



FOR IMMEDIATE RELEASE

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**Governor Parnell Unveils FY 2015 Budget
*Pays Down Debt, Focuses on Alaska's Future***

December 12, 2013, Anchorage, Alaska – Governor Sean Parnell today unveiled his FY 2015 budget, proposing \$1.3 billion less in general fund spending than the current year and 150 fewer positions. Even at this reduced level, the governor's budget represents his continued commitment to Alaska's constitutional priorities, including resource development, public safety, education, transportation and infrastructure.

Specifically, Governor Parnell's budget totals \$5.6 billion in state general funds and \$12.4 billion when the Permanent Fund, federal and other funds are included. The governor's FY 2015 budget proposes 18.4 percent less in general fund spending than the current year.

"Our budget proposal does something the federal government seems incapable of: It significantly reduces spending and addresses the biggest cost driver - our state's unfunded pension liability payments," Governor Parnell said. "My administration is focused on living within our means, meeting our constitutional priorities, fixing what we have, and finishing what we've started. I will continue to work with legislators to hit a lower fiscal target."

The Department of Revenue's fall revenue forecast, released last week, showed a substantial decrease in revenue due to lower oil prices, declining production, and the closing out of capital credit tax liabilities from the previous oil tax system. In fact, at current oil prices, Alaska's revenue stream is about the same under the More Alaska Production Act, and the new tax system better protects Alaskans at even lower oil prices.

Governor Parnell announced a plan to address Alaska's single largest cost driver: unfunded pension liabilities. The governor's budget proposal includes a recommendation to transfer \$3 billion from a budget savings account into the state's retirement trust funds. The effect is to pay down debt, resulting in lower fixed annual payments for the state.

"We need to tackle this problem now instead of pushing it off to our children and grandchildren," said Governor Parnell.

Draft budget bills and more detailed information on the budget are available on the Office of Management & Budget website at omb.alaska.gov.

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