



FOR IMMEDIATE RELEASE

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**Governor Palin Reduces Current Year Spending
*\$268.6 million in budget reductions***

February 3, 2009, Juneau, Alaska – Governor Sarah Palin submitted a supplemental budget to legislators today that reduces general funds by \$268.6 million and seeks authorization to access savings to balance the budget at the end of the fiscal year.

“With changing market conditions and declining oil prices, our state agencies have been working hard to find savings and still provide needed public services,” Governor Palin said. “Through savings targets we implemented at the beginning of the fiscal year and by efficiently managing our programs, we have been able to reduce the current budget and minimize supplemental funding. The more we reduce now, the less we will have to draw from savings at the end of the year.”

The \$268.6 million in reductions will bring the estimated revenue shortfall to \$1.36 billion. Legislators will have to authorize the use of reserves or make additional reductions to balance the FY2009 budget.

“FY2009 has been a year of unprecedented revenue volatility,” said Palin. “Due to the dramatic decline in oil prices, the estimated revenue of \$7.5 billion in the spring 2008 forecast was lowered to \$5.5 billion in the January 2009 interim forecast, making responsible reductions necessary.”

The FY2009 budget authorized expenditures of \$5.99 billion plus savings appropriations of \$1.18 billion, for a total of \$7.17 billion.

“With the drop in oil prices, it will require reductions in the budget and access to reserves to keep Alaskans employed and the economy moving,” Palin added. “I am committed to working with the legislature, as we have over the past two years, to make prudent budget decisions and continue to invest in infrastructure that will help develop our resources and our communities. We will continue to monitor the changing economic conditions and the impact of oil prices in the coming weeks as we work on this, and other appropriation bills this legislative session.”

The supplemental bill and more detailed information on the budget are available on the Office of Management & Budget website at <http://omb.alaska.gov/>

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