

Alaska Nonprofits – Essential to Our Way of Life

*Crisis, chaos, and confusion – what nonprofits
are telling us about the impact on their work
from federal funding cuts, freezes, and retrenchment.*



A REPORT FROM

theforakergroup

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Alaska nonprofits are essential to the health and well-being of all Alaskans

Every day, Alaska’s nonprofits deliver efficient and effective services to all Alaskans as a predictable and stable partner to government – leveraging both state and federal funding for maximum return on each investment. Nonprofits continually prove they can provide programs at far less cost than the government would incur. Federal, state, and local governments depend on nonprofits to deliver these legally required services for Alaskans across their lifespans. Nonprofits fill the gap when government is unable to, and it’s not viable to rely on the for-profit marketplace. By their very nature and focus, nonprofits serve those that other entities cannot. In so doing, they are the safety net for all Alaska families and communities.

Virtually every Alaskan is a nonprofit beneficiary because nonprofits are woven into the fabric of our communities. It is almost impossible to go through a day in Alaska and not connect with a nonprofit. Nonprofits in Alaska fill the role of county governments in the Lower 48. For example, nonprofits are often the primary source for a community’s water and sanitation, fire and emergency services, utilities, libraries, public transportation, health care, childcare, and housing. They also bring joy and purpose through art, religious and cultural expression, education, and recreation.



Federal actions threatening the ability of nonprofits to operate

Today, nonprofits are under threat based on the very nature of their focus on our communities. After President Trump signed a series of executive orders when he took office, followed by a memo from the administration on January 27 calling for a freeze on funding to nonprofits, the National Council of Nonprofits and other organizations sued to stop the freeze. (Foraker is a member of the National Council of Nonprofits.) The memo was temporarily rescinded on January 29. Two weeks later, the administration's push to reinstate the funding freeze was stopped by a federal judge who found the previous order had not been fully obeyed. More than 50 lawsuits were subsequently filed, releasing other forms of funding that had been put on hold or deleted. Additional court action has focused on reversing the firing of federal workers. And federal agencies continue to press nonprofits and universities to dismantle and delete all work the Trump administration deems as a focus on diversity, equity, and inclusion or risk loss of funding or closure.

While the situation is changing daily, it is certain that fear, confusion, distraction, and chaos are causing nonprofits and others to question how to move forward with staffing, service delivery, and construction projects.

Chilling effect of executive orders on diversity, equity, and inclusion

Some organizations report they are certain that executive orders impact them because they either serve people who experience disabilities, or they work directly with Indigenous people. Others report receiving directions from federal agencies to justify their projects; the agency then pauses their funding while they review the nonprofit's response. Still, others report that their funds were eliminated when projects were written specifically with a DEI intent. It's important to note that OMB guidance that went into effect on October 1, 2024, required an equity lens on all projects receiving federal funds. Nonprofits, therefore, responded to those requirements.

The insistence to rework and reword grant agreements persists, which in many cases feels like impossible choices for groups. For example, we learned just after this survey closed that AmeriCorps is also paused or under review because of its focus on diversity. Many nonprofits rely on this federal program for staffing. Additionally, across the country we see nonprofits exercising self-censorship of websites and materials from groups who are worried that their words and their missions make them a target.

Additionally, as federal employees are fired, and colleges and universities are curtailed in their ability to deliver specialized support services to people, they will turn to their nonprofit partners who are not under threat themselves, further compounding the ability to deliver needed and necessary services to people across their lifespan.

A key challenge respondents report related to DEI executive orders is that no notice was given to enable them to plan. The vast majority said they would not be able to quickly mitigate the impact of these orders without scaling back or completely ending programs or shutting down.

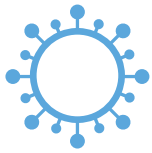
What organizations are saying

- We are being “advised 2/4/25 by DOJ grant manager that the future is uncertain. We were instructed to scrub our website and training materials of anything related to DEI and gender ideology.”
- “We will need to revise trainings and would lose half funding anyway after June 2025.”
- “We do not want to censor ourselves. We want to be true to our board's vision and our values. Mitigating risk would likely mean hiding our values, and we are not ready to make that leap. And yet...”

Impact of federal funding on Alaska

A funding freeze for any length of time could affect the billions of dollars Alaska receives each year from the federal government. Recent Foraker research shows our state received \$38 billion in federal funds in 2023. This is in addition to funds received between 2022 and 2024 from the Infrastructure Investment and Jobs Act (\$7.6 billion), the Inflation Reduction Act (\$2.5 billion), broadband funding (\$2.2 billion), and remaining federal pandemic relief funds (\$2.5 trillion). Alaska is one of the largest grant recipients of federal funds per capita, with roughly 37% of the state’s annual budget coming from the federal government.

A snapshot of special federal investments in Alaska from 2022-2024



\$2.5 TRILLION
in federal spending tied to COVID-19



\$7.6 BILLION
from the Infrastructure Investment and Jobs Act also known as the Bipartisan Infrastructure Law



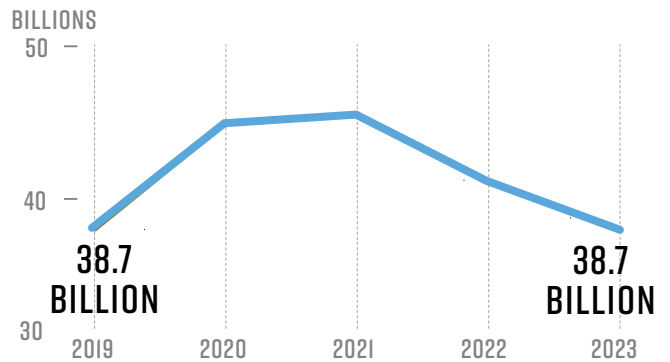
\$2.5 BILLION
from the Inflation Reduction Act



\$2.2 BILLION
from the federal broadband funding

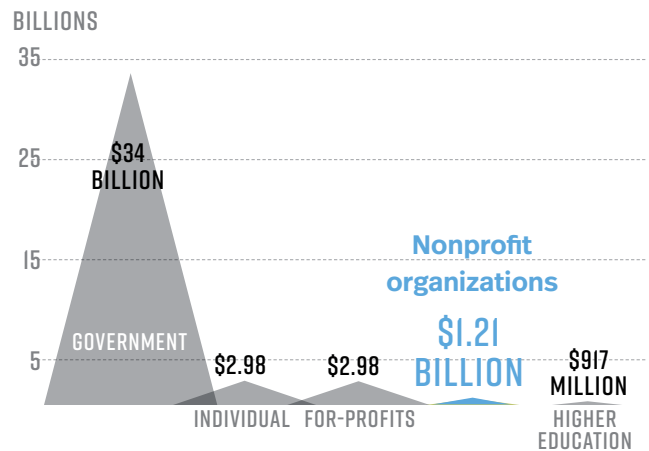
NOTE It is not possible to track spending tied to specific program. However, by combining information from several sources, it is possible to identify infrastructure data up to March 2024 and broadband data up to October 2024.

Total federal grant dollars to Alaska, 2019-2023



SOURCE: USASPENDING.GOV

Federal spending in Alaska by organization type



NOTE Federal grant funding to Alaska includes formula, project, block grants, and special funds, including pandemic relief, Infrastructure, and broadband resources, as well as the reintroduction of congressionally directed spending.

To better understand the impact of a freeze, Foraker conducted two surveys of nonprofits over the past month. We received close to 300 responses from a wide range of organizations that serve Alaskans. Here's some of what we learned.

Note that many organizations rely on funding from the State of Alaska, and much of that funding originates from the federal government. The state does not always explicitly tell the grantee where the funding source originates so it can be difficult to determine which state dollar originates as a federal dollar causing more confusion to nonprofits and those who depend on their services.

Impact on the ability to continue operations – a snapshot in time

More than half of all respondents communicated that a funding freeze could shut down their organization, and 36 indicated that a lack of federal funding would completely shut down their organization. Respondents are based in every region of the state.

However, organizations most at risk of shutting down without federal funding are primarily working outside the Anchorage/Mat-Su area. Importantly, only one of the organizations that would shut down immediately (a Head Start program) and two of the organizations whose work might be at risk in the future without federal funding (both are healthcare providers) are doing work solely in Anchorage and Mat-Su. Conversely, of the respondents who said their organization is not at risk of shutting down, eight work solely in Anchorage and Mat-Su.

This means that while all Alaskans will be impacted by a federal funding freeze, the effects might be felt most intensely by organizations in the state's smaller communities.

Unsurprisingly, organizations most at risk are generally those whose budget is made up of a high percent of federal funding. In the Foraker survey, half the respondents (66 out of 130 who answered the question) noted that their organizations rely on federal funds for 50% or more of their total budget. A third of those organizations conduct health and human services work, with missions almost entirely about the health and safety of Alaskans. Many are the only organizations serving an underserved

population, where Medicaid and Medicare are the primary source of revenue, or they are providing legally mandated federal programs that are in place to serve and protect Americans.

Respondents who said their organization would not shut down generally receive less than 35% of their total budget from federal funds.

How organizations described the impacts of a funding freeze

Some organizations have reserves to last up to six months, while others would need to shutter immediately.

- **“We provide support for Indigenous youth ages 10-24 to prevent suicide...Our services are desperately needed in our community. The only counseling service taking Medicaid in the area has a waitlist of several hundred people. **People very well could die without federal funding.**”**
- **“It could impact our ability to provide 24-hour shelter to people impacted by domestic and sexual violence.”**
- **“As a FQHC [Federally Qualified Health Center], **HRSA funding allows us to stay open and provide primary care** to [our remote] community. Our organization already struggles with proper reimbursement as **we are the only health care on the island providing urgent and emergent care** to all community members... The funding freeze compounds our challenges of being able to continue to pay salaries to the healthcare workers that provide the much-needed primary and emergent health care.**”

- **“We provide more than 100,000 meals a year** to our clubhouse members [kids]. Unfortunately, the meal we provide is often the only meal they will have that day. [Without federal funding] the majority of our youth would not have a positive environment to go to. All essential programming for academic success, healthy habits, and safety will be lost.”
- “I work with federal funding on **landslide warning and community protection** work. We cannot coordinate services without federal funds.
- “Without federal funding, **we lose the ability to train commercial fishermen nationally in life-saving marine safety training**...USCG required training.”

Number of months organizations say they can operate in the event of a freeze

- **0 months:** More than 30% of respondents said they had no reserves to operate during a freeze.
- **Unsure:** Five respondents were uncertain whether/how long they could operate.
- **Scale Back:** About 18% said they would be able to operate by scaling back.
- **Indefinitely:** About 10% of respondents said they could operate indefinitely after a federal funding freeze.

Of the respondents who said their organization will shut down:

- **Fourteen** have no reserves and **would immediately cease operations**
- **Thirteen** would last between **one week and nine months**
- **One** was **unsure** how long they would have
- **Seven** said they would shut down programs over time as they **run out of money**

Organizations that would immediately cease operations include those providing services as:

- Domestic violence shelters
- Disabilities services and prevention for children and adults
- Childcare and children’s programs
- Basic health care for their communities

Of those who described the details of their funding sources, **85% were for programmatic and operations support**, while **15% were for capital projects**. This means a funding freeze will not only delay or cancel individual projects but also threatens the ability of many organizations to perform basic functions.

Impact on major Alaska infrastructure projects

Many local governments, nonprofits, and tribes, as well as state and federal agencies, have been planning infrastructure projects for years. These projects would mean access to village safe water, more affordable and locally driven energy sources, better health care, better or new roads, ports, airports, and better communication. They are among many other projects deemed essential by Alaska communities that will improve our economy and provide jobs now and in the long term. The Alaska Municipal League, Denali Commission, Alaska Village Electric Cooperative, Alaska Tribal Health Consortium, and others are tracking major infrastructure projects. While many of these entities are nonprofits themselves and stand to risk significant investments of time, people, and money, they also are working closely with federal, state, and local governments on many of these projects. We do not have data from this specific survey, and we encourage our public policymakers to ask these organizations for information and updates.

Help and guidance from federal funders

Besides the significant disruption to Alaskans, federal workers serve as a channel for nonprofits and others to obtain understanding, access, and information from federal agencies. When there are no longer individuals to turn to for answers, the system deteriorates.

Even before the mass firing of federal workers, little guidance was available from the Trump administration, and organizations who sought information about their funding received messages like these:

- From the USDA – “I understand your concern... At this time, our team has not received official word on next steps or any updates regarding the status of funds for this program... I will defer the status of activities back to your best judgment of how to operate during this uncertain time.”
- Office of Head Start says it is under a mandatory “make no contact” with grantees order.
- USDA Rural Development Office says they are required to “temporarily pause disbursement of federal funds under all open awards.”

Examples of attempts to access funds through grant portals:

- A respondent reported that their grant portal “was closed, then intermittent, now open but still not processing their reimbursement drawdown.”
- Another said, “Portal is open, but I have error messages, and some funds disappeared.”
- And another, “We have many portals and reimbursement processes, depending on the agency. All of these methods require layers of human approval, and we have not successfully completed a drawdown...in the past two weeks.”

Summary of what we know from our surveys...

- The funding under duress is congressionally approved under contractual obligation for the current funding year. There was no reason to have a contingency plan for approved funding obligated by law.
- An immediate freeze or loss of funding is a destabilizing act that inherently makes it difficult for Alaska’s nonprofits to plan and function in a stable way.
- Recently highlighted as a once-in-a-lifetime bipartisan investment in Alaska’s infrastructure, all projects are now at risk, including those addressing safe water, affordable energy, roads, airports, bridges, broadband communication, and more. Those underway and not yet started will be impacted, resulting in a missed building season, higher future costs, or simply a lack of completion.
- Basic services providing a safety net for vulnerable Alaskans, such as food, housing, and health care, are weakened and could be eliminated in some cases.
- Childcare and youth safety programs will be significantly diminished.
- Preventative services (suicide, Infant Learning Programs, etc.) will be diminished or eliminated.
- Basic education, arts, cultural preservation, and science and wildlife research will be diluted or cease to exist.
- Alaskans’ health and individual safety, especially for the most vulnerable, are at risk.
- Even some organizations that provide non-federal funding anticipate a greater need for their services beyond what they can offer, ultimately reducing services to all Alaskans.
- Organizations that rely heavily on federal or state funding have few reserves because the government does not allow nonprofits to collect interest on government funds. This means these organizations are at greater risk of closure or disruption than others.

...and what we don't know

As we continue to review our survey findings and meet with Alaska nonprofits, the following questions emerge specifically related to organizations and the missions they provide. While there are larger economic implications, our focus is on the intersection with nonprofits. More research and targeted conversations are needed to address these questions.

Economy and the intersection with federal employment

Alaska's nonprofits often generate their revenue through mission-related fees, or they raise funds from charitable sources. With extensive firings of federal workers organizations face reduced revenue at the same time the demand for their services increases. Public-nonprofit partnerships are the norm in our state, as evidenced by the management of our national parks and other federal lands. The closure of federal land due to lack of staffing will put increased pressure on nonprofits, with no offset in revenue, while also decreasing bed taxes and other drivers of local economies.

Also, we don't have answers to these questions:

- What will be the short and long-term impacts of the loss of federal employees on our economy and our workforce and the ability of nonprofits to partner with federal agencies to achieve common goals?
- How does the loss of federal workers increase the pressure and demand for nonprofits to provide staff and resources across Alaska? Where will nonprofits find funding to offset these costs?
- What will be the impact on tourism and the resulting loss of the bed tax on local governments as workers with U.S. Fish and Wildlife, U.S. Forest Service, and the National Park Service are fired?
- Out-migration and the loss of seasonal workers are already a challenge for Alaska. What will happen if funds are no longer available for workforce development initiatives?

- What will be the impact on local economies or the military and the services they depend on from the nonprofit sector?
- What will be the impact of the loss of AmeriCorps workers in communities and through nonprofits?

Economy and the intersection with state infrastructure projects

- What will happen to critical infrastructure projects that improve the health, safety, and affordability of life in Alaska already in the planning phases if federal funds are withdrawn?
- What will happen when the cost of energy escalates, much of which is provided by nonprofits, especially in rural Alaska?
- What will happen when the cost of health care escalates for all Alaskans, much of which is provided by nonprofits for Alaskans across the state?
- How will the erasure of years or decades of work (especially projects that took 5-10 years to plan and fund) affect the ability or willingness of workers to start new long-term projects?

Economy and the intersection with nonprofit service provision

- How will the state fill the gap to meet federal and state program requirements if the federal government pulls its funding from nonprofits? How will the state prioritize spending to fill the gap?
- How do federal funding cuts further increase the state's inability to pay nonprofits, municipalities, and tribes on time for existing grants, contracts, and reimbursements? How will this increase an existing problem?
- What will be the impact of intrusions into the IRS system? Will it be a way to end nonprofit status for groups that don't align with the President's agenda?

- Will we also have to attend again to the administration’s attempt to roll back the Johnson Amendment, which lays out the rules that keep politics out of charitable organizations? The President issued an executive order to this effect last time he was in office, but Congress overturned it. It’s unclear what will happen now.
- Understanding that philanthropy cannot fill the gap from lost federal funding, how will donors prioritize their funding?
- For organizations that can withstand the time it will take to work through the courts to receive congressionally approved funding, what will be the impact on their ability to deliver services while they wait?

Economy and the intersection with human rights

- What will be the impact of the lawsuit, which includes Alaska, to eliminate Section 504 from the Rehabilitation Act? This would impact all people with a disability in schools, the workplace, and independent living and will immediately shutter all applicable services if it is eliminated.
- What will happen if Medicaid, which provides health insurance to nearly 250,000 Alaskans, is no longer available at the current rates?
- How will a federal funding freeze impact immigration and refugee services in Alaska? Our survey did not receive responses from those organizations that serve a population of working Alaskans.

A look into the future

Below is a summary of the trends that emerged from the responses we received. They focus on what could happen when the demand for services increases with no increase in revenue, or when organizations have to close.

- **Increased demand for services that provide for basic needs** (food, shelter, safety)
- **Increased rates of substance misuse/abuse, suicide, and domestic violence**
- **Increased rates of recidivism and juvenile detention**
- **Decreased physical and mental health and well-being** of Alaskans, including premature death
- **Increased number of unsheltered Alaskans** and decreased low-income housing with no corresponding revenue to alleviate the pressure for services
- **Decreased access to clean water** throughout the state from the loss of funding for safe water infrastructure projects
- **Reduced nutrition for Alaskans** from a decrease in access to affordable healthy produce in rural Alaska and reduced free meals to children statewide
- **Increase in the push of Alaskans to higher levels of care** (emergency rooms, institutions, jails)
- **Reduced access to education**
- Reduced access to the Tribal health system
- **Increased risk of losing programs and projects** that support, document, and uplift Alaska Native culture, language, and traditions
- **Reduced health research** in Alaska (e.g. cancer research)
- **Reduced arts, humanities, museum, and library programs** – or complete elimination
- **Increase in fatalities at sea** in the commercial fishing industry
- **Decrease in health care for children, low-income populations, and rural Alaskans**
- **Increase in HIV rates** and AIDS deaths in Alaska
- **Reduced K-12 school programming** statewide, with many Head Start programs completely canceled
- **Decreased response to marine mammal strandings and disease** surveillance (including for the endangered Cook Inlet beluga whale stock) and reduced ability to respond to marine mammals impacted by oil spills
- Workforce impacts:
 - Decrease in workforce training and readiness, along with support for small business development
 - **Decrease in international hires**, especially for seasonal workers (because of uncertain funding and visa rules)
 - **Increase in unemployment** and new demands on social services
 - **Decrease in the total available workforce** as the result of a loss of childcare
- **Increase in pollution** throughout the state caused by a decrease in environmental projects, such as trail maintenance (including trash removal) and contaminated site cleanups
- **Decreased salmon populations** as the result of reduced salmon research in critical areas, invasive species management, fish habitat restoration and monitoring (primarily provided by federal employees in partnership with nonprofits)
- **Increased likelihood that the state will have to seek new revenue to pay for essential services**

A message to policymakers

Since before statehood, federal, state, and local governments have depended on Alaska’s nonprofits to provide essential safety nets, and emergency and utility services, ensure a productive workforce across disciplines, express themselves through religion, arts, and culture, and experience quality of life opportunities across the state. This system has saved governments time, money, and resources because we are on the ground in communities delivering services.

Nonprofits have “done the math” and can show how they are effective and efficient with every financial and resource investment. Organizations earn their revenue by engaging in mission-related businesses, raising philanthropic investments from corporations, foundations, and people, and leaning heavily on volunteer labor. Federal funding is part of the equation for some, but not all nonprofits, either directly or indirectly. Each organization is tied to another in our lightly populated state, and we rely on our network to create an economy of scale that works.

If a new funding model is desired by the federal government, then Alaska nonprofits need a longer pathway to work with all levels of government and with the people of Alaska to determine what services will be provided and who will pay for them. The federal government and the State of Alaska can be a leader in these conversations, but no viable solutions are possible without nonprofits participating in those discussions.

Closing thoughts

We have highlighted here just a few examples of the impacts shared with us in two recent surveys. **This report represents a snapshot of the situation as it was understood by respondents during late January and early February.** We know Alaska will experience many more impacts, and examples will continue to emerge.

Foraker is maintaining [a page on our website](#) that is regularly updated with trusted sources of information, along with media reports on the growing examples of impacts across the state and virtually all aspects of our lives.

Additionally, for details on the overall economic impact of nonprofits in Alaska, see our report, [Alaska’s Nonprofit Sector: Generating Economic Impact](#), which was published in December 2024 and is available on our website.