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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 31, 2006

The Honorable John Harris
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Harris:

I am transmitting to you today two supplemental appropriation bills for Fiscal Year 2006. Issues requiring attention on an expedited basis are in a separate "fast track" bill. The enclosed "regular" supplemental bill, however, includes supplemental needs with less immediate timing requirements. We are submitting a combined package (both "fast track" and "regular") that totals \$113.4 million in general funds. This reflects necessary program cost increases for the remainder of Fiscal Year 2006.

The largest item in the "regular" supplemental bill is \$78.9 million in general funds for the Medicaid program, \$44 million of which is due to the U.S. 9th District Appellate Court ruling against the state on the FairShare program. Also in this bill is \$3.2 million in general funds for the Department of Corrections, due in large part to the increase in the number of prisoners. This bill totals \$99.9 million in general funds.

The overall total of supplemental spending is above what the administration had planned. Much of the requested funding is to cover increases due to events that were not anticipated last session—from unprecedented fuel cost increases, a record number of prisoners, to the court's disapproval of the Medicaid FairShare program that was started prior to this administration.

Sincerely yours,

A handwritten signature in black ink that reads "Frank H. Murkowski".

Frank H. Murkowski
Governor

Enclosure