

The Hidden Sector in our Economy: Nonprofit Organizations in Wyoming

A report by the Wyoming Nonprofit Support Initiative

Wyoming nonprofits play important roles as service providers, advocates, and community builders. They strengthen and vitalize our communities. Yet, when Wyoming citizens consider issues of economic development, the economic role of the nonprofit sector is often overlooked. Dollars to the charitable sector make invaluable contributions to the quality of life in our state, but they also make a significant contribution to the state's economic health. Nonprofit organizations employ Wyomingites, spend money in our communities, invest in equipment and property, and leverage local, state and national charitable resources.

This report, compiled by the Wyoming Nonprofit Support Initiative, profiles the economic impact and characteristics of Wyoming's nonprofit sector. It is a first step to promote understanding of this important "third" sector (government and business are considered the first and second sectors). Wyoming residents have and will continue to place their trust in the responsiveness, performance and quality services provided by the nonprofit sector. We hope this report will demonstrate an additional reason for appreciation of our state's nonprofit community.

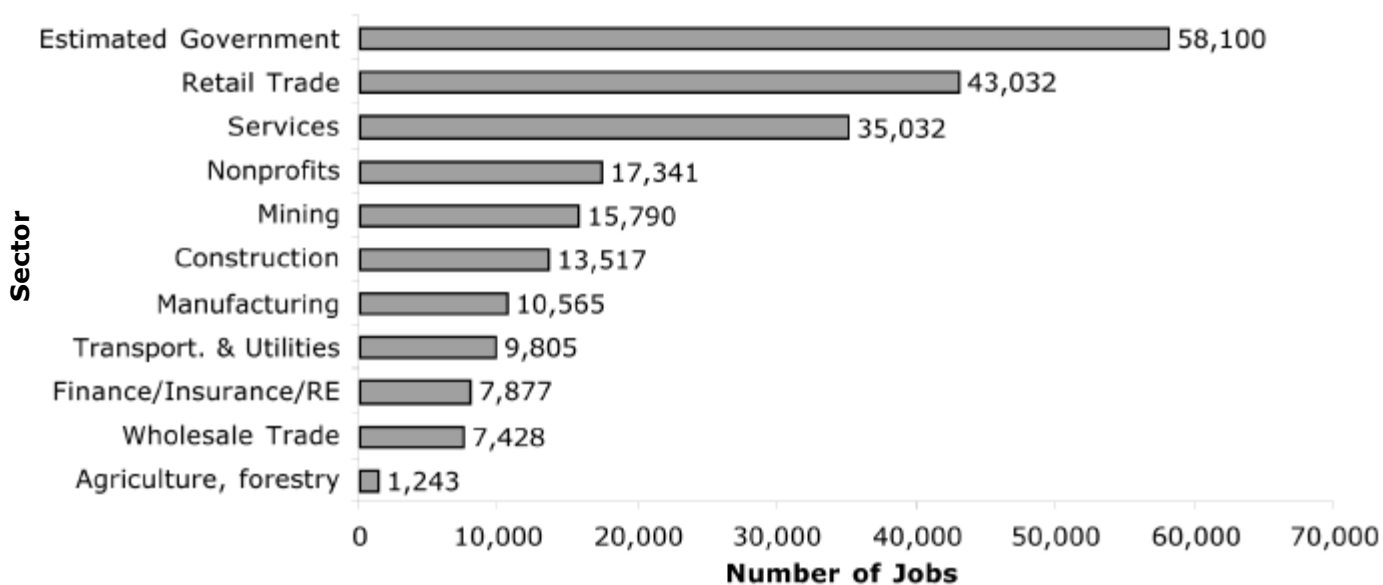
Nonprofits— Fourth Largest Source of Jobs

The media rarely reports on nonprofits as business, nor are its employees or economic value counted separately in common economic indicators. Yet Wyoming nonprofits accounted for 17,341 jobs in our state in 1997, making it the third largest source of jobs in the private sector, and fourth largest when government employment is considered (Fig. 1). The Wyoming nonprofit sector is large, diverse and growing, with over 4,000 tax-exempt organizations registered with the Internal Revenue Service (IRS).

Nonprofit organizations employ thousands of Wyoming residents who pay state and federal taxes. They buy or rent housing, purchase goods and services and participate in the economic life of our local communities in the same way as other private sector employees.

When total wages are considered, nonprofit employment ranks sixth in the state overall, and fifth for private sector wages in 1997 (Fig. 2), greater than agriculture, the finance & insurance industry, wholesale trade, manufacturing and the transportation and communications industry. At an estimated \$350 million in annual wages, the nonprofit sector is close to the \$360 million in wages earned by the construction industry.

Fig. 1: 1997 Wyoming Employment*



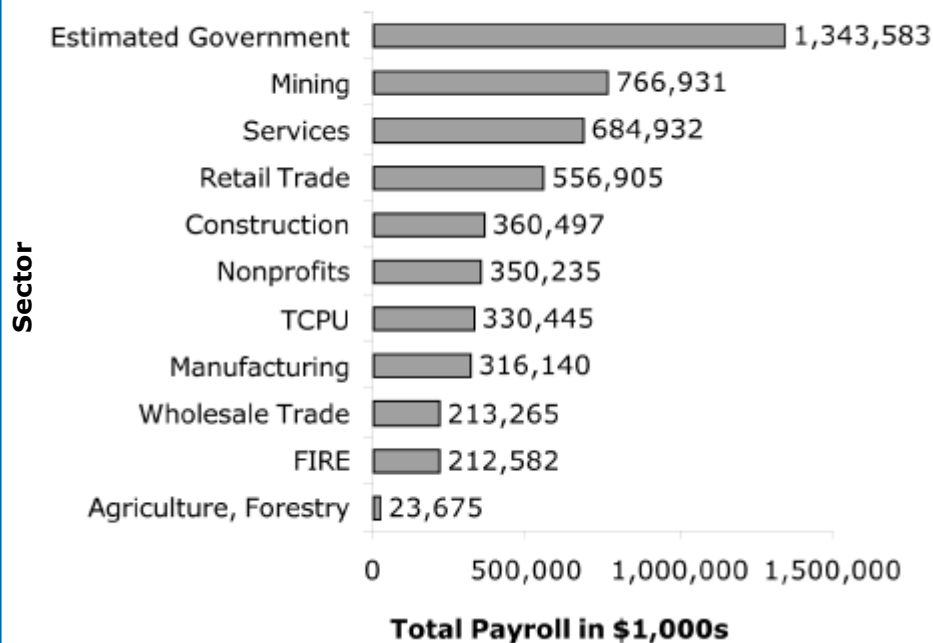
Source: 1997 Economic Census, US Census Bureau; US Department of Commerce; Division of Economic Analysis, Department of Administration and Information, State of Wyoming *Excludes railroad employees and self-employed persons.

What is a “nonprofit” organization?

A nonprofit organization is formed for the purpose of serving the public or for the mutual benefit of its members, rather than for the pursuit of profits for owners or investors. There are more than two dozen tax-exempt classifications within the Internal Revenue Code that define organizations exempt from paying federal corporate income tax. The most common type of nonprofit are those defined under section 501(c)(3) of the code, which includes religious, scientific, educational, literary, artistic, health charitable organizations and foundations. These organizations are also eligible to accept tax-deductible contributions from donors, and are often referred to as “charitable” or “public benefit” organizations.

Other nonprofits categorized under the federal tax code as exempt from federal income tax include clubs, leagues, unions and membership associations. Most of these are not eligible for tax-deductible donations; many are often organized for educational, recreational, civic or membership benefit.

Fig. 2: 1997 Wyoming Wages*



Source: 1997 Economic Census: US Census Bureau; US Department of Commerce; Department of Administration and Information, Department of Employment, State of Wyoming. * Excludes railroad employees and self-employed persons.

The employment information above represents all of Wyoming’s tax-exempt organizations, including charitable organizations, foundations, civic leagues, clubs, and other groups organized for membership or public benefit. (See “Nonprofits in Wyoming” on page 6 for more detail.) The majority of this report, however, will focus on the largest and best-known sub-group of nonprofits—501(c)(3) charitable organizations.

Note: Within this report, we will refer to this group of 501(c)(3) organizations, excluding foundations, as “charitable” nonprofits or as simply “charities”.

Not for Profit – But Charitable Organizations Generate Dollars and Economic Growth

In 2001, 2,451 Wyoming 501(c)(3) organizations—private foundations and charitable organizations—were registered with the IRS. (Wyoming also has over 790 nonprofit religious congregations, which do not have to register.) Of this group, 894 organizations were required to file financial reports (Form 990s) with the IRS because they had over \$25,000 in gross annual rev-

enues. Using financial information from these forms and excluding foundations, we know that Wyoming’s 734 charitable nonprofits generated \$536 million in revenues in 2001 and held over \$1.2 billion in assets for the same year (Fig. 3).

Wyoming charities’ expenditures for 2001 were approximately \$430 million. This exceeded the gross state products of agriculture, durable goods manufacturing, trucking and warehousing, all communications industry, and the federal military government sector.

Wyoming Nonprofits – Fastest Growing Sector in the State

The charitable nonprofit sector of Wyoming is a young and fast growing economic sector. 41% of the organizations existing in 2001 did not exist 10 years earlier. Assets of the state’s reporting charitable nonprofits grew by a phenomenal 234% in 10 years. Revenues grew by 200% over the same time (Fig. 3).

Compared to growth rates in the state’s gross state product over 1991 – 2001, Wyoming nonprofits grew faster than any other economic sector measured. Overall

gross state product GSP grew by 51% (Fig. 4). Charitable nonprofit revenues grew faster than the top growth industries of manufacturing (146%), construction (126%), services (102%) and wholesale trade (97%) over the same time period.

Fig. 4

Year	State GSP (in millions)	Charitable Revenues (in millions)
1991	\$13,550	\$178.60
2001	\$20,418	\$536.00
Percent change	51%	200%

Source: Bureau of Economic Analysis, U.S. Department of Commerce; National Center for Charitable Statistics, Urban Institute.

Nonprofits—Leveraging Dollars into our Communities

The major source of revenue for reporting charitable nonprofits in Wyoming was fees and contracts for services and programs, at 37% of total revenue for the sector (2000 figures). This runs counter to a common misconception about nonprofits—that these organizations depend solely upon charity for support. In fact, Wyoming’s nonprofits are funded by a healthy mix of income sources, including (in addition to fees) private and corporate donations, foundation and government grants, interest and investments, and other sources such as events. The funding mix of any individual organization, however, may be very different depending upon its size and mission.

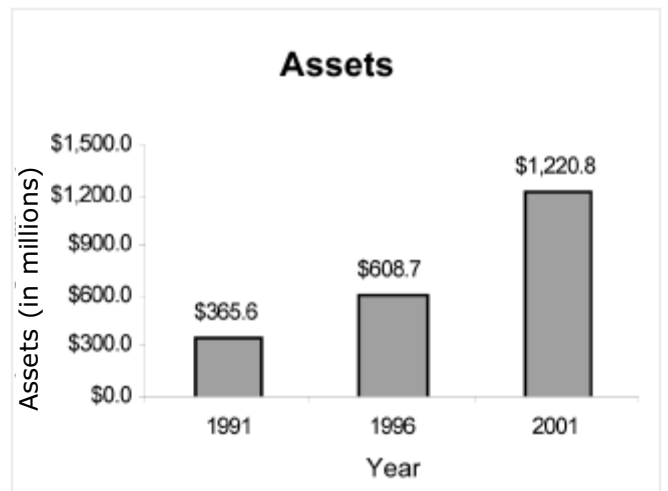
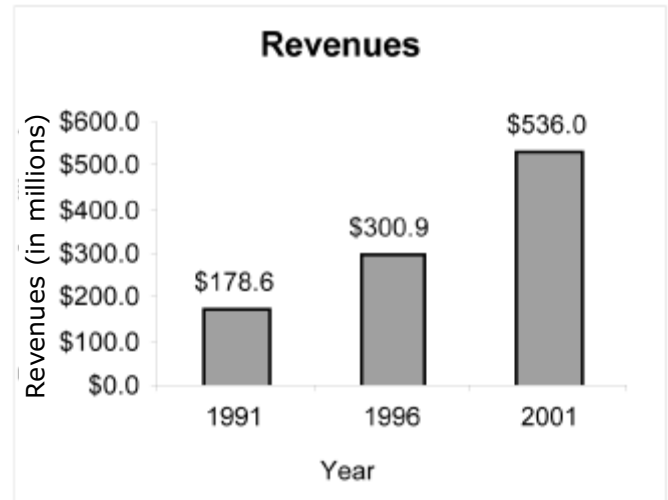
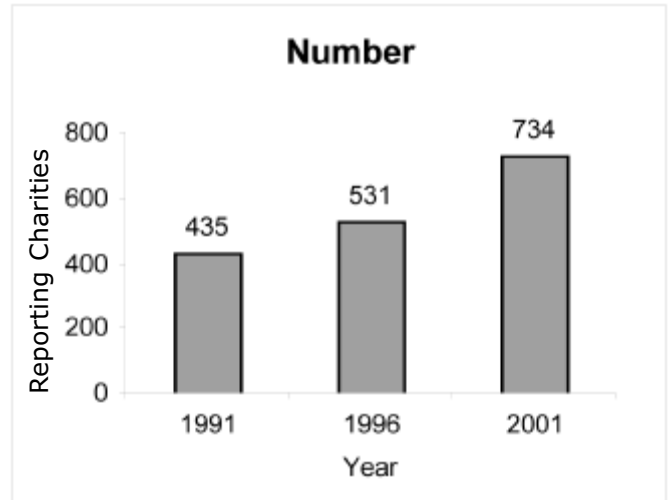
Another misconception is that nonprofits rely extensively on government grants. Yet only 17% of total revenue for our state’s charities came from this source. Government grants to charitable organizations for public purposes helps to limit the growth of government and provides for more flexible, community-based services. When public dollars are invested in charitable organizations, they help leverage additional dollars from donors, private foundations, corporations or from fees. 32% of the total revenues of Wyoming charities came from contributions made by individuals, corporations and foundations (Fig. 5). This is significantly higher than the national average of 14%.

Wyoming’s Charitable Organizations—A Diversity of Service

Diversity in mission and ideology, difference in scale and organizational structure, and dispersion throughout all communities are hallmarks of Wyoming’s charitable nonprofit sector. What these organizations share is a commitment to a greater public purpose, responsiveness to the needs of their communities, and a legacy of innovation and flexibility in program and stewardship. Charitable nonprofits range from hospitals to boys and girls clubs, from educational institutions to environmental groups, from museums and symphonies to organizations working with the elderly, disabled and veterans, and much more.

Human service organizations make up the largest proportion of reporting charitable organizations (44%) in Wyoming. Many of these address difficult issues and help to ease economic inequities by directly providing assistance to the poor or disadvantaged. Examples of types of groups include youth development, disaster relief, housing services and family support.

Fig. 3: Reporting Charitable Nonprofits in Wyoming, 1991-2001



Source: National Center for Charitable Statistics, Urban Institute.

More than Charity... Nonprofit organizations:

- stimulate our economy through employment and spending
- import dollars to the state through foundation and federal grants
- aid in attracting businesses to locate in communities through direct services and cultural richness
- provide necessary social services, which lessens the need for government intervention
- are incubators of innovation in research and community programs, helping to address state needs
- improve the workforce through job training and by hiring the under-employed
- are laboratories of leadership, providing skills development for youth and adults through volunteer, program and board opportunities
- help define and shape the character of our communities and the quality of life in our state.

Health care and education are the next largest types, with each at about 13% of the total (Fig. 6).

Wyoming charities accomplish their activities with an equally diverse array of operating structures: some are run entirely by volunteers, many have only one or two “Jack or Jill-of-all-trades” staff, while others have complex organizational structures. The majority of Wyoming nonprofits are tiny. For 501(c)(3) charities, 1,557 do not even meet the threshold of a \$25,000 annual budget that would require filing a 990 report with the IRS. Of the 734 that do, 41% have annual budgets of less than \$100,000. Another 36% have budgets between \$100,000 and \$499,999. 12% of these reporting charitable nonprofits, or 85 organizations, have annual budgets of over \$1 million (Fig. 7).

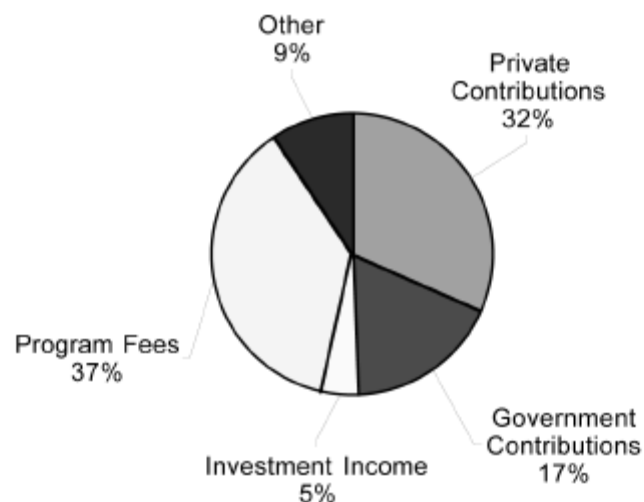
Approximately 1% of all nonprofits, or 9 organizations, account for over half of all assets and 30% of total revenue. Over one-half of all revenue for Wyoming’s charitable nonprofits is concentrated in just 4%—

the largest 28 organizations, which have budgets of \$5 million or more (Fig. 7).

If we consider revenue by type of nonprofit activity, human service organizations again make up the greatest proportion (33%). Education and healthcare organizations follow at 20% and 17% respectively (Fig. 8).

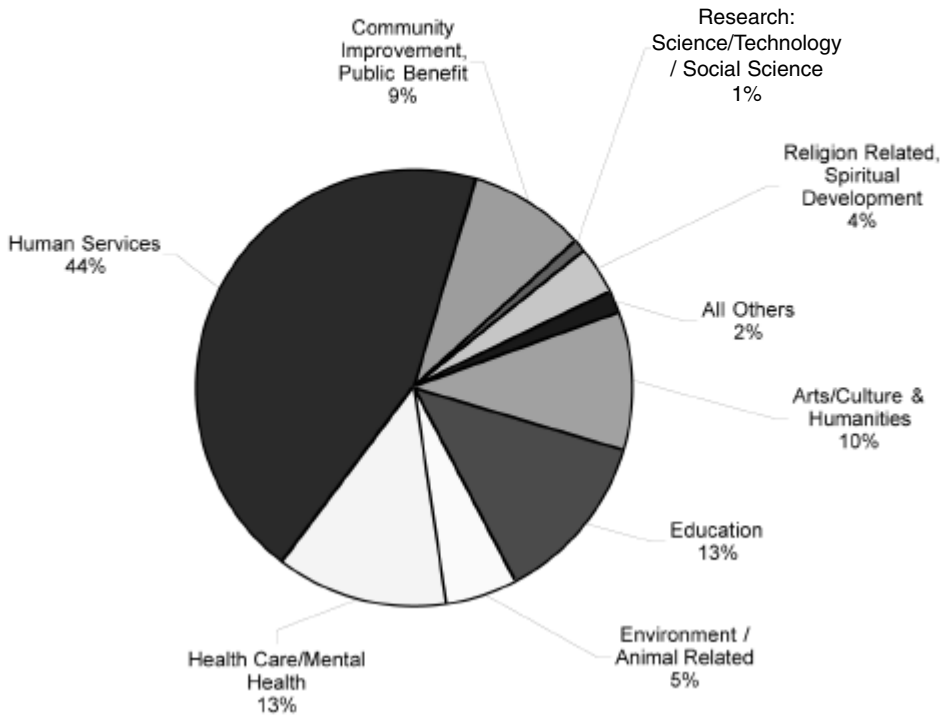
Wyoming’s nonprofit are diverse geographically and are present in every Wyoming county. These organizations bring resources, services and philanthropic dollars to our local communities. The top five counties for number of charitable nonprofits, assets and revenues are Albany, Laramie, Natrona, Park and Teton counties. Fremont and Sheridan counties then follow in a second tier of strong nonprofit activity. These seven counties account for approximately 72% of all reporting charitable organizations, 89% of total assets and 72% of all revenue for the sector. The remaining 16 counties combined represent 28%, 11% and 19% respectively of the state’s charitable nonprofits, assets and revenue (Fig. 9).

Fig. 5: Sources of Revenue for Reporting Charitable Nonprofits, 2000



Source: National Center for Charitable Statistics, Urban Institute.

Fig. 6: Reporting Charitable Nonprofits in Wyoming by Type, 2001



The Wyoming Nonprofit Support Initiative

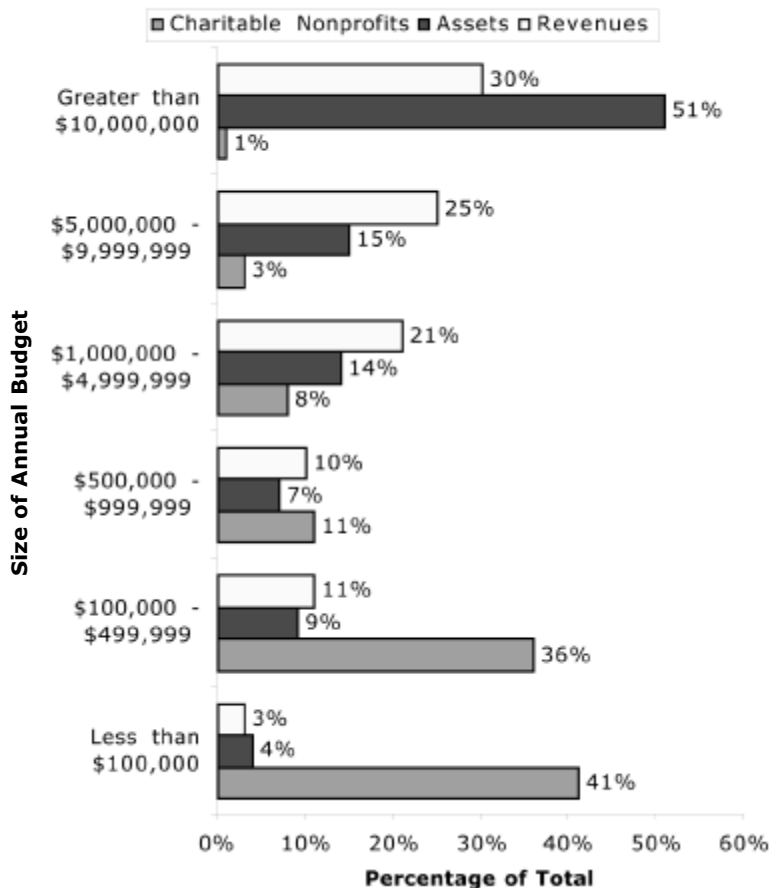
The Wyoming Nonprofit Support Initiative (WNSI) is a new organization recently created to address the needs of Wyoming's nonprofit organizations. An exploratory meeting was hosted by the Wyoming Community Foundation and the Community Foundation of Jackson Hole and attended by nearly twenty organizations and individuals representing a diverse cross-section of the state's nonprofit sector. The Wyoming Nonprofit

Support Initiative was created to explore formation of a state nonprofit organization. This report is the first public project of the WNSI. The group will conduct a series of town meetings and other activities to assess nonprofit sector support for a state association, to survey needs, and to engage the sector in the creation of this new organization.

The WNSI Organizing Committee meets monthly to plan activities. Currently, the Wyoming Community Foundation is acting as the WNSI's fiscal sponsor. We invite all interested parties and state nonprofits to join WNSI in our efforts to support and strengthen the nonprofit sector of Wyoming.

For more information, please contact the Wyoming Community Foundation, 221 Iverson Ave. Suite 202, Laramie WY 82070; (307) 721-8300 or www.wycf.org.

Fig. 7: Number, Revenue and Assets of Reporting Charitable Nonprofits by Size, 2001



Nonprofits in Wyoming

This report presents an economic profile of employment for all Wyoming nonprofits, and characterizes in greater detail the largest sub-group of this nonprofit sector—charitable organizations. Aside from charitable organizations, there are other nonprofits operating in Wyoming including clubs, leagues, unions and membership associations. Here’s the bigger picture:

Wyoming Tax-Exempt Organizations	Registered with IRS (over \$5,000 in gross receipts)	Filing annual IRS report (over \$25,000 gross)
Under 501(c)(03)*	2,451	894
Private Foundations	160	160
Charitable Nonprofits	2,291	734
 Non 501(c)(03)	 1,772	 453
Civic, social welfare, employee org. [501(c)(4)]	406	89
Labor, agriculture groups [501(c)(5)]	200	71
Business & chamber of commerces [501(c)(6)]	316	109
Social, recreational clubs [501(c)(7)]	133	32
Fraternal benefit groups [501(c)(8)]	245	35
All others	493	117
 TOTAL	 4,244	 1,347

* does not include religious congregations

Source: Internal Revenue Service, Exempt Organizations Business Master File, 2001; National Center for Charitable Statistics, Urban Institute.

While 2,291 charitable nonprofits (not including foundations) are registered as tax exempt under 501(c)(3), only 734 (32%) are required to file an annual report with the IRS because they meet the filing requirement of over \$25,000 in gross receipts. 1557 charitable nonprofits are registered with the IRS but are not required to file. There may also be charitable nonprofits that are registered but no longer exist.

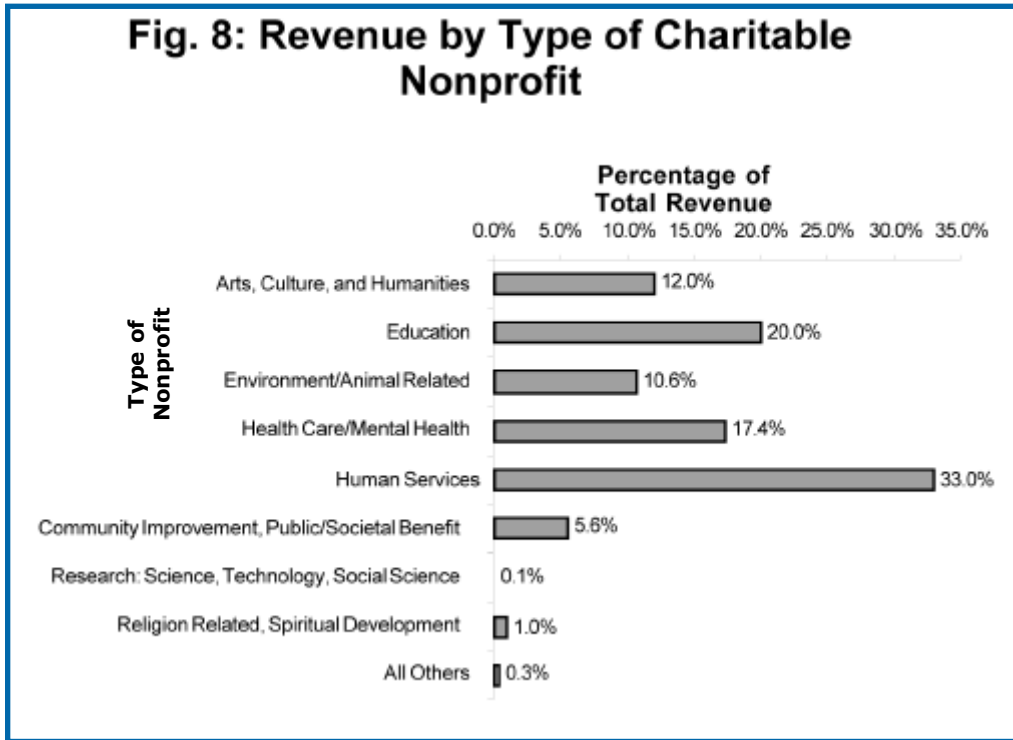
Organizations with less than \$5,000 in annual gross revenue are exempt from IRS registration requirements. In addition, Wyoming has more than 790 nonprofit religious congregations, which do not have to register to qualify as charitable nonprofits.

(Source: American Religious Data Archive, State Report 2000.)

To further compound the picture, the Wyoming Secretary of State’s records for nonprofit corporations show 5,509 active, registered nonprofits in Wyoming. This list includes many religious congregations and small, local groups that may not need to register with the IRS.

(Source: Corporations Database 2004, Wyoming Secretary of State.)

Source: National Center for Charitable Statistics, Urban Institute.



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- McMurry Foundation
- Qwest Foundation
- Daniels Fund
- Tate Charitable Foundation
- Wyoming Community Foundation
- Big Sky Institute for the Advancement of Nonprofits
- Center for Vital Communities
- National Council of Nonprofit Associations

Figure 9: Reporting Charitable Nonprofits by County, 2001

County	Organizations	Assets	Revenues
Albany	55	\$182,287,995	\$66,301,752
Big Horn	7	\$1,090,699	\$1,613,301
Campbell	37	\$7,665,900	\$6,520,490
Carbon	15	\$5,575,190	\$3,922,905
Converse	15	\$4,861,347	\$4,276,081
Crook	8	\$2,234,438	\$1,421,388
Fremont	55	\$70,028,657	\$48,182,753
Goshen	16	\$24,880,254	\$11,221,055
Hot Springs	10	\$14,635,724	\$13,247,820
Johnson	16	\$8,214,732	\$4,102,103
Laramie	111	\$338,118,500	\$61,416,101
Lincoln	10	\$2,391,210	\$2,623,682
Natrona	116	\$103,092,237	\$66,422,533
Niobrara	2	\$83,902	\$364,570
Park	50	\$172,779,666	\$53,379,921
Platte	7	\$4,181,117	\$5,536,773
Sheridan	63	\$94,513,013	\$44,213,515
Sublette	16	\$7,966,360	\$4,316,954
Sweetwater	23	\$20,851,138	\$11,779,764
Teton	75	\$120,386,506	\$91,893,951
Uinta	11	\$12,266,742	\$17,033,100
Washakie	12	\$21,524,063	\$15,123,882
Weston	4	\$1,166,572	\$1,048,159
Total	734	\$1,220,795,962	\$535,962,553

Source: National Center for Charitable Statistics, Urban Institute.

The Next Step: Strengthening the Nonprofit Sector

Wyoming traditionally attracts few outside resources and investments by national foundations and falls within the last ten states nationally with the least amount of in-state foundation assets. These states have been termed “philanthropically challenged.” They lack proximity to our nation’s concentrations of foundation wealth and to corporate foundation headquarters. These states share similar characteristics: a dispersed low population base; a lack of significant population/commerce centers; a limited industrial or manufacturing base; and dependence on agriculture or natural resource economies.

As a result of this limited foundation base, Wyoming lacks much of the infrastructure and resources typically found in other states to support and assist nonprofits. In spite of this limitation, this report shows that nonprofits generate a significant number of jobs and spending in our economy. Increased investment in this sector will increase both programmatic and economic impacts.

Obviously, leveraging more national and corporate foundation support into Wyoming will help grow this sector. Supporting local philanthropic giving will also benefit this sector. But additionally, economic development officials need to consider this sector like other businesses, and recognize the potential of this sector as an economic driver that adds amenities and enhances our communities. We hope this report stimulates a discussion in our state regarding the value of the nonprofit sector and its potential for growing and diversifying our economy. Given Wyoming and the West’s changing economies and demographic trends, the nonprofit sector can play a significant role in Wyoming’s future growth. As a state, we need to bring businesses, government and nonprofits together to collaborate on strategies for supporting and strengthening this sector. The Wyoming Nonprofit Support Initiative invites your participation in this future effort.

“Nonprofits contribute to the Wyoming economy, create jobs, magnify the impact of public investment, and bring additional resources to our state. These charitable organizations return public and private investment to Wyoming communities everyday through a broad array of important services and programs. Much attention is given to the condition of business and government in our state, but let’s not forget that nonprofits play a critical role as a third and independent sector, providing leadership and strengthening the social fabric of Wyoming.”

—Governor Dave Freudenthal

About our Research

As this report points out, there is little economic data compiled by government authorities on the nonprofit sector. Our sources of data for Wyoming’s charitable nonprofits—all reporting 501c(3)s, excepting foundations—came from annual Form 990 reports filed by individual organizations. The accuracy of our information is only as good as the accuracy of these 990 reports, and the IRS generally does not check these. In addition, Wyoming’s sample size of less than 1,000 is small, and thus, mistakes on 990s may significantly influence overall figures.

The data from the Form 990s have come directly from the IRS Exempt Organizations Master File for the year 2001, unless otherwise noted. We have used the services of the National Center for Charitable Statistics at the Urban Institute and the National

Council of Nonprofit Associations for retrieval and interpretation of these data. The Urban Institute is also the source of information regarding Wyoming’s overall nonprofit breakdown, as described in that section.

Figures on Wyoming jobs and wages for all tax-exempt organizations have come from the only government source we found that compiles these data: the Economic Census of the US Bureau of Census. These figures are only calculated every 5 years and so our data are from 1997 (2002 figures are not ready yet.) Figure 1 is supplemented with information from the *1999 Equality State Almanac*, *Employees, Payroll, and Establishments by Industry for Wyoming: 1997* and *Wyoming Economic Forecast Labor Force and Employment*, published by the Division of Economic Analysis, Department

of Administration and Information, State of Wyoming. Figure 2 uses this same information supplemented by additional information on government sector wages by the Wyoming Covered Employment, Total Wages 1997 and 1996, Department of Employment, and State of Wyoming.

Figures on Wyoming State Gross Product, and specific industry gross state product and growth rates are compiled from the Bureau of Economic Analysis, US Department of Commerce.

Religious congregation information comes from the American Religious Data Archive, and state nonprofit registration numbers come from the Secretary of State’s Office Corporations Database. National and state foundation assets information is provided by the Big Sky Institute for the Advancement of Nonprofits.

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