



April 9, 2026

House Finance Committee
Alaska State Capitol
120 4th Street
Juneau, AK 99801

RE: Support for House Bill 133– Payment of Contracts

Representative Himschoot,

Alaska Children's Trust offers our strong support for House Bill 133, which would ensure timely payment from the State of Alaska to parties that provide essential support under state agreements. As the statewide lead organization focused on the prevention of child abuse and neglect, we support policies that strengthen communities' infrastructure to provide for Alaska's families. House Bill 133 does this by ensuring both state and federal pass-through funds are disbursed promptly to non-profits, local governments, and tribal organizations, benefiting the people of Alaska and their families.

House Bill 133 establishes mechanisms to mitigate delays in payments from state agencies through grants, contracts, and reimbursements. Alaska nonprofits continue to experience prolonged delays in payment that have affected Alaska communities and the state's economy, putting the ability of Alaskans to access essential services at risk. Additionally, the legislation emphasizes that timely payments from the State of Alaska are essential for nonprofit, municipal, and tribal partners to execute state policy in an efficient manner.

According to KIDS COUNT, in 2024, 36,000 children lived with families who accessed public assistance. Families who access public assistance also access services provided by non-profit, municipal, and tribal organizations partnering with the State of Alaska. Delays in payment have affected services important to families, such as child care, domestic violence services, housing, food security, public safety and more. Services like these all play an essential role in preventing child abuse and neglect in the State of Alaska.

House Bill 133 would support the work of Alaska's nonprofits, local governments, and tribal organizations to provide resources for Alaska's families. Timely payment to support the work of these entities is important for strengthening Alaska's families and communities. Thank you for introducing this legislation.

Sincerely,

Trevor J. Storrs
President & CEO



**TEAMSTERS
LOCAL 959
STATE OF ALASKA**

Affiliated with the International Brotherhood of Teamsters
Gary Dixon, Secretary-Treasurer
520 E. 34th Ave., Suite 102, Anchorage, Alaska 99503
Phone (907) 751-8500 • Fax (907) 751-8599

February 2, 2026

Via Email Rep.Neal.Foster@akleg.gov

The Honorable Representative Foster
Co-Chair
House Finance
120 4th St.
Juneau, Alaska 99801

Re: Letter of Support for House Bill 133: An Act establishing a 30-day deadline for the payment of contracts under the State Procurement Code

Representative Foster:

Teamsters Local 959 writes to support House Bill 133, An Act establishing a 30-day deadline for the payment of contracts under the State Procurement Code. This bill will help speed up the process of delivering grants to approved applicants. The grant process through the State of Alaska helps Native Organizations, Non-Profits, and Municipalities with programs that benefit our Membership and ensure funding is guaranteed in an efficient timeline.

Teamsters Local 959 is a designated non-profit and partnered with the Teamster Training Trust, produces skilled workers for Alaska small businesses who will benefit from the timeline established in House Bill 133. Timely delivery of grant funding will help keep workers on jobsites and avoid mothballing projects that have previously received funding. We urge the passage of House Bill 133.

Sincerely,
Teamsters Local 959



Patrick FitzGerald
Political Coordinator

PF:jk

020226 Letter of Support for House Bill 133 - Payment of Contracts .docx



City of Toksook Bay
PO Box 37008
Toksook Bay, Alaska 99637
(907) 427-7613 Fax (907) 427-7811

May 15, 2025

Representatives Rebecca Himschoot, Fields, Kopp, Mears, Mina
Subject: Support for House Bill 133

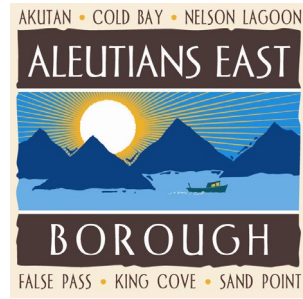
Madam Chair and members of the committee, my name is Sam Chanar. I am from Toksook Bay and am representing the City of Toksook Bay.

The City of Toksook Bay plays a waiting game. Here's what happens first. We receive a letter from the State our determined population for the fiscal year. We wait for another letter that will inform us of our estimated Community Assistance Program payment. We enact an ordinance providing for the establishment and adoption of the budget for the upcoming fiscal year. We pass and approve a resolution certifying an annual certified financial statement of revenues and expenditures of the previous fiscal year. We submit the CAP application certifying that we understood the requirements for receiving payment and agreeing to comply with all laws and regulations. Additionally, we wait to receive from our insurance provider a notice of insurance contribution with a July 31 payment deadline for renewal.

We perform what is expected of us to qualify for and receive CAP payment. Come July, the waiting game starts. Will we have our insurance coverage renewed for the fiscal year? We rely on a receipt of the CAP payment for the insurance coverage renewal. If we can not meet the July 31 deadline, we will be sent a 30-day notice of nonpayment to either pay in full, or initiate a payment plan before the end of August which will have additional fees and interests. This was the process with AMLJIA. As I was told, we do not know if the same process will apply with the new insurance provider APRA. But no matter, we risk losing our insurance coverage.

One of our general powers listed in AS Title 29, subject to other provisions of the law, is the power to sue and be sued. We can not afford to be sued or risk any area of the service that we provide for our elected officials, employees, and residents. We have limited funding. Our community no longer have the commercial fisheries that once thrived. We do not have the land resources to attract tourism in our area similar to those in the road system or southeast Alaska. We can not levy property taxes. The revenue resources that we depend on are local sales taxes, CAP, PILT, and some proceeds from charitable gaming. Having an insurance coverage is just as vital as much as for the State, the boroughs and other municipalities throughout Alaska.

The two years when we received our CAP payments before July 31 were in 2020 and 2021. Last year, we received CAP payment in October which was three months after the insurance renewal deadline. I am in full support for the passage of HB133.



May 17, 2025

RE: Support for House Bill 133 & Senate Bill 129 Prompt Payment Parity Legislation

Dear Representative Rebecca Himschoot and Senator Scott Kawasaki,

We express our strong support for House Bill 133 and Senate Bill 129 which mandate the timely disbursement of funds by the State of Alaska to nonprofit organizations, municipalities, and tribal entities receiving state payments through approved grants, contracts, and reimbursements. The language of these bills reflects existing statutory provisions applicable to private for-profit enterprises.

Nonprofit organizations, municipalities, and tribal entities play a critical role in delivering essential services to Alaskans on behalf of the state. Often, in instances where the state lacks physical presence, these organizations provide vital health care, public safety services, behavioral health support, and more. However, they frequently face challenges due to delayed payments from the state. Field reports indicate that virtually every state department is experiencing payment delays, thereby jeopardizing fundamental needs, safety, emergency services, childcare, and quality-of-life programs. Consequently, contractors and grantees in Alaska often find themselves compelled to furlough employees or utilize personal financial resources to cover outstanding payments from the state.

Delayed payments are not an emerging concern; they have persisted across multiple state administrations and necessitate a coordinated, system-wide response. Such delays create an undue burden on those providing essential services to Alaskans, and this proposed legislation aims to establish parity among all organizations that facilitate the state's operations.

I wish to express my sincere appreciation for your consideration of this initiative, which highlights the impact that delays in State payments—such as those related to Community Assistance, Community Development Block Grants, shared taxes, and other funding sources—can have on project timelines. Such delays may lead to missed deadlines, increased costs, and significant cash flow challenges.

House Bill 133 and Senate Bill 129 would ensure that both state and federally sourced pass-through funds are promptly allocated to nonprofits, local governments, and tribal organizations, ultimately benefiting the citizens of Alaska. The intention is to align state payment practices with the current statutory protections afforded by private contractors engaged in public works projects.

Sincerely,

Alvin D. Osterback
Aleutians East Borough Mayor



For immediate release

For more information, contact:

Nils Andreassen, Executive Director, Alaska Municipal League, nils@akml.org, 907-586-1325

Laurie Wolf, President and CEO, The Foraker Group, lwolf@forakergroup.org, 907-243-1200

Prompt Payment Parity Legislation Introduced in Alaska Legislature

House Bill 133 and Senate Bill 129 address the negative impacts of delayed payments by the State of Alaska to nonprofits, municipalities, and tribal organizations

ANCHORAGE, March 12, 2025 – Alaska’s nonprofits, municipalities, and tribal organizations provide essential services to Alaskans on behalf of the state. In many cases, where the state has no physical presence, they provide life-saving health care, public safety services, behavioral health support, and more. These non-state partners, however, are too often burdened with delayed payments from the state. These delays, sometimes lasting longer than a year and in amounts upwards of \$1 million, can make doing business with the state unnecessarily difficult.

In a joint announcement today, The Foraker Group and the Alaska Municipal League welcomed the introduction of two companion bills – House Bill 133 introduced by Representative Rebecca Himschoot (I-Sitka) and Senate Bill 129 introduced by Senator Scott Kawasaki (D-Fairbanks) – which will require timely payment by the State of Alaska to nonprofits, municipalities, and tribal organizations receiving state payments through approved grants, contracts, and reimbursements. The bills mirror language in statutes already in place for private for-profit businesses.

“Every day, nonprofits, local governments, and tribal organizations are doing work for Alaskans as part of an agreement with the State of Alaska,” said Foraker President and CEO Laurie Wolf. “The state has entered into these grants, contracts, and reimbursement relationships as our good faith partners, and as such, we want the state to hold up its end of the bargain.”

“Under current law, if you are a private business or contractor working on a public project – for instance, an airport, road, or other infrastructure project – the expectation is that you’ll be paid on time,” said Alaska Municipal League Executive Director Nils Andreassen. “If the payments are late, the state faces penalties and interest, and you can even stop work until payment is received. The reality is that nonprofit, municipalities, and tribal organizations can’t just stop working.”

Both Wolf and Andreassen noted that lack of prompt payment is not a new issue. They emphasized that it has spanned multiple state administrations and requires a concerted and systemwide response. Delayed payments put an unnecessary burden on those delivering important services to Alaskans, and this legislation would bring parity to all organizations that help the state conduct its

work. They agree that this effort ensures effective and efficient use of government resources on behalf of all Alaskans.

“Firsthand reports from the sector show that delays occur in almost every department of our state, which means everything from basic needs, safety, emergency services, childcare, and quality of life programming is at risk,” said Wolf. “Alaska’s contractors and grantees are left to furlough staff or draw from their own savings to subsidize the lack of payment from the state.”

According to recent survey data from The Foraker Group, some organizations have had to pause operations, tap into reserves, pursue lines of credit, or reduce staff until payments were received.

“Foraker and the Alaska Municipal League are proud partners in this legislation,” Andreassen said. “We both issued concurrent resolutions on the impacts of delayed payments last year, and we commend the Rep. Himschoot and Sen. Kawasaki for their commitment to making prompt payment parity the law in Alaska.”

Note to reporters: The survey report mentioned above is available at:

<https://www.forakergroup.org/wp-content/uploads/2025/02/Impact-of-Delayed-Payment.pdf>

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March 31, 2025

Sent Via. Email: representative.rebecca.himschoot@akleg.gov
senator.scott.kawasaki@akleg.gov

RE: Letter of Support for HB 133 / SB 129 – Prompt Payment for State Grants and Contracts

Dear Representative Himschoot and Senator Kawasaki,

I am writing on behalf of Anchorage Neighborhood Health Center (ANHC) to express our strong support for House Bill 133 and Senate Bill 129, which seek to ensure timely payment of state grants and contracts to nonprofits, tribal organizations, and municipalities. As one of the state's largest and most comprehensive Federally Qualified Health Centers, ANHC's mission is to provide accessible, affordable, and quality health care to our community, regardless of a patient's ability to pay. State and federal pass-through funding are critical to our ability to deliver this mission.

Nonprofit organizations like ANHC are essential partners in delivering the State of Alaska's policy goals on the ground. From primary care to housing assistance to behavioral health, the state depends on a network of nonprofits to carry out vital services efficiently and effectively. Yet, current grant and contract processes often delay payments for months—even more than a year in some cases—placing a disproportionate burden on organizations with limited cash flow.

While ANHC has not experienced the most severe delays ourselves, we have witnessed firsthand how these delays jeopardize services and create instability for partner organizations and the clients we collectively serve. One partner organization, Four A's (Alaskan AIDS Assistance Association), has faced chronic reimbursement delays—often going an entire quarter or more without payment. In the past year, those delays forced them to pause housing support services, notify clients and landlords that rent payments couldn't be made, and halt new program admissions despite urgent need. These service interruptions were not due to mismanagement, but due to a system that lacks any accountability for timely reimbursement—despite requiring strict reporting compliance from grantees.

This is a systems-level issue that spans administrations and agencies. HB 133 and SB 129 offer a clear solution by requiring the state to meet fair and reasonable timelines for payment, just as it already does for private contractors. These bills bring parity and predictability, helping ensure that essential services continue without disruption and that nonprofits can plan and operate responsibly.

Thank you for your leadership on this issue. I urge you and your colleagues to pass HB 133 and SB 129 to support a more equitable and sustainable partnership between the State of Alaska and the nonprofits who deliver its most critical services.

Sincerely,
Lisa D.H. Aquino, MHS
ANHC Chief Executive Officer

Ella Lubin

From: Marie McCarty <Marie@kachemaklandtrust.org>
Sent: Tuesday, April 8, 2025 3:17 PM
To: Rep. Rebecca Himschoot; Sen. Scott Kawasaki
Subject: Letter of Support HB 133 and SB 129

Dear Representative Himschoot and Kawasaki,

I am writing on behalf of Alaskan nonprofit Kachemak Heritage Land Trust to support the above-referenced bills. As the oldest land trust in Alaska, founded one month prior to the Oil Spill, we work with private landowners to permanently preserve land on the Kenai Peninsula. Much of our permanent land conservation work is completed with funds that pass through the State of Alaska from the federal government, and from funds we receive directly from the State. Like other nonprofits in Alaska, we serve important needs of our young state.

As a relatively small nonprofit that receives State funds, receiving timely payment is critical to our ongoing success. It only seems right to require that there is parity in State payments to nonprofits with those provided to our for-profit community members.

Thank you for your consideration of our letter.

--

Marie McCarty
Executive Director
Kachemak Heritage Land Trust
315 Klondike Avenue
Homer, AK 99603
(907) 235-5263
Direct line (907) 235-5325
www.kachemaklandtrust.org



Conserving the natural heritage of the Kenai Peninsula for future generations



March 26, 2025

The Honorable Representative Rebecca Himschoot
Alaska State Capitol
120 4th Street
Juneau, AK 99801

Dear Representative Himschoot,

I am writing on behalf of the Mat-Su Health Foundation (MSHF) to express our strong support for HB 133, an act establishing a 30-day deadline for the payment of contracts under the State Procurement Code and setting deadlines for the payment of grants, contracts, and reimbursement agreements to nonprofit organizations, municipalities, and Alaska Native organizations.

The MSHF is deeply invested and dedicated to supporting the health and well-being of our community, and we recognize the critical importance of timely payments for services rendered. HB 133 addresses a significant issue that affects many nonprofit organizations, municipalities, and Alaska Native organizations, including those we fund and collaborate with. The establishment of a payment deadline will ensure that these entities receive the funds they need to continue their vital work without unnecessary delays.

Timely payments are essential for the financial stability of nonprofit organizations. Delays in payment can disrupt operations, hinder project progress, and create financial strain. HB 133 will help provide a reliable payment schedule, allowing these entities to plan and execute their programs effectively.

Our organization has witnessed firsthand the challenges faced by nonprofit organizations, municipalities, and Alaska Native organizations due to delayed payments. Through our partnerships and initiatives, we have worked tirelessly to support these entities in their efforts to provide critical services to our communities. The passage of HB 133 will provide much-needed support and resources to amplify these efforts and create lasting, positive change.

We believe that HB 133 is a necessary and beneficial measure that will greatly improve the efficiency and effectiveness of nonprofit organizations, municipalities, and Alaska Native organizations. We urge the legislature to pass this bill and support the timely payment of contracts and grants.

Thank you for considering our perspective and for your commitment to improving the financial stability and operational efficiency of organizations that serve our community.

Sincerely,

Elizabeth Ripley
President and CEO

March 18, 2025



Representative Rebecca Himschoot and Senator Scott Kawasaki
Subject: Support for House Bill 133 and Senate Bill 129

Dear Representative Himschoot and Senator Kawasaki,

thread is Alaska's statewide child care resource and referral organization. We are a private 39-year-old nonprofit serving families, early educators, early childhood education programs, businesses and communities across the state – all to increase access to affordable and high quality child care. **thread** is a grantee of the State, receiving most of our organizational funding from the State Department of Health and the State Department of Education and Early Development. We are proud to be close partners with the State's early childhood offices regularly working to execute projects and grants that support the child care sector, including the distribution of millions in COVID-19 Relief funds.

thread strongly supports House Bill 133 and Senate Bill 129. As an organization that relies on State funding to provide services, pay parity is critical to ensure services are delivered timely and with intent to meet the required grant/contracted scopes of work. While we have seen some important improvements at the Department of Health, we continue to encounter significant delays and uncertainty surrounding payments and reimbursements from the State of Alaska. Overall, there is inconsistency in how Departments issue, approve, disperse and pay for granted/contracted services. This includes irregularity in following agreement timelines. The lack of payment parity has been a growing issue and has persisted across multiple administrations, affecting organizations statewide including **thread** clients.

Many of the child care programs we work with have also experienced the negative impact of these inconsistencies and delays. Child Care Assistance Program payments are issued monthly, and when those payments are delayed, it creates financial strain on the small margins that many child care small businesses operate on. The cost of leases, utilities, and wages are fixed expenses, regardless of when reimbursements are processed. Payment delays put the sustainability of these programs at risk, compromising the high-quality services they provide to families and early educators across the state.

HB 133 and SB 129 address a long-standing inequity by ensuring that nonprofits, municipalities, and tribal organizations receive timely payments for essential work. These bills would bring payments to nonprofit partners in line with the existing statutory protections for private contractors, ensuring that critical funding is distributed as intended and without unnecessary delays. Resolving this issue is essential to Alaska's nonprofit sector and ensuring that we continue to effectively serve our communities.

We strongly urge you to prioritize the passages of HB 133 and SB 129 to allow nonprofits like **thread** to continue our vital work without the financial instability caused by delayed payments. Thank you for your leadership on this issue and your commitment to supporting Alaska's families and communities.

Sincerely,

A handwritten signature in black ink that reads 'Stephanie Berglund'.

Stephanie Berglund,
CEO of **thread**

April 8th, 2025

Representative Rebecca Himschoot
Senator Scott Kawasaki
Subject: Support for Prompt Payment Legislation

Dear Representative Himschoot and Senator Kawasaki,

As President and CEO of United Way of Anchorage, I am writing to express strong support for prompt payment to Alaska nonprofits that provide critical services to our communities. At United Way of Anchorage, we are dedicated to removing barriers to opportunity and solving our community's toughest challenges. In doing so, we partner closely with many of the same organizations the State relies on to execute policy and deliver essential services.

Unfortunately, we have become increasingly aware that many of these organizations face lengthy delays in receiving payments from the State. These delays strain already limited resources and jeopardize the delivery of services that Alaskans depend on.

United Way of Anchorage believes this systemic issue must be addressed. Nonprofits, municipalities, and tribal organizations that depend on state and federal pass-through funding should receive the same statutory payment protections afforded to private contractors delivering public works projects.

Prompt payment will ensure more efficient execution of state policy, increase the stability of Alaska's vital nonprofit sector, and strengthen the quality and continuity of service delivery. We are grateful for your leadership in introducing HB 133 and SB 129 to advance this much-needed reform.

United Way of Anchorage stands with you in advocating for timely, fair, and responsible payment practices. Your leadership on this issue will have a meaningful impact on organizations and individuals throughout Anchorage and across Alaska.

Sincerely,

Eric Billingsley
President and CEO
United Way of Anchorage

Foraker Supports House Bill 133: Prompt Payment Parity

Below is testimony from President/CEO Laurie Wolf to the House Community and Regional Affairs Committee on March 25, 2025, which includes what was allowed in the time limit and additional information for the record.

Good morning committee members and Co-Chairs Himschoot and Mears. For the record, my name is Laurie Wolf. I am the President/CEO of The Foraker Group.

Thank you for inviting me to testify in support of House Bill 133 which establishes prompt payment parity for Alaska nonprofits, municipalities, and tribal organizations for grants, contracts, and reimbursements from the State of Alaska including federal pass-through funding.

We appreciate the attention from Rep. Himschoot and other co-sponsors to one of the most important pieces of legislation supporting Alaska nonprofits since the passage of the Pick.Click.Give. program 16 years ago.

Here's what Alaska organizations are facing right now and why this legislation is critical.

- Three-six-nine months, some more than a year in delayed payments
- A couple of hundred thousand dollars to more than a million dollars in delayed payments

Delayed payment comes from almost every department in the state and impacts all types of services from seniors to childcare to domestic violence to housing, food security, transportation, public safety, and more. The state relies on us to deliver services as its partner through grants, contracts, and reimbursements.

Yet this partnership – when it comes to the money – is broken. Because of the current process, we are asked to report on money they have not received in order to stand in line for the next payment, which will also be delayed. This should sound odd and unbelievable, and yet, it's real for hundreds of Alaska organizations far too often. Some of our executives don't even know a reality that could look different because this has been their reality for so long. Sadly, delayed payments have become a normal and even acceptable practice for nonprofits that are providing essential services around the state.

Importantly, this is money that has been approved by the legislature. One would simply assume that if the money is budgeted, approved, and allocated, then spending could occur. That seems efficient. This seems like good government.

In fact, prompt payment is exactly the rule the state must follow when conducting transactions with for-profit businesses as directed by Statute: [AS 36.90.200](#). Unfortunately, these rules do not apply to nonprofits, municipalities, and tribal organizations – and they should.

Over *many* years and multiple administrations – we have tried to solve this problem, hoping honestly that we wouldn't get to this stage. One former commissioner told us that nonprofits should just take out a line of credit to manage delayed payments – as though it was the job of the nonprofit to subsidize the state. Not only do lines of credit require collateral, which many nonprofits will never have, it is not the job of nonprofits to subsidize the state and that is exactly what many of them do every day – what other choice do they have?

Our goal is to ensure the state is efficient and that the work organizations provide for Alaskans is predictable, stable, and available.

To demonstrate the severity of this issue, we surveyed Alaska organizations to learn more about their experiences. Here's what they told us about their reality. The survey data you have in your packet of information from us is simply a point-in-time survey to give a snapshot of the pervasive nature of this issue. The top-line impact of delayed payments includes:

- **Cash Flow Issues:** Many respondents emphasized the severe strain on cash flow, with organizations needing to use reserves, lines of credit, or borrow funds to cover operational costs such as payroll, purchases, and bills. This was particularly difficult for organizations that rely on grant funding or reimbursable services.
- **Operational Delays:** Delays disrupted services, project timelines, and the ability to make necessary purchases (e.g., books, equipment, vehicles). Some organizations even had to pause operations or reduce staff until payments were received.
- **Increased Administrative Burden:** Organizations reported spending significant time and resources dealing with delayed payments, including advocating for overdue funds, rebilling, and communicating with funding agencies. This diversion of resources led to additional stress on staff and operational inefficiencies.
- **Uncertainty and Financial Planning Challenges:** The lack of predictability of payment schedules created uncertainty in budgeting and financial planning. Several organizations had to make difficult decisions about whether to proceed with projects or delay them based on the expectation of when funds might eventually arrive.
- **Negative Impact on Staff and Services:** Some respondents noted that delayed payments led to late payrolls, staff dissatisfaction, and the possibility of layoffs. In certain cases, it was reported that delays could jeopardize continuing vital services for vulnerable populations.
- **Strained Relationships:** Delays also strained relationships with contractors, vendors, and other third parties, with some organizations reporting difficulty in meeting obligations or renegotiating payment terms.

- **Impact on Program Continuity:** For some organizations, delayed payments threatened the continuity of programs and services, especially in critical areas such as health care and education, where funding delays can have immediate consequences.

Our reality is that nonprofits do not have the financial reserves to float a major state grant or contract to support a program or project with their own funds while waiting for allocated state dollars to come through. And even if they do, as I have already pointed out, it is not the responsibility of nonprofits to subsidize the state's delayed payments.

These impacts should be enough to compel us all to change how this process operates. But consider, too, that it's not just our entities and Alaskans who are hurt – the economies around the state also are harmed. Specifically, we know that:

- Delayed payment has a direct impact on the ability of Alaskans to access essential services.
- It has a direct impact on nonprofit staff recruitment and retention across Alaska.
- It hurts the whole economy because nonprofits cannot pay their bills to other for-profit and nonprofit vendors.

We need this legislation because unlike a business or contractor working on a public project, where current Alaska statute says they will be paid on time or receive penalties and interest, the rules also say the contractor can stop work until payment is received. Our reality is that we cannot just stop doing what we are doing to get the state's attention—the consequences are too high for Alaskans who depend on us.

I anticipate one of your questions is: "How much money are we talking about?" Unfortunately, we have been trying to calculate this number for years. We have solid data from surveys and personal accounts, but there is no single system for tracking delayed payments that we know about. Each state department has its own system and process for tracking.

I anticipate that you will also ask how we think this problem should be fixed. To be sure, we know the state faces workforce shortages and technology issues, but we can't tell you how to fix those. Still, we will say that we are no longer willing to remain silent while a broken system asks nonprofits, municipalities, and tribal organizations to carry the burden of both delivering services and covering the costs while we wait. We want parity with for-profit businesses and to be treated as partners in the work of serving Alaskans. After all, that is how Alaska's economy works best – when we as organizations come together with local, state, and federal governments to serve Alaskans.

To be clear, we are not asking the state to go back and address their past delays with penalties and interest. We simply want to establish a foundation for moving forward based on prompt payment

parity, along with powerful incentives for the state to pay on time – just like the private sector. That is the purpose of House Bill 133.

I will end with this reminder. The health and well-being of Alaskans and Alaska's economy depend on strong working relationships among nonprofits, tribal organizations, municipalities, and the state. Payment for services is an expected part of this relationship. I strongly urge you to consider this bill favorably.

Foraker, Alaska's nonprofit association, is pleased to be working arm-in-arm with the Alaska Municipal League, Alaska's statewide association supporting local governments, and House Bill 133 sponsors on this critical issue. As part of this testimony, we will also share the resolutions that both Foraker and AML approved last year as well as our most recent survey results on the impact of delayed payment on Alaska organizations.

Thank you.

February 2, 2026

Reference No: 2602010

Dear Members of the Alaska House of Representatives Finance Committee,

My name is Sander Schijvens and I am CEO and President of Wostmann & Associates, Inc. (WAI), an Alaska-based IT consulting firm. For more than 40 years, we have provided the State of Alaska with software development services, project management, information technology advising, and support services for both legacy systems and ongoing modernization efforts. WAI is also the managing partner of Alaska IT Group (AITG), a consortium of Alaska-based information technology businesses. Through AITG, we coordinate and support multiple small and mid-sized Alaska firms that collectively provide professional and technical services to state and municipal entities. I write to you today to express my support for House Bill 133.

Our State of Alaska contracts generally specify a net-30 payment cycle, meaning payment is due within 30 days of invoice submission and agency acceptance. This structure is standard across both the public and private sectors and functions well when payments are made on time.

For professional services firms like ours, payroll represents the vast majority of operating expenses, often around 80%. To function under net-30 terms, firms must maintain cash reserves sufficient to cover at least one month of payroll while awaiting payment for work already completed and accepted. Many firms rely on a line of credit secured by accounts receivable to bridge this gap. Lenders typically advance up to roughly 75% of eligible receivables; however, once an invoice becomes significantly delinquent, generally beyond 60 or 90 days, it is no longer eligible as collateral. Even a small number of chronically late payments can therefore strain a firm's ability to meet payroll and maintain uninterrupted service delivery. Predictable payment cycles also help reduce financing costs, which in turn supports more competitive pricing for State projects.

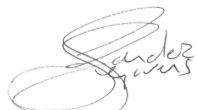
In our experience, most State agencies pay invoices within a reasonable timeframe, often within 30–60 days. We recognize that delays can occur due to staff turnover, temporary shortages, processing backlogs, or administrative transitions, and contractors routinely work collaboratively with agencies to resolve these issues.

However, while contracts specify net-30 payment terms, there is currently no consistent consequence or remedy when payments become significantly late, including instances where invoices remain unpaid for several months or longer. These challenges are precisely what HB 133 addresses by establishing consistent timelines, clear communication requirements, and a predictable remedy when payments fall excessively behind.

We strongly support HB 133 and its establishment of clear, enforceable timelines for State payment of contractor invoices. The bill addresses a long-standing gap in the procurement process and provides contractors with a predictable and fair remedy when payments become significantly delayed. These provisions will strengthen accountability, reduce financial strain on Alaska businesses, and help ensure uninterrupted delivery of critical services to the State. We applaud the Legislature's effort to bring needed clarity and consistency to the payment process and fully support the bill's implementation.

Timely and predictable payment practices are especially important for Alaska-based small and mid-sized firms that form the backbone of the State's vendor community. Thank you for your consideration of these comments and for your work on HB 133. I would be happy to provide additional information or answer any questions at your convenience.

Respectfully,



Sander Schijvens
President & CEO
Wostmann & Associates, Inc.

February 13, 2026

Dear Members of the Alaska State Legislature,

On behalf of the Commission, we write in support of HB 133, legislation that would establish clear and consistent timelines for the payment of state grants, contracts, and reimbursement agreements.

Timely payment is essential to the stability of Alaska's health and human services delivery system. Many providers, particularly nonprofits, municipalities, and Alaska Native organizations, operate with limited reserves and depend on predictable cash flow to meet payroll, maintain services, and comply with contractual obligations. Delays in state payments create financial strain, increase administrative burden, and can jeopardize the continuity of services relied upon by Alaskans.

HB 133 would promote fairness and accountability by aligning payment timelines for grants, contracts, and reimbursements with existing prompt payment standards. Establishing consistent expectations across state agencies would improve transparency, reduce administrative inefficiencies, and strengthen the capacity of service providers to deliver critical programs.

For services supporting older Alaskans and individuals with disabilities, including home- and community-based services, nutrition, transportation, behavioral health, and care coordination, payment delays can have disproportionate impacts. When providers are forced to absorb prolonged reimbursement delays, they may be compelled to limit services or reduce capacity, exacerbating access challenges in communities already facing workforce and geographic constraints.

HB 133 does not create new programs or increase service requirements. Instead, it strengthens Alaska's existing service infrastructure by ensuring timely payment for services already delivered under state agreements.

For these reasons, the Commission supports HB 133 and respectfully encourages its passage.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Sivertsen". The signature is fluid and cursive, with a large initial "B" and "S".

Bob Sivertsen
Chair, The Alaska Commission on Aging
rsivertsen@gmail.com