



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Commerce, Community, and Economic Development

DIVISION OF ADMINISTRATIVE SERVICES

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May 16, 2025

The Honorable Representative Ashley Carrick
Chair, House State Affairs Committee
Alaska State Capitol, Room 505
Juneau, Alaska 99801

Dear Chair Carrick,

This letter is in response to questions raised during the May 15, 2025, House State Affairs Committee hearing on HB 133, Payment of Contracts. The questions raised are applicable to multiple agencies; the responses below only relate to the Department of Commerce, Community, and Economic Development's (DCCED) activity.

1. Provide information on nonprofits that are not paid timely.

The DCCED administers hundreds of grants under a variety of statutory grant programs, including grants to municipalities, grants to unincorporated communities, grants to named recipients (commonly referred to as designated legislative grants), Community Assistance Program grants, and National Petroleum Reserve-Alaska grants. At any given time, hundreds of grants are in active status, and each may have quarterly or monthly payments. Nearly all DCCED's grant programs allow for requests of advances by the grantee, and DCCED distributes funds in advance upon request.

Grants to nonprofits made by DCCED are most likely made under either the grants to unincorporated communities program (AS 37.05.317), under which payments on behalf of a community or region may be assigned to a nonprofit; under the grants to named recipients program (AS 37.05.316), where grantees may be nonprofit or for profit entities; or under the Community Assistance Program (AS 29.60.850), under which payments on behalf of a community may be assigned to a nonprofit organization providing service in the area.

The DCCED tracks the statutory grant program in DCCED's current grants system, but that statutory program information is not recorded in the State accounting system, Integrated Resource Information System (IRIS). As a result, DCCED cannot readily identify which grant payments made were to nonprofits. However, what DCCED can confirm is that in fiscal year 2024, 97 percent of the 1,494 grant payments were made within 30 days of the recorded invoice date, and through April 30, 2025, 96 percent of the 897 grant payments in fiscal year 2025 have been made within 30 days of the recorded invoice date. On average in fiscal year 2025, invoices are paid within 16 days.

2. Provide information on the process of paying invoices or grants.

Different staff are responsible for different aspects of payment processing for grants and invoices. Vendors and grantees register in the IRIS vendor portal, enter their address, and select a method of payment. For one-time payments where a vendor is not registered in IRIS, paper warrants may be sent. If the grantee has elected to receive electronic payment, funds are often available the day after a transaction is finalized in IRIS.

The Division of Community and Regional Affairs (DCRA) administers nearly all department grants and works directly with those grantees. Grantees submit quarterly or monthly progress reports and payment requests in accordance with the agreements. After reviewing the progress reports and validating the payment requests, the Grant Administrator emails the payment request to the Division of Administrative Services (DAS) for payment processing. The DAS staff enters the payment in IRIS, and another DAS staff certifies the transaction for accuracy. The payment to the grantee is then processed according to their preferences in IRIS.

The DCCED is currently in the final stages of implementing a new grants system. Payments in the new system will largely follow this same process, except that the grants system will automatically upload the approved payments into IRIS. The DAS staff will then only have to perform the certification action, eliminating the need for manual data entry and improving accuracy and timeliness.

Invoices for contracts and purchases are received directly by staff in the division that made the purchase. The DCCED encourages the use of purchasing cards when possible and appropriate; this ensures vendors are paid promptly and avoids late fees to the department. Divisions may pay the invoice directly with a purchasing card, then reconcile the payment activity to appropriate financial coding in IRIS. Invoices not paid with a purchasing card are submitted to the Department of Administration's Shared Services of Alaska (SSOA) section for payment using a digital portal. Copies of the invoice and payment approval are attached, and then routed to SSOA. The SSOA staff then enters the payment, and another SSOA staff certifies the transaction for accuracy. The payment to the vendor is then processed according to their preferences in IRIS.

3. Provide information on the amount of fees or penalties paid to private contractors.

The DCCED does not conduct public construction projects or public work projects under AS 36.90.200 and so has paid no fees or penalties under this statute.

However, DCCED does conduct activity under AS 37.05.285, which requires payments for goods and services be made within 30 days. Interest under that statute would be calculated and paid upon the seller's request per 2 AAC 15.115. In the nearly twelve years I have spent with DCCED, to my knowledge, no interest has been requested under this statute and administrative code, resulting in no expenditures.

Please let me know if you have any additional questions.

Representative Carrick
House State Affairs Committee Follow-Up
May 16, 2025
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Sincerely,

A handwritten signature in black ink that reads "Hannah Lager". The script is cursive and fluid.

Hannah Lager
Administrative Services Director

cc: Jordan Shilling, Director, Governor's Legislative Office
Robert Lumba, Program Budget Analyst, Office of Management and Budget
Josie Stern, Policy Analyst, Office of Management and Budget
Rob Carpenter, Deputy Director, Legislative Finance Division