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Governor Sean Parnell
STATE OF ALASKA

January 15, 2010

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

Dear Speaker Chenault,

Under the authority of Art. III, Sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the State's operating budget for Fiscal Year 2011 (FY2011).

My number one mission as Governor is to promote economic growth and opportunities for families in Alaska. My budget proposal for FY2011 is based on clear priorities from our constitutional mandates for spending: education, public safety, transportation, and responsible resource development.

With the mission and priorities set, I established guiding principles for the budget. First, we maintain budget discipline by limiting State agency growth; second, we focus on results for Alaskans; and third, we will take the long-term view for budget and policy decisions that will promote the economic growth necessary to allow Alaskans to prepare for the future. This budget also recognizes that responsible resource development has allowed Alaska the opportunity to grow and prosper, and remains the foundation for our future prosperity.

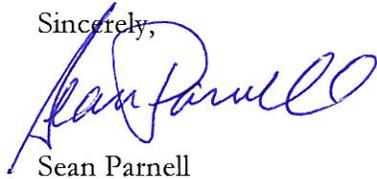
The improved fall revenue forecast is good news for Alaska. Increased revenue and fiscal restraint means there will be surplus revenue in the current year and next. The projected surplus means we will not have to draw on our savings in 2010 or 2011.

Instead, we have the opportunity to save for the future. I am recommending that we save surplus revenue to forward fund K-12 education. I am also proposing to save \$400 million and utilize the earnings to fund the Governor's Performance Scholarship aimed at increasing academic rigor and high school completion rates, which will translate into a skillfully trained workforce ready to lead Alaska's economy in the future.

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I look forward to working with the Legislature to finalize the operating budget for the upcoming fiscal year.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sean Parnell", is written over the word "Sincerely,".

Sean Parnell
Governor