



Governor Mike Dunleavy
STATE OF ALASKA

June 30, 2021

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

Dear President Micciche:

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

CCS HB 71

“An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; making capital appropriations and supplemental appropriations; and providing for an effective date.”

Chapter No. 1, FSLA 2021

The following reductions were made to the Mental Health Capital and Operating budget. The Department of Health and Social Services division operations, program grants, and general administration, were reduced by \$5,991,000 in General Funds. The Department of Commerce, Community, and Economic Development appropriation for Community and Regional Affairs was reduced by \$180,000 in General Funds. The Department of Administration, Public Defender Agency, appropriation was reduced by \$86,000. The University of Alaska, Anchorage campus appropriation was reduced by \$325,000 Unrestricted General Fund (UGF). Capital upgrade requests totaling \$3,150,000 UGF were also reduced.

The above line-item reductions were made due to the lack of a proper source of funding. When House Bill 71 was introduced at the beginning of the Thirty-Second Legislature, several of the above-listed items were proposed using funds from the Mental Health Trust Fund. During legislative deliberations those items, and additional new appropriations, were uniformly proposed by the Legislature to be funded with UGF.

The Honorable Peter Micciche

June 30, 2021

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This is unacceptable for the following two reasons. First, the UGF is limited and the basis of deep budgetary debates that are ongoing to fund multiple constitutional and statutory obligations. Second, and more importantly, the Mental Health Trust (Trust) has the financial capabilities to sustain the programs and projects reduced with its own funding. To date, the Mental Health Trust Fund is projected to end Fiscal Year 2021 with \$131,400,000 in reserves. After accounting for maintaining a longstanding reserve target rate of \$96,600,000, the Trust can apply \$34,800,000 in its own funding for items like those reduced above.

I call upon the Trust's Board, its executive team, and the Legislature, to deliberate on the fiscal actions the Trust has undertaken in recent years, and whether or not those actions comport with its mission to better the lives of Trust beneficiaries.

After my vetoes, the total enacted amount of this bill is \$231,365,500 comprised of \$161,360,800 of UGF, \$52,929,700 of Designated General Funds, and \$17,075,000 of other funds. The funding source of every program and project is critical to the transparency the Alaska public demands of its government. I call on all of us to work together to make that expectation a reality for the people of this State.

Sincerely,



Mike Dunleavy
Governor

Enclosure



Governor Mike Dunleavy
STATE OF ALASKA

June 30, 2021

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

Dear Speaker Stutes:

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Mike Dunleavy
Governor

Enclosure