



DENALI COMMISSION CONGRESSIONAL BUDGET JUSTIFICATION FISCAL YEAR 2026

550 W 7th Avenue,
Suite 1230
Anchorage, AK 99501
Phone: (907) 271-1414
www.denali.gov

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Denali Commission
ATTN: Beth Flowers, Financial Officer
550 W 7th Avenue, Suite 1230
Anchorage, AK 99501
Telephone: 907-271-1414

Denali Commission FY 2026 Closeout Costs Justification

Background

The Denali Commission was established by Congress in 1998 to address the infrastructure, energy, and economic development needs of rural Alaska - one of the most remote and logistically complex regions in the United States. With over 200 isolated communities not connected to a road system - many dependent on diesel microgrids and lacking access to basic water, sewer, or port infrastructure - the Commission has served as a federal partner for over 25 years.

Through flexible authorities, a collaborative governance structure co-chaired by the Governor of Alaska, partnerships with Alaska Native communities, local and municipal governments, tribal consortiums, and place-based approach, the Denali Commission has supported federal investments that impact rural American communities otherwise out of reach. Over the years, the Commission has provided more than \$2 billion¹ to support core infrastructure such as clinics, energy systems, and waterfront facilities – while also evolving to address emerging challenges including protecting existing infrastructure from Alaska’s extreme conditions to supporting sanitation backhaul, victim services, and broadband readiness by enabling local entities to pursue larger-scale investments.

FY 2026 Budget Request

The President’s FY 2026 Budget proposes to eliminate funding for several agencies, including the Denali Commission. The Denali Commission would use \$7.2 million in unobligated balances to conduct an orderly closeout of the commission in 2026. The Budget requests the permanent cancellation of \$3 million in unobligated discretionary balances and \$5 million in Infrastructure Investment and Jobs Act (IIJA) emergency balances.

In addition to Federal appropriations, the Denali Commission receives annual transfers from the Oil Spill Liability Trust Fund (OSLTF) on the interest from the investment of the Trans-Alaska Pipeline Liability Fund as well as transfers directly from other agencies and through congressionally directed spending. The Budget proposes to end these transfers and requests the permanent cancellation of \$1 million in unobligated discretionary balances from OSLTF transfers.

FY 2026 Closeout Costs and Activities

The Denali Commission would conduct an orderly and responsible shutdown of operations in FY 2026 as outlined below. The commission would use \$7.2 million in unobligated balances to support the essential costs associated with closing out the commission, ensuring compliance with federal law, and protecting the government’s interests.

Key activities during the closeout period would include:

- Gradual staff reductions throughout the fiscal year, with efforts made to provide severance and compensation, as appropriate, in accordance with federal workforce policies and obligations.

- Transfer of responsibilities for outstanding grant balances to appropriate federal entities. This will involve identifying receiving agencies, negotiating and executing transfer agreements, and ensuring uninterrupted management of grant obligations.
- Termination of active contracts in compliance with applicable federal acquisition regulations.
- Disposition or transfer of federal property and equipment, following GSA and commission-specific property management protocols.

Projected Closeout Costs

Category	Amount
Salaries, Benefits, and Severance	\$4,300,000
Essential Travel	\$50,000
Lease (inclusive of security fees)	\$195,000
Telecommunications and IT	\$500,000
Insurance	\$165,000
Professional and Contractual Services	\$2,000,000
Total	\$7,210,000

The projected closeout costs would enable the Denali Commission to fulfill its legal and fiduciary responsibilities during the shutdown process while minimizing disruption to grantees, federal partners, and the rural Alaskan communities historically served by the commission.

Appropriations Language

The 2026 President's Budget includes the appropriations language listed below.

Denali Commission

Of the unobligated balances from prior year appropriations available under this heading, \$8,000,000 is hereby permanently cancelled, which shall include \$5,000,000 in unobligated balances from amounts made available under this heading in division J of Public Law 117-58: Provided, That any remaining unobligated balances from amounts previously made available under this heading shall be available only for expenses necessary to carry out the closure of the Denali Commission. Of the unobligated balances from amounts previously made available to the Denali Commission pursuant to section 329 of the Department of Transportation and Related Agencies Appropriations Act, 1999 (section 101(g) of division A of Public Law 105-277), \$1,000,000 is hereby permanently cancelled: Provided, That such section 329 is hereby repealed.

Note.--This account is operating under the Full-Year Continuing Appropriations and Extensions Act, 2025 (Division A of Public Law 119-4).