



GOVERNOR OF ALASKA

**Bill Walker**

## GOVERNOR WALKER'S PLAN

FOR A

**SUSTAINABLE, BALANCED BUDGET**

Three necessary elements this year:

1. Continue to reduce state spending
2. Draw from Permanent Fund earnings to support vital state services and protect the dividend
3. Generate more revenue

*See the following pages for more details about each element of the plan*

For more information, go to: [omb.alaska.gov](http://omb.alaska.gov)



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## **THE BUDGET HAS ALREADY BEEN GREATLY REDUCED**

- There have been **\$1.7 billion** in unrestricted general fund cuts since FY2015
- The FY2018 unrestricted general fund agency operating budget is lower than the **FY2011** budget.
- Last year's and this year's capital budgets, \$96 million and \$115 respectively, were the first time the capital budget was below \$120 million since **FY2000**, aside from FY2005 when there were general obligation bonds to cover capital projects.
- There are fewer state employees now than there were 14 years ago in **2002**, even though there are 15% more Alaska residents using state services.

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## 1. CONTINUE TO REDUCE STATE SPENDING

### Ongoing Reductions and Savings

- Cuts to state agencies (\$748 million since FY2015)
- 2,500 fewer state employees since October 2014
- State employee savings through eliminated pay increases, furloughs, and healthcare cost passed to employees (\$20 million)
- Shared Services and IT consolidation (\$600,000)
- Executive branch travel expenditures are down 41 percent compared to two years ago (\$9 million, FY2016 and \$8 million, FY2017 estimated)
- Reduced and consolidated leases have eliminated 100,000 sq. ft. (\$3 million)
- Halted mega projects that, if pursued, totaled hundreds of millions in state funding
- Paused 100% state funded capital projects (\$229 million)

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## 1. CONTINUE TO REDUCE STATE SPENDING

### Ongoing Reductions and Savings

State employee savings through eliminated pay increases, furloughs, and healthcare cost passed to employees

Mandatory furloughs

Increased health insurance premiums

Hiring restrictions

No COLA in new union contracts; no COLA for non-union employees

Pay freezes for non-union employees

Paused 100% state funded capital projects

Anchorage: Glenn Highway, Hiland Road to Artillery Road Reconstruction & U-Med District Northern Access

Fairbanks: Old Steese Highway to McGrath Road Reconstruction and Extension & Wendell Street Bridge Replacement

Mat-Su: Knik-Goose Bay Road Reconstruction & Fairview Loop Road Reconstruction

Southeast: Kake-Petersburg Road

Shared Services and IT consolidation

Shared Services provides the 'back office' functions to all departments for savings. IT consolidation will allow for efficiencies and economies of scale.

Ended mega projects

Knik Arm Bridge

Susitna-Watana Dam

Juneau Access Road

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## **2. DRAW FROM PERMANENT FUND EARNINGS TO SUPPORT VITAL STATE SERVICES AND PROTECT THE DIVIDEND**

### **Sustainable Draw from the Permanent Fund**

#### **Earnings Reserve**

Earnings from the Permanent Fund are Alaska's largest source of revenue; they can be used to maintain the dividend and support the state's vital services. The Governor's proposed changes to the Permanent Fund Earnings Reserve are the similar to those passed by the Senate last year.

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### **3. GENERATE MORE REVENUE**

**Proposed motor fuel tax (\$40 million 1st year, \$80 million 2nd)**

There are a number of additional revenue options that have already been identified by the Administration such as an income or sales tax, corporate income tax, and oil and gas tax reform. The Administration wants to pursue them jointly with the legislature.

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