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Governor Sean Parnell  
STATE OF ALASKA

January 28, 2013

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 Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to supplemental appropriations for the State's operating and capital budgets for Fiscal Year 2013 (FY 2013). In this legislation, we exercise fiscal restraint by requesting a net decrease to our Administration's FY 2013 operating budget across all fund categories, over \$11 million alone in general fund reductions to agency operating budgets.

The supplemental budget reflects my direction to State agencies to manage programs within the existing budget. Accordingly, we bring forward a limited number of requests based on changes in the cost of delivering State services and programs that were not anticipated when the FY 2013 budget was considered during the 2012 legislative session. The supplemental bill totals \$24.5 million attributable to increases in "other funds" and "federal fund" categories.

The operating supplemental request includes a \$25 million decrease in the Medicaid program, based in large part on the success of certain cost containment measures implemented upon the recommendation of the Medicaid Task Force. The Department of Health and Social Services will continue to review costs and utilization for potential additional savings in the current year budget. The supplemental request also includes reductions in debt service, while requesting funding for fire suppression, disaster relief, and specific settlements that resolve outstanding litigation.

Thank you for your consideration of this bill.

Sincerely,

A handwritten signature in blue ink that reads "Sean Parnell".

Sean Parnell  
Governor

Enclosure