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Governor Mike Dunleavy STATE OF ALASKA

August 19, 2021

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

Dear President Micciche:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting an appropriation bill pursuant to the implementation of a comprehensive fiscal plan for the State of Alaska and in support of recommendations made by the Alaska State Legislature's Comprehensive Fiscal Plan Working Group.

The Alaska Permanent Fund Corporation closed its fiscal year June 30 at an all-time high of \$81.1 billion following a 29.7 percent annual return, a record strong performance. The earnings reserve account alone totaled \$21.0 billion at year end. With its strong performance and exceptional management team, the Permanent Fund is critical to Alaska's long-term fiscal stability and near-term recover from the devastating impacts of the COVID-19 pandemic.

This bill includes two appropriations critical to helping the legislature finalize a structured fiscal solution for our state and to providing Alaskans with an equitable distribution of the state's resource wealth. The first item is a \$1.53 billion appropriation for the payment of the 2021 Permanent Fund Dividend. This appropriation is 50 percent of the FY22 percent of market value draw from the Permanent Fund and would provide a dividend estimated to be \$2,350 per eligible Alaskan. The second item is a one-time \$1.47 billion transfer from the earnings reserve account to the budget reserve fund which leverages a small portion of the Permanent Fund's recent earnings windfall to provide bridge funding while all the components of a comprehensive fiscal solution are fully implemented.

The third appropriation item in this bill funds the Alaska Performance Scholarship Award, Alaska Education Grant, and WWAMI Medical Education programs. Each of these programs are a strong investment in young Alaskans and critical for the healthy future of our state.

I recognize there may be other appropriation items the Legislature will want to address as we work collaboratively to finalize the fiscal year 2022 budget during the special session.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Dunleavy", written over a white background.

Mike Dunleavy
Governor

Enclosure

SENATE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - THIRD SPECIAL SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced:

Referred:

A BILL

FOR AN ACT ENTITLED

1 **"An Act making an appropriation from the general fund to the Department of**
2 **Education and Early Development for the payment of educational programs; making an**
3 **appropriation from the earnings reserve account for the payment of permanent fund**
4 **dividends; making an appropriation from the earnings reserve account to the budget**
5 **reserve fund; and providing for an effective date."**

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 (SECTION 1 OF THIS ACT BEGINS ON PAGE 2)

1 * **Section 1.** The following appropriation items are for operating expenditures from the
 2 general fund or other funds as set out in the fiscal year 2022 budget summary for the
 3 operating budget by funding source to the agencies named for the purposes expressed for the
 4 fiscal year beginning July 1, 2021 and ending June 30, 2022, unless otherwise indicated.

	Appropriation	General	Other
	Allocations	Items	Funds
	*****	*****	*****
*****	***** Department of Education and Early Development *****		
*****	*****	*****	*****

10 **Alaska Postsecondary Education**

11 **Commission**

12 Program Administration & 0
 13 Operations

14 WWAMI Medical 0
 15 Education

16 **Alaska Performance Scholarship**

17 **Awards**

18 Alaska Performance 0
 19 Scholarship Awards

20 (SECTION 2 OF THIS ACT BEGINS ON THE NEXT PAGE)

1 * Sec. 2. The following sets out the funding by agency for the appropriations made in Sec. 1
2 of this Act.

3	Funding Source	Amount
4	Department of Education and Early Development	
5	1004 General Fund Receipts	21,364,100
6	1226 Alaska Higher Education Investment Fund	-21,364,100
7	*** Total Agency Funding ***	\$0
8	*** Total Budget ***	\$0

9 (SECTION 3 OF THIS ACT BEGINS ON THE NEXT PAGE)

1 * Sec. 3. The following sets out the statewide funding for the appropriations made in sec. 1 of
2 this Act.

3	Funding Source	Amount
4	Unrestricted General Funds	
5	1004 General Fund Receipts	21,364,100
6	*** Total Unrestricted General Funds ***	\$21,364,100
7	Designated General Funds	
8	1226 Alaska Higher Education Investment Fund	-21,364,100
9	*** Total Designated General Funds ***	-\$21,364,100
10	Federal Receipts	
11	*** Total Federal Receipts ***	\$0
12	Other Non-Duplicated Funds	
13	*** Total Other Non-Duplicated Funds ***	\$0
14	Duplicated Funds	
15	*** Total Duplicated Funds ***	\$0
16	*** Total Budget ***	\$0

17 (SECTION 4 OF THIS ACT BEGINS ON THE NEXT PAGE)

1 * **Sec. 4.** ALASKA PERMANENT FUND. (a) The sum of \$1,534,648,008 is appropriated
2 from the earnings reserve account (AS 37.13.145) to the dividend fund (AS 43.23.045(a)) for
3 the payment of permanent fund dividends and for administrative and associated costs for the
4 fiscal year ending June 30, 2022.

5 (b) The sum of \$1,465,351,992 is appropriated from the earnings reserve account
6 (AS 37.13.145) to the budget reserve fund (art. IX, sec. 17, Constitution of the State of
7 Alaska) for the fiscal year ending June 30, 2022.

8 * **Sec. 5.** LAPSE OF APPROPRIATION. The appropriations made in sec. 4 of this Act are
9 for the capitalization of a fund and do not lapse.

10 * **Sec. 6.** RETROACTIVITY. The appropriations made in sec. 4 of this Act are retroactive
11 to July 1, 2021.

12 * **Sec. 7.** This Act takes effect immediately under AS 01.10.070(c).