

STATE CAPITOL  
P.O. Box 110001  
Juneau, AK 99811-0001  
907-465-3500



550 West Seventh Avenue, Suite 1700  
Anchorage, AK 99501  
907-269-7450

Governor Michael J. Dunleavy  
STATE OF ALASKA

August 19, 2019

The Honorable Cathy Giessel  
Senate President  
Alaska State Legislature  
State Capitol, Room 111  
Juneau, AK 99801-1182

Dear President Giessel:

On this date, I have signed, with line-item vetoes, the following bill passed during the Second Special Session of the Thirty-first Alaska State Legislature, and am transmitting the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

**Senate Committee Substitute for Committee Substitute for House Bill 2001 (FIN) amended  
Senate**

“An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; making supplemental appropriations, reappropriations, and other appropriations; making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date.”

Chapter No. 2, SSSLA 2019

The budget goals and priorities for my administration have been very clear: Alaska needs a budget that is sustainable, predictable, and affordable. Cuts are difficult and have a real impact on Alaskans, but if expenditures continue to exceed existing revenues, all Alaskans will be faced with taxes or much more dramatic core service impacts once all savings reserves are exhausted. Keeping this in mind, my administration worked to make a number of difficult, but necessary, decisions. This budget was thoroughly evaluated, and my policies were applied consistently across the board. It is critical that we get our fiscal house in order and provide a secure and stable future for Alaskans.

The Honorable Cathy Giessel  
HB 2001  
August 19, 2019  
Page 2 of 2

House Bill (HB) 2001 as passed by the legislature, added \$375 million to the FY 2020 operating budget, which represents an unsustainable level of spending. Through line-item vetoes to HB 2001, I have reduced the spending by \$220 million. With these vetoes, the FY 2020 operating and mental health budget, including previously enacted legislation, is \$4,193,039,800 Unrestricted General funds (UGF), \$883,622,700 Designated General funds (DGF), \$702,100,200 Other State funds, and \$2,700,205,600 Federal funds. Attached are reports that summarize the line-item vetoes.

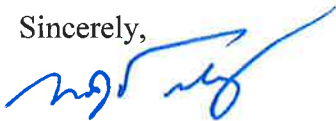
The line-item vetoes in this bill include: the elimination of unconstitutional commitments of future year funding; the elimination of optional Medicaid services to ensure adequate funding for federally-required Medicaid programs; and the elimination of debt payments on behalf of other entities, which are not a core function of the State. The State's fiscal reality dictates a reduction in expenditures across all agencies. My administration also worked with key stakeholders to identify critical items in HB 2001 to retain including: early learning programs, the senior benefits program, funding to assist victims of sexual assault and domestic violence, and funding to the Department of Fish and Game that is necessary to leverage Federal funds.

This budget focuses on the State's basic responsibilities, in light of our fiscal constraints. This is one step in the right direction – setting Alaska on the path to fiscal stability while acknowledging additional actions, over multiple years, are needed. This includes working closely with the University of Alaska and the Board of Regents on a step-down approach to reduce their general fund spending by \$70 million over three years starting in FY 2020. More work will need to be done in the months ahead and during the next legislative session.

Finally, this bill appropriates \$1 billion from the Earnings Reserve Account and funds an estimated \$1,600 Permanent Fund Dividend. Again, this is one step in the right direction, and I look forward to working with the Legislature to ensure Alaskans receive a full statutory dividend.

I am committed to working with the Legislature to address state spending, to eliminate our deficit over time, and to put Alaska on a path to a long-term sustainable, predictable, and affordable fiscal plan.

Sincerely,



Michael J. Dunleavy  
Governor

Enclosure



Governor Michael J. Dunleavy  
STATE OF ALASKA

August 19, 2019

The Honorable Bryce Edgmon  
Speaker of the House  
Alaska State Legislature  
State Capitol, Room 208  
Juneau, AK 99801-1182

Dear Speaker Edgmon:

On this date, I have signed, with line-item vetoes, the following bill passed during the Second Special Session of the Thirty-first Alaska State Legislature, and am transmitting the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

**Senate Committee Substitute for Committee Substitute for House Bill 2001 (FIN) amended  
Senate**

“An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; making supplemental appropriations, reappropriations, and other appropriations; making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date.”

Chapter No. 2, SSSLA 2019

The budget goals and priorities for my administration have been very clear: Alaska needs a budget that is sustainable, predictable, and affordable. Cuts are difficult and have a real impact on Alaskans, but if expenditures continue to exceed existing revenues, all Alaskans will be faced with taxes or much more dramatic core service impacts once all savings reserves are exhausted. Keeping this in mind, my administration worked to make a number of difficult, but necessary, decisions. This budget was thoroughly evaluated, and my policies were applied consistently across the board. It is critical that we get our fiscal house in order and provide a secure and stable future for Alaskans.

The Honorable Bryce Edgmon

HB 2001

August 19, 2019

Page 2 of 2

House Bill (HB) 2001 as passed by the legislature, added \$375 million to the FY 2020 operating budget, which represents an unsustainable level of spending. Through line-item vetoes to HB 2001, I have reduced the spending by \$220 million. With these vetoes, the FY 2020 operating and mental health budget, including previously enacted legislation, is \$4,193,039,800 Unrestricted General funds (UGF), \$883,622,700 Designated General funds (DGF), \$702,100,200 Other State funds, and \$2,700,205,600 Federal funds. Attached are reports that summarize the line-item vetoes.

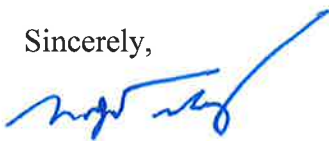
The line-item vetoes in this bill include: the elimination of unconstitutional commitments of future year funding; the elimination of optional Medicaid services to ensure adequate funding for federally-required Medicaid programs; and the elimination of debt payments on behalf of other entities, which are not a core function of the State. The State's fiscal reality dictates a reduction in expenditures across all agencies. My administration also worked with key stakeholders to identify critical items in HB 2001 to retain including: early learning programs, the senior benefits program, funding to assist victims of sexual assault and domestic violence, and funding to the Department of Fish and Game that is necessary to leverage Federal funds.

This budget focuses on the State's basic responsibilities, in light of our fiscal constraints. This is one step in the right direction – setting Alaska on the path to fiscal stability while acknowledging additional actions, over multiple years, are needed. This includes working closely with the University of Alaska and the Board of Regents on a step-down approach to reduce their general fund spending by \$70 million over three years starting in FY 2020. More work will need to be done in the months ahead and during the next legislative session.

Finally, this bill appropriates \$1 billion from the Earnings Reserve Account and funds an estimated \$1,600 Permanent Fund Dividend. Again, this is one step in the right direction, and I look forward to working with the Legislature to ensure Alaskans receive a full statutory dividend.

I am committed to working with the Legislature to address state spending, to eliminate our deficit over time, and to put Alaska on a path to a long-term sustainable, predictable, and affordable fiscal plan.

Sincerely,



Michael J. Dunleavy  
Governor

Enclosure