Alaska’s Nonprofit Sector: Generating Economic Impact

theforakergroup

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Credit Union 1
Alaska nonprofits play a central role in the state’s economy

Alaska’s nonprofit sector represents a variety of organizations that provide public service and impact the lives of nearly everyone living in and visiting the state. Although most Alaskans do not think of nonprofits as an economic powerhouse, they play a critical role in the state’s economy both as employers and revenue generators. No industry in Alaska can prosper without the nonprofit sector. We provide both a financial and social return on investment by leveraging public and private resources. We are part of the healthcare, utilities, fisheries, and oil and gas industries, and provide essential services such as firefighting, early childhood, housing, and food security – just to name a few. We are Alaska’s safety net. Every Alaskan is a nonprofit beneficiary because nonprofits are woven into the fabric of our communities.

Look around and you will see that Alaska’s nonprofits are providing essential services like medical care, housing, and utilities. They also bring us joy and purpose through art, religious and cultural expression, education, and recreation. They ensure our quality of life, sustain our way of life, and attract employees to our state. Let’s celebrate nonprofits for caring for our communities.

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Nonprofits are a major
economic driver

Nonprofits are a significant source of Alaska jobs. We often lose sight of the scale of their impact because nonprofits are not considered to be a single industry. When the state tracks jobs, it classifies them by industries – oil and gas, tourism, health care – not by the sector where the work originates – nonprofits, government, or private. In fact, all three sectors are integrated, and a vibrant nonprofit community helps generate jobs, both directly and indirectly, in all the state’s industries. When nonprofits spend money on supplies, services, or payroll, it circulates around the state, creating more jobs and a stronger economy. We create and sustain jobs for Alaskans and their families.

Nonprofits leverage public funds for maximum return

Nonprofits leverage a variety of resources to meet their missions. The blend of earned income, private philanthropy, and limited public resources enables nonprofit organizations to maximize community impact. Nonprofits are focused on judicious use of every resource as they navigate an increased demand for services and an ever-changing pandemic landscape. As the state and local governments consider shrinking budgets and taxation plans, nonprofits should be recognized as already doing their part to maximize every dollar to benefit the public. Our partnerships create a social safety net that strengthens the fabric of Alaska communities.

Nonprofits partner with government in delivering essential services

Every day, Alaska’s nonprofits deliver efficient and effective services to all Alaskans as a predictable and stable partner to government. Without a county system of government, Alaska’s unique structure means that while the state provides a major role in volunteerism has a powerful influence on infrastructure, education, and jobs across Alaska. The economic engine of philanthropy from foundations, corporations, and individuals coupled with Alaska’s unique high rate of volunteerism has a powerful influence on infrastructure, education, and jobs across Alaska. At the same time, local, state, and federal policies and investments have a profound impact on philanthropy. Each donation leverages another. We need to be realistic about the possibilities for growth, while understanding that philanthropy alone cannot replace the role of government. To increase Alaska’s civic engagement and private investment, we need to work together to encourage — not stifle — philanthropy as a sign of a strong economy.

Nonprofits have a major role in Alaska’s economy.

While this state’s economy has undergone tremendous stress during the pandemic, nonprofits have proven that they are essential in keeping our economy moving. No sector can create a thriving economy alone. When you and other community leaders make financial decisions, create policies, or develop programs, we urge you to remember that every dollar invested in the nonprofit sector, regardless of the source, results in lower government costs in the long run. Indeed, each decision will have an impact on the health of the sector and, thereby, the well-being of every Alaskan. We are ready to work with government and the private sector as a partner for all Alaskans. We need to recognize the essential role of nonprofits in Alaska’s economy.

Alaska’s nonprofit organizations have been at the forefront of response and recovery during the pandemic. In addition to the medical and public health response often led by nonprofits, the sector also partnered with government to administer aid to Alaska’s employers and distressed households. Even as they did this work, many nonprofits endured disruptions in their ability to serve their community while others tripled their services. All of them suffered losses of revenue, staff, and volunteers and were forced to cancel services and events. We need to recognize the essential role of nonprofits in Alaska’s economy.

We are ready to work with government and the private sector as a partner for all Alaskans.

Nonprofits provide community investment and civic engagement

The economic engine of philanthropy from foundations, corporations, and individuals coupled with Alaska’s unique high rate of volunteerism has a powerful influence on infrastructure, education, and jobs across Alaska. At the same time, local, state, and federal policies and investments have a profound impact on philanthropy. Each donation leverages another. We need to be realistic about the possibilities for growth, while understanding that philanthropy alone cannot replace the role of government. To increase Alaska’s civic engagement and private investment, we need to work together to encourage — not stifle — philanthropy as a sign of a strong economy.

Nonprofits are a stabilizing force in the COVID Economy

Together, we foster healthier and more prosperous communities.
Today we call on you as a policy maker, a community leader, a donor, an investor, and a volunteer to: Turning data into action

As community leaders and policy makers, your decisions have significant impact on how Alaskans live, prosper, care for their families, and find value in their lives. You bear serious responsibility to serve our state and people while stewarding our financial resources and making significant community decisions. You have an opportunity to set priorities in conjunction with nonprofits that strengthen the state. We invite you to join with nonprofit sector leaders in conversations and partnerships that focus on our shared responsibility for a thriving Alaska economy. We encourage you to share this data and information with colleagues across the state. And we invite you to consider new ways to tackle our collective challenges, strengthening what works best for Alaska and brings us closer to common ground. As the data and stories in this report demonstrate, the work of ensuring vibrant communities will take us all. It is time to work together and turn our data into action.

HIGHLIGHTS

1. Use the data in this report to better understand the economic impact of Alaska nonprofits as you develop policy and make decisions

2. Use the stories here as a reminder that the sector is a place of innovation and opportunity if we nurture rather than stifle it

3. Use your position of influence to stabilize our safety net, secure our points of leverage, and collaborate to maximize our resources

4. Use the lessons we all learned from the pandemic to address inequity in our systems and work together for a more just home for all Alaskans

5. Engage local nonprofit leaders as essential partners for successful decision making, recognizing their deep knowledge about their community

6. Recognize nonprofit contributions to ensuring a vibrant place for all Alaskans to thrive

Gathering the data

This is the fifth economic impact study released by The Foraker Group. Every three years we embark on this analysis to better inform policy makers and the private sector about Alaska’s nonprofit sector. This report requires an enormous amount of research because no single source exists for comprehensive data on the sector at either the state or federal levels. We are confident that we are using the best and most trusted sources available for both raw data and research from the field. Those sources include the Internal Revenue Service (IRS), State of Alaska Department of Labor and Workforce Development, U.S. Census Bureau, and the National Center for Charitable Statistics. We are particularly grateful to the Alaska Department of Labor Research and Analysis division for their willingness to provide the best available data on the nonprofit sector. Unless otherwise noted, the data in this report is from 2019-2020, the last years when complete data sources were available. While we make every attempt to replicate the data from one report to another, the data sources do shift as better information becomes available.

We are deeply grateful to the team at the University of Alaska Center for Economic Development for their expertise, analysis, and steadfast belief in the power and possibility of the nonprofit sector.

The economic impact of Alaska nonprofits is significant. The nonprofit sector at a glance:

In 2020, the nonprofit sector directly employed approximately 38,100 Alaskans, a decline from 39,600 in 2019. Including indirect and induced effects, nonprofits were responsible for sustaining 57,900 jobs in the state. This is comparable to employment in some of the state’s leading industries like seafood and oil and gas.

Compared to 8% job losses economy wide, between 2019 and 2020, nonprofit job losses were comparable to losses across Alaska’s other industries during the COVID-19 pandemic.

The economic impact of Alaska nonprofits is significant. The nonprofit sector at a glance:

- 38,100 directly employed in Alaska
- 57,900 jobs sustained in Alaska
- Nonprofits make up 13% of all employment in Alaska, compared to the national average of 10%.
- One in five jobs in the state is tied to nonprofits either directly or through indirect and induced effects.

Nonprofits are often the largest employers in rural parts of the state, in some cases directly accounting for half of all non-government jobs.

Nonprofit contributions to a vibrant place for all Alaskans to thrive:

- 13% of all employment in Alaska
- Nonprofit employment in rural Alaska makes up 50% of all employment in rural Alaska
- Nonprofits are the largest employers in rural parts of the state, in some cases directly accounting for half of all non-government jobs.
Nonprofits serve us in ways we often don’t realize. Alaska nonprofits are so much a part of our communities they often go unnoticed. Yet many of the services we take for granted depend on nonprofit organizations. Alaska’s nonprofits contribute to Alaska’s quality of life, our health, and our economy today and will do so well into the future. Credit unions are one example of unrecognized nonprofits. They are a type of mutual benefit nonprofit that exists to serve members with their banking needs and often do so alongside programs that promote volunteerism and community giving. Credit Union 1 (CU1) is a shining example.

“Credit Union 1 was founded on the spirit of ‘people helping people,’” notes Jessica Gallagher, CU1 Director of Corporate Communications. “We’re proud to help foster thriving, happy communities by always putting people first.”

CU1 truly showed their adaptability when they stepped in to fill a need during the pandemic. While not a typical grantmaking organization, CU1 adapted its role with vision and agility by partnering with the State of Alaska to distribute more than 2,000 grants to small businesses and nonprofits for a total of $84.2 million. CU1 was already responding to the financial strain of its members by waiving fees, increasing overdraft limits, using social media to advocate for local businesses, and purchasing meals from local restaurants for front-line workers. But this was a different way to help families, nonprofits, and businesses suffering financial loss from the pandemic.

If you look around, you will find nonprofits like Credit Union 1 in every industry – discovering ways to make our communities stronger and more resilient.
Who are Alaska’s nonprofits
When most people think about nonprofits, they focus on the 501(c)(3)s— or charitable nonprofits with missions like health, arts, conservation, religion, or education. While the majority (78%) of Alaska’s nonprofits are charitable, it is important to note that the other types of nonprofits are large contributors to the economy.

Alaska’s 501(c)(3) charitable organizations fulfill a wide variety of missions and purposes to improve our communities and our daily lives. Religious congregations account for the largest number of nonprofits. While healthcare organizations make up only 6% of total nonprofits, they accounted for 24% of all nonprofit revenue as shown on page 17.

We invite you to look around and see the nonprofits that impact your life every day in Alaska. We are working hard alongside you to make Alaska work.

Understanding the total number
Since our last report, the number of nonprofit organizations in Alaska remained steady, with small amounts of growth in specific areas. New data shows that between 2016 and 2020, the total number of nonprofits in Alaska shrunk slightly to 5,620 organizations. One nonprofit existed for every 130 Alaskans in 2020, a figure unchanged from 2016. Although the total number of nonprofits in the state fell slightly, population also declined, leaving the same ratio. The missions of Alaska nonprofits are deeply rooted within communities. They touch clients, partners, volunteers, and investors. Every Alaskan benefits from the diverse missions across our state.
Nonprofit wages have a positive, direct and indirect impact on the economy

The nonprofit sector directly employs 38,105 Alaskans. Counting indirect and induced effects, nonprofits are responsible for sustaining 57,922 jobs in the state. Indirect jobs result from nonprofit organizations purchasing goods and services from other organizations, as when a nonprofit contracts with a construction company for a new building. Induced jobs are the result of employees spending their paychecks on rent, groceries, recreation, and anything else they purchase. Together, these jobs translate into $4.07 billion in total income generated by the nonprofit sector, which then ripples through our communities.

Nonprofits are a major economic driver

Nonprofits are strong contributors to Alaska’s economy and a significant source of Alaska jobs. You can find nonprofit organizations at work in all of Alaska’s leading industries. When nonprofits spend money on supplies, services, or payroll, it circulates around the state creating more jobs and a stronger economy. Let’s recognize that nonprofits create and sustain jobs for Alaskans and their families.

Nonprofits provide jobs for Alaskans

Accounting for all direct, indirect, and induced effects, the nonprofit sector supports a similar number of jobs for Alaska’s leading private industries. When looking at only private (non-government) employment, the nonprofit sector supports one in four jobs.

Nonprofits create Alaska jobs

$2.88 Direct jobs
$773M Indirect jobs
$463M Induced jobs
$4.07 BILLION in total income
38,105 direct jobs employment within nonprofit organizations
12,679 Induced jobs jobs created when nonprofit employees and employees of supplier businesses spend their paychecks
7,138 Indirect jobs employment within businesses as a result of selling goods or services to nonprofits

Proving jobs for Alaskans

Nonprofits constitute Alaska’s third largest industry, by total impact

One in four non-government jobs tied to nonprofits

57,922 Nonprofit sector
77,600 Oil and Gas
58,700 Seafood
9,400 Mining
51,896 Tied to nonprofits
251,896 Private sector jobs in 2015

Nonprofit wages and salaries ripple through the community

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Nonprofits are training the workforce of the future

The nonprofit Yuut Elitnaurviat People’s Learning Center is the principle adult education and workforce training organization in Bethel, the hub for the Yukon-Kuskokwim (Y-K) region. This vast area in southwest Alaska covers 75,000 square miles (around the size of South Dakota) and is home to over 26,000 people. The organization’s mission is to prepare residents for in-demand, high-wage jobs that are critical to the economy of the region. Its extensive work in career development extends from basic qualifications to specialized certification, both of which seek to increase the earning potential of residents and help fill open positions with qualified applicants.

One of its leading programs is the Licensed Practical Nurse (LPN) course. Open nursing positions are a constant in the region, both in Bethel and the surrounding villages. Yuut Elitnaurviat’s program prepares residents to fill those positions, which increases the capacity of the local medical system and the earning power of the individuals. The average annual salary for an LPN in Alaska is $67,620, much higher than the average per capita income in the region, which ranges from around $13,000-$20,000 per year.

Other flagship programs include the Aviation Maintenance and the Public Safety courses. According to Yuut Elitnaurviat’s Director of Operations Tiffany Tony, graduates of these programs can get hired almost instantly when they complete their studies. The center also offers adult education including a GED program for those looking to expand their job prospects or driving school for people interested in a job that requires a license, which many in the Y-K region do not have.

The Yuut Elitnaurviat People’s Learning Center is just one Alaska nonprofit that is training the workforce of the future – and one example of many nonprofits that are part of a healthy economy.

The gender pay gap still needs our attention

Despite progress, women still earn significantly less than men, and the gap for women of color is even wider. Fair and equitable pay is the law in our country, and yet we have more work to do, both in and out of the nonprofit sector, to achieve pay equity. While the data is not yet available, experts project that the pandemic has set women back in their pay by more than a decade because of job losses, lack of childcare, and lack of adequate family leave options.

The earnings gap between men and women is smallest at nonprofits with fewer than 10 employees. However, average wages grow as organizations get bigger, and the pay gap grows with these increased earnings.

Nonprofits are a major economic driver

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Nonprofits are important to regional economies

Nationwide, nonprofits employ 10% of the workforce. In Alaska, nonprofits employ roughly 13% of the workforce. However, in some rural areas, nonprofits are responsible for up to 40% of direct employment. In at least six of Alaska’s 30 boroughs and census areas, nonprofits provide 20% or more of all employment. This is largely because of the tribal health system, which is run by nonprofits and is often the largest employer in these areas.

Additionally, nearly a quarter of non-government jobs are tied to nonprofits through indirect and induced effects. Importantly, the data below reflects both the physical location of the job rather than the location of the employer, and for that reason some data in a few regions is suppressed by the Department of Labor to maintain privacy. In these cases, CED estimated nonprofit employment to calculate the percentages for total and nonprofit employment.

Nonprofits are a major economic driver

Nonprofits strengthen Alaska’s other leading industries

Nonprofits contribute to Alaska’s economy by playing critical roles within the states major industries. From associations engaging in the policy-making process, to economic development agencies promoting job opportunities, nonprofits contribute to the vitality of commercial enterprises. For the business community, nonprofits are often a vehicle for collaboration to improve the business climate or pursue shared objectives like visitor marketing. In some cases, the major players in an industry are the nonprofits themselves, such as hospitals, credit unions, and the state’s largest electric utilities. Alaska’s seafood industry hosts unique nonprofit entities like Community Development Quota (CDQ) groups that generate revenue for community investments and aquaculture associations that enhance salmon runs.

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<th>Percentage of nonprofit jobs by region</th>
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<td>1% - 8%</td>
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<td>9% - 16%</td>
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<td>17% - 24%</td>
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<td>25% - 33%</td>
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<td>34% - 42%</td>
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<th>Resource Development</th>
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<td>Oil and Gas Industry Associations</td>
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<td>Vendor/Supplier Associations</td>
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<td>Oil Spill Removal Organizations</td>
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<td>Workforce Development</td>
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<th>Seaford</th>
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<td>Commercial Fisheries Associations</td>
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<td>Regional Aquaculture Associations</td>
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<td>Seafood Professionals Associations</td>
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<td>Community Development Quota (CDQ) Groups</td>
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<th>Finance</th>
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<td>Industry employment w/ nonprofits</td>
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<td>Associations for Banks and Credit Unions</td>
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<td>Community Development Financial Institutions (CDFIs) Credit Unions</td>
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<th>Healthcare</th>
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<td>Hospitals</td>
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<td>Tribal Health System Associations</td>
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<td>Healthcare Professionals</td>
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<th>Economic Development</th>
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<td>(All Industries)</td>
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<td>Local/Regional Economic Development Organizations</td>
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<td>State and Local Chambers of Commerce</td>
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<td>Vocational Programs</td>
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<th>Visitor Industry</th>
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<td>Industry Associations</td>
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<td>Local Convention and Visitors Bureau</td>
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<td>Recreational Associations</td>
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<td>Environmental Conservation</td>
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<th>Construction</th>
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<td>Contractors Associations</td>
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<td>Homebuilders Associations</td>
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<th>Utilities</th>
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<td>Industry Associations</td>
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<td>Electric Cooperatives</td>
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<td>Trade Unions</td>
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<th>Alaska Native Corporations</th>
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<td>Regional &amp; Village Corporation Associations</td>
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<td>Education Foundations</td>
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<td>ANCSA Regional &amp; Nonprofits</td>
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<th>Telecommunications</th>
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<td>(39% of industry employment w/ nonprofits)</td>
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<td>Industry Associations</td>
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<td>Telephone Cooperatives</td>
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Health care drives economic impact

Healthcare nonprofits, while fewer in number compared to other categories, account for the most revenue and jobs generated in the sector. Often Alaskans don’t realize that they receive health care from a nonprofit hospital or clinic. But in fact, 56% of healthcare jobs are generated by nonprofits. Excluding Providence Health and Services, which combines its Alaska assets with those in Washington state, six of the top healthcare organizations account for 20% of Alaska’s 501(c)(3) assets, or $1.4 billion. These vital assets to Alaska translate into community facilities, local jobs, and accessible local health care. This was never clearer than in 2020 and 2021, when healthcare nonprofits were the first responders to the pandemic. Nonprofit healthcare workers are providing leadership, extreme adaptability, and critical care to Alaskans.

Nonprofits generate reliable revenue for our economy

Nonprofits generated $7.84 billion in revenue in 2020, an increase of 9% from 2016. The greatest increase was in 501(c)(3) and 501(c)(4) organizations, with most others remaining stable. While the number of nonprofits is very similar to four years ago, the revenue change is the result of massive changes to healthcare nonprofits, which increased their revenue by $1 billion from 2016. Between 2019 and 2020, nonprofit revenues grew by 5% ($49.9 billion to $50.2 billion according to the Bureau of Economic Analysis) while the Alaska economy shrank by 8%. This is an increase which mirrors increases in federal assistance to Alaska. The pandemic response brought waves of funding to Alaska, and nonprofits played key roles as both minor recipients of funds and as distributors of dollars for small businesses, individuals, housing and childcare organizations, nutritional assistance, and so much more. While this represented a short-term infusion of funds, the impact on the state will be substantial for years to come.

Alaska nonprofits generate more revenue in 2020

Nonprofits create half of all healthcare jobs

Healthcare nonprofits, while fewer in number compared to other categories, account for the most revenue and jobs generated in the sector. Often Alaskans don’t realize that they receive health care from a nonprofit hospital or clinic. But in fact, 56% of healthcare jobs are generated by nonprofits. Excluding Providence Health and Services, which combines its Alaska assets with those in Washington state, six of the top healthcare organizations account for 25% of Alaska’s 501(c)(3) assets, or $3.4 billion. These vital assets to Alaska translate into community facilities, local jobs, and accessible local health care. This was never clearer than in 2020 and 2021, when healthcare nonprofits were the first responders to the pandemic. Nonprofit healthcare workers are providing leadership, extreme adaptability, and critical care to Alaskans.

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Nonprofits are a major economic driver
Nonprofits leverage a variety of resources to meet their missions. The blend of earned income, private philanthropy, and limited public resources enable nonprofit organizations to maximize community impact. As the state and local governments consider shrinking budgets and taxation plans, nonprofits should be recognized as already doing their part to maximize every dollar to benefit the public. This is a public/nonprofit partnership that must continue.

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When all three sectors come together (government, nonprofit, private), Alaska thrives. The arts in Alaska are a wonderful example of these partnerships at work.

Specifically, in Anchorage, the Alaska Center for Performing Arts is the nonprofit that operates the performance space, known as the "PAC," which is owned by the Municipality of Anchorage. Rather than operate the facility in-house, the municipality contracts with the PAC because of its specialized expertise. The PAC operates and manages the facility, employing specialized staff with unique expertise to run the four-theatre venue.

The PAC hosts approximately 200,000 guests in a typical year. Based on 2019 data gathered by the Center for Economic Development, those guests each spend an average of $31.47 in downtown Anchorage on food, shopping, and incidentals, amounting to $9.2 million in economic activity and 111 jobs created outside the PAC. President and COO Codie Costello says this "creates a lot of life blood, especially during the winter months when tourist activity downtown is waning." It also supports local artists and performers by offering a venue, production, event, and marketing support, and an avenue to generate revenue.

While the impacts of the pandemic have sent shockwaves through arts venues and caused them to adapt their engagement practices to keep people safe, the PAC, along with many other groups, has met that challenge ensuring that arts in Alaska will thrive after the pandemic. The partnership between the Municipality of Anchorage and the PAC is part of that assurance. Together, Alaskans can count on a space to bring the arts to Alaskans while fostering a thriving downtown economy—by all accounts a win-win-win.

Nonprofits received less than 3% of federal assistance dollars to Alaska in 2020

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Federal Grant Dollars to Alaska</th>
<th>Nonprofit Assistance Dollars</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>2020</td>
<td>$1.94 billion</td>
<td>$61.1 million</td>
<td>3.12%</td>
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<tr>
<td>2021</td>
<td>$2.2 billion</td>
<td>$83.1 million</td>
<td>3.82%</td>
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Nonprofits received $61.1 million or 3.1% of the total. The largest share of funds went to state and local governments, followed by individuals and businesses. In 2020, this amount was far greater than previous years because of federal pandemic relief spending. While there were many streams of relief funding, the disbursement to nonprofits is almost impossible to track.

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Nonprofits generate revenue from a variety of sources.

The ways nonprofits generate revenue may be surprising to some. As part of their relationships with government, some nonprofits receive funds to carry out their missions. These funds are only one factor in the financial health of organizations, and regardless of their size, they help leverage additional resources for a diversified portfolio. As nonprofits seek financial resiliency, each one will make a strategic decision whether to focus predominately on mission-based earned income or charitable contributions. Indeed, each strategy has a strength and leverages the other.

Nonprofits receive revenue from other key sources including state and local government grants, donations, membership fees, tuition, program fees, and more, all leveraging federal dollars for the greatest return.

### Nonprofits leverage government funding to generate earned and charitable income (in billions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Earned income</th>
<th>Contributions and grants</th>
<th>Total</th>
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<tbody>
<tr>
<td></td>
<td>insurance reimbursement, tuition, program fees</td>
<td>donations, membership fees, government grants</td>
<td></td>
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<tr>
<td>2016</td>
<td>$2.08</td>
<td>$4.31</td>
<td>$6.49</td>
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<td>2017</td>
<td>$2.06</td>
<td>$4.33</td>
<td>$6.40</td>
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<td>2018</td>
<td>$1.78</td>
<td>$4.47</td>
<td>$6.26</td>
</tr>
<tr>
<td>2019</td>
<td>$1.83</td>
<td>$4.97</td>
<td>$6.80</td>
</tr>
<tr>
<td>2020</td>
<td>$1.95</td>
<td>$4.89</td>
<td>$6.84</td>
</tr>
</tbody>
</table>

### Nonprofits leverage public funds for maximum returns

The challenging economic realities in Alaska are an opportunity to recommit to the essential relationship between government and nonprofits – doing what we can with what we have together for Alaskans.

Public funds bring successes and challenges

Successful advocacy resulted in nonprofits having access to federal relief beyond the Paycheck Protection Program (PPP), either as “pass-throughs” to state and local governments or the Small Business Administration. While the full impact is still unknown, surveys reveal that nonprofits leveraged these funds to persevere though 2020 and 2021. They were able to retain staff that would have been fired or furloughed, meet increased demand for services, avoid shuttering programs, and reopen after temporary closures. We also know that organizations increasingly partnered with governments to leverage more successful community outcomes. By most measures – success!

Leveraging funding is essential to effectively serve communities. Importantly, however, the pandemic has shone a light on some inherent and unconscious inequity in our systems – especially those that were quickly stood up to help people in need. Changing and complex rules, fears of compliance regulations, internet access reliability, and language access all stood out as barriers to full participation. We all have more work to do to address system inequity to maximize return for Alaskans. Beyond pandemic relief, 2020 heightened concerns over the state budget and the continued decline in Medicaid funding, which has not kept pace with past or anticipated demands for services. Nonprofits remain concerned over consistency and dependability of government funding to appropriately meet the demand for services, further creating a sense of instability.

The challenging economic realities in Alaska are an opportunity to recommit to the essential relationship between government and nonprofits – doing what we can with what we have together for Alaskans.
Delivering essential services in Alaska is business as usual for nonprofits

In Alaska, services like fire and electric utilities are often run by nonprofits. For example, over 40 communities depend on nonprofit volunteer fire departments. With limited budgets and a duty to protect the public, these organizations embody thrift and resourcefulness. Also, roughly 47 nonprofit libraries operate across Alaska to ensure that access to information and lifelong learning is available across generations. Electric cooperatives present yet another example. Roughly 75% of Alaskans receive their power from a nonprofit cooperative utility. These organizations also account for a majority of utility employment. These are just a few ways that nonprofits work closely with government – and in Alaska, it’s just business as usual.

Providing reliable energy with an eye to the future

Unlike the Lower 48, most Alaska electric utilities are run by nonprofits. Before 1978, Cordova residents received their electricity from the Municipality of Cordova. That year they voted to form the Cordova Electric Cooperative (CEC), a member-owned nonprofit with a seven-member board of directors. CEC is now the sole provider of electricity for Cordova and is successfully delivering affordable and environmentally responsible energy to the community.

CEC has developed strong partnerships with agencies, vendors, and energy professionals. These collaborations have enhanced the co-op’s ability to provide a steady supply of energy for more than 40 years. And, as a further service to Cordova residents, CEC is on the forefront among electric cooperatives in using technology to improve operations.

Ultimately, CEC’s vision and agility will end reliance on diesel fuel, which currently is used only as a backup energy source. According to Clay Koplin, CEO of the Cordova Electric Cooperative and Mayor of Cordova, “Our nonprofit leadership team is clear that our ultimate goal is to get to 100% self-sufficiency by using only renewable energy.”

CEC is a world leader in using natural resources, like its abundant supply of water, to develop its own energy source. The co-op has built a ‘microgrid’ electric system that is self-contained and captures energy from two hydropower plants. Basically, it’s a self-sufficient, small scale power grid that can grow with the needs of the community. Also, its electrical system is completely underground, which ensures reliable operations during wind, snow, and ice storms.

Energy efficiency and conversation projects have reduced Cordova’s use of costly diesel fuel, and the co-op has been recognized for its advancement in renewable energy self-sufficiency. CEC future projects include evaluating energy storage options, moving toward electric vehicles, and maximizing the production and efficiency of its hydroelectric plants. Each of these efforts bolsters the effectiveness of businesses and government while saving money for people in the region.

“Our nonprofit leadership team is clear that our ultimate goal is to get to 100% self-sufficiency by using only renewable energy.”

– Clay Koplin, CEO of the Cordova Electric Cooperative and Mayor of Cordova

Vital community services supplied by nonprofits

<table>
<thead>
<tr>
<th>Utilities</th>
<th>Fire &amp; EMS</th>
<th>Community Library Associations</th>
</tr>
</thead>
<tbody>
<tr>
<td>78</td>
<td>40</td>
<td>47</td>
</tr>
</tbody>
</table>

*Source: IRS 990 data*
The economic engine of philanthropy from foundations, corporations, and individuals coupled with Alaska’s high rate of volunteerism has a powerful influence on infrastructure, education, and jobs across Alaska. We need to be realistic about the possibilities for growth, while understanding that philanthropy alone cannot replace the role of government. We need to work together to encourage philanthropy—not stifle it—as a sign of a strong economy.

Alaskans demonstrate generosity through Pick.Click.Give.

While there are many ways to demonstrate how Alaskans invest in the causes they care most deeply about, Alaska’s one-of-a-kind Pick.Click.Give. program tells the story of generosity like no other. Passed into law as first a pilot and then a permanent program in 2010, the goals of Pick.Click.Give. are to increase the number of Alaskans who donate, increase the amount each person gives, and raise awareness about the power of individual philanthropy. Despite the political debate and variability of the total amount of each year’s Permanent Fund Dividend, Pick.Click.Give., which relies on the PFD, has continued to be a tool for new and existing donors. In 2021, Alaskans donated $3.033 million from their PFD to local nonprofits. Pick.Click.Give. donations have increased by 23% since 2018.

Percentage of IRS tax returns with charitable contributions by household income group

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$10,000</td>
<td>52%</td>
</tr>
<tr>
<td>$10,001 - $25,000</td>
<td>64%</td>
</tr>
<tr>
<td>$25,001 - $50,000</td>
<td>75%</td>
</tr>
<tr>
<td>$50,001 - $75,000</td>
<td>75%</td>
</tr>
<tr>
<td>$75,001 - $100,000</td>
<td>82%</td>
</tr>
<tr>
<td>$100,001 - $200,000</td>
<td>86%</td>
</tr>
<tr>
<td>More than $200,000</td>
<td>93%</td>
</tr>
</tbody>
</table>

Alaskans invest their time, talent, and treasure in remarkable ways

For 10,000 years Alaska Native people have shown us what it means to give and support each other in daily practice, in times of need, times of sorrow, and times of celebration. Alaska’s first peoples’ robust giving includes sharing of traditional foods on a daily basis, distribution of items during potlatches or uqiquqs to mark significant events, and donations of time, talent, and treasures directly to nonprofits.

In the most formal way, philanthropic giving is tracked based on tax return data. According to the IRS, 75% of Alaskans who itemize their income taxes donate to a nonprofit, compared to 84% nationally. While we should celebrate that so many Alaska households are declaring their giving, it is important again to note that this percentage is likely much higher because it does not capture contributions by individuals who do not itemize their tax returns or those who give financially in their communities not associated with (501)(3) charitable organizations. In 2017, the federal tax code changed and gave Americans less incentive to itemize. In 2019, for example, 11.5% of Americans itemized compared to 7.6% of Alaskans. Before tax reform was enacted, 22% of Alaskans itemized. On the positive side, when we compare Alaska household giving from 2016 to 2019, there is great improvement. Nonetheless, Alaska nonprofits continue to build a culture of philanthropy and Alaskans continue to increase their investment in causes and nonprofits that make a difference in their lives.
Nonprofits experienced philanthropic volatility during the pandemic

While much of the impact from the pandemic is measured by employment, the intersection of the pandemic and philanthropy is an important consideration even as it is fraught with complexities. A number of studies in 2021 report similar findings on the importance of individual giving to nonprofits—especially smaller ones. These studies also rightly point out the inequity of giving to organizations led by people of color and those that operate in rural environments. By contrast, despite the pandemic, stock market volatility, an economic downturn that disrupted the paychecks of millions, equity disparities, and the unprecedented stress on individuals working in nonprofits, it appears that formal philanthropy data shows a much more positive impact on giving than that reported by organizations.

The Giving USA report, which annually releases findings based on IRS data for 128 million U.S. households, says Americans gave more to nonprofits in 2020 than in 2019. Giving by individuals, which historically makes up a majority of the donations, rose by approximately 2% and bequests increased by 5.1%. Foundations, many of which adapted to a more flexible response to the pandemic, showed the largest increase since tracking began. By contrast, corporations gave about 6% less in 2020 than in 2019, while at the same time making new multi-year commitments centered on racial equity initiatives. Adding to the complexity is that the nearly 16% increase in total contributions included gifts to donor-advised funds, which are controversial regarding their direct impact on nonprofit missions. The dissonance between organizational experiences and the philanthropic data poses more questions than answers. What is clear is that philanthropy plays an essential role in delivering mission and transitions must continue if missions of all sizes, scopes, and geographies are to thrive.

Community foundations partnered with government and private philanthropy to leverage every pandemic relief dollar

Like everywhere else, Alaska received federal funding to help businesses, individuals, and nonprofits navigate economic hardships of the pandemic. With support from Foraker and the Alaska Municipal League, local governments tailored programs for businesses and nonprofits with their allocation of federal relief.

In Bethel, recognizing that their safety net was in trouble, the city wanted to create programs to channel funds to distressed nonprofits, businesses, and households, but lacked capacity to manage the process. Enter the Bethel Community Services Foundation (BCSF). This small nonprofit has a history of distributing funds to social, cultural, public health, and other community services. So the City of Bethel looked to BCSF to manage two grant programs: one for nonprofits and one for households, which was implemented by Tundra Women’s Coalition. In addition, BCSF guided the City in developing and implementing a local business recovery grant program. BCSF Executive Director Michelle DelRitz noted: “We were impressed by the city’s attention to the problems facing nonprofits and businesses and their willingness to work together on behalf of the community.”

By the end of 2020, BCSF had distributed over $3 million in CARES funds, leveraged private philanthropic dollars to add to the mix, and helped nonprofits do the same. Similar successes occurred around the state as local governments partnered with community foundations and others like Credit Union One and Cook Inlet Lending Center to take on or support funding distribution while also prioritizing nonprofits in their allocations.

We also commend the state for their willingness to partner with the Alaska Community Foundation among others to both leverage the resources and ensure nonprofit access to state relief funds.

The willingness of both government and nonprofits to creatively work together to serve Alaska’s communities multiplies the positive results for Alaskans and demonstrates partnerships at their best. Together we increase Alaska’s civic engagement and private investment.
Foundations are growing philanthropy in Alaska

Many types of nonprofit foundations are present in Alaska including family, corporate, community, and operating. Each generates its revenue differently, but all play a role as investors in nonprofits, scholarship programs, and community missions and causes. While foundations are a vital part of the nonprofit community and an economic driver in their own right, they cannot make up the shortfall from reduced government investment. Instead, foundation funds are leveraged to ensure a strong, educated, and creative workforce. And they support capital infrastructure along with corporate and individual donors and government sources. Some foundations also provide limited operating support to nonprofits. The pandemic and racial reckoning in the past few years has engaged the foundation community in more trust-based philanthropic efforts and inspired conversations about supporting a wider array of missions and causes. Let's celebrate the power of philanthropy by recognizing that each community investment strengthens our economy and our people and places.

Largest private foundations by total giving in 2020
1. Rasmuson Foundation 21,485,775
2. Arctic Education Foundation 3,106,615
3. CIRI Foundation 2,662,477
4. Atwood Foundation Incorporated 1,663,810
5. David H. Ainley Trust 1,358,654
6. Aleut Foundation 1,151,456
7. Richard L And Diane M Block Foundation 1,040,703
8. Robert Aqqaluk Newlin, Sr. Memorial Trust 851,924
9. Doyon Foundation 841,091
10. Chugach Heritage Foundation 801,912
11. Benito And Frances C. Gaguine Foundation 795,534
12. Bristol Bay Native Corporation Education Foundation 765,985
13. Bill Stroecker Foundation 686,030
14. Koniag Educational Foundation 636,352
15. Carr Foundation Inc. 540,000

Largest non-private foundations by total giving in 2020
1. University of Alaska Foundation 17,513,910
2. Alaska Community Foundation 12,223,699
3. Providence Alaska Foundation 8,682,329
4. Valley Hospital Association Inc. (Mat-Su Health Foundation) 7,974,884
5. Healthy Alaska Natives Foundation 5,926,943
6. Homer Community Foundation 3,398,488
7. Southcentral Foundation 2,591,494
8. Arctic Slope Community Foundation 2,717,305
9. Sealaska Heritage Institute 1,593,016
10. Anchorage Museum Foundation 1,593,016
11. Foundation of The Arc of Anchorage 1,476,145
12. Monro Foundation Inc 1,441,961
13. Alaska Conservation Foundation 894,582
14. Alaska Pacific University Foundation Inc. 656,463
15. PeaceHealth Ketchikan Medical Center Foundation 639,249

Alaskans show up as volunteers every day

Alaska continues to rank among the top five states for volunteering and consistently exceeds the U.S. average with an estimated 41% of residents volunteering in 2017, the most recent year data was available. Volunteering magnifies organizational impact, improves the volunteer’s quality of life, and creates a more fully engaged society. A U.S. Census Bureau survey found that volunteers donated to nonprofits at double the rate of non-volunteers, and twice as often as not, they performed favors for neighbors. We know the power of voluntarism in Alaska. It comes as a helping hand that reaches across generations, missions, and politics. Alaskans’ donation of time plays a significant role in many nonprofits.

In 2020, the per hour rate for volunteers in Alaska rose to $30.30 placing us 13th among all states and the District of Columbia in hourly rate. The latest study from the Independent Sector notes that volunteers typically contribute nearly $200 billion to the national economy. Although volunteerism decreased during the pandemic, volunteer contributions to the economy are indispensible with corporate and individual donors and government sources. Some foundations also provide limited operating support to nonprofits. The pandemic and racial reckoning in the past few years has engaged the foundation community in more trust-based philanthropic efforts and inspired conversations about supporting a wider array of missions and causes. Let’s celebrate the power of philanthropy by recognizing that each community investment strengthens our economy and our people and places.

Alaskans volunteer more than U.S. average

Percentage of residents who volunteer each year

The value of volunteering

Alaska

U.S.


1. Rasmuson Foundation 21,485,775
2. Arctic Education Foundation 3,106,615
3. CIRI Foundation 2,662,477
4. Atwood Foundation Incorporated 1,663,810
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15. Carr Foundation Inc. 540,000

U.S.

2015 2016 2017

28.54

30.30

Per hour

All salaries for tax year 2020, unless otherwise noted. Sources: Corporation for National and Public Service, Survey of Volunteering and Civic Life in America; U.S. Census Bureau.

All values for tax year 2020, in most cases reflecting 2019 activities.

11 of 30 are education foundations, 7 of 30 are family foundations, 3 of 30 are community foundations

NO 2016 DATA
Alaska’s nonprofits navigated access to pandemic relief to continue serving Alaskans

As the COVID pandemic led to layoffs around the country, Congress created the Paycheck Protection Program (PPP) in April 2020 under the CARES Act. Through PPP, the U.S. Small Business Administration provided forgivable loans through private lenders to employers to prevent further job loss. Although designed and implemented primarily for businesses, nonprofit organizations were also eligible because of advocacy led by the National Council of Nonprofits and the work of nonprofit state associations across the country like The Foraker Group.

In Alaska, nonprofits received a small share of the total approved PPP loans. Only 4% of the loan dollars went to nonprofits, despite representing 17% of all employment in the state. About 98% of the PPP money going to nonprofits was used for payroll to keep their workforce employed. Through PPP, nonprofits reported retaining more than 4,000 jobs that would have otherwise been lost. Religious organizations, civic and social organizations, and daycare centers were the most common nonprofit recipients of PPP loans.

Alaska’s nonprofits have been at the forefront of pandemic response and recovery. Even as they did this important work, many endured severe disruptions in their ability to serve their community while others tripled their services. This is the time to continue investing in relief, recovery, and the resiliency of our communities.

Nonprofits paid a high price but lost fewer jobs than other sectors

Nonprofits lost fewer jobs (4% of total employment) than other Alaska sectors (8% loss) between 2019 and 2020. While this is good news for the economy, employment does not tell the whole story because many nonprofits rely entirely on volunteers or contracted labor, which also declined. This meant organizations without full-time employees were less likely to receive pandemic relief, creating a greater burden to creatively deliver mission.

The chart below tells a compelling story about the impact of job loss on social service organizations, understanding that they are often our largest employers. Less clear is the impact on financial services or “other services,” a category that includes religious, grant-making, and civic organizations as well as arts organizations that likely experienced more acute job losses because their staff teams are often smaller to start. Overall, nonprofits were a stabilizing force in the job market and the economy compared to other sectors, but the price was high. The stress on nonprofit employees during the last two years cannot be overstated and the effects persist.

Alaska nonprofit employment, 2019-2020 change

Nonprofits in Alaska receiving PPP loans less than $150,000 by sub-sector

SOURCE: STATE OF ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
SOURCE: SMALL BUSINESS DEVELOPMENT CENTER - NONPROFIT COVID SURVEY
Nonprofits lost revenue but maintained missions during the pandemic – a lesson in resiliency

A healthy and vibrant workforce is essential for a healthy and robust economy. This was the premise of a study in summer 2021 by Foraker and the Alaska Small Business Development Center to determine the pandemic’s impact on the sector. To be sure, nonprofits felt the effects of the pandemic differently depending on a variety of factors. While the demand on health and human service organizations increased almost overnight, many other organizations had to adapt to providing services with their physical doors closed. Nonprofits nimbly adapted to meet the needs of Alaskans, while at the same time enduring the economic hardships of the pandemic economy. While we might see an end to the immediate health emergency in the next year, we will likely feel the economic and workforce impacts for many more years as we adapt to ever-changing health precautions, staffing shifts amidst the Great Resignation, unexpected costs in a lagging supply chain, and uncertain funding sources. The future economy in Alaska requires all of us to work together to regain our strength and resiliency.

Alaska’s nonprofits are the backbone of Alaska’s businesses—
even during a pandemic

Alaska nonprofits exist to serve diverse missions across the state. While some focus on specific neighborhoods or geographical areas or exist to support specific industries like trade or professional associations, others like chambers of commerce, labor unions, and workforce development agencies support networks of people and businesses. Together, these nonprofits serve as the backbone of Alaska’s businesses and government. One such nonprofit, the Alaska Travel Industry Association (ATIA), brings together tourism businesses to offer networking and training opportunities, while advocating for the visitor industry as a whole.

ATIA partnerships with local, state, and federal governments, private businesses, and other nonprofits improve the state’s tourism economy. Sarah Leonard, ATIA President and CEO, sums up this backbone support well: “The more we can show the strength of the nonprofits in our community by encouraging collaboration, advocacy, and most of all, by bringing tourism dollars to Alaska, the stronger our communities and our economy.” ATIA is just one example of a nonprofit that strengthens our economy— throughout the pandemic and beyond.

“"The more we can show the strength of the nonprofits in our community by encouraging collaboration, advocacy, and most of all, by bringing tourism dollars to Alaska, the stronger our communities and our economy."”

— Sarah Leonard, ATIA President and CEO
Collaborations across sectors make Alaska work

When Alaskans come together across sectors, political lines, and geographies, lasting and beneficial results prevail. One example of a large-scale nonprofit-led effort is The Alaska Census Working Group with its statewide campaign Alaska Counts, which was dedicated to counting every Alaskan in the 2020 Census. More recently, The Conquer COVID Coalition assembled Alaska businesses and nonprofits, healthcare organizations, Alaska Native organizations, community leaders, and everyday Alaskans—all working side-by-side to defeat the pandemic. The coalition’s mission is to educate Alaskans about COVID-19 and the resources available to help fully reopen our economy and communities.

Jared Kosin, President and CEO of the Alaska State Hospital and Nursing Home Association and founding coalition partner, explains it this way: “We all play a part in getting through this pandemic—whether it is hosting a vaccination pop-up clinic, driving a loved one to get vaccinated, or wearing a mask in public. Every action makes a difference.” Kati Capozzi, President and CEO of the Alaska Chamber and also a founding partner notes: “We are over COVID, but it’s not over with us.

The Conquer COVID Coalition is built on the premise that a healthy economy and the health and well-being of our communities are intertwined. This is the common ground that brings Alaskans together and stabilizes our economy.

“We are over COVID, but it’s not over with us. We need to continue to pull together as a collective team so we can recover economically and move forward in prosperity.” - Kati Capozzi, President and CEO of the Alaska Chamber

It’s not over: the opportunity for all of us to consider

At the time of this report, the pandemic is still having a significant impact in Alaska. Funds from the American Rescue Plan Act (ARPA) are just making their way to small businesses, nonprofits, and individuals. And we don’t know yet what to expect from the new infrastructure legislation. We found in a recent study that about half of Alaska’s nonprofits are bracing for decreased support from various sources. At the same time, demand for services and the cost of doing business is increasing. Nonprofits are losing staff through the Great Resignation and volunteers from COVID concerns. It’s clear that areas in taking a toll on those we serve and those in service. But nonprofits will adapt. They will adjust business models, create collaborations, and expand service where needed. They will find ways to retain employees, provide a safe working environment, and most of all, they will continue to meet their missions with an increased focus on equity. Still, they cannot and should not do it alone.

Join us!

We call on government, business, and philanthropic leaders to work together to reassess grant agreements, government contracts, and philanthropic investments with a focus on operating support, wage adjustments, rebuilding financial reserves, and program adaptation that addresses staffing shortages. Give nonprofit leaders the support they need to reimagine workplaces that attract and retain a high-quality and high-capacity team. By doing this, you nurture vibrant communities and help Alaskans enjoy healthy, productive lives.

35
Let’s be ready – partner with us
Let’s work with policy makers and local leaders to find creative solutions to community challenges. Let’s be ready to work together to further strengthen what is already strong and redesign what needs work. Let’s partner with government, the private sector, and with each other. Let’s ensure that our partners have what they need to set policy and make financial decisions that ensure Alaskans are healthy, our communities are vibrant, and our economy is strong.

Nonprofit leaders –
take action
We call on nonprofit board, staff, and volunteers to:

1. Use the data in this report to better understand the economic impact of Alaska nonprofits as you make decisions for your mission, the larger cause, and for Alaska.
2. Use the stories here as a reminder and inspiration that the sector is a place of innovation and opportunity if we nurture rather than stifle it.
3. Use your position of influence to stabilize our safety net, secure our points of leverage, and collaborate to maximize our resources.
4. Use the lessons we all learned from the pandemic to address inequity in our systems and work together for a more just home for all Alaskans.
5. Be ready to use your voice with policy makers to support a strong economy and vibrant communities that are equitable, healthy, and prosperous for all Alaskans.

The Foraker Group - dedicated to the idea that strong nonprofits build strong communities
Since 2001, The Foraker Group has served as the state association and capacity building organization for the purpose of strengthening Alaska’s nonprofits and tribes. Our core values are “Sustainability, Strategic, Collaborative, Urban/Rural/Native/Non-Native.” These values reflect the spirit of Alaska and our commitment to serve all Alaskans.

The Foraker Nonprofit Sustainability Model is the basis of our work. We believe sustainability is a journey, not a destination, and that staying on the path means looking through the right lens to make good decisions. It also means having solid data, information, and knowledge of the economic, political, and social landscapes to create context for those decisions. We are committed to sharing research with policy makers, industry leaders, and nonprofit board and staff. Together, we make Alaska work.
The Foraker Group proudly recognizes that we work on the unceded traditional territories of the Alaska Native People: the Inupiaq and St. Lawrence Island Yupik, the Athabascan, the Yup’ik and Cup’ik, the Unangax and Suqpiq, and the Eyak, Haida, Tsmishian, and Tlingit. We acknowledge and appreciate the Native peoples who for more than 10,000 years have called this place that we now know as Alaska, their home.