

Alaska State Legislature



December 23, 2014

The Honorable William Walker
Governor of the State of Alaska
PO Box 110001
Juneau, AK 99811-0001

Dear Governor Walker:

As we approach the upcoming session, the House and Senate leadership look forward to working with you and your administration to address the issues facing our state. The most critical issue before all of us is Alaska's long-range financial outlook. The immediate concerns of a \$3 billion deficit and our ability to protect the state's credit rating from damage and deterioration will take center stage when the Legislature convenes in January.

In light of this situation, we are interested in your plans to address the anticipated revenue shortfall and the deficit in the FY 2015 budget. We encourage you to take immediate action to reduce both FY 2015 and the proposed FY 2016 government operating expenditure levels.

We respectfully request that you consider the following budget actions:

- Implement an immediate hiring freeze to include all departmental vacancies;
- Limit agency travel to only that necessary to carry out essential administrative duties or emergency response;
- Request the departments produce an FY 2015 budget update that is an accounting report of all authorized, expended, and encumbered funds for the first six months of the fiscal year. This will allow us to see which agencies are working within the budget structure, which agencies are in danger of exceeding their budget and thus requiring a supplemental budget, and which agencies have far greater resources available to them than are necessary to carry out the mission of the agency for the remainder of the fiscal year;
- Identify targeted reductions in discretionary agency operations, while preserving funding for essential services and all ongoing gas line and other statewide projects critical to education, energy security, infrastructure and the public safety of Alaskans; and
- Review capital appropriations that were authorized more than five fiscal years ago and where you believe appropriate, make recommendations to re-appropriate funds for projects that have been delayed, are not moving forward, or that should not move forward in this fiscal environment because of the phased nature or cost of the project.

You have stated that the operating budget submitted prior to the December 15 statutory deadline will not be your final budget, but rather a placeholder that was not endorsed by your administration. We request that amendments to the FY 2016 operating budget are delivered as close to the start of session as possible, rather than waiting until the statutory deadline of February 18. The expediency will allow our respective Finance Committees as much time as possible to perform the necessary due diligence.

Further, we understand you have suspended work on the statutorily required ten-year fiscal plans, which demonstrate how you intend to balance budgets for each of the next ten years. Given the current fiscal situation, we respectfully request that these fiscal plans are completed by the beginning of the legislative session to be used in the fiscal policy and budget discussions during the upcoming legislative session.

Once the gavel falls on January 20, we have 90 days for consideration of the people's business. Both Houses of the Legislature consider the fiscal crisis as our top priority. Your submission of an amended operating budget as soon as possible will be critical in finishing our business on time.

There are undoubtedly other steps you may want to take to address the budget deficit of FY 2015 and the projected deficit in FY 2016. If you would like to discuss the suggestions listed above, please do not hesitate to contact us.

Again, we look forward to working with you during this upcoming Legislative session.

Sincerely,



Senate President-Elect Kevin Meyer



Speaker of the House Mike Chenault



Senator Pete Kelly
Co-Chair, Senate Finance Committee



Representative Mark Neuman
Co-Chair-Elect, House Finance Committee



Senator Anna MacKinnon
Co-Chair-Elect, Senate Finance Committee



Representative Steve Thompson
Co-Chair-Elect, House Finance Committee