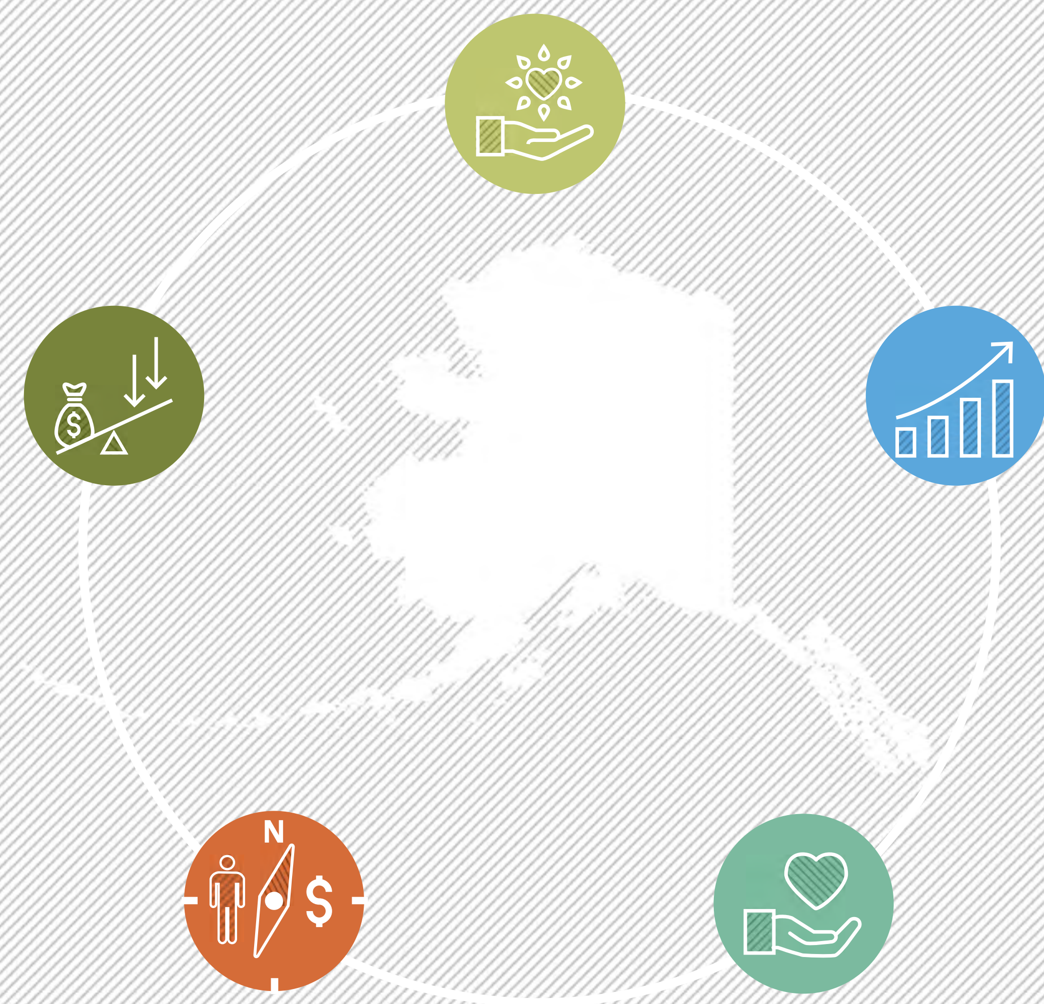
DECEMBER 2024

Alaska's Nonprofit Sector:

Generating Economic Impact



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Alaska nonprofits play a central role in the state's economy

Alaska's nonprofit sector represents various 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 as employers and revenue generators. Alaska's lack of a county government system means that nonprofits provide services traditionally filled by the government to keep our people and our places safe, healthy, and vibrant.

Every Alaskan is a nonprofit beneficiary because nonprofits are woven into the fabric of our communities.

While no sector can create a thriving economy alone, when financial decisions are made, organizational and public policies are created, or programs are developed, we urge everyone to remember that each decision will impact the health of the nonprofit sector and, thereby, the well-being of every Alaskan. **We should all be ready every day to partner with each sector of our economy– that is how Alaska works at its best.**

Nonprofits are part of everyday life in Alaska

Look around, and you will see that no matter where you live or how you move through your day, Alaska's nonprofits and tribes 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 and develop employees to our state. Let's celebrate nonprofits and tribes for caring for our people, our pets, and our planet. **Together, we foster healthier and more prosperous communities.**

Nonprofits are a major economic driver

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

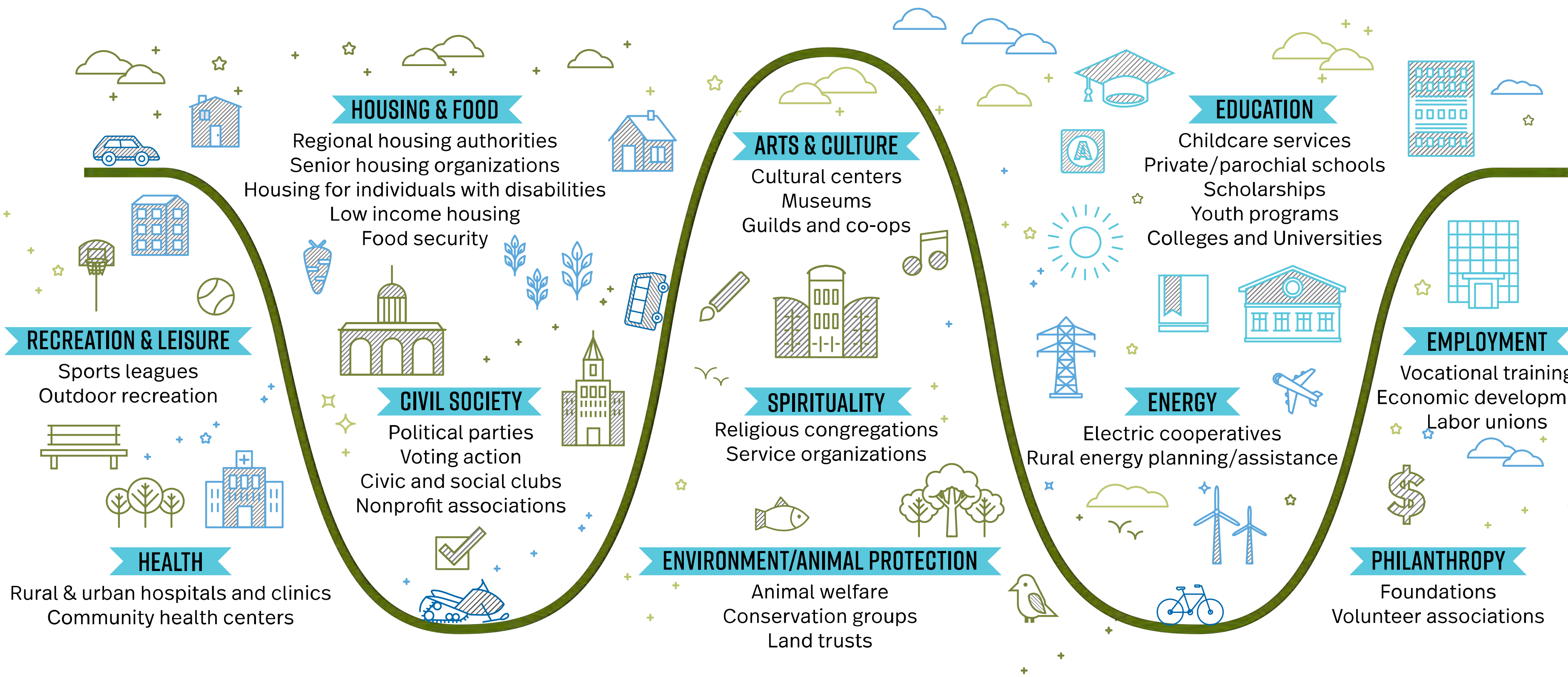
NONPROFITS ARE part of everyday life in Alaska

Every day, nonprofits provide essential services like medical care, housing, childcare, and utilities. Nonprofits also bring us joy and purpose through art, religious and cultural expression, education, and recreation. **Together, we foster healthier, more connected, and more prosperous communities.**

Nonprofits enhance our lives many times every day

In Alaska, we interact with nonprofits throughout our day. For some of us, even the act of turning on our lights starts the day powered by a nonprofit. For others, you might listen to public radio or watch public television, drop your child off at a nonprofit daycare or school, recreate on trails maintained by nonprofits, attend a religious service, or work for a nonprofit (alongside 35,301 other nonprofit employees in the state). Look around – you may be surprised at how often your life is enriched by a nonprofit.

Nonprofits are part of our everyday lives



NONPROFITS ARE

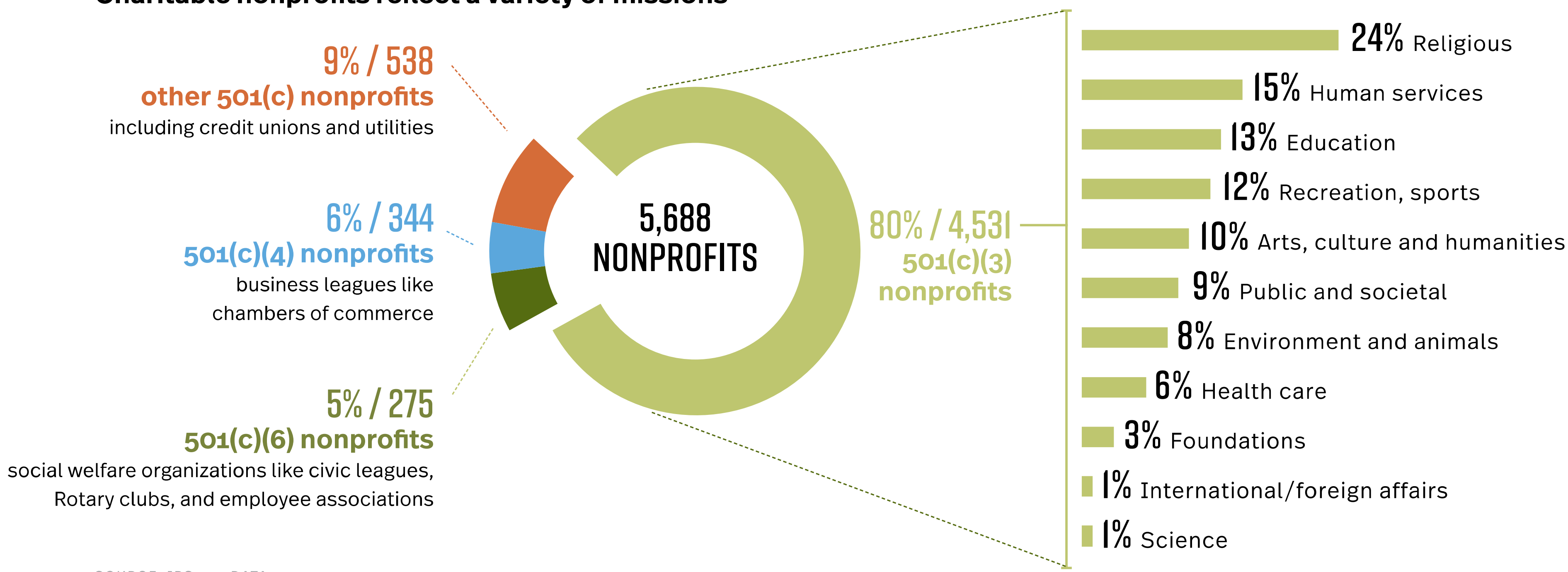
part of everyday life in Alaska

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 care, arts, conservation, religion, or education that improve our communities and our daily lives. While the majority (80%) of Alaska's nonprofits are charitable, other types of nonprofits are large contributors to the economy.

Religious congregations account for the largest number of nonprofits (24%) but are a small pool for employment. Conversely, healthcare organizations make up only 6% of total nonprofits but they account for 65% of all nonprofit revenue. While this is a percentage that has decreased since our last report–likely because of revenues returning to a more normal state following the pandemic–healthcare organizations remain a driving force in our understanding of the sector.

Charitable nonprofits reflect a variety of missions



SOURCE: IRS 990 DATA, 2023

NONPROFITS ARE

part of everyday life in Alaska

Alaska's tribes take a leading role in local governance, community services, and cultural connection

Although America's Indigenous tribes are sovereign governments, the IRS also enables them to file for nonprofit status. At one point, all Alaska tribes held this status. However, as of 2023, only nine were registered with the IRS as nonprofits.

In addition to over 200 tribal entities, the sector encompasses at least 100 tribal or Alaska Native-led nonprofits, which are critical for our communities, Indigenous peoples, and all Alaskans. They serve missions like health care, economic and community development, local search and rescue, education, support for indigenous ways of life and culture, and advocacy for traditional food harvesting and sovereign rights. Importantly, health care in Alaska is largely driven by and for Alaska Native-serving organizations, which are key employers across the state.

Tribes and Alaska Native-serving nonprofits and coalitions play a vital role in the well-being, advancement, and sovereignty of Alaska's Indigenous communities.

While there are many examples, the Organized Village of Kake, the Kodiak Archipelago Leadership Institute (KALI), and Kawerak Inc. demonstrate the profound impact of many entities.

The Organized Village of Kake, located on Kupreanof Island, thrives as a sovereign government with the core purpose of strengthening tribal community and culture. Guided by values such as respect and collaboration, they holistically address healing generational trauma, enhancing quality of life, and sustaining traditional ways of knowing and living. Their initiatives include economic enterprises, social programs, and advocacy for protecting traditional lands and gathering places essential for subsistence.

Alaska's tribes are essential to Alaska's economy, people, and community prosperity

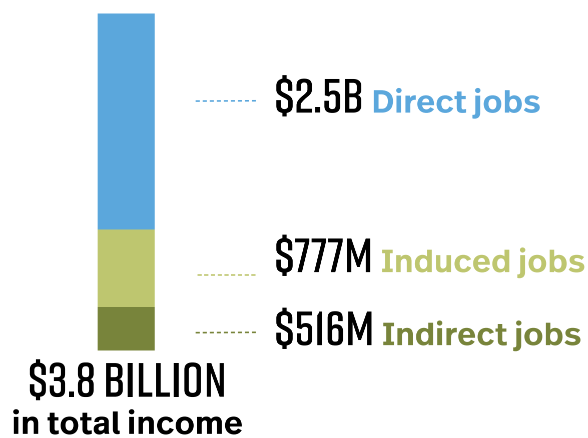
NONPROFITS ARE a major economic driver

Nonprofits are strong contributors to Alaska's economy and a significant source of Alaska jobs. When nonprofits generate revenue and then 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.**

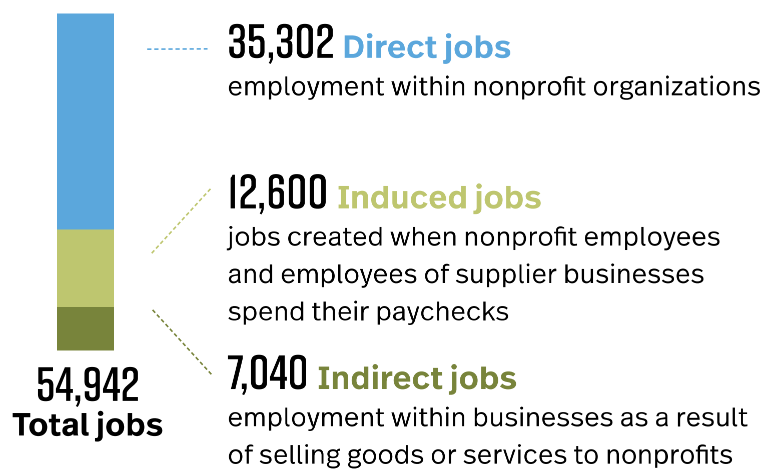
Nonprofit wages have a positive, direct and indirect impact on the economy

The nonprofit sector directly employs 35,302 Alaskans. Counting indirect and induced effects, nonprofits are responsible for sustaining 54,942 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 housing, groceries, recreation, and anything else they purchase. Together, these jobs translate into $3.8 billion in total income generated by the nonprofit sector, which then ripples through our communities.

Nonprofit wages and salaries ripple through the community



Nonprofits create Alaska jobs



DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT AND CED CALCULATIONS, 2023

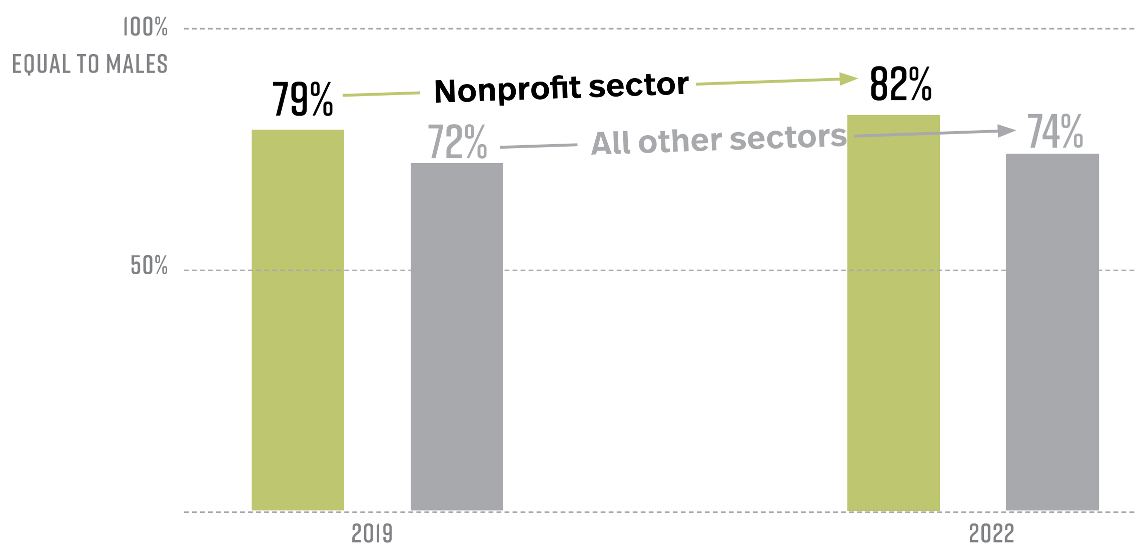
NONPROFITS ARE
a major economic driver

Nonprofits are slowly closing the gender pay gap in Alaska

The gender pay gap has economic impacts not just in the nonprofit sector but for Alaska's economy overall. A healthy economic indicator is fair pay for everyone. In 2022, women in the Alaska labor market made 74 cents for every dollar earned by a man. However, in the nonprofit sector, the gap is significantly smaller. In 2022, women made 82% less than men on average–an increase of three percentage points from 2017.

Yet, wage inequities persist despite women representing 66% of the nonprofit workforce. In 2020, the participation rate for women dipped but has since rebounded with 61% of Alaska women holding jobs in 2022. Economic challenges persist as lower pay means women are more likely to leave jobs for reasons like childcare costs and access, which then increases the workforce shortage. **Learn steps you can take today in our full report on closing the gender pay gap.**

Improvement in gender pay gap



NOTE *Alaska has the unique opportunity to track the pay gap through a partnership with the Alaska Department of Labor and the intersection of nonprofit EIN and PFD binary gender identification data. Only nonprofit employees who file for their PFD are included in this data.*

SOURCE: DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, 2022

NONPROFITS ARE
a major economic driver

Nonprofits strengthen Alaska's other leading areas of employment

Nonprofits play a critical role in Alaska's economy by providing the backbone for the state's major industries. From associations engaging in the policy-making process to economic development agencies promoting jobs and workforce development, 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, arts and culture organizations, and the state's largest electric utilities. Alaska's seafood industry also hosts unique nonprofit entities that generate resources and revenue for communities and the state. **Consider how nonprofits are the backbone for all of Alaska's economic drivers.**

Generating and supporting for-profit jobs in Alaska

Resource development
- Oil and Gas, Mining Industry Associations
- Vendor/Supplier Associations
- Oil Spill Removal Organizations
- Workforce Development

Seafood
- Commercial Fisheries Associations
- Regional Aquaculture Associations
- Seafood Processors Associations
- Community Development Quota (CDQ) Groups

Finance
(46% of industry employment is with nonprofits)
- Associations for Banks and Credit Unions
- Community Development Financial Institutions (CDFIs)
- Credit Unions

Healthcare
(40% of industry employment is with nonprofits)
- Hospitals
- Tribal Health System
- Associations for Healthcare Professionals
- Research

Economic development (All industries)
- Local/Regional Economic Development Organizations
- State and Local Chambers of Commerce
- Vocational Programs

Visitor industry
- Industry Associations
- Local Convention and Visitors Bureaus
- Recreational Associations
- Environmental Conservation

Construction
- Contractors Associations
- Homebuilders Associations
- Research Organizations
- Homeowner Associations

Utilities
(56% of industry employment is with nonprofits)
- Industry Associations
- Electric Cooperatives
- Trade Unions

Alaska Native focus
- Regional and Village Corporation Associations
- Education Foundations
- ANCSA Regional Nonprofits

Telecommunications
- Industry Associations
- Telephone Cooperatives

NOTE *Notably, since 2020, nonprofit employment in telecommunications has shifted dramatically from 39% to 4% in 2023. This is likely because more major telecommunication companies are operating in Alaska and outsourcing jobs that previously were performed in the state.*

NONPROFITS ARE

a major economic driver

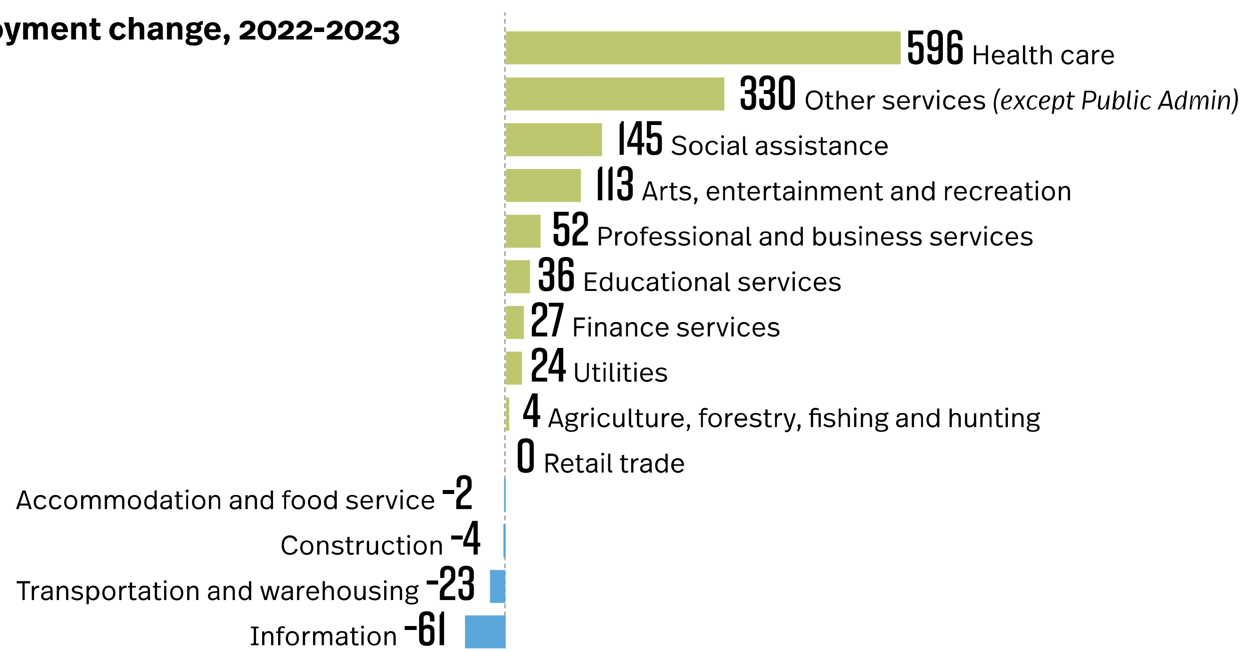
Nonprofits continue as a steadying force in the economy

From 2019-2020, nonprofits lost half as many jobs as the state overall. However, from 2022-2023, nonprofit sector employment grew by 4%, which is greater than total state employment growth and total private sector growth, which grew by 3% respectively.

Health care experienced the largest sub-sector growth -- nearly 600 jobs or 4%. However, jobs in the arts, entertainment, and recreation industry grew by 10%, reflecting the impact of pandemic relief and infrastructure funding that focused on ensuring the arts and our outdoor infrastructure survived the pandemic impacts.

Conversely, four of the already smallest nonprofit sub-sector employers experienced further job loss from 2022-2023. The greatest number of losses occurred in the information sub-sector (including public media and telecommunications). It is possible these losses were heavily influenced by the workforce shortage or that the roles moved to contractor status. It is unclear at this time the overall impact on the services these nonprofits provide.

Alaska nonprofit employment change, 2022-2023



SOURCE: DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

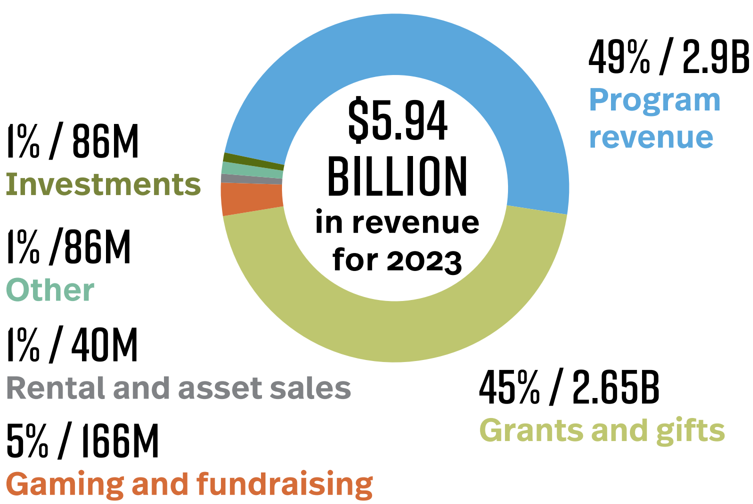
NONPROFITS leverage public funds for maximum returns

Nonprofits raise and leverage a variety of resources to meet their missions. The blend of earned income, private philanthropy, and public funding enables nonprofit organizations to maximize community impact. Policymakers must do all they can to ensure not just prompt payment but recognition of the vital partnership that brings more resources into our economy for us all. **These are partnerships that must continue.**

Nonprofits generate revenue from a variety of sources

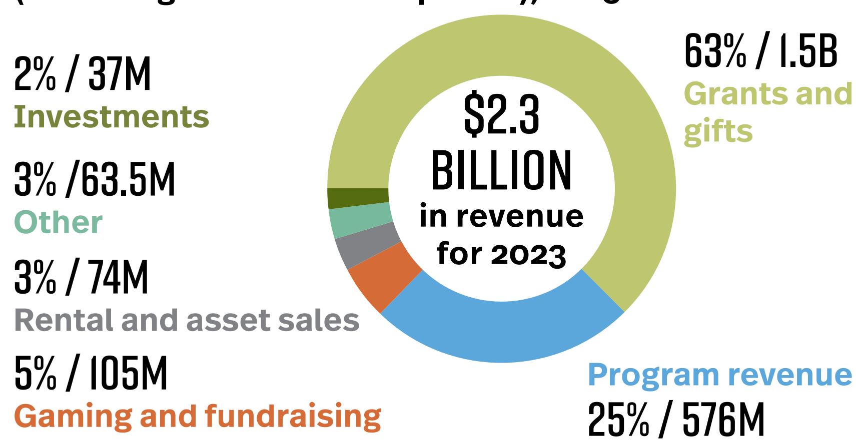
The ways nonprofits generate revenue may surprise some. As nonprofits seek financial stability, each makes strategic decisions about whether to focus predominately on earned income or charitable contributions. Most Alaska nonprofits are generating mission-related earned income as their primary revenue source. This type of funding can come from program and service revenues (49% of total revenue in 2023), government grants and contracts (45% in 2023), membership dues, tuition, investment income, rentals and sales, and more (4% in 2023). Only 3% of revenues came from charitable donations from corporations, foundations, individuals, and state gaming; while small in total, the impact is significant for grassroots organizations. Healthcare nonprofits play a major role in increasing the portion of revenues derived from programs. Removing healthcare nonprofits from the total dramatically decreases the balance of program revenues. Non-healthcare nonprofits primarily rely on grants, gifts, and contracts to fund their operations, making up 63% of the total revenues in the state.

Charitable nonprofit revenue by source, 2023



SOURCE: IRS 990 DATA, 2023

Charitable nonprofit revenue by source (excluding healthcare nonprofits), 2023



NOTE *The large "other" category is a result of nonprofits filing the 990-EZ form, which unfortunately requires little detail as opposed to those filing the full 990. Both types of filing are included in this report.*

SOURCE: IRS 990 DATA, 2023

NONPROFITS
are navigating temporary funding and workforce shortages

The once-in-a-generation influx of federal funds coming to Alaska creates significant economic impacts. Nonprofits continue to work alongside governments to ensure that this short-term federal funding is maximized in each community. Simultaneously, many nonprofits and tribes face a workforce shortage while building internal systems to manage compliance. **Strategic partnerships with nonprofits and tribes are essential to maximize the benefit of temporary revenue.**

Collaborations across sectors make Alaska work

When Alaskans unite across sectors, political lines, and regions, the results are impactful and enduring. The recent influx of federal funding provides Alaska with a unique opportunity for large-scale investment to recover from pandemic-related losses and address equity gaps across our communities. Alaska's nonprofits and tribal organizations were at the forefront of the pandemic response, receiving funding directly and indirectly from federal, state, and local governments. Now, while tribes are receiving federal investment dollars, nonprofits are key collaborators to ensure these funds are activated directly in communities. Although tracking each dollar's exact destination is challenging, data highlights the substantial investment so far, and we expect more funding in the coming years. Collaboration across sectors is essential to address workforce challenges and meet complex compliance demands, helping us make the most of these resources. Alaska's future economic resilience depends on working together to invest these funds strategically.

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 programs. 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.*

SOURCE: USA SPENDING, THE WHITE HOUSE, INTERNET FOR ALL, IRA TRACKER

NONPROFITS ARE

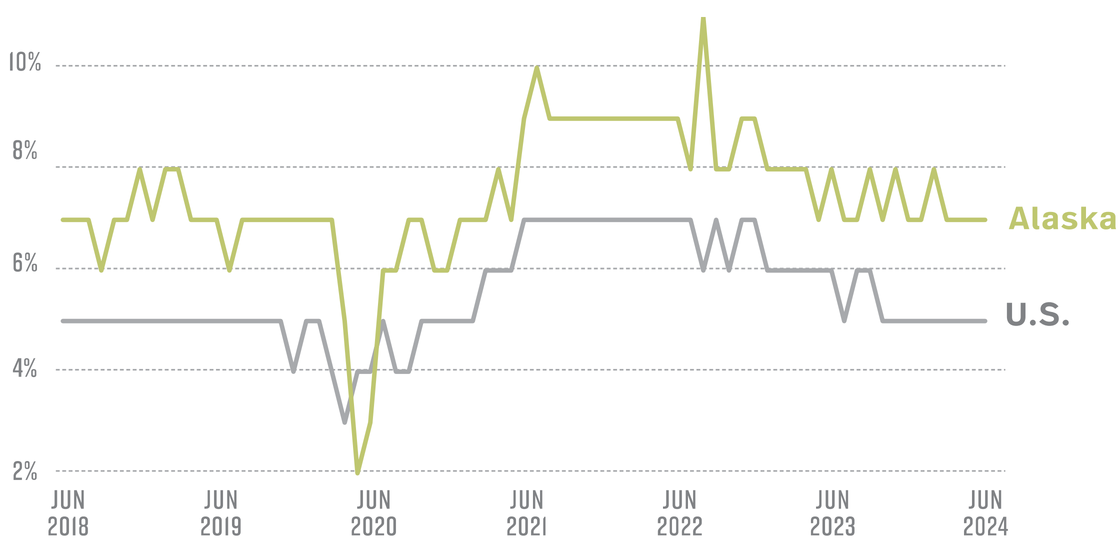
navigating temporary funding and workforce shortages

Still, the workforce shortage hampers nonprofits in meeting mission demands

One of the lasting effects of the pandemic is the ongoing challenge to find and retain workers in all sectors. Across Alaska's labor force, job openings as a percent of statewide employment peaked in mid-2022 at 12%, nearly double the state's pre-pandemic averages.

This indicates a large number of unfilled job openings across the state. Since 2022, job openings have decreased gradually but still remain nearly a percent above 2018 numbers.

Total job openings as a percent of statewide employment 2018-2024



SOURCE: U.S. BUREAU OF LABOR STATISTICS

NONPROFITS

provide community investment and civic engagement

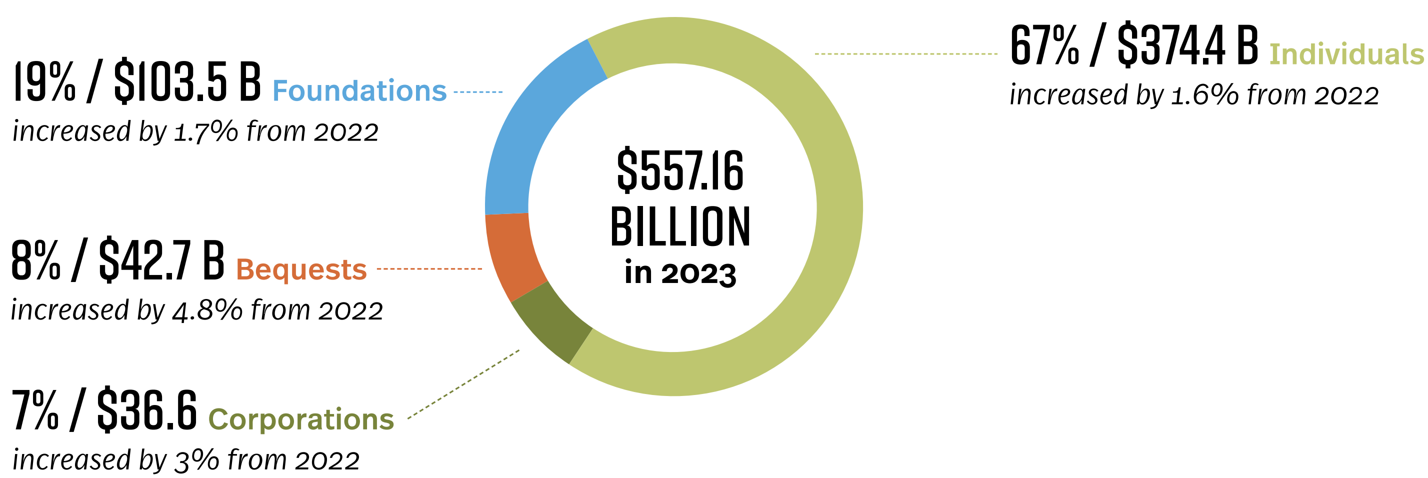
The economic engine of philanthropy, coupled with volunteerism, has a powerful influence on the quality of life, infrastructure, and jobs across Alaska. Nonprofits are uniquely positioned to raise and celebrate these investments and use them to strengthen each mission-based outcome across the state. **Alaska's philanthropy is a cause for celebration we can all feel proud to be part of.**

Nationally, philanthropic giving to nonprofits is shifting

National philanthropic data reveals mixed results for 2023. The Giving USA report, based on annual IRS data for 128 million U.S. households, says Americans gave $557.16 billion to nonprofits, which is more in 2023 than in 2022 in nominal terms. However, when adjusted for inflation, the value decreased, indicating that rapid inflation is also eroding the value of philanthropic giving.
Giving by individuals, which historically makes up a majority of donations, rose by approximately 1.6% and bequests by 4.8%.

Corporations increased their contributions by 3% and foundations by 1.7%. Gifts to donor-advised funds increased by nearly 7%, including gifts through for-profit vehicles, creating some question about overall charitable impact. Several studies in 2021-2023 continue to report 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.

2023 Contributions U.S.



SOURCE: GIVING USA, 2023

NONPROFITS

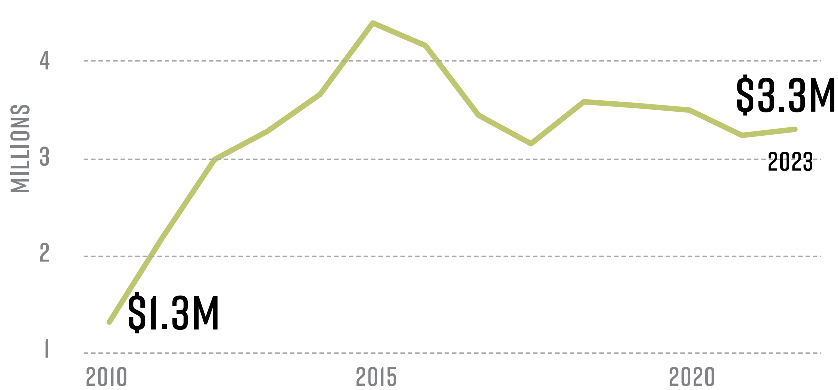
provide community investment and civic engagement

Alaskans demonstrate generosity through Pick.Click.Give.

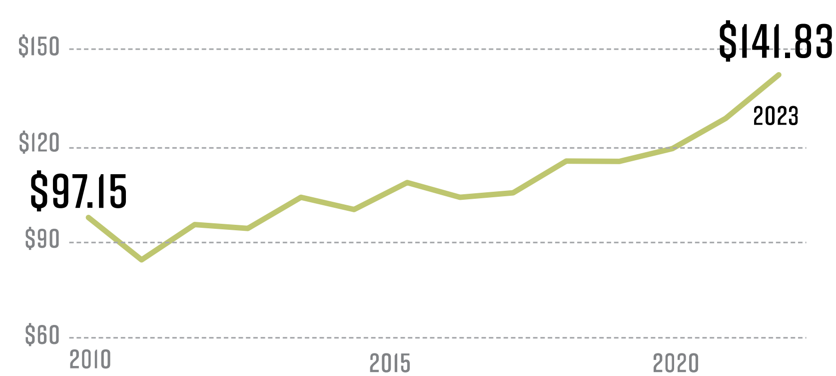
While there are many ways to demonstrate how Alaskans invest in the causes they care most deeply about, Alaska's one-of-a-kind Pick.Click.Give. program tells the story of generosity like no other. Despite the political debate and variability of the total amount of each year's Permanent Fund Dividend, Pick.Click.Give., which relies on the PFD, has continued to be a tool for new and existing donors.

In 2023, Alaskans donated $3.2 million from their PFD to local nonprofits through Pick.Click.Give. Average donations per donor have increased 4% annually on average over the last decade, with a record 11% increase in 2023.

Alaskans demonstrate generosity through Pick.Click.Give.



Average pledges per donor



SOURCE: STATE OF ALASKA PERMANENT FUND DIVIDEND CORPORATION

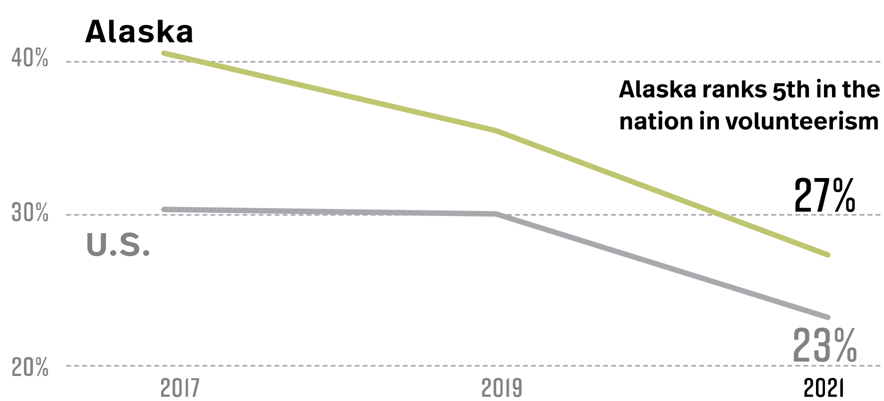
NONPROFITS

provide community investment and civic engagement

Alaskans show up as volunteers every day

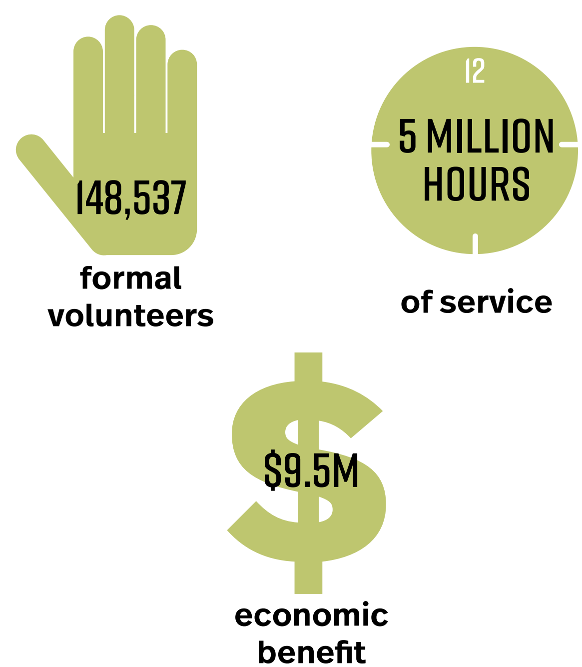
The rate of volunteerism in Alaska continues to exceed the U.S. average, with an estimated 27% of residents reporting that they volunteered in 2021, the most recent available data. (Note that the data still reflects a decline brought on by the pandemic both nationally and in Alaska.) Alaska ranks fifth in the nation in volunteerism overall. We see these volunteers in 79% of Alaska's nonprofits, which are run solely by volunteers, and in all nonprofits with their required volunteer boards of directors. Volunteer contributions to the economy are indisputable. Time is money, and in Alaska, volunteers donate an estimated 47.3 hours per volunteer annually, which equates to 5 million hours. Translated into wages based on the IRS determination of average volunteer costs, the economic benefit is estimated at $9.5 million.

Percentage of residents who volunteer each year



SOURCE: CORPORATION FOR NATIONAL AND PUBLIC SERVICE, SURVEY OF VOLUNTEERING AND CIVIC LIFE IN AMERICA

Contributions of Alaska volunteers



SOURCE: AMERICORPS, IN COLLABORATION WITH THE U.S. CENSUS BUREAU, BIENNIAL VOLUNTEERING AND CIVIC LIFE IN AMERICA REPORT, 2023

It is time to work together and turn our data into action

Community leaders and policymakers

Your decisions have a significant impact on how Alaskans live, prosper, care for their families, and find value in their lives. You set the priorities that will strengthen our state. **We call on you to:**

Use the data
data to better understand the economic contributions of nonprofits that are ensuring a vibrant place for all Alaskans to thrive

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

Engage local nonprofit leaders
and call upon their deep community knowledge as you set priorities and make decisions

Work together to reassess
grant agreements, government contracts, and reimbursements with a focus on providing operating support, adjusting wages, rebuilding financial reserves, and adapting programs to address staffing shortages

Give nonprofit leaders the support
they need to reimagine workplaces that attract and retain a high-quality and high-capacity team

By taking action, you will nurture vibrant communities and help Alaskans enjoy healthy, productive lives.

Gathering the data

This is the seventh economic impact study released by The Foraker Group. Every three years we embark on this analysis to better inform policymakers 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), the Alaska Department of Labor and Workforce Development, the U.S. Census Bureau, Giving USA, and the National Council of Nonprofits. 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 2022-2023, 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 shared belief in the power and possibility of the nonprofit sector.

This report would not be possible without our sponsor, Credit Union 1.
Credit Union 1 was founded in Alaska in 1952 on the spirit of people helping people, and their commitment to improving the lives of fellow Alaskans can be seen through their employee volunteerism, corporate giving, and welcoming branch locations statewide. We are incredibly grateful for their support.

At Credit Union 1, being a positive member of the community means: investing in future generations, aiding our neighbors, and helping Alaskans achieve their dreams.

The Foraker Group proudly recognizes that we work on the unceded traditional territories of the Alaska Native Peoples: the Iñupiaq and St. Lawrence Island Yupik, the Athabascan, the Yup'ik and Cup'ik, the Unangax̂ and Suqpiaq, 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.

theforakergroup
Standing Beside Alaska's Nonprofits

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