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COVID-19 PUTS ALASKA NONPROFITS AT RISK

Foraker Survey Reveals the Dire State of the Nonprofit Sector

ANCHORAGE, ALASKA (March 27, 2020) – Alaska’s nonprofits are experiencing significant impacts from the COVID-19 crisis. In a survey conducted March 16-24 by The Foraker Group, over 450 organizations from every segment of the nonprofit community and every part of the state confirmed that their ability to deliver services is deeply impacted as a result of the pandemic.

Nearly 80% of respondents said the impact on their operations is high, and 69% report that services to clients and communities have been disrupted.

“Nonprofit organizations provide a huge part of the safety net for Alaska communities,” said Laurie Wolf, President and CEO of The Foraker Group. “Many of our nonprofits are on the front lines of this crisis providing health and human services to children, the elderly, and the most disadvantaged. This is a rapidly changing situation with significant impacts on everyone in Alaska. Our nonprofits are adapting quickly to new operating requirements while still serving their clients.”

The survey found that human service organizations (domestic violence providers, food banks, homeless shelters, and mental health nonprofits) are grappling with a spike in demand for services combined with a rapidly changing work environment and loss of charitable revenue and volunteer support because of shelter-in-place measures.

Wolf pointed out that arts, culture, religious, educational and animal welfare organizations also are deeply affected by the impacts of closing their operations. “These organizations have shut their doors in the name of public health, but must maintain their facilities, animal care, and cultural and artistic objects.” They are being creative today because we need them to be here when this crisis is over.

Alaska nonprofit organizations – which account for approximately 17% of the state’s workforce – will continue to face challenges from cancellations or postponement of fundraising events, a decrease in volunteerism, and impacts on their investments and donor giving caused by a declining stock market. Wolf praised Alaskans who are helping their neighbors and communities by continuing to donate to causes they care about.

Still, Wolf emphasized, philanthropy cannot begin to fill the financial constraints facing nonprofits and the people they serve. “It is vital that the nonprofit sector be included in the public policy response at every level to ensure that decision makers fully understand the critical services nonprofits provide, how those services are at risk, and what government must do to protect Alaska’s safety net. We are thankful nonprofits are specifically included in the federal relief packages.”

Survey Highlights

This survey was conducted March 16-24, with many organizations responding before the call by local and state leaders to “hunker down” on March 22 and begin remote work operations or closures. These results would likely shift as organizations get more information on their financial position and better understand the time horizon for closures, disruption of service, loss of revenue, and increased demand for service.

Therefore, the highlights below represent a “snapshot in time.”

- Every part of the nonprofit community is feeling the impact of COVID-19.
- Organizations that are currently experiencing the greatest impact work in arts and culture, human services, and education.
- Arts and culture and educational organizations are affected by closures and loss of earned revenue, along with the demand to maintain their facilities.
- Human service organizations are primarily impacted by an increased demand for services and a quickly changing work environment coupled with a loss of charitable revenue.
 - Behavioral health and early childhood care organizations are feeling the impact more than other organizations.
- Employee payroll particularly concerns nonprofits with low reserves and a large number of hourly staff.
- Nonprofits have lost their volunteers as people shelter in place and reduce their activities in the interest of public health.

Below are the percentages of Alaska nonprofits experiencing or anticipating certain impacts:

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| • Cancellation of programs or events | 90% |
| • Disruption of services to clients and communities | 69% |
| • Loss of revenue due to inability to engage in fundraising | 61% |
| • Budgetary implications related to strains on the economy | 61% |
| • Loss of revenue due to inability to provide services | 56% |
| • Increased and sustained staff and volunteer absences | 52% |
| • Adjustments and/or reductions to current staffing levels | 46% |
| • Disruption of supplies or services provided by partners | 34% |
| • Increased demand for services/support from clients and communities | 33% |
| • Other | 22% |

It should be noted that no healthcare organizations answered this survey even though more than 50% of all Alaska healthcare providers are nonprofits. We believe that can easily be attributed to the consuming workload they currently face. That said, we know that healthcare organizations serving on the front lines of this pandemic are losing critical revenue with the cancelation of elective procedures and routine appointments.