



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**

A resolution in support of legislation that requires prompt payment of grants and contracts to Alaska nonprofit organizations

Approved December 14, 2023

Whereas Alaska nonprofits are solid partners with state government and numerous state agencies – for instance, the Department of Health, Department of Family and Community Services, Department of Education and Early Development, and Department of Public Safety – and provide a wide array of essential services on behalf of the State of Alaska through grants and contracts;

Whereas the state disburses money in multiple ways to many entities, including to healthcare organizations and nonprofits receiving Medicaid reimbursement, grants to human and community services, education and health providers, and to local governments through programs like Community Assistance;

Whereas The Foraker Group has been aware of delayed payments to Alaska’s nonprofits by the State of Alaska for grant advances, grant reimbursements, and contract payments since at least 2019, even before the cyber-attack on the state’s then Department of Health and Social Services in spring 2021;

Whereas problems of delayed payment are not new nor entirely related to state staffing shortages and the state has not implemented the systems and technology solutions that would effectively remedy the problem;

Whereas payment delays from state departments for nonprofits with grants agreements and contracts have extended for months, sometimes up to a year or more, often following delays in initial/advance payments for programs and services with significant start-up costs;

Whereas most nonprofits don’t 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 it is not the responsibility of nonprofits to subsidize state government shortfalls in payment;

Whereas many of these entities operate with less than 90 days in cash reserves and some with little or none, “reimbursable” grant agreements require nonprofits to fund all the costs of services for 30 to 90 days before they can even invoice for payment;

Whereas the impacts on nonprofits and tribal organizations that are not paid on time are far-reaching, including furlough of staff, temporary closure of programs, loss of interest income from utilizing reserves, and the untold stress and strain that lack of prompt payment provokes;

Whereas nonprofit professionals and board members are often met with recommendations from state departments or divisions focused on unfeasible solutions, such as accessing small and often non-existent reserves, taking out lines of credit, or quickly ramping up donations, all of which enable the state to continue the practice of late payments;

Whereas in multiple meetings with state commissioners and nonprofit leaders during the pandemic, assurances were given that “the problem was being addressed” through one-by-one fixes and not through necessary and critical comprehensive systems change;

Whereas Alaska does have prompt payment laws that apply to the private sector in Alaska statutes (36.90.200), which require the State of Alaska to pay private-sector contractors performing construction or public works activities in a timely manner, including penalties for non-compliance and interest on non-payment, which reimburses the contractor for opportunity costs or additional burdens experienced;

Whereas when paying the state for a wide range of its services, including corporate filings and business and professional licensing, nonprofits are required to timely pay and are afforded no grace for making late payments;

Whereas due to the lack of parity with the nonprofit sector in state statutes ensuring prompt payment, state law does not apply to reimbursable grant agreements that are used with most state grants for the provision of health, education, or social services by nonprofits, nor to contracts between nonprofits and the state;

Whereas the need for prompt payment extends far beyond private sector construction contracts and public services and should be broadly applicable to all grantees and contractors of the state – businesses, municipal governments, nonprofits, and tribal organizations;

Whereas delayed payments not only create hardships for organizations’ ability to operate effectively but jeopardize the health and well-being of those they serve on behalf of state agencies;

Whereas nonprofits, municipalities, tribal organizations, and other entities suffer due to delays in disbursements that may make them unable to fulfill their own obligations and provide their own services;

Whereas nonprofits have reported delayed payments that have affected services to children, adults, seniors, individuals with intellectual and developmental disabilities, those experiencing homelessness, hunger, substance abuse, and domestic violence, among so many others receiving services;

Whereas it is in the state’s interest to ensure the solvency and sustainability of public, private, nonprofit, and tribal organizations, the state can facilitate this in large part by ensuring prompt payment on grants and contracts; and

Whereas eight other states have incorporated prompt payment laws that provide the same kinds of protections afforded the private sector to the nonprofit sector, most notably New York, California, and Maryland; these state efforts provide solid models that Alaska could emulate in developing legislation in Alaska;

Now, therefore be it resolved that The Foraker Group joins the Alaska Municipal League, which has passed its own resolution, in requesting that the Alaska State Legislature pass legislation requiring the State of Alaska to provide prompt payments in all its contracted and formula obligations, grants, or transfers;

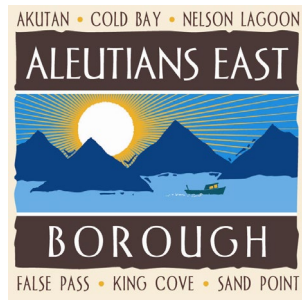
Be it further resolved that the State of Alaska provide parity of the standards that already apply to state agencies in their private sector procurement and contracting to Alaska nonprofits, tribal organizations, and municipalities;

Be it finally resolved that the state agencies immediately enhance efforts to increase their ability to meet this duty of prompt payment and ensure appropriate levels of capacity to do so for the long-term.

Approved by The Foraker Group Governance Board on December 14, 2023

Resolution distributed to:

- The Honorable Michael Dunleavy, Governor, State of Alaska
- The Honorable Gary Stevens, President, Alaska State Senate
- The Honorable Cathy Tilton, Speaker, Alaska House of Representatives



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