



FOR IMMEDIATE RELEASE

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**Governor Parnell Submits Fiscal Year 2010 Supplemental Budget
*Teams with the Legislature to Repay CBR and Forward-Fund Education***

February 1, 2010, Juneau, Alaska – Governor Sean Parnell today transmitted the FY2010 supplemental budget for consideration by the Legislature.

“My guiding principles for the budget include maintaining fiscal discipline by limiting state agency growth and promoting economic opportunity for Alaskans,” Governor Parnell said. “Legislators have been very clear in their desire to fully repay and save more money in the Constitutional Budget Reserve. I also have made a priority to forward-fund K-12 education. The improved revenue forecast, based on continuing high oil prices, shows that we can do both in this fiscal year.”

The Department of Revenue recently prepared an interim forecast that projects a FY2010 surplus of more than \$2.2 billion.

The governor’s supplemental appropriations bill includes a deposit of \$1.1 billion in the Public Education Fund for the purpose of funding K-12 education and pupil transportation in the next fiscal year. Governor Parnell is also requesting an appropriation necessary to repay and replenish the Constitutional Budget Reserve, estimated at \$402 million. Together, these position the supplemental bill to increase the states savings accounts by \$1.5 billion.

“I am especially pleased that this year, with the support of the governor and the House majority, we will pay off the balance in the Constitutional Budget Reserve,” said Senate President Gary Stevens. “Since this savings account was created twenty years ago, legislatures and governors have withdrawn more than five and a half billion dollars to balance the state’s budgets. This year, we will finally make that account whole, and have the security of a large savings account in the event we have lean years in the future.”

“Education forward-funding and payback of the remaining debt to the Constitutional Budget Reserve are an extremely wise use of our limited windfall,” House Speaker Mike Chenault said. “Forward-funding of education was one of the House Majority’s highest priorities, and it took a number of years to put in place due to limited funds. We couldn’t be more pleased to see this transmitted in the governor’s bill, which will get us back to filling the education fund after last year’s setback.”

“By putting this money into savings for the next fiscal year and by continuing to forward-fund a significant component of our annual general fund budget when surplus revenue is available, we will keep our reserve accounts healthy and available for those times when revenues decline,” Governor Parnell said.

The supplemental request also covers unanticipated increases in fire suppression activities and replenishing the disaster-relief fund in response to flooding and other emergencies. State and federal funds of approximately \$90 million are requested for formula program costs, given the increases in enrollments, program utilization and the cost of Medicaid services in FY2010. Unanticipated state agency costs due to caseload and other factors are included at \$32 million.

More detailed information on the budget is available on the Office of Management & Budget website at <http://omb.alaska.gov/>

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