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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

May 23, 2008

The Honorable Lyda Green
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Green:

On this date I signed the following bill passed by the second regular session of the Twenty-Fifth Alaska State Legislature and am transmitting the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

Conference CS for House Bill 310

"An Act making appropriations for the operating and loan program expenses of state government; for certain programs, and to capitalize funds; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska; and providing for an effective date."

Chapter No. 27, SLA 2008

The budget goals for this administration have been very clear: to slow the growth of government, live within our means, and save for the future. The operating budget presented for legislative consideration this past session was designed to meet these goals. I appreciate the careful consideration and support from the Legislature of this request.

House Bill 310 as passed by the Legislature contained appropriations for Fiscal Year 2009 totaling \$11.1 billion, of which \$5.3 billion is general fund. The budget includes a \$1 billion deposit into the Constitutional Budget Reserve, over \$1 billion to the public education fund for the public school funding formula and pupil transportation costs in FY2010, special appropriations for tax credits, revenue sharing, and direct deposits to the retirement system costs, and includes funding for public

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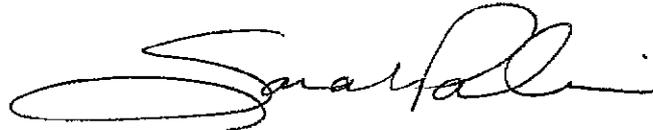
education, the university, public health and safety, transportation, resource development, and funding for state government programs, services, and grants.

I appreciate that the Legislature shares the administration's concern about the size and growth of the budget, particularly the operating budget. Through line-item vetoes, I have reduced the appropriations in HB 310 by \$2.6 million general fund. The enclosed spreadsheet lists the appropriation cite, fund source, and the reason I have vetoed the appropriation.

In addition to signing the bill, I have committed to saving at least \$20 million in state agencies' operating budgets in FY2009. I have instructed my commissioners to develop strategies to achieve this savings target within the FY2009 budget that begins on July 1. Savings achieved during the fiscal year will roll into the Constitutional Budget Reserve fund at the end of FY2009.

The reductions we achieve in the FY2009 operating budget will be the starting point for our efforts to slow the growth of government in the FY2010 budget. I appreciate your support in crafting responsible budgets for the state of Alaska.

Sincerely,

A handwritten signature in black ink, appearing to read "Sarah Palin". The signature is fluid and cursive, with a large initial "S" and a long, sweeping underline.

Sarah Palin
Governor

Enclosure