

ALASKA STATE LEGISLATURE
HOUSE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

April 3, 2025

8:06 a.m.

MEMBERS PRESENT

Representative Rebecca Himschoot, Co-Chair
Representative Donna Mears, Co-Chair
Representative Carolyn Hall
Representative Ky Holland
Representative Mike Prax
Representative Justin Ruffridge

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 133

"An Act establishing a 30-day deadline for the payment of contracts under the State Procurement Code; establishing deadlines for the payment of grants, contracts, and reimbursement agreements to nonprofit organizations, municipalities, and Alaska Native organizations; relating to payment of grants to named recipients that are not municipalities; and providing for an effective date."

- HEARD & HELD

PRESENTATION(S): COMMUNITY SERVICE BLOCK GRANT PROGRAM

- HEARD

HOUSE JOINT RESOLUTION NO. 15

Urging the Governor, the Department of Natural Resources, division of forestry and fire protection, the Department of Public Safety, municipalities of the state and relevant wildfire planning and response agencies, and the Alaska delegation in Congress to prepare for the 2025 wildfire season.

- BILL HEARING CANCELED

HOUSE CONCURRENT RESOLUTION NO. 3

Establishing the Joint Legislative Task Force on Artificial Intelligence.

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: HB 133

SHORT TITLE: PAYMENT OF CONTRACTS

SPONSOR(s): REPRESENTATIVE(s) HIMSCHOOT

03/12/25	(H)	READ THE FIRST TIME - REFERRALS
03/12/25	(H)	CRA, STA
03/25/25	(H)	CRA AT 8:00 AM BARNES 124
03/25/25	(H)	Heard & Held
03/25/25	(H)	MINUTE(CRA)
03/27/25	(H)	CRA AT 8:00 AM BARNES 124
03/27/25	(H)	Heard & Held
03/27/25	(H)	MINUTE(CRA)
04/03/25	(H)	CRA AT 8:00 AM BARNES 124

WITNESS REGISTER

ELLA LUBIN, Staff
Representative Rebecca Himschoot
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 133 on behalf of Representative Himschoot, prime sponsor.

HANNAH LAGER, Director
Division of Administrative Services
Department of Commerce, Community, and Economic Development
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 133.

PAULETTA BOURNE, Grants Administrator
Division of Community and Regional Affairs
Department of Commerce, Community & Economic Development
Fairbanks, Alaska

POSITION STATEMENT: Co-offered the Community Service Block Grant Program presentation.

LIZZIE KUBITZ, Legislative Liaison
Department of Commerce, Community & Economic Development
Juneau, Alaska

POSITION STATEMENT: Answered questions during the Community Service Block Grant Program presentation.

SANDRA MOLLER, Director,
Division of Community and Regional Affairs
Department of Commerce, Community & Economic Development
Juneau, Alaska

POSITION STATEMENT: Answered questions during the Community Service Block Grant Program presentation.

TEIEL SMITH, CEO
RurAL CAP
Anchorage, Alaska

POSITION STATEMENT: Co-offered the Community Service Block Grant Program presentation.

JASMINE BOYLE, Chief Development Officer
RurAL CAP
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the Community Service Block Grant Program presentation.

ACTION NARRATIVE

[8:06:01 AM](#)

CO-CHAIR DONNA MEARS called the House Community and Regional Affairs Standing Committee meeting to order at 8:06 a.m. Representatives Prax, Ruffridge, Hall, Holland, Himschoot, and Mears were present at the call to order.

The committee took an at-ease from 8:07 a.m. to 8:09 a.m.

CO-CHAIR MEARS noted that today's presentations on the Community Service Block Grant (CSBG) program are mandatory to meet federal eligibility requirements. The purpose of the CSBG program is to relieve the causes and conditions of poverty. The state is required to hold at least one legislative hearing every three years in conjunction with development of the state plan to maintain eligibility.

^#hb133

HB 133-PAYMENT OF CONTRACTS

[8:10:07 AM](#)

CO-CHAIR MEARS announced that the first order of business would be HOUSE BILL NO. 133, "An Act establishing a 30-day deadline for the payment of contracts under the State Procurement Code;

establishing deadlines for the payment of grants, contracts, and reimbursement agreements to nonprofit organizations, municipalities, and Alaska Native organizations; relating to payment of grants to named recipients that are not municipalities; and providing for an effective date."

[8:10:18 AM](#)

CO-CHAIR HIMSCHOOT, as prime sponsor of HB 133, gave a summary of the bill, which would address delayed payments to nonprofits, Tribes, and municipalities that don't have the means to weather the storm that's created when the state makes late payments on awarded grants or nonprofits.

[8:10:58 AM](#)

ELLA LUBIN, Staff, Representative Rebecca Himschoot, Alaska State Legislature, in response to Representative Himschoot, prime sponsor, said the bill sponsor's office met with the Department of Health (DOH) to learn the reason for the prevalence of delayed payments, which are training and personnel. High turnover rates impede training capabilities, and many grants require complex adjudication and reporting protocols, including intradepartmental communication, all of which require a high level of training. Furthermore, grants and reimbursements, such as Medicaid, that come from the federal government, often require additional adjudication. The department explained that they are currently rebuilding their workforce after COVID-19 burnout and increased vacancies and expect that a delayed effective date for HB 133 would provide adequate time for continued hiring and training on these complex systems and protocols. In addition, the current accounting system that was implemented in 2019 have caused delays between the department and its grantees. They are working with several other departments to employ a new system that would create continuity between departments and make several other improvements to speed up processes. While this information is specific to DOH, she believed the overarching themes may be similar across other departments.

CO-CHAIR HIMSCHOOT added that several zero fiscal notes had been submitted by multiple departments. She reiterated that her office was actively looking into the questions posed by the committee at a previous hearing and indicated that a committee substitute (CS) would be forthcoming that would include several changes, like a delayed effective date to allow the departments time to come into compliance.

CO-CHAIR MEARS initiated a discussion on the Department of Commerce, Community & Economic Development (DCCED) fiscal note.

CO-CHAIR HIMSCHOOT said she was trying to understand why that section of the bill was necessary and was considering its removal.

MS. LUBIN noted that the section in question is Section 3, which talks about advancing grants to grantees.

[8:16:14 AM](#)

HANNAH LAGER, Director, Division of Administrative Services, Department of Commerce, Community, and Economic Development (DCCED), said DCCED's fiscal note includes a change in revenue in a negative amount to the general fund (GF). The impact of Section 3 is that it would require an automatic advance on grants, which would result in outlaying funds earlier in the year resulting in lost interest revenue to the GF as those funds are held by the state.

[8:17:16 AM](#)

REPRESENTATIVE PRAX asked whether the problems occurring at DOH are happening at DCCED.

MS. LAGER said generally, she's not concerned about late payments to grantees. She said the testimony for HB 133 has made it apparent that there may be some miscommunication with grantees in terms of expectations on the front end. She explained that most do not receive funding in the first month and should expect to see it in the third month after the grant agreement is completed.

REPRESENTATIVE PRAX asked whether DCCED interfaces with DOH on some grants.

MS. LAGER answered no, most are grants to municipalities or named recipients through legislative action.

REPRESENTATIVE PRAX asked whether DCCED is involved in improving or streamlining the entire system.

MS. LAGER said different departments work on different projects at different paces. She added that DCCED grants have different requirements than those issued by DOH. Similar to DOH, she said

DCCED is actively working on improving their grant system to integrate with the financial system.

REPRESENTATIVE PRAX opined that customer interface should be consistent.

CO-CHAIR MEARS agreed that department portals should be consistent. She pointed out that it takes a lot of commitment and work to streamline.

[8:22:41 AM](#)

REPRESENTATIVE HOLLAND commented on the challenges involved in processing the Supplemental Nutrition Assistance Program (SNAP) benefits, which is emblematic of a systemwide problem. He questioned how different state agencies manage the improvement processes and the ability to create efficiencies, consistencies, and productivity changes. He said he is inclined to keep the current effective date and asked whether DCCED has the information technology (IT) resources to address these issues. In addition, he asked how Ms. Lager would respond to his observation that this is a systemic issue across departments.

MS. LAGER clarified that DCCED does not administer SNAP benefits and declined to speak on that topic. She explained that DCCED is undergoing a comprehensive review process of its IT projects and system replacements to evaluate whether resources are being effectively managed.

REPRESENTATIVE HOLLAND clarified that the comments about efficiency and productivity are about staff and grantee awardees and processes, not the selection of projects.

[8:29:45 AM](#)

REPRESENTATIVE RUFFRIDGE asked whether all grants received by DCCED are stored in the GFANSI account.

MS. LAGER said the vast majority are in the General Fund and Other Non-Segregated Investments (GFANSI) account aside from federal funding streams and specialty funding sources.

CO-CHAIR MEARS highlighted the significant cost of modernizing systems.

[8:33:32 AM](#)

REPRESENTATIVE RUFFRIDGE asked whether interest had been paid on late payments.

CO-CHAIR HIMSCHOOT shared her understanding that no money had been paid; however, technically, it should have been.

MS. LUBIN responded that after speaking with Department of Transportation & Public Facilities (DOT&PF), it seems as though there is no definite data on that.

[8:36:57 AM](#)

CO-CHAIR HIMSCHOOT suggested that more would come to light through the forthcoming committee substitute (CS) and asked for the committee's patience as they gather more information.

[8:37:24 AM](#)

CO-CHAIR MEARS announced that HB 133 was held over.

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[8:38:17 AM](#)

The committee took an at-ease from 8:38 a.m. to 8:40 a.m.

^PRESENTATION(S): Community Service Block Grant Program
PRESENTATION(S): Community Service Block Grant Program

[8:40:59 AM](#)

CO-CHAIR MEARS announced that the next order of business would be the Community Service Block Grant (CSBG) Program presentation.

[8:41:42 AM](#)

PAULETTA BOURNE, Grants Administrator, Division of Community and Regional Affairs (DCRA), Department of Commerce, Community & Economic Development (DCCED), began a PowerPoint presentation, titled "Community Services Block Grant (CSBG) State Plan," [included in the committee packet], beginning on slide 2, "General Information," which read as follows [original punctuation provided]:

Federal program funded by the U.S. Department of Health and Human Services (HHS)

- For the Federal Fiscal Year 2026 funding cycle, we anticipate receiving \$2.3M to \$2.5M
- By statute 95 percent to Community Action Agency (Rural Alaska Community Action Program)
- 5 percent for State administrative costs

[8:43:19 AM](#)

MS. BOURNE continued to slide 3, "Purpose of CSBG," which read as follows [original punctuation provided]:

Purpose and Goals

- Alleviate the causes and conditions of poverty
- Revitalization of low-income communities
- Empowerment of low-income families and individuals in rural and urban areas to become fully self-sufficient

[8:43:41 AM](#)

MS. BOURNE continued to slide 4, "State Plan," which read as follows [original punctuation provided]:

- 42 USC §9908 (3) requires states to hold at least one legislative hearing every three years
- In conjunction with the development of the State Plan
 - Developing the Federal Fiscal Year 2025 State Plan
 - State Plan outlines the activities to undertake in the Federal Fiscal Year

[8:44:31 AM](#)

MS. BOURNE continued to slide 5, "Program Components," which read as follows [original punctuation provided]:

RurALCAP identifies several program components through the following departments within their agency:

- Administrative Services
- Development
- Communication and External Affairs
- Early Childhood Education Division
- Community Development Division
- Rural Housing Division
- Housing Services Division

MS BOURNE continued to slide 6, "Outcome Measures," which read as follows [original punctuation provided]:

Identified in the State Plan

- Track results and reported on quarterly basis
- Progress reviewed by RurALCAP staff who use it to evaluate results and make changes when necessary

[8:46:01 AM](#)

MS. BOURNE in response to a series of questions from Representative Prax, said CSBG is directed by federal statutes and confirmed that 5 percent would cover the state's administrative costs. She explained that the state plan is available on DCRA's website along with its performance outcomes and measurements. She referenced a document, titled "FFY 2023 State CSBG Factsheet" [included in the committee packet], and spoke to the benefits provided to the 1,987 families in FY 23, such as weatherization and rental assistance.

[8:50:15 AM](#)

MS. BOURNE, in response to a question about the purpose of today's hearing, said 42 U.S.C. 9908 is broad, adding that DCRA's intent is to provide further information and educate the legislature on its efforts to reduce poverty throughout the state.

[8:52:00 AM](#)

LIZZIE KUBITZ, Legislative Liaison, Department of Commerce, Community & Economic Development (DCCED), stated that a legislative informational hearing must be held to be eligible to receive the federal funding.

[8:56:00 AM](#)

SANDRA MOLLER, Director, Division of Community and Regional Affairs (DCRA), Department of Commerce, Community & Economic Development (DCCED), in response to a question from Representative Ruffridge about Head Start funding, suggested hearing the presentation from the Rual Alaska Community Action Program (RurAL Cap) first, which would help describe the activities proposed in the state plan.

[8:56:53 AM](#)

TEIEL SMITH, CEO, RurAL CAP, said he preferred to discuss the written report instead of the PowerPoint.

[8:58:32 AM](#)

The committee took a brief at-ease at 8:58 a.m.

[8:59:38 AM](#)

CO-CHAIR MEARS advised Mr. Smith to continue with the PowerPoint presentation to comply with federal requirements.

[9:00:07 AM](#)

MR. SMITH directed attention to a PowerPoint presentation, titled "Public Hearing Community Services Block Grant" [included in the committee packet], beginning on slide 2, "A National Network Working Together," which read as follows [original punctuation provided]:

- RurAL CAP is a member of the National Community Action Partnership (NCAP)
- NCAP includes 1,000+ local Community Action Agencies and State Associations
- RurAL CAP is the only Community Action Agency in Alaska

[9:01:44 AM](#)

MR. SMITH discussed RurAL Cap's mission on slide 3, which is to empower low-income Alaskans through advocacy, education, affordable housing, and direct services that respect Alaska's unique values and cultures. He explained the graphic on slide 4, which showed the intersection of rural housing, family services, and community development.

[9:05:42 AM](#)

MR. SMITH advanced to slide 5, which showed a map of statewide service providers across Alaska. He described RurAL Cap's strategic 5-year goals and external strategic initiatives on slide 6: housing in rural Alaska, local leadership capacity building, and workforce development.

[9:09:43 AM](#)

MR. SMITCH concluded on slide 7, "Statewide Impact," which read as follows [original punctuation provided]:

FY 2024 Highlights

- 596 Alaskans obtained safe and affordable housing
- 880 children across 21 communities received early childhood services
- 418 Alaskans experienced improved health and safety due to improvements within their homes

[9:11:55 AM](#)

REPRESENTATIVE HOLLAND asked what RurALCap is doing as it relates to entrepreneurship in struggling communities and socioeconomic situations.

MR. SMITH said education, training, and jobs are the real solution to long-term sustainability.

[9:15:05 AM](#)

JASMINE BOYLE, Chief Development Officer, RurAL CAP, shared that RurAL CAP has 150 unique programs and 400-500 employees in 60 communities across the state. She spoke to workforce development and the training of employees in villages off the road system, as well as programs like Parents as Teachers. She highlighted the Alaska Vocational Technical Center (AVTEC) and Alaska Legal Services as two of RurAL CAP's best successes. RurAL CAP is also focusing on workforce development in the construction field to ensure that local workforce can seize economic opportunities. She concluded that RurAL CAP is taking a wide lens on workforce development to ensure that new economic opportunities are providing jobs and economic security for Alaskan families in the long-term.

[9:25:42 AM](#)

MS. BOURNE, in response to a series of questions about measuring goals, explained that the board meets quarterly to discuss priorities and goals to further the development of the state plan.

[9:27:09 AM](#)

MS. BOYLE said the CSBG Act requires Tribes to submit a plan to receive the grant, which is the approximately \$2.5 million that comes to community action organizations for rapid response to

community needs. As part of the CSBG administration, RurAL CAP provides regular updates to the committee. Historically, the committee has requested an update on everything RurAL CAP is doing in Alaska. She added that CSBG funding offsets the cost of childcare programs, construction costs for rural housing, service delivery for community partners, and is utilized in a variety of ways, which are summarized in the federal fiscal year 2025 (FFY 25) CSBG State Plan [included in the committee packet]. She characterized the CSBG as the glue that holds all other funding together and acts as a buffer for the continuity and delivery of services when funding changes.

[9:37:09 AM](#)

MS. BOURNE, in response to a series of questions, said the FFY 2026 state plan isn't due to the U.S. Department of Health and Human Services until August 29, 2025. As such, RurAL CAP is in the beginning states of gathering information on the proposed use of the \$2.3 to \$2.5 million, so there is time to provide additional information and hear input from legislators on the FFY 2025 plan. She said the FFY 2025 State Plan offers an example of the information being proposed in the 2026 CSBG funding, adding that a draft example of the proposed 2026 plan would be provided to the committee for feedback.

[9:40:57 AM](#)

CO-CHAIR HIMSCHOOT, in response to confusion about the purpose of the hearing, clarified that the legislature must hold an informational hearing every three years to fulfill federal requirements, but she questioned whether the purpose of this hearing is to receive an overview on funding decisions or to offer input. She asked how much of the CSBG is state funding and whether the 24-member board is offering state level input.

[9:42:45 AM](#)

MS. MOLLER said the CSBG program is fully funded by the federal government with no state match and up to 5 percent allotted for state administrative services. In response to a series of questions, she reiterated that CSBG funds are used to offset unknowns or emergency funding. She confirmed that 95 percent of the CSBG funding is awarded to RurAL CAP - notwithstanding the 5 percent for state administrative costs - as RurAL CAP is the only state service action program in Alaska.

CO-CHAIR HIMSCHOOT clarified that the Community Assistance Program (CAP) and RurAL CAP are completely separate programs with CAP being state and RurAL CAP being federal.

MS. MOLLER, in response to a question from the co-chair, stated that RurAL CAP is composed of both state and federal funding; however, she reiterated that the CSBG program is only federal. It's run through DCRA to enhance the services that RurAL cap provides.

[9:51:21 AM](#)

MS. BOYLE added that about 65 percent of RurAL CAP's funding is through the federal government and the remaining is a combination of competitive grants that are applied for through the state, Tribal partners, local municipalities, and private sector partners. She added that RurAL CAP also has its own for-profit subsidiary that helps offset some projects. RurAL CAP does not receive any direct funding from the state that's not applied for through a competitive grant. She shared her understanding that the purpose of today's presentation is informational to share what's being done with the passthrough funding from the federal government.

[9:58:06 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 9:58 a.m.