

Fiscal Note

State of Alaska
2025 Legislative Session

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|---------------------|---------------|
| Bill Version: | CSHB 133(CRA) |
| Fiscal Note Number: | 6 |
| (H) Publish Date: | 4/30/2025 |

Identifier: HB133-DOH-BHA-4-4-25
 Title: PAYMENT OF CONTRACTS
 Sponsor: HIMSCHOOT
 Requester: (H) CRA

Department: Department of Health
 Appropriation: Behavioral Health
 Allocation: Behavioral Health Administration
 OMB Component Number: 2665

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

| | FY2026 Appropriation Requested | Included in Governor's FY2026 Request | Out-Year Cost Estimates | | | | | |
|-------------------------------|--------------------------------------|--|-------------------------|--------------|--------------|--------------|--------------|--------------|
| | | | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 |
| OPERATING EXPENDITURES | | | | | | | | |
| Personal Services | 126.3 | | 126.3 | 126.3 | 126.3 | 126.3 | 126.3 | 126.3 |
| Travel | | | | | | | | |
| Services | 20.0 | | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 |
| Commodities | 5.0 | | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Capital Outlay | | | | | | | | |
| Grants & Benefits | | | | | | | | |
| Miscellaneous | | | | | | | | |
| Total Operating | 151.3 | 0.0 | 148.3 | 148.3 | 148.3 | 148.3 | 148.3 | 148.3 |

Fund Source (Operating Only)

| | | | | | | | | |
|----------------------|--------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 1002 Fed Rcpts (Fed) | 75.6 | | 74.1 | 74.1 | 74.1 | 74.1 | 74.1 | 74.1 |
| 1003 GF/Match (UGF) | 75.7 | | 74.2 | 74.2 | 74.2 | 74.2 | 74.2 | 74.2 |
| Total | 151.3 | 0.0 | 148.3 | 148.3 | 148.3 | 148.3 | 148.3 | 148.3 |

Positions

| | | | | | | | | |
|-----------|-----|--|-----|-----|-----|-----|-----|-----|
| Full-time | 1.0 | | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Part-time | | | | | | | | |
| Temporary | | | | | | | | |

Change in Revenues

| | | | | | | | | |
|--------------|------------|------------|------------|------------|------------|------------|------------|------------|
| None | | | | | | | | |
| Total | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimated SUPPLEMENTAL (FY2025) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2026) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
 If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

| | | | |
|--------------|--------------------------------------|--------|---------------|
| Prepared By: | Tracy Dompeling, Division Director | Phone: | (907)465-2817 |
| Division: | Behavioral Health | Date: | 04/04/2025 |
| Approved By: | Pam Halloran, Assistant Commissioner | Date: | 04/06/25 |
| Agency: | Department of Health | | |

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2025 LEGISLATIVE SESSION

Analysis

This legislation requires an assessment of a 10.5% annualized interest rate on any State of Alaska contract payment that is later than 30 days past the invoice date. This provision also applies to non-profit, municipal, or Alaska Native organization grant payments that are not issued within 30 days of request. Both situations allow the state to temporarily withhold payment, without penalty, if conditions of the contract or grant are not being met at the time the payment request is made.

The Department of Health assessed current obligations and any late payments for FY2024. For contracts, the department determined that on average contract invoices were paid within 57 days within the Division of Behavioral Health. For grants, it takes time to stand up grant documentation and budgets at the beginning of each fiscal year, which can delay the finalized grant agreement and lead to the perception that the grant payment is late. Invoices for contracts are evaluated and approved within each division, and initial grant agreements are established in collaboration with a Program Manager within the Division of Behavioral Health, a grants administrator within Department Support Services, and the grantee. Workload, training, and overall capacity within the division impacts timely payments.

It is important to note that no federal award dollars can be used for interest or fee payments, and the department would need to use state fund sources if interest penalties were incurred under this bill. Since interest and penalties cannot be paid with federal funds, and since federal funds comprise the majority of the department's budget, the department would require positions to increase administrative capacity to meet the requirements of this legislation.

To effectively manage the division's grant awards and contracts and avoid what calculates to be an estimated \$81.1 interest penalty, a position would be necessary to manage accounts payable, grant payments, and funding balances within the state accounting system.

Personal services: Accountant 3, Juneau, range 18, step C: \$126.3.

Services: Office space, phone, reimbursable services agreements for position support: \$20.0 annually.

Commodities: Office supplies: \$2.0 annually.

One-time commodities costs: Computer, software, and office equipment: \$3.0 in the first year.