

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

SARAH PALIN, GOVERNOR

P.O. BOX 110020
JUNEAU, ALASKA 99811-0020
TELEPHONE: (907) 465-4660
FAX: (907) 465-3008

February 29, 2008

The Honorable Lyman Hoffman
The Honorable Bert Stedman
The Honorable Mike Chenault
The Honorable Kevin Meyer
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Finance Committee Co-Chairs:

Enclosed are amendments to the FY2009 operating and capital budgets and the FY2008 supplemental budget for your consideration. I have enclosed a packet of backup information and an updated spreadsheet for each bill's amendments.

The capital budget amendments include fund source changes for the deferred maintenance projects that we had planned to fund with Alaska Student Loan Corporation (ASLC) Bonds, as the last installment of the ASLC's return of capital to the state. However, given the current credit market conditions, ASLC will not be able to issue those bonds. Therefore, we propose to change the fund source for the \$60 million in deferred maintenance projects from the ASLC Bond Proceeds to the Alaska Capital Income Fund.

Both the FY2008 supplemental and the FY2009 operating budget amendments contain the funding necessary for the tentative agreement with the Supervisory Unit. Given that the ratification vote results will be known mid-March, the SU supplemental amendment would ideally be included in the Fast Track supplemental.

We will continue to minimize the submission of additional amendments offered for your consideration, but we do expect that the administration will reach tentative agreements with other bargaining units and will submit those amendments as soon as possible.

Our amendments will be electronically transmitted to the Legislative Finance Division and available to the public today at: www.gov.state.ak.us/omb.

Thank you for your consideration of these budget amendments.

Sincerely,



Karen J. Rehfeld
Director

Enclosures

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