

**The impact of budget cuts on the nonprofit sector and the people we serve**  
**Testimony presented to the House Finance Committee on July 9, 2019**  
**By Laurie Wolf, President and CEO, The Foraker Group**

Thank you, Representatives Foster, Wilson, and Johnston, and members of the House Finance Committee, for holding this hearing and for inviting me to speak on behalf of Alaska's nonprofit sector.

I am Laurie Wolf, President and CEO of The Foraker Group, where I have worked since our organization's inception 18 years ago. I am a life-long Alaskan, born on Elmendorf and raised in Anchorage. I have spent my entire adult career working, leading, and studying the nonprofit sector.

Today I want to share some context on who we are and the critical role the nonprofit sector plays in our state before I directly address the impacts of Governor Dunleavy's line-item vetoes. Make no mistake, these vetoes will have a broad, deep, and detrimental impact on the people of Alaska.

But first, some background on The Foraker Group.

We are a nonprofit ourselves – a 501(c)(3) organization serving two primary roles. First, we are a nonprofit capacity builder dedicated to strengthening the missions of Alaska's organizations and tribes. Second, we represent organizations as the state nonprofit association. In this second role, we work to amplify the voice for Alaska's nonprofits on nonpartisan, public policy issues. We do that primarily through research and by advocating on sector-wide issues that have an impact on nonprofits across the state. And while our primary focus is working directly with nonprofits and tribes, we understand that we can only truly be an effective voice for nonprofits if we work in strong partnership with all levels of government.

**The nonprofit sector in Alaska provides diverse community benefits.**

Alaska's nonprofit sector represents a wide variety of organizations that provide public service. Every Alaska family is the beneficiary of a nonprofit because nonprofits are woven into the fabric of our communities. Although most Alaskans do not think of nonprofits as an economic powerhouse, we play a critical role in the state's economy, both as major employers and as revenue generators.

To put this in perspective, nationwide nonprofits employ 10% of the workforce. Here in Alaska, they make up on average 17% of all employment. Over a quarter of the non-government employment in the state is tied to nonprofits through indirect and induced effects. No industry in Alaska can prosper without the strength of the nonprofit sector. We provide both a financial and social return on investment by leveraging public and private resources.

Nonprofits are part of the healthcare, utilities, fisheries, and oil and gas industries. We provide essential services such as firefighting, early childcare, basic utilities, housing support, and food security — just to name a few. We are the safety net across Alaska. And through arts, religious, and cultural expression, education, and recreation, we are the source of great joy and quality-of-life experiences for Alaskans of every age. Nonprofits care for our people, our pets, and our planet as a commitment to healthier and more prosperous communities.

**Our work can seem invisible.**

We are so embedded into the Alaskan landscape it is sometimes hard to see us holding the safety net, or providing a critical service, or driving the economic development in a community. Every day, nonprofit organizations work hand-in-hand with government to deliver essential services through a history of strong partnerships. Governments often contract with nonprofits to perform these key responsibilities efficiently and effectively. Particularly in rural and unincorporated parts of the state, nonprofit organizations fulfill a variety of critical public services normally associated in other states with state and local government – services like public safety, water and sanitation, fire service, and workforce development.

**We are working hard alongside you to make Alaska work – these vetoes threaten that work.**

On the news of the vetoes of over \$400 million from the FY2020 state budget, added to \$280 million in cuts already made by the legislature, nonprofits are truly concerned. These cuts represent some of the largest we have seen to health and human services in our state's history. And these figures do not take into account the loss of millions in matching federal funds and private philanthropy. Let's be clear, these vetoes will have an impact on every Alaskan. As we have been saying for some time now, Alaska only truly works when we work together – nonprofits, business, and government.

This budget will mean the loss of essential services, and our most vulnerable will be the most harmed. More people will go without homes, without food, without adequate legal support, and without healthcare. Our children will be less protected. Our families and our seniors will be more stressed. Our environment will be harmed. Simultaneously, we will be less informed as the state pulls away from public radio and television. We will also be less able to express ourselves as artists, and the organizations that celebrate and create opportunities for artistic expression will no longer be funded. These budget cuts erode the very nature of the way we understand the multi-sector commitment that has worked in Alaska since statehood.

Today you are going to hear from a range of nonprofits, industry, and the university. While I am here only to speak about the direct impact on nonprofits, it is critical to note that nonprofits are only able to do their work because all sectors of Alaska are doing their part. Indeed, it is our interconnection that makes an economy of scale that is workable in our state.

Not every nonprofit – in fact many don't receive any direct state funds, but they are still impacted by state budget decisions. For example, our nonprofits are closely integrated with the work of the university system and the Alaska State Council on the Arts, just to name a few. We rely on each other. And the nonprofits themselves are interwoven. We have heard some very compelling stories in the last week about all the different ways this budget impacts children, seniors, the vulnerable, and Alaskans experiencing domestic violence, crime, and more. The elimination or drastic reduction of any program will dramatically downsize services and will have a wide and deep impact across the state.

Additionally, we cannot understate the reality that private philanthropy and volunteerism cannot fill in the gaps that will be created by these vetoes. We already rank fourth in the nation in volunteerism, and we make the most of each and every investment of time and money. We need to understand how individual, corporate, and private philanthropy plays a role, but cannot cover the responsibilities of state government.

Many of your constituents might believe they will be unaffected by these cuts. Unfortunately, that is just not true. If they are upset and concerned by seeing people living on the streets, be prepared to see more. If they like quality-of-life experiences in their community, be prepared for less. If they are troubled by the rate of property taxes, be prepared for those to go up as costs shift to local governments.

I know that every day nonprofits in Alaska are saving lives and caring for people with real challenges. I know they are celebrating artists and creating vibrant communities. I know they are stewards of our environment and its resources. I know how valuable it is to tune in and listen to our public radios and TV as our lifeline in an emergency.

I know that nonprofits are effective and efficient on their own and as partners to government and each other.

Every Alaskan in every community will be hurt by these decisions. Our work is not about self-preservation of our organizations – it has always been about and for the people and communities we serve. I invite all of us to be proud of our state as a place that stands up for every Alaskan and promotes a quality of life for everyone.

Thank you for this opportunity to speak, and I will be happy to take your questions.