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### **Governor Parnell Amends FY 2011 Spending Plan**

February 17, 2010, Juneau, Alaska – Governor Sean Parnell submitted fiscal year 2011 budget amendments to legislators today. The amendments propose changes to the capital and operating budgets released on December 14, 2009.

Proposed amendments to the FY 2011 capital spending plan include \$25.5 million in federal highway and aviation program funds and \$60 million from the vessel replacement fund for the Alaska Class Ferry. Using funds set aside in the 2008 legislative session for the new ferry and existing federal authorization, \$128 million would be available to the Alaska Marine Highway System for construction of the ferry, beginning in July.

The FY 2011 capital budget amendments also delete \$100 million in general funds for deferred maintenance projects that were requested in a separate supplemental bill. The deferred maintenance request was submitted as a supplemental bill to accelerate the availability of funds for projects during the 2010 construction season.

"These projects will put Alaskans to work while repairing and protecting state assets," Governor Parnell said. "I remain hopeful the Legislature will accelerate work on our deferred maintenance plan to move sooner on jobs for Alaskans."

Proposed Medicaid formula program increases, representing the largest component of the FY 2011 amendments, include another \$41 million in general funds.

"The Department of Health and Social Services has seen a dramatic increase in the number of Alaskans enrolling in and using the Medicaid program in the current year and in projections for the next fiscal year," Governor Parnell said. "While existing law requires the state to pay this bill, the upward escalation in Medicaid costs needs to be addressed. I am asking the Legislature to join me in a careful review of our Medicaid program, its eligibility requirements and the covered services."

The FY 2011 non-formula program operating budget amendments request \$14.9 million in general funds and \$34.9 million in total funds. The amendments correspond to areas of unanticipated increases in the current year budget that have already been forwarded to the Legislature in the FY 2010 supplemental appropriations bill. The non-formula program amendments include the Office of Public Advocacy, Public Defender Agency, Physical Health Care, Adult Public Assistance, and General Relief/Temporary Assisted Living.

The governor also requests \$2.06 million in general funds for the Constitutional Budget Reserve (CBR) investment management fees, rather than a draw-down from

the CBR fund itself. That is also consistent with the proposal in the FY 2010 supplemental bill.

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

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