>	\$132,035,590,363	<b>9.40%</b>
2022	130,416	<b>2.94%</b>	\$132,115,924,058	<b>0.06%</b>



## AVERAGE BUDGET BY TEXAS NONPROFIT AGE (2022)



## TEXAS NONPROFITS BY BUDGET SIZE (2022)



### GUIDESTAR CLASSIFICATIONS BY ANNUAL OPERATING BUDGETS

#### Grassroots

\$1 million and under

#### Small

\$1 million-\$5 million

#### Midsize

\$5 million-\$10 million

#### Large

\$10 million-\$50 million

#### Powerhouse

\$50 million-\$500 million

#### Economic Engine

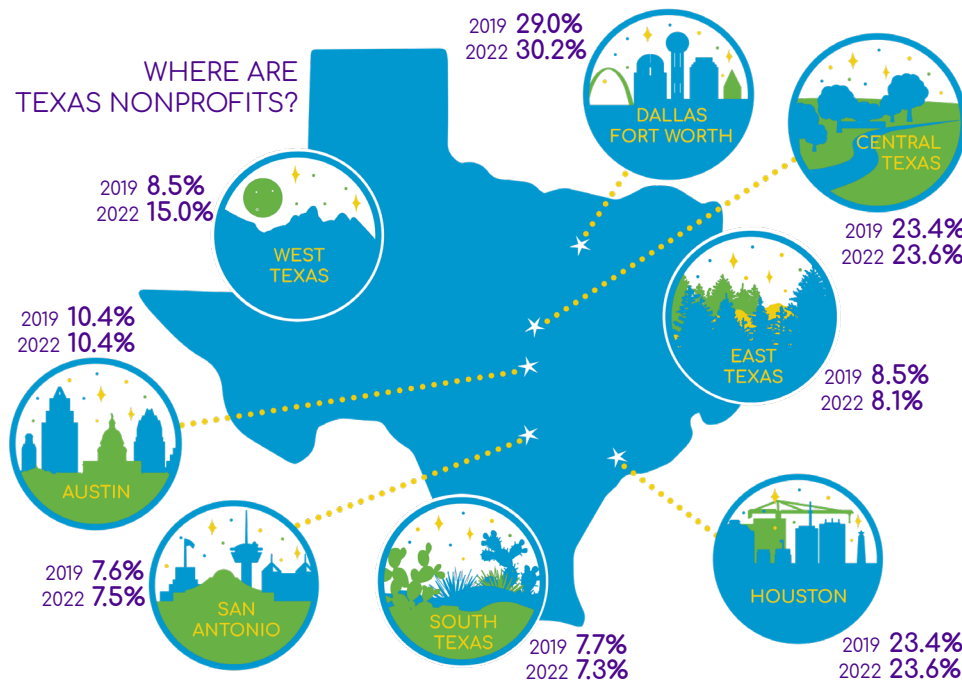
Above \$500 million

## KEY FINDING

# Growth of nonprofits across Texas

Between the years of 2015 and 2022 alone, the nonprofit sector grew at an impressive rate and increased by a staggering 22 percent. The trend of more nonprofits being established each year continues, albeit now at a lessened pace.

Today, there are approximately 130,000 nonprofits in Texas. The average nonprofit is small and fairly young. Nearly 75 percent of Texas nonprofits—or more than 60,000 organizations—have a budget under \$50,000. The typical nonprofit in Texas is also young, with a median age of only 15 years old. Nearly half of all Texas nonprofits (47 percent) were founded after 2010.



There are more than  
**130,000**  
nonprofits  
across the state of Texas.

The Texas nonprofit sector  
**grew by 22%**  
between 2015 and 2022.

As new nonprofits are established, it becomes increasingly important to connect with mission-adjacent groups. Anecdotal evidence suggests that this has become harder during the pandemic due to the abrupt suspension of in-person events as well as normal routines. We are still recovering and redefining what deep connection looks and feels like in a post-COVID world.

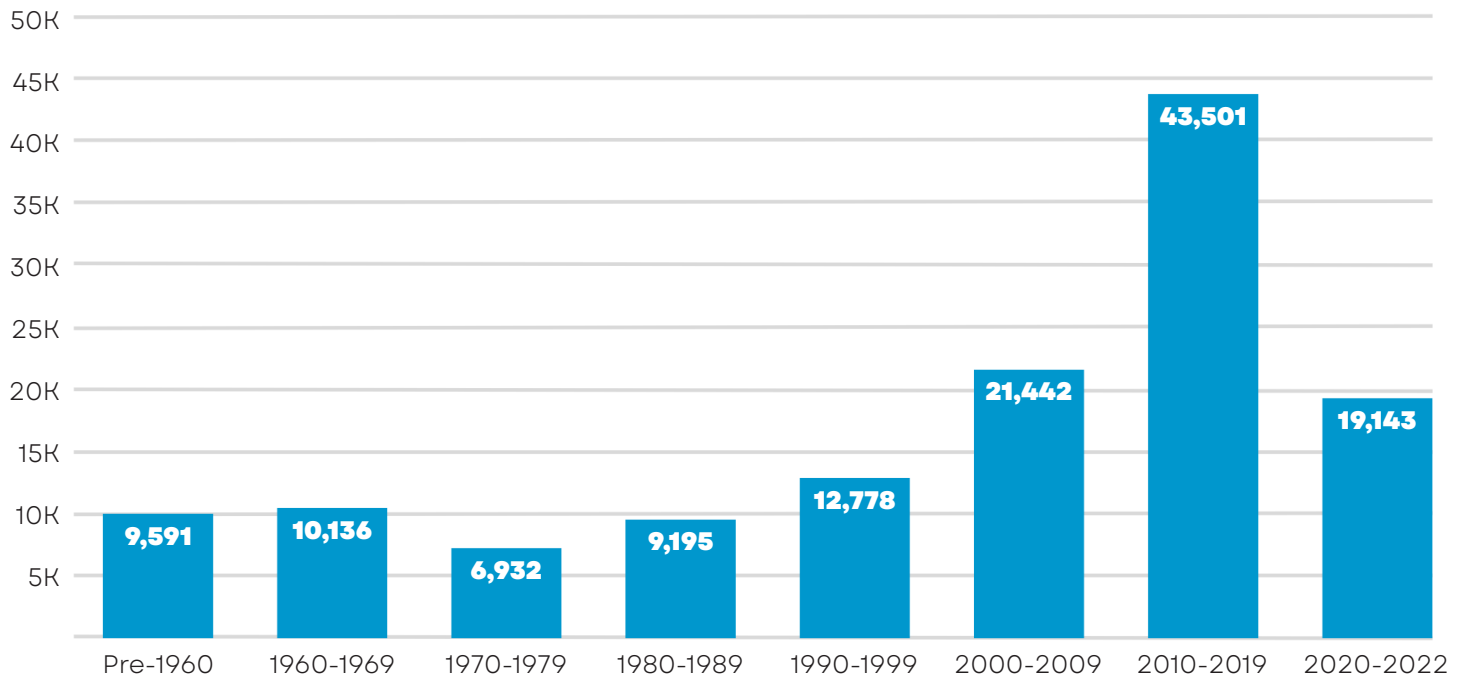
**“The interconnectivity of nonprofits in the health and human services sector is a critical pathway that facilitates collaboration, shared resources, mentorship, and general support. This alleviates the feeling of being on an island, which can be stressful and isolating. Connection is supportive, anxiety reducing, and makes organizations more nimble when answering the needs of the community.”**

SUZANNE ANDERSON  
CEO, AGE of Central Texas  
Chair, One Voice Central Texas

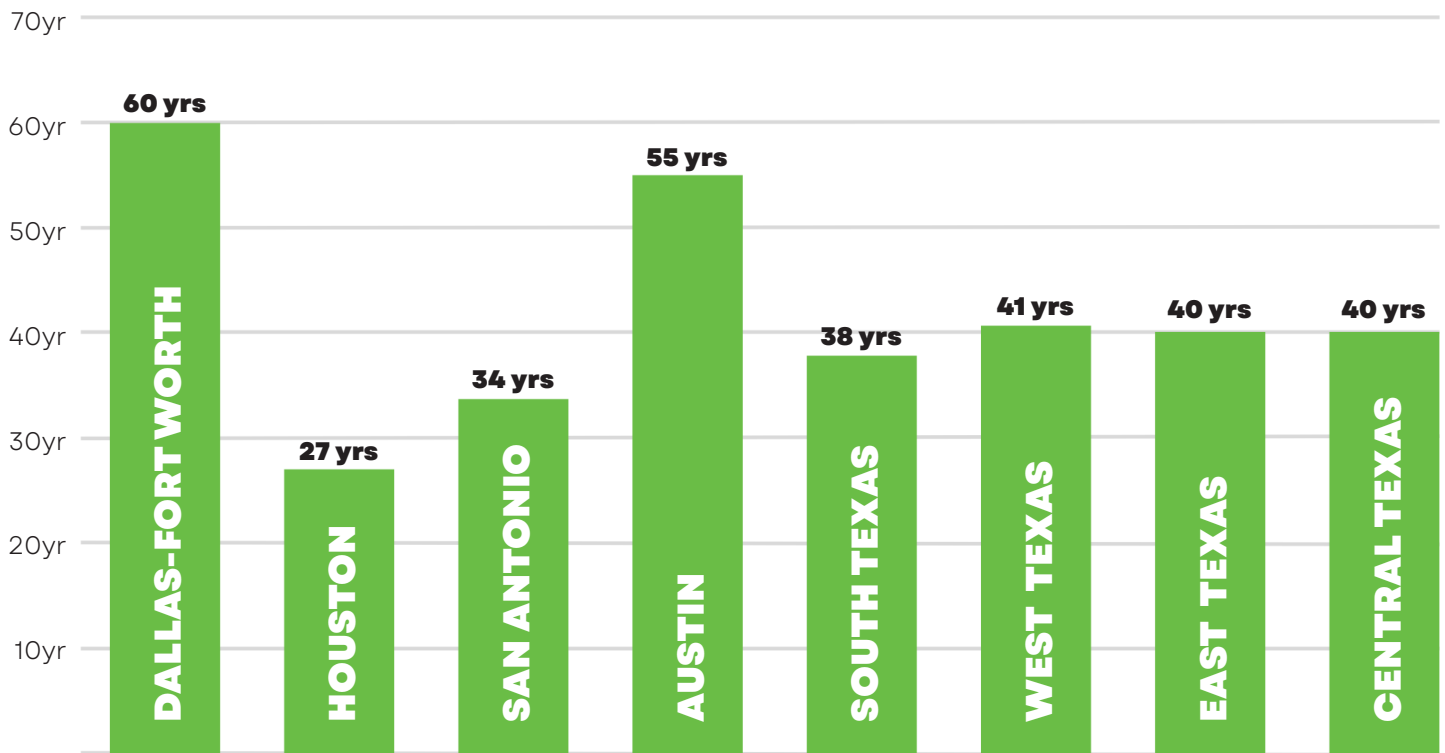




## NUMBER OF TEXAS NONPROFITS FOUNDED BY DECADE



## AVERAGE AGE OF TEXAS NONPROFITS BY REGION (2022)



Due to the growth rate of nonprofits and continuing complexity of our work, relationship-building within the social sector is critically important, yet we struggle to find existing pathways to connect with peers and build fellowship. Groups like OneStar, OneVoice, and nonprofit centers host networks and affinity groups for nonprofit staff. Professional associations, such as the Association of Fundraising Professionals, also provide platforms for education and social connection.



### TAKE ACTION

Nonprofit staff should find a network to grow your social impact connection.

## KEY FINDING

# Philanthropy continues to shrink

Economic uncertainty, among other factors, has had an impact on foundations based in Texas. Note that organizations classified as foundations may include corporate foundations, research institutions, community foundation and private grantmaking foundations.

The overall amount of grants awarded from Texas-based foundations has decreased by 9.6 percent from 2016 to 2019. While it is surprising to see grants decrease—both the number of grants awarded as well as the cumulative value of those awards—it is important to note that the number of foundations registered in Texas has also gone down. From 2016 to 2019, the number of registered foundations decreased by 33 percent from 55,589 to 37,209. When factoring in this drop, it is possible that many foundations have increased giving to accommodate these losses. Moreover, while there may be varied and complex reasons for this reduction in registered foundations, national trends provide likely explanations, such as the rise in adoption of Donor Advised Funds.

This shift highlights the changing funder landscape and the need for nonprofits to adjust their navigation through this terrain.

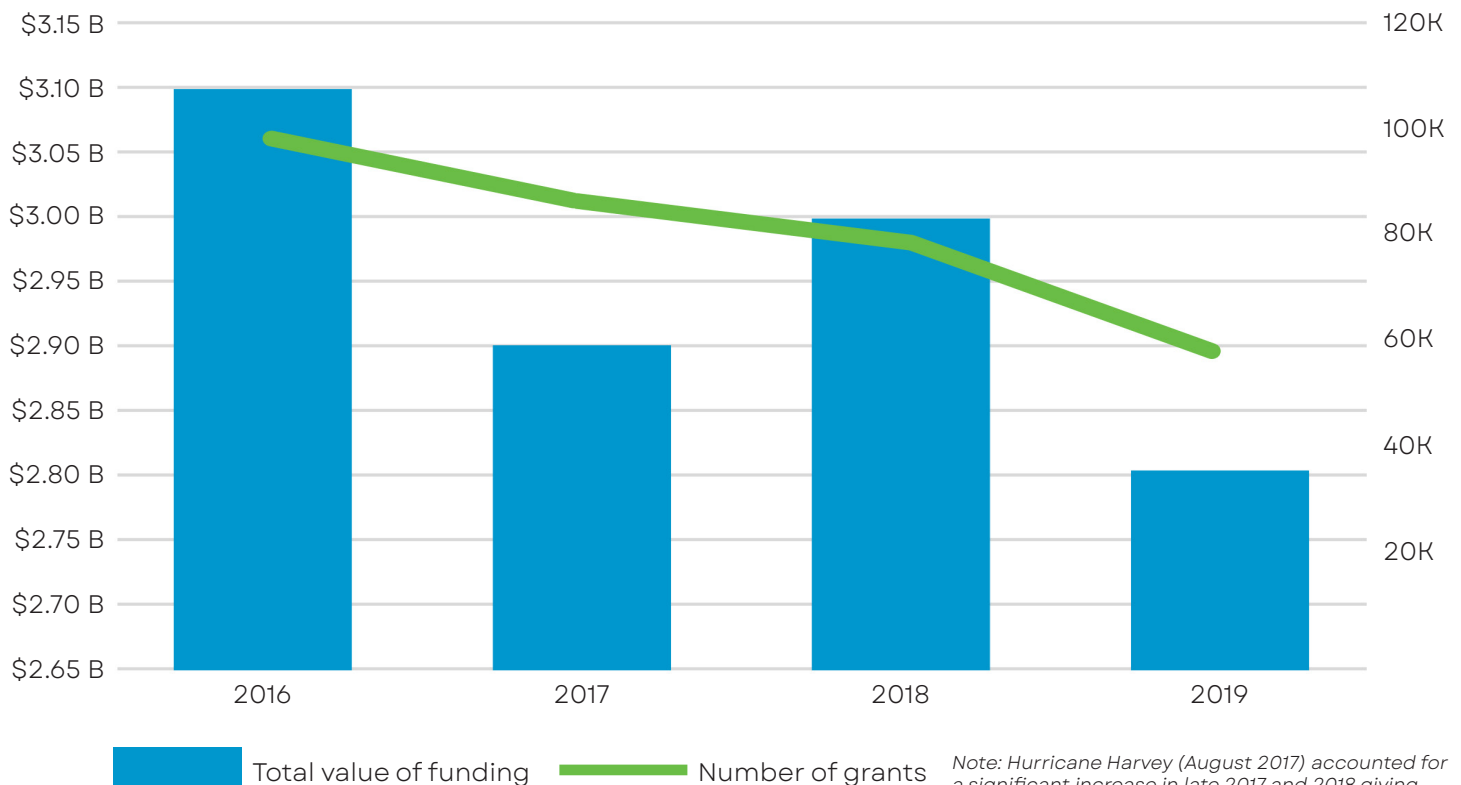


Despite its 22% growth, the nonprofit sector's total revenue

**grew by only 13%**

across the state. Revenue growth varies greatly by region and by type of nonprofit.

## GIVING OF TEXAS FOUNDATIONS





KEY FINDING

Rural nonprofits face unique opportunities & challenges

Did you know that the vast majority of Texas counties are considered rural? Rural counties are defined by population clusters of less than 50,000 individuals per county. Using this measure, 191 out of the 254 counties throughout the state are classified as rural. As of 2022, one in five nonprofits in Texas are rural-based. The greatest number of rural nonprofits are currently located in the west region of Texas. We often hear too little about the challenges and successes of our rural social sector.

Rural counties are defined by population clusters of **less than 50,000 individuals**

A common thread woven throughout both the urban and rural nonprofit experience is doing more with less. Differences do exist between the rural and urban funding experience. Typical rural nonprofits are older and hold more assets than their urban counterparts. Interestingly though, rural organizations receive less revenue each year than nonprofits in metropolitan areas. For every dollar in revenue the rural nonprofit sector receives only nine cents. While the rural nonprofit may have more assets, they receive less incoming funding.



THE TYPICAL NONPROFIT (2022)		
	RURAL	URBAN
Age	15	17
Year Founded	2003	2004
Revenue	\$107,471	\$134,672
Assets	\$195,500	\$129,179

“It’s all about networking; this could potentially curb the duplication of services if people are aware of what is offered in the community. How can we [rural nonprofits] partner with urban areas if we do not know what they offer and vice versa.”

BEVERLEY GONZALES  
Program Coordinator, Nonprofit Resource Center  
at The University of Texas Rio Grande Valley



“Trust is also a big component in a smaller region along with accessibility. In order to expand and to serve more counties, accessibility within their area is needed for organizations to offer educational opportunities.”

KAYLA WHITE  
Executive Director, Southeast Texas  
Nonprofit Development Center



# RECOMMENDATIONS

Nonprofits can overcome some of these challenges mentioned in the findings by leveraging more intra and inter-sector partnerships. With greater connection, social impact professionals will build open communication and greater trust. Nonprofits statewide report that time and resources for building and maintaining relationships has been overwhelmed by other pressing and immediate needs. However, organizations must invest in building fellowship, sharing ideas, and learning from each other in order to reap the long-term benefits and economies of collaboration.

## Legislators & Elected Officials

It is critical that nonprofits be included in policy-making discussions, so economic growth is inclusive of all communities. We hope that this report serves as an easy starting point for both legislators and elected officials to start learning about the impact and need within the Texas nonprofit sector. We encourage you to familiarize yourself with nonprofits in your area, including their breadth of service. Some nonprofits serve in well-known functions, like Girl Scouts of America and YMCA, as well as in roles that are critical to community vibrancy but are often overlooked. These include park conservancies, mental health organizations, and support for those experiencing homelessness.

Knowing about and advocating for their needs is key to community resilience. Another way to become more involved with nonprofits is to create townhalls, whether during or outside of election season, and send invitations through your local nonprofit centers (sometimes housed at universities). Your platform impacts the social sector, and getting their buy-in could be a significant leverage point.



### TAKE ACTION

Request a presentation or additional data to share on this report.





## Philanthropy

Innovation through philanthropic partnership can take many forms. Foundations, for example, may fund nonprofit programs that provide direct services to those in need as well as increase the capacity of systems. As stated in our key findings, nonprofits situated within urban environments tend to experience higher levels of revenue. Our rural nonprofits play an equally important social impact role but tend to take in less revenue. Ensuring funding opportunities are inclusive and accessible for rural communities is vital to ensuring those outside of large cities are not overlooked.

A longtime appeal from nonprofits regardless of location is more opportunity for unrestricted funding. This remains an evergreen goal, particularly in a rapidly evolving world. Another area of opportunity is to provide support for advocacy work. Funding advocacy is a way for foundations to promote change at the policy and deep systems level. More and more nonprofits want to work towards systemic change and policy reform. By supporting nonprofit advocacy, foundations can leverage a more significant and long-term impact. More unrestricted grant opportunities paired with advocacy funding can create game changing progress.



### TAKE ACTION

Share this report with your board and trustees. Discuss ways that your philanthropy processes can take into account the needs outlined across the state.



## Nonprofit & Social Sector Professionals

Connections between mission-adjacent organizations are becoming increasingly important. Dedicating the time and resources to meet, network, and align with others is critical as funding continues to lag behind the growth of the sector. Nonprofit professionals report a perceived increase in their workload and relationship building can often take a back seat. When hosting convenings, whether virtual or in-person, make sure to set aside time for participants to get to know each other and share about their work. Nonprofit and social sector professionals should also invest time in sharing their stories and experiences and advocating for their needs. Some of this sharing may happen on social media, but there is also space to connect via local coalitions and groups that can offer resources and support, such as Association of Fundraising Professionals or Young Nonprofit Professionals Network.

Another way for nonprofits to come together is through unified advocacy efforts. Advocacy is a powerful catalyst for systems-level change. It can improve the laws, policies, and systems that impact entire communities, regions, and states. There are groups like Texas Nonprofit Strong that make advocacy participation easier. A key goal of Texas Nonprofit Strong is to convene Texans interested in contributing to a unified statewide voice for the nonprofit sector.



### TAKE ACTION

Join the email list for the Texas Nonprofit Strong Advocacy Network.



Together, we have the power to solidify the nonprofit sector's essential role in shaping Texas into a thriving hub where people can work, grow, and flourish. While Texans recognize the significance of industries like tourism, oil & gas, and trade & technology, the profound impact of nonprofits on our state's economic vitality and quality of life often goes unnoticed. This report is more than a mere data project; it's a call to action. By delving into the rich social resource that is the Texas nonprofit sector, we can ignite a passion for supporting these vital organizations. Let's ensure that nonprofits not only continue to enrich our communities but also have a decisive voice at the tables where key decisions are made. The future of Texas depends on it.

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