



For immediate release

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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 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**