

**ALASKA STATE LEGISLATURE
HOUSE JUDICIARY STANDING COMMITTEE**

February 3, 2025

1:16 p.m.

MEMBERS PRESENT

Representative Andrew Gray, Chair
Representative Chuck Kopp, Vice Chair
Representative Ted Eischeid
Representative Genevieve Mina
Representative Mia Costello
Representative Jubilee Underwood

MEMBERS ABSENT

Representative Sarah Vance

COMMITTEE CALENDAR

PRESENTATION(S): FEDERAL GRANT AND LOAN PAUSE IMPACTS

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

LAURIE WOLF, Chief Executive Officer
The Foraker Group

POSITION STATEMENT: Gave a presentation on the impact of Alaska's nonprofit Sector.

JASMINE BOYLE, Chief Development Officer
Rural CAP
Anchorage, Alaska

POSITION STATEMENT: Gave invited testimony during the Federal Grant and Loan Pause Impacts presentation.

VIVIAN KORTHUIS, Chief Executive Officer
Association of Village Council Presidents
Bethel, Alaska

POSITION STATEMENT: Gave invited testimony during the Federal Grant and Loan Pause Impacts presentation.

JOCELYN FENTON, Director of Programs
Denali Commission
Anchorage, Alaska

POSITION STATEMENT: Gave a presentation on the impact of the federal grant and loan pause on the Denali Commission.

DAVID TRAVER, Chief Union Steward
American Federation of Government Employees
Anchorage, Alaska

POSITION STATEMENT: Gave invited testimony during the Federal Grant and Loan Pause Impacts presentation.

ACTION NARRATIVE

[1:16:00 PM](#)

CHAIR ANDREW GRAY called the House Judiciary Standing Committee meeting to order at 1:16 p.m. Representatives * were present at the call to order. Representatives * arrived as the meeting was in progress.

PRESENTATION(S): Federal Grant and Loan Pause Impacts

[1:16:38 PM](#)

CHAIR GRAY announced that the only order of business would be the Federal Grant and Loan Pause Impacts presentation. He read the following prepared remarks [original punctuation provided]:

The purpose of today's hearing is to gain a clearer understanding of how federal funds are distributed in Alaska, their role in employment and economic activity, and the potential implications if those funds were ever paused or reduced.

To provide context, on Monday evening, January 27, Acting U.S. Office of Management and Budget (OMB) Director Matthew Vaeth issued a memo authorizing a temporary freeze on hundreds of billions of dollars in federal loans and grants. By the following day, January 28, organizations expecting federal funds found themselves without access to the money they had planned for. Later that evening, a judge issued an injunction temporarily halting the freeze, and by the next morning, Wednesday, January 29, the memo itself had been rescinded.

In a statement, White House Press Secretary Karoline Leavitt clarified that the memo was withdrawn to address uncertainty caused by the court's ruling. She also reaffirmed that the executive orders regarding federal funding remain in effect and will continue to be implemented.

Although funding has been restored for now, last week's events underscored Alaska's significant reliance on federal dollars—no state receives more federal funding per capita than Alaska. This moment also serves as an opportunity to examine just how federal grants and loans are integrated into our state's economy.

Several state agencies were invited to provide insight into how federal funding supports their budgets. However, they have requested additional time to ensure their testimony reflects the latest guidance from the federal administration, allowing them to provide a more precise assessment of any potential impacts.

As a result, today's testimony will come from organizations outside of state government. They will share how much of their funding comes from federal sources, how those funds are used, and what effects a funding pause or reduction would have on their operations and on Alaska's economy as a whole.

[1:19:33 PM](#)

LAURIE WOLF, Chief Executive Officer, presented a PowerPoint, titled "Discover the economic impact of Alaska's nonprofit Sector" hard copy included in the committee packet]. She said the federal administration's array of executive orders have caused widespread confusion and are having a significant impact on Alaskans regardless of their voting record. She expressed great concern over President Trump's attempt to stop all federal funding tied to these executive orders. She described the importance of state nonprofits and Tribes and the services they provide to Alaska communities and underscored the economic impact of cutting nonprofit jobs from the economy. In 2023, \$38.6 billion in federal assistance came to Alaska, of which nonprofits received \$1.21 billion. Last week, The Juneau Empire reported that 33 percent of the state budget is federal funds. She gave a snapshot of federal investments in Alaska from 2022-2024, which provided access to village safe water; affordable

energy sources; and better health care, infrastructure, and communication. Many of these projects are in mid-funding cycle, and delays would only hinder an already stretched and stressed workforce. In addition to U.S. Agency for International Development (USAID) funding, funds from the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA) are frozen, and all projects are currently under review with no clear timeline for release. She shared her understanding that the U.S. Department of Agriculture (USDA) portal for Alaska and all Substance Abuse and Mental Health Services (SAMHSA) funds are currently unavailable. Impacts on organizations and Alaskans include [original punctuation provided]:

- Increased unemployment
- Negative impact and reduced access to the Tribal health system
- Increased rates of substance misuse/abuse, suicide, and domestic violence
- Decreased physical and mental health and well-being of Alaskans, including premature death
- A push of Alaskans to higher levels of care (emergency rooms, institutions, jails)
- Reduced access to safe drinking water, nutritious and traditional foods, education
- The increased risk that Alaska Native culture, language, and traditions become extinct

[1:37:26 PM](#)

MS. WOLF, in response to a series of committee questions, cited two lawsuits that were filed in response to the federal funding freeze: one led by the National Council of Nonprofits (NCN), and another filed by 22 state attorney generals. With regard to duplicated services, she said any consolidation would be an enormous hurdle to overcome and cautioned against a timely and expensive solution. As for reinstating the funds, she explained that some funds are "under review" for release; however, there is still confusion about process and no promise that the funds will be released.

[1:44:05 PM](#)

JASMINE BOYLE, Chief Development Officer, RurAL CAP, gave invited testimony during the Federal Grant and Loan Pause

Impacts presentation. She gave background on RurAL CAP and explained how the organization has been affected by the federal funding freeze. The immediate reaction, she said, is a cash flow challenge. RurAL Cap's budget is \$40 million on average with over 60 percent in federal funding. Following the federal announcements, state partners reported employee resignations and no shows. She expressed concern about the pause on infrastructure funding, which would set building back years on end. In addition, without secure funding or solid timelines, contractors may move on to other opportunities. The guidance received through the legal process is that each federal department will communicate whether its funds will be frozen. Despite the pause having been officially lifted, she said communication has been inconsistent. She shared RurAL CAP's experience with the funding pause, explaining that all funds were frozen overnight, including existing obligations that have been in place for 60 years.

[1:57:25 PM](#)

VIVIAN KORTHUIS, Chief Executive Officer, Association of Village Council Presidents (AVCP), gave invited testimony during the Federal Grant and Loan Pause Impacts presentation. She explained that the one-day funding freeze impacted AVCP in the following ways: Firstly, the [U.S. Office of Management and Budget (OMB)] memorandum created chaos and confusion. Secondly, Tribal membership raised several concerns, including lack of information, concerns over Tribal resilience grants, questions about funding for senior or elder programs, and financial portals shutting down. Tribes expressed concerned about disruption of services, such as Tribal ID cards, and the shutdown of the Bureau of Indian Affairs (BIA) office in Anchorage. In addition, Ms. Korthuis pointed out that the memo questioned the special status of Indian Country and Alaska Native Tribes. She questioned how compacting and contracting would be protected in Alaska. Lastly, she assured the committee that AVCP and member Tribes are committed to staying the course and would continue to provide services.

[2:06:37 PM](#)

MS. KORTHUIS, in response to committee questions, said AVCP and the Alaska Federation of Natives (AFN) have been in direct communication with U.S. Senator Murkowski's office.

[2:08:44 PM](#)

JOCELYN FENTON, Director of Programs, Denali Commission, presented a PowerPoint, titled "Federal Grant and Loan Pause Impacts" [included in the committee packet]. She stated that on January 31, 2025, a federal court issued a temporary restraining order directing federal grant making agencies not to pause, freeze, impede, block, cancel, or terminate awards and obligations, effectually barring the pause of IIJA and IRA funding disbursements. She shared the Denali Commission's background and mission, and highlighted place-based projects utilizing IIJA funding: \$50,630,352 in active and pending projects, \$35,663,580 in obligations; and \$33,049,823 that remains unspent. She discussed the following key takeaways from the funding freeze [original punctuation provided]:

1. 2025 construction season
2. Continued Deterioration of critical infrastructure
3. Low cash flow organizations and operations on reimbursable basis
4. Alaska Workforce impacts
5. Match funding for other grants (FEMA BRIC, etc)
6. Critical/emergency project impacts
7. Mitigation: encouraging normal operations resume, balance shortfalls with SOA and philanthropic funding, bridge loans to assist continuity of operations

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MS. FENTON, in response to a series of committee questions, stated that specific conversations about filling shortfalls with state and philanthropic dollars has not been had, however, the Denali Commission should be able to move forward with funding as it was appropriated. The Denali Commission's base funding comes from [the state's] annual appropriation, plus an additional one-time appropriation of \$75 million from the IIJA and transfers from other agencies. She detailed the application of workforce development programs and clarified that the commission does not write grants to for-profit entities aside from Alaska Native Claims Settlement Act (ANCSA) regional corporations.

[2:31:45 PM](#)

DAVID TRAVER, Chief Union Steward, American Federation of Government Employees (AFGE), gave invited testimony during the Federal Grant and Loan Pause Impacts presentation. He reported that an executive order seeks to terminate at least 5 to 10 percent of the federal workforce, starting

with probationary employees. In Alaska, there are 11,078 federal employees, of which 1,198 have less than one year and are most likely on probationary status. If these probationary employees are let go, total lost wages to the state would amount to \$88,898,788. In addition, there is a solicitation from the Trump administration for voluntary resignations. He emphasized that the impact would be chilling.

MR. TRAVER, in response to committee questions, shared his understanding that all of the 11,078 federal employees in Alaska received voluntary resignation offers. He added that of the probationary employees, 335 are veterans. He said the loss of funds would be deep reaching, especially for veterans in rural Alaska.

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MS. BOYLE added that RurAL CAP has been told to expect the bureaucracy and administration of complex programs to slow down, and to financially plan for the heightened interest around resignations and new gaps in federal partner organizations. She explained that the majority of state and federal funds are reimbursements, so the money has already been spent in a good faith business agreement. If it can't be recouped, it would cause institutional problems for every nonprofit.

MR. TRAVER, in response to a question about pathways forward for veterans, explained that the federal government is funded through March, and if the funding is discontinued, resignations could be terminated sooner than September.

MS. BOYLE reported that U.S. Senator Murkowski had three different work sessions and a conversation with Tribal organizations, impacted nonprofits, and state and local government officials. Feedback is being compiled and a comprehensive data set would be forthcoming.

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ADJOURNMENT

There being no further business before the committee, the House Judiciary Standing Committee meeting was adjourned at 2:54 p.m.