

**ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE**

January 30, 2023

1:33 p.m.

MEMBERS PRESENT

Senator Jesse Bjorkman, Chair
Senator Click Bishop, Vice Chair
Senator Elvi Gray-Jackson
Senator Kelly Merrick
Senator Forrest Dunbar

COMMITTEE CALENDAR

PRESENTATION(S): WORKFORCE OVERVIEW FROM THE NONPROFIT
PERSPECTIVE

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

LAURIE WOLF, President and CEO
Foraker Group
Anchorage, Alaska

POSITION STATEMENT: Gave an overview of the nonprofit sector in Alaska.

ACTION NARRATIVE

[1:33:18 PM](#)

CHAIR JESSE BJORKMAN called the Senate Labor and Commerce Standing Committee meeting to order at 1:33 p.m. Present at the call to order were Senators Dunbar, Gray-Jackson, Merrick, Bishop, and Chair Bjorkman.

**PRESENTATION(S): WORKFORCE OVERVIEW FROM THE NONPROFIT
PERSPECTIVE**

[1:34:08 PM](#)

CHAIR BJORKMAN announced that Lauri Wolf from the Foraker Group would give a presentation. It is a 501(c)(3) organization whose core purpose is to strengthen nonprofits. The Foraker Nonprofit Sustainability Model guides the organization by advancing dedicated, skilled, compassionate professionals and volunteers to serve Alaska's nonprofit and tribal organizations. Founded in 1998, the United Way of Anchorage set a strategic goal to create a model of shared services for the nonprofit sector based on the consolidated services of several oil companies on the North Slope. That idea germinated over time and was cultivated in a moment of great change in Alaska's philanthropic and corporate landscape. Foraker was launched under the United Way umbrella in January 2001 with the clear intent to serve all Alaska nonprofits and tribes by building their internal capacity and promoting philanthropy. He invited Ms. Wolf to put herself on the record and begin her presentation.

1:35:35 PM

LAURIE WOLF, President and CEO, Foraker Group, Anchorage, Alaska, presented an overview of the nonprofit sector in Alaska based on full 2020 employment data. She said that she plans to share specific examples of how "the great resignation" in the workforce and the overall lack of workforce in nonprofits and state agencies has affected the health, safety, and well-being of Alaskans. She plans to offer a few significant, concrete action steps for consideration.

[For tracking the numbered pages in the slide deck, each full page contains two independently numbered half-pages. For example, slide 1 contains half-page slides 1 and 2; slide 2 contains half-page slides 3 and 4; and so on throughout the presentation. These minutes use the half-page slide numbers.]

MS. WOLF advanced to slide 1, The Foraker Group's Core Purpose is to Strengthen Nonprofits:

Educational
Opportunities

Shared
Services

Organizational
Development

Public
Policy

Fiscal
Sponsorship

1:36:54 PM

MS. WOLF summarized slide 3, Overview of the Nonprofit Sector with an Employment Lens and slide 4, Alaska's Nonprofit Sector: Generating Economic Impact. She said the data on Alaska's nonprofits is hard to compile, especially regarding the workforce. It took countless steps to collect the data presented today because employment is not tracked by sectors in Alaska; for this reason, this full set of data is only captured every three years. She expressed gratitude to the Department of Labor and Workforce Development (DOLWD) and the Center for Economic Development at the University of Alaska Anchorage (UAA) for their deep data analysis. They worked together to provide this comprehensive look at nonprofits. The full report is available for download on the Foraker Group website.

1:38:35 PM

MS. WOLF advanced to slide 5, stating that for those interested in a deeper dive, an interactive map is available on the Foraker Group website. It contains specifics on each census region. She encouraged members to explore the interactive map at: www.forakergroup.org/speak-up/nonprofit-economic-impact/.

1:38:50 PM

At ease.

1:40:09 PM

CHAIR BJORKMAN reconvened the meeting. He requested Ms. Wolf identify the name of each slide as she moves through the slide deck.

MS. WOLF summarized slide 6, Alaska's Nonprofits are Currently Contributing to the Alaska Economy in Six Ways. She said that Alaskans hear the state should have fewer nonprofits and no financial relationship with them. That would be a big mistake for many reasons, including the cost the government would incur to provide those services or the complete loss of those services. It would impact the health and quality of life of Alaskans.

Nonprofits are part of everyday life in Alaska

Nonprofits are a major economic driver.

Nonprofits leverage public funds for maximum return

Nonprofits partner with government in delivering essential services

Nonprofits provide community investment and civic engagement

Nonprofits met the demands of COVID head-on

[1:41:38 PM](#)

MS. WOLF displayed a pictograph on slide 7 to illustrate it would be highly improbable for any Alaskan to move through their day without using the services of a nonprofit organization. She pointed out that Alaska does not have a county system of government, so nonprofits play that role alongside and in partnership with federal, state, local, and tribal governments. For some, even turning on their lights could start the day powered by a nonprofit. For others, it might be:

- listening to public radio
- dropping a child off at a nonprofit daycare or school
- ensuring their elder is safe and supported
- recreating on trails maintained by nonprofits
- attending a religious service
- working for a nonprofit organization alongside 38,000 other nonprofit employees in the state, or
- participating as part of a professional association; the backbone of every industry in the state.

MS. WOLF said Alaska's nonprofits provide essential services, like medical care, housing and utilities, joy and purpose through art, religious and cultural expression, education, and recreation. They ensure quality of life, sustain the Alaskan way of life, and attract employees to the state. In short, nonprofits care for Alaskans, our pets, and the planet to foster healthier and more prosperous communities. She invited everyone listening to look around and notice how often nonprofits enrich communities.

[1:43:22 PM](#)

MS. WOLF summarized slide 8. There are 5,620 nonprofits and 29 different types of nonprofits activated in Alaska and regulated by the Internal Revenue Service (IRS). They represent various missions that provide public service and contribute to Alaskan's quality of life, health, and economy. She said most people think of 501(c)(3) organizations when they think of nonprofits or

charitable nonprofits with missions like health, art, conservation, education, religion, and others. While this represents the majority at 78 percent, other types of nonprofits are important contributors to Alaska's economy. Slide 8 depicts four categories of 501(c) nonprofits:

Charitable Nonprofits Reflect a Variety of Missions

78 percent/4,384
501(c)(3) nonprofits
25 percent Religious
14 percent Education
13 percent Human Services
12 percent Recreation, Sports
10 percent Arts, Culture and Humanities
8 percent Public and Societal
7 percent Environment and Animals
6 percent Health Care
4 percent Philanthropy
1 percent International/Foreign Affairs
.5 percent Science and Technology/Unknown

10 percent/561
Other 501(c) nonprofits
including credit unions and utilities

5 percent/302
501(c)(6) nonprofits
social welfare organizations like civic leagues,
Rotary clubs, and employee associations

7 percent/373
501(c)(4) nonprofits
business leagues like chambers of commerce

[1:44:32 PM](#)

MS. WOLF expounded on slide 9, Nonprofits are a Major Economic Driver. Most of the nonprofits just talked about exist without staff and on volunteer labor alone. Nonprofit organizations operate understaffed because they lack the financial resources to employ people. Like all businesses, stability comes with the consistent ability to compensate staff and provide a healthy workplace. Looking at the nonprofits that employ Alaskans, data indicates that a significant number of jobs are in the nonprofit sector. It is easy to lose sight of the scale of their economic 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, healthcare, etcetera, not by the sector where the work originates: nonprofits, government, or private sector. Alaska's workforce is unique because all three sectors are integrated into the state's industries.

[1:45:47 PM](#)

MS. WOLF reviewed slide 10. She said using the same economic modeling as other major industries, the nonprofit sector directly employed 38,105 Alaskans. Slide 10 shows how nonprofits create jobs and income that ripple through communities:

38,105 Direct Jobs employment within nonprofit organizations	\$2.8B Direct jobs
12,679 Induced jobs jobs created when nonprofit employees and employees of supplier businesses spend their paychecks	\$773M Induced jobs
7,138 Indirect jobs employment within businesses as a result of selling goods or services to nonprofits	\$463M Indirect jobs
57,992 Total jobs	\$4.07Billion in total income

[1:46:35 PM](#)

MS. WOLF reviewed slide 11, based on the same economic modeling used in oil and gas, fisheries, and other tourism industries. The nonprofit sector is the third largest industry in Alaska when considering indirect and induced jobs for all sectors. Nearly a quarter of non-government jobs are tied to nonprofits through indirect and induced effects. This information is detailed on slide 11 as follows:

If we thought about nonprofits as an industry . . .

Providing jobs to Alaskans

77,600 Oil and Gas
58,700 Seafood
57,992 Nonprofit Sector (Nonprofits constitute Alaska's third largest industry, by total impact).
9,400 Mining

One in four non-government jobs tied to nonprofits
57,992/25 percent tied to nonprofits
251,896 private sector jobs in 2015

[1:47:03 PM](#)

MS. WOLF said another way to understand a nonprofit's role in Alaska's major industries is to examine their work as "frontline and backbone" workers, from associations engaging in the public policy 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 other cases, the major players in an industry are the nonprofits themselves, such as hospitals, credit unions, and electric utilities. The Alaska 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. Slide 12 lists these nonprofits and more:

Nonprofits are Essential Partners
to
Alaska's Workforce

Resource Development

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

[1:47:45 PM](#)

Seafood

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

Finance

(43 percent of industry employment is with nonprofits)
Associations for Banks and Credit Unions
Community Development Financial Institutions (CDFIs)
Credit Unions

Healthcare

(53 percent 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 Association
Homebuilders Associations
Research Organizations
Homeowner Associations

Utilities

(56% of industry employment is with nonprofits)

Industry Associations
Electric Cooperative
Trade Unions

Alaska Native Corporations

Regional and Village Corporation Associations
Education Foundations
ANCSA Regional Nonprofits

Telecommunications

(39 percent of industry employment is with nonprofits)

Industry Associations
Telephone Cooperatives

[1:48:02 PM](#)

MS. WOLF advanced to slide 13, stating that one way to understand the impact of nonprofits is to look at how essential services are delivered. Every day 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 in urban and particularly rural areas, nonprofits supply various public services like water and sanitation, fire service, utilities, libraries, and public transportation. Partnerships with

nonprofits create a social safety net that strengthens the fabric of communities; by way of example, over 40 communities depend on nonprofit volunteer fire departments. These organizations embody thrift and resourcefulness with limited budgets, small staff crews, and a duty to protect the public. Roughly 47 nonprofit libraries operate across Alaska to ensure access to information and life-long learning is available across generations. Electric cooperatives present another example; roughly 75 percent of Alaskans receive power from a nonprofit cooperative utility. These organizations also account for a majority of utility employment. These are just a few ways nonprofits work closely with government.

[1:49:32 PM](#)

MS. WOLF advanced to slide 14, which indicates nonprofit jobs play a key role in regional economies. The slide highlights the percentage of jobs worked in the nonprofit sphere in regions statewide. She noted that nonprofits are important to regional economies. Nationwide, nonprofits employ 10 percent of the workforce. In Alaska, nonprofits employ roughly 13 percent of the workforce; nonprofits are responsible for up to 40 percent of direct employment in some rural areas. In at least six of Alaska's 30 boroughs and census areas, nonprofits provide 20 percent or more of all employment. This is largely because of Alaska's tribal health system, which nonprofits run and is often the largest employer in the area.

[1:50:08 PM](#)

MS. WOLF summarized slide 15, which showed nonprofit employment by sector in 2020. Not represented in the chart below are nonprofits that:

- employ less than 300 positions,
- are running on volunteer power, or
- live not only in nonprofit space but also in for-profit space, government space, and many other spaces like childcare.

Job distribution across the sector

Health Care	20,366
Social Services	6,523
Other Services	3,863
(except Public Admin)	
Finance Services	2,116
Utilities	1,279
Educational Services	1,031
Information	713
Professional and Business Services	699

Amusement, Gambling, and Recreation Industries	364
Agriculture, Forestry, Fishing and Hunting	353

Nonprofits create half of all healthcare jobs.

MS. WOLF said it should be no surprise that healthcare and social services are the largest employers. Healthcare and human service nonprofits were the first responders to the [COVID] pandemic. Alaskans should be grateful for workers who provided leadership, extreme adaptability, and critical care for Alaskans in 2020 and 2021.

[1:51:32 PM](#)

MS. WOLF reviewed slide 16, Nonprofits Leverage Government Funding to Generate Earned and Charitable Income (in billions). A graph from 2016 to 2020 on slide 16 divides funds, generated from income-reporting Alaska nonprofits, into the following three categories:

- Earned income - insurance reimbursement, tuition, program fees
- Other - gaming, investments, and fundraising events
- Contributions and grants - donations, membership fees, government grants

She pointed out that there are a lot of myths to bust about how nonprofits are funded. It is not possible to talk about workforce without talking about budgets. The full employment cost in a nonprofit budget, like government and for-profit industry, is the largest driver in the budget. Nonprofits generate revenue from various sources, including grants and contracts from many layers of government. Many of those sources were challenged before the pandemic and were turned upside down during the pandemic. They continue to be greatly hindered by prompt payment challenges, shifts in philanthropy, and workforce shortages. As nonprofit organizations seek financial resiliency, each one will strategically decide whether to focus predominantly on mission-based revenue, earned income, or charitable contributions. Every dollar, including those from grants and contracts from the state and federal government, are leveraged to raise more money for more mission.

[1:53:06 PM](#)

MS. WOLF advanced to slide 17, Specific Examples Impacting Nonprofits Now. She said the following examples only scratch the surface of a deeper set of issues, hampering the ability of nonprofits to attract and retain the workforce needed to serve Alaskans' health, safety, and well-being. The ripple of real-world challenges illustrates the work ahead. These problems stretch far beyond this administration; some are decades in the making. The realities of the pandemic shifts in the workforce, the outmigration of Alaskans, and the state of Alaska's economy, create a clear opportunity to fix these issues. Alaska cannot wait another year or decade to address its workforce challenges.

[1:54:29 PM](#)

MS. WOLF advanced to slide 18, The Reality of Pandemic Impact. Nonprofits felt the pandemic's effects differently depending on various factors. She said the demand on health and human service organizations increased almost overnight. Many 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 a pandemic economy. The [COVID] health emergency has shifted. Still, nonprofits will face the economic and workforce impacts for many years with ever-changing health precautions, staffing shifts, the great resignation and reshuffle, unexpected costs in a lagging supply chain, waning volunteerism, and uncertain funding sources. As nonprofits face rebuilding their business models in this economy, they do so knowing that the ability to recover is part of building a foundation for a strong economy for all of Alaska. She said that perhaps there is no more perfect example of the consequence of the pandemic than its role in the state's workforce and the recognition that childcare needs to be addressed statewide.

MS. WOLF said the bottom line is that nonprofits are still trying to recover in the face of increased demand, loss of workers and volunteers, and deep shifts in funding.

[Slide 19 was not included in the slide deck.]

[1:56:04 PM](#)

MS. WOLF advanced to slide 20 to discuss "The Reality of Delayed Payment." She said ensuring nonprofits are paid promptly for work rendered is essential for a nonprofit to attract and retain employees. The state needs to process grant and contract payments, and Medicaid reimbursements timely. Unreliable cash flow not only creates undue stress on state and nonprofit employees but can also create life-and-death consequences when a

nonprofit organization cannot meet the needs of those it serves. She said the additional weight of not paying for food or medical expenses for those in greatest need could have worse outcomes for people, nonprofits, and local governments.

MS. WOLF said that she has two stories to share. One story is from the Tundra Women's Coalition (TWC) in Bethel, and the other is from the Kodiak Senior Center. The stories describe the ripple effects when payments are not received on time. She cited Eileen Arnold, of TWC, whose testimony is paraphrased:

The agency is a cash-poor agency, in a cash-poor community, in a cash-poor region. State funds, both directly and indirectly, are supposed to advance . . . a quarter's worth of general funds and reimburse monthly for federal funds to keep the doors open. Advances almost never arrive in advance. First quarter started July 1, and the advance arrived on August 2. . . . I have to spend a lot of time calling vendors, asking them if they can wait on payment. . . . I cannot pay people, or taxes, or utilities. I actually considered holding payroll . . . because we didn't have the cash. . . . It's a lot of effort for my finance staff and me. We should be able to depend on prompt payment instead of spending time calling vendors, asking them to go without payment, so that we can stay afloat.

MS. WOLF cited Pat Branson, of the Kodiak Senior Center, on her payment woes as paraphrased:

Quarter (Q) 1, starting in July, grant payments were received on October 3 after the quarter had ended. We had to show expenses to complete our Q1 reports, which triggered our Quota 2 payments. So, we had yet to receive any revenue to reflect those expenses. The Kodiak Senior Center did not receive Q2 grant payments until November 4 and December 2. To complete our Q2 reports, we had to expend those funds received on December 2 by December 31. Our agency had funds set aside; . . . otherwise, we would not have been able to meet payroll or deliver services to those 60 and older on Kodiak Island. I am unsure how other agencies managed with this payment glitch.

MS. WOLF said prompt payment issues are happening statewide as everyone struggles with workforce shortages. The challenge is

exasperated by an outdated and overdue information technology (IT) overhaul and a needed update on how the state codes and processes payments.

MS. WOLF said the bottom line is that the substantial payment delays hurt people, workers, and the state's economy. These challenges will take more people, in both the state and nonprofit entities, to solve.

[Slide 21 was not included in the slide deck.]

[1:59:54 PM](#)

MS. WOLF advanced to slide 22 to explain "The Reality of Under Funding and Cuts." The following example comes from Head Start but applies to many. Head Start currently serves over 2,600 children in over 100 Alaska communities. They have a workforce crisis coupled with an inability to serve more children. Part of the story for Head Start is that they lack a full match from the state, which they could leverage from other funds to turn into better wages and benefits. This would mean more children could receive care and more parents could go to work.

MS. WOLF said the bottom line here is that the cuts and/or flat funding over the last decade decreases the ability of nonprofits to serve Alaskans in need, compete in the workforce for quality staff, and reduces the ability of nonprofits to leverage every dollar lost with other funding.

[Slide 23 was not included in the slide deck.]

[2:00:55 PM](#)

MS. WOLF advanced to slide 24, The Reality of Vacant Positions. She said the great resignation and reshuffle are not reserved for one sector or place. It is currently a universal truth in every workplace.

MS. WOLF said that the bottom line is that there are not enough qualified workers to do the work, causing services to close and creating great stress on those who stay. She hears daily that many state agencies that engage with nonprofits have a high administrative staff vacancy rate and are greatly under-resourced. The Foraker Group job board, updated daily, provides a visual reminder that nonprofits are experiencing the same staff shortages. A lack of nonprofit staff affects the health and safety of Alaskans. She read a statement from Hope Community Resources about a situation that is echoed by many service

providers within the Alaska Association on Developmental Disabilities network, paraphrased below:

Hope has closed and consolidated eight assisted living homes over the past year. A significant contributing factor to closures is the lack of staffing. The closures have resulted in limited residential choices for residents. Hope values choice in its mission, but choice is significantly reduced without adequate staffing. People seeking Hope services must wait or seek support elsewhere, so intake is delayed or referred to other providers. One in three people authorized and funded to receive services in natural homes with their own apartment need staff. Mandatory requirements for Hope to staff licensed assisted living homes have become a priority. These families are experiencing extra stress and crisis risk but do not choose to move to another provider because the same workforce shortages affect them. Covering vacations increases strain and burnout on employees, exacerbating the shortage. Overtime costs have soared to cover essential shifts in 24/7 residential environments. Hope's annual budget for overtime has been exceeded in less than six months, further increasing burnout risk.

[2:03:13 PM](#)

MS. WOLF said the Alaska Network on Domestic Violence and Sexual Assault covers 22 agencies with common themes impacting their ability to provide services. Themes include the inability to compete in the marketplace to retain and recruit employees and the lack of staffing to achieve the safety components of their missions, which run 24/7, 365 days a year. She shared the following testimonials:

One program said "We have a huge workforce shortage here that has really impacted our agency. We had to close our childcare assistance program last year due to a lack of staff and not being able to hire anyone to take those positions. We are currently facing the potential of closing our transitional housing facility that has been in operation for over 40 years."

Another program said, "All of our current staff, who were hired to do prevention work in our community, are covering shelter shifts because we do not have enough advocates to cover the 24/7 shift necessary to ensure

safety. Everyone is working overtime, and they are getting tired."

And again, another program reported, "We have to reduce the number of individuals we can assist due to our low staffing levels. The impact is that victims who have come to us for emergency shelter are being turned away because of reduced capacity."

MS. WOLF said the overall system in place to protect and provide services to the victimized is experiencing the consequences of workforce shortages. Across the board, there is a shortage of village public safety officers (VPSOs) and state troopers. Many medical facilities do not have a sexual assault nurse examiner to work with sexual abuse victims. These are sobering stories, and they are just a few of many.

[Slides 25 through 28 - not included in the slide deck.]

[2:05:08 PM](#)

MS. WOLF advanced to slide 29, stating the committee invited Foraker Group not just to share the challenges nonprofits face but solutions. Foraker does not have all the answers, but some solutions will have an immediate and long-term effect. All of them are within the purview of the state to take the lead, and all of them will be fast when everyone locks arms to do the work together.

[2:05:32 PM](#)

MS. WOLF reviewed an excerpt from the 2020 Foraker Group Economic Report, slide 30:

[Original punctuation provided.]

Our call to action in 2020 is more true than ever

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.

MS. WOLF said that in its 2020 economic report, Foraker Group discussed the need to address staffing shortages. The handwriting was on the wall in 2020 and had been building for a long time. The report recommended adjusting grants and contracts for inflation and that nonprofits offer better compensation to compete for scarce employees. The report predicted nonprofits would do vastly more work than before the pandemic. She said that back then, she was optimistic that nonprofits could rise up and do it by adjusting business models, creating collaborations, and expanding services where needed. Those things can only happen well with some additional work; nonprofits cannot and should not do it alone.

[2:06:25 PM](#)

MS. WOLF advanced to slide 31, to propose five "Concrete Action Steps to Foster a Thriving Alaska Workforce and in Turn ALL Communities:"

Prioritize Prompt payment

MS. WOLF said that the prompt payment problem stems from a workforce capacity issue, declining technology, and a process issue. Other states seek workable prompt payment solutions, and Alaska can lead the way if the state pays attention to it. The executive branch departments have good ideas, as do leaders in the nonprofit sector. She suggested everyone learn how to do it right from each other and other states.

Overhaul the State's IT systems

MS. WOLF heard in a recent legislative hearing that the state's outdated and overburdened technology system had become a source of many woes. More than a decade ago, there was an effort to update, streamline, and network the systems for efficiency and effectiveness, but these goals have yet to actualize. The cyber-attack made bad worse. It hindered prompt payment to people, nonprofits, and others, as well as the background check system. The background check system is the core for hiring workers in all health, human service, and childcare jobs. The state must move away from the manual, slow processes and significantly overhaul the IT system, so that background checks stop delaying hiring. Concrete solutions have been offered for background checks by the Alaska Mental Health Trust, the Alaska Association of Developmental Disabilities, and others. She encouraged consideration of these solutions as a legislative and/or regulatory fix for background checks. The state can access other

experts to guide the way in overhauling the whole system and is encouraged to do so.

Recognize the essential workforce

[2:08:27 PM](#)

MS. WOLF said if the work is essential, so must be the worker. Workable solutions to workforce challenges will not be found until a living wage, affordable healthcare, and other benefits are offered. It is necessary to see, recognize and thank the workers we do have for doing an extremely hard job day in and day out. Nonprofits have never been fully staffed administratively because there are insufficient funds to pay for full staffing. She said the state had suffered significant cuts in vacant administrative jobs for longer than she can remember. One argument that supported eliminating jobs was that the positions were vacant. For nonprofits, this only means staff will endure more over-pressured and overworked years, doing more with less. The consequences delayed payments cause are visible in programs like the Supplemental Nutrition Assistance Program (SNAP) and the inability to process Medicaid and other grant payments on time. This, coupled with a piecemealed IT system, hurts workers and Alaskans. She recommended fixing the problem by asking each department to identify their actual administrative needs to get the work done and build the state budget from this stable place.

Address the complex factors hindering the workforce

MS. WOLF quoted from a recent Anchorage Economic Development Report, laying out the complex factors hindering the workforce. These factors are applicable statewide:

The city has struggled with several factors that contribute to workforce availability and overall quality of life. High housing costs, low availability of childcare services and uncertainty surrounding K-12 education funding being three of the most prominent in 2022.

MS. WOLF said there are no single solutions to the state's workforce woes. Solutions lie in the willingness to see and meet the complexity of the challenge together, and she encouraged committee members to do that.

Invite nonprofits to the table

2:10:26 PM

MS. WOLF requested committee members invite their nonprofit partners to the table. Nonprofits have diverse experiences and skills and are on the ground in communities statewide. Nonprofits are a resource and the state's partners. They will come to the table with problems and solutions. She said she heard great ideas on regulatory reforms, rate reviews, process overhauls, and new collaborations to serve Alaskans better as her group prepared the presentation today. She said that her colleagues across the state have been living with these challenges for a long time; and have come up with solutions. Nonprofits are eager to work with the Legislature to ensure nonprofits stay in business and serve Alaskans. She encouraged committee members to invite nonprofits in because everyone is stronger when working together.

MS. WOLF said that her message today is that nonprofits want the same thing, a strong economy, and a stable workforce. She acknowledged that the safety net is thin, resources are short, and the tendency is to cut instead of invest high. That dialogue must change for Alaska's economy to thrive. She said that everyone is ready to work on a plan with the legislature on behalf of Foraker Group and all nonprofits.

2:12:05 PM

CHAIR BJORKMAN invited committee members to ask questions.

2:12:14 PM

SENATOR DUNBAR referenced Ms. Wolf's term "waning volunteerism," asking why Alaskans are volunteering less now than in the past.

MS. WOLF answered that the last time there was good data about volunteerism, Alaska ranked fourth in the nation. She said Alaskans know how to help each other. Like the reshuffle in the workforce, nonprofits see a reshuffle in volunteerism. People are taking stock of deeper commitments made to nonprofits through board service and other longer-term commitments. Foraker has initiatives underway, including the Alaska board match site, to encourage more Alaskans to serve on boards. The effects of the pandemic are visible in the volunteer pool. It is helpful to recognize that many volunteer programs had to shut down during the pandemic in the name of public health. Many nonprofits face restarting volunteer programs with limited resources and staffing. Volunteer programs do not magically happen; people must organize the programs to make them happen. She said that nonprofits need people to organize more people. This is a ripple effect as a result of the pandemic.

2:14:28 PM

SENATOR BISHOP dovetailed off of Senator Dunbar's question. He asked whether the ten-year outmigration of 8,800 people annually affects volunteerism.

MS. WOLF replied that is an amazing question and she would like to see the data on that. She replied that she had some anecdotal moments in the last couple of years that make her want to say maybe. Many board meetings and other opportunities have gone virtual. A lot of people remain committed to their organizations and continue to serve, doing what they can. However, they are not doing it from within Alaska. She answered that she is unsure that there is a correlation but would like to see a study that figured it out. She surmised that as soon as people who have migrated out of Alaska settle into their new location, they will let go of their Alaska connection and make new connections. She guessed that in the interim, as people resettle, they are not letting go of their Alaska connections too quickly.

2:16:02 PM

CHAIR BJORKMAN asked for specifics about how nonprofits save government money.

MS. WOLF replied that there are many examples of how nonprofits save the government money. She reiterated that there are no county governments in Alaska. Nonprofits partner with local, state, and the federal government to deliver services; volunteer fire departments are an excellent example. She said she would find the dollar amount that volunteer firefighters save the state and provide it to the committee. Another example is independent living supported systems. It is more cost-effective for a person to stay in their home than reside in a state facility like the Pioneer Home. Organizations focusing on independent living have calculated how much money they save the state by keeping people in their homes. A few years ago, Foraker Group had a call to action and named it "Do the Math" to figure out how much money nonprofits are really saving the state. Many organizations have taken up that call, and Foraker Group is happy to provide that data to the committee. There are many examples where nonprofits do it "better, cheaper, and faster" because they are on the ground and in the community, working hand in hand with those served.

CHAIR BJORKMAN agreed that nonprofits work closely with and provide value to those they serve. He said it would cost the

government much more to implement substitute services; nonprofits do it for much less.

[2:19:29 PM](#)

CHAIR BJORKMAN commented on the term "leverage," which Ms. Wolf used in the presentation. He sought verification that she meant matched contributions.

MS. WOLF replied yes, meeting matches. She harkened back to the testimonial from the Tundra Women's Coalition. State grants or contracts create stability within an organization. Nonprofits should expend their energy on the work and finding alternative funding sources rather than fending off debtors. She said the state provides stability to the partnership that cannot be overstated.

[2:20:03 PM](#)

SENATOR GRAY-JACKSON asked whether employee burnout, frustration, and anxiety affect the stability of nonprofit organizations and the workforce.

MS. WOLF replied that she listened to the testimony of SNAP employees who struggled to get payments out the door, and her heart hurt. The employees worked hard in the face of animosity. She surmised it took a toll on the employees' mental well-being. She thinks about both state and nonprofit employees in this conversation. Many nonprofits are a "helping" profession and feel deeply about the work they do every day. She always thinks about the well-being of her team as an employer with 22 employees. She considers what employees need to do their jobs and their complete wellness. She said it is an important question, and there are not enough resources to meet everyone's needs.

[2:21:43 PM](#)

CHAIR BJORKMAN asked what solutions she sees for the state's childcare issues.

MS. WOLF recalled a statistic when she was a working mom. There were 14,000 childcare spots in Anchorage for 28,000 kids. She said her kids are grown now, and she no longer needs childcare. She expressed gratitude that so many are picking up this conversation and talking about its urgency. Alaska has not had enough childcare to meet the needs of its children for as long as she can remember. The pandemic exacerbated the problem. She expressed that there are childcare experts in the state with a lot of ideas. She encouraged the committee to invite childcare

experts to the table. She said that childcare is an interesting conversation because it is one of the services in the state delivered by every sector: government is involved through Head Start, partnerships with nonprofits in government, tribes, mom-and-pop in-home care, and major corporations. She expressed that she is not an expert on the subject, and the complexity of the subject warrants one. There are people in the state that have concrete solutions.

CHAIR BJORKMAN spoke to delayed payments discussed in the presentation, asking where the choke points are and how the committee can help.

MS. WOLF said challenges primarily lie in processes, procurement, technology, and lack of people. She said the Department of Administration needs to be involved in the solution. Even if the technology worked, which it does not, and even if the process were streamlined, which it is not, the state has a worker shortage problem. There are not enough people in the state system to do the processing, and the people who are on staff, are overworked. She expressed her belief that state workers are overburdened with these issues. She said there are things to fix clearly, adding she does not pretend to know how.

[2:27:11 PM](#)

CHAIR BJORKMAN said this serves as an all-call to all interested parties.

MS. WOLF said the department heads see the issues and solutions. She invited the department heads to provide that information to the committee. She noted that nonprofits have suggestions for regulatory changes that would help.

CHAIR BJORKMAN said that the committee looks forward to hearing those suggestions. He directed attention to slide 24, asking what the state can do to help with the worker shortage issue in the human service space.

MS. WOLF sought clarification on whether the question pertained to the nonprofit or state human service space.

CHAIR BJORKMAN answered in the nonprofit space. He asked if the committee could do anything specifically other than the big, broad suggestions talked about so far.

MS. WOLF answered that it would be remarkable if the state could adjust existing grants and contracts to match inflation. She

said it would help to discuss how many workers are needed to complete a job, expressing her belief that budgets are built without those numbers. This is true for the state and nonprofits. Nonprofits have never been fully administratively staffed because they cannot afford it. Figuring out what it costs to do the work should be calculated first, then decisions and choices made. This does not happen often.

[2:29:43 PM](#)

SENATOR BISHOP concurred and commented that a base budget must be determined before establishing a spending cap.

[2:30:34 PM](#)

SENATOR GRAY-JACKSON directed attention to the five concrete action steps to foster a thriving workforce on slide 31. She commented that the committee and legislature need to figure out how to implement those suggestions.

[2:31:08 PM](#)

SENATOR DUNBAR spoke about prioritizing prompt payment. He commented that various nonprofits work with various state agencies, questioning where relevant payment holdups are occurring. He asked what percentage of prompt payment holdups flow through the Department of Administration.

MS. WOLF answered she has been trying to get to the heart of that question. She said nonprofits know which agencies they contract with on the front side but do not know the process on the back side. She answered that she does not know what flows through the Department of Administration, emphasizing this is an important question to ask and unravel. She said this question is best answered with all commissioners at the table because the process is different between departments. Alaska does not have a streamlined, one-stop process. A lot of processes have developed over the years. The Department of Administration has a challenge, not of its own making but of decades in the making. She mentioned SNAP, stating an antiquated IT system does not help the situation.

MS. WOLF spoke to a previous question about the issue of essential workers and the workforce. She said healthcare in Alaska is incredibly expensive and difficult to access. In addition to a living wage, which many essential nonprofit workers do not receive, they also do not have access to benefits or healthcare. These are issues the nonprofit workforce faces.

[2:35:36 PM](#)

There being no further business to come before the committee, Chair Bjorkman adjourned the Senate Labor and Commerce Standing Committee meeting at 2:35 p.m.