

NAVIGATING ALASKA'S BUDGET CRISIS TO PRESERVE ESSENTIAL PROGRAMS

As a part of our Democracy Lens tools, for each state in our region, we report a data snapshot and case studies (called Bright Spots) about philanthropy's role in democracy. You can access all these data and Bright Spots on the [Democracy Northwest webpage](#).

The state of Alaska relies on oil and petroleum taxes and rents, royalties and investments of this revenue, forgoing a statewide sales, property, or income tax.¹ Alaska spends a high amount per capita compared to the average for other states, with the largest expenditures going toward public assistance and grade schools.² Alaska also places some of its revenue each year into the Alaska Permanent Fund, which provides residents with an annual check often between \$1,000 to \$2,000.³ However, oil prices are not highly stable, and drastic decreases in revenue throughout the mid-2010s led to a massive state budget deficit in 2019.⁴

Soon after being elected in fall 2018 on a platform of higher Permanent Fund dividends and a balanced budget, Gov. Mike Dunleavy proposed \$1.6 billion in spending cuts to bridge the state's shortfall without raising revenue.⁵ The cuts would heavily impact funding for education, the homeless, the arts, healthcare and almost every other service.⁶ He also proposed the highest annual dividend ever – \$3,000 per resident.⁷ Public opinion of the proposal was mixed,⁸ and in spring 2019, neither chamber of the state legislature nor the governor could agree on a budget.⁹

The Budget Impact on Alaska's Charitable Sector

Many funders saw the cuts as a threat to the populations they serve. Trevor Storrs, president and CEO of [Alaska Children's Trust](#), and Robin Minard, chief communications officer of the [Mat-Su Health Foundation](#), described their foundations' concerns that the cuts to Medicaid, early childhood development, protective services systems and homelessness services would reduce the well-being of children and families across Alaska.¹⁰ Minard also noted that much of the local economy depends on nonprofits to provide needed services at a lower cost than the government, but the proposed budget would have seen a significant number of nonprofits closed and jobs lost.¹¹ Storrs said that some in Alaska assumed private funders could have filled government gaps, but in reality there were few large foundations in Alaska to fill those funding gaps, which exceeded \$1 billion.¹² The \$65 million provided by foundations each year across the state would not have been nearly enough to offset the smaller budget.¹³



Seeing how the broad budget cuts could have potentially wiped out much of the progress made in communities, many funders realized they were all in a similar position, regardless of which issue areas drove their charitable missions. They also understood that philanthropies had the resources to advocate in ways that many others could not. While funders varied in both their advocacy experience and views on the current problem, they consistently held discussions to work through the differences. They engaged with the public and policymakers through letters, testimony, lobbying and media efforts.¹⁴ According to Storrs, they raised awareness without focusing blame on politicians or others, and instead centered their message on the impacts to Alaska families.¹⁵

Organizations ranging from [The Foraker Group](#) (the state’s nonprofit association) to [Rasmuson Foundation](#) (the state’s largest foundation) brought their partners and expertise to the table.¹⁶ For example, the Mat-Su Health Foundation motivated their grantees to advocate and held trainings on the rules of advocacy. The trainings and “call parties” to lobby legislators received high interest and attendance, including from people who had never contacted legislative offices before.¹⁷

Advocacy in Summer 2019

Mid-year, the legislature presented a new budget to the governor, who vetoed over \$400 million in the bill to preserve many of his proposed budget cuts.¹⁸ Rasmuson Foundation, in addition to creating a website to explain the budget issues and their position,¹⁹ continued to bring funders and economic stakeholders together as funders ramped up efforts to galvanize support against the vetoes. One such effort was an open letter to the governor, signed by numerous grantmakers and published in state newspapers in June.²⁰

A high point came in July, when a coalition of organizations against the budget cuts, [Save Our State](#), held a rally of 4,000 people in Anchorage. [Alaska Children’s Trust](#), which had never done such an event before, took the lead in helping the rally become a reality.²¹



Budget Compromise Softened Many Cuts

Later in the year, the legislature and governor reached a compromise with far fewer cuts – a few hundred million dollars below the previous year’s budget, but nearly \$600 million more than the original proposal.²² The final budget, close to \$11 billion,²³ also included a \$1,600 dividend for Alaskans.²⁴

Minard felt the budget advocacy was partially successful, having preserved \$2 million for children with special needs and \$5 million for homeless programs, as well as protected funding for treatment and recovery grants and other early childhood programs.²⁵ However, there were still quite a few program cuts across the board,²⁶ which is why total funding for childhood well-being decreased slightly from previous years.²⁷

A Voice in Alaska's Future

The budget crisis was likely not a one-time issue, according to Diane Kaplan, president and CEO of Rasmuson Foundation.²⁸ Likewise, Minard and Storrs believe that until legislators develop a long-term plan in Alaska's best interests, Alaska's focus on budget balancing will be fiscally unsustainable in the long run.²⁹ Funders will need to take a stance on how to bring in new revenue, looking at options that have minimal impacts on the most vulnerable populations while not hampering Alaska's development.³⁰

Minard and Storrs agree that philanthropy in general operates in a place of privilege, with the resources to advocate for nonprofits and vulnerable populations. Advocacy could take many forms. It could involve taking a leadership role that grantees can look to for guidance, or building nonprofits' capacity to advocate for their interests. It could also mean engaging directly with government officials by offering testimony or research.³¹ According to Storrs, a funder's silent neutrality on government matters does not equate to an equitable stance, especially since philanthropy can bring voices to the table that are not being heard.³² In the end, Minard observes that advocacy helps philanthropy support beneficial policies, which in turn help the sector provide better services in ways that could not be achieved otherwise.³³

Key Takeaways

- Government budget advocacy can significantly impact the resources available to populations that funders serve.
- Funders not only have an obligation to advocate on behalf of their grantees and those they serve, but have the resources to build nonprofits' capacity to advocate for their clients and constituents.

Endnotes

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