



Governor Michael J. Dunleavy STATE OF ALASKA

March 4, 2019

Dear University of Alaska Community,

On February 13, I announced my administration's straightforward, honest budget; a plan to make sure the money the state spends does not exceed the money the state takes in.

For all Alaskans, including you as students and faculty, to succeed long term we must establish a budget this year that builds a foundation for a permanent fiscal plan.

The conversations ahead require honest and open dialogue, and that starts with using accurate numbers. Currently, 42 percent of the University of Alaska budget comes from the state with the rest coming from other funds, like tuition. My proposal would adjust the state's amount down by 41 percent, which results in an approximate difference of 17 percent from last year's total budget. I don't pretend that 17 percent isn't significant; I know that it is. However, it is not the 41 percent reduction to the overall university budget that some are reporting.

We are tackling our economic challenges head-on in order to bring fiscal stability to Alaska. We have built this budget from the ground up - looking not only at the University of Alaska system, but the entire scope of government. This is something that affects every Alaskan and will put a halt to out-of-control spending. We can no longer spend what we don't have and therefore must align our expenditures with revenues. **This will encourage success for all Alaskans for generations to come.**

The previous administration burned through nearly every dollar in the state's savings account. Government spending has been inflated by wiping out \$14 billion dollars in savings in just four years. My administration was faced with another massive \$1.6 billion deficit. To carry on this trend is irresponsible, unacceptable, and frankly, not sustainable. I have made the commitment to transforming government at its core, eliminating duplication, and prioritizing programs to match our reality.

My administration started from the ground floor and built an annual budget based on these guiding principles:

- 1) **Expenditures cannot exceed revenues:** For the first time in decades, our budget will match the money we spend with the revenue we bring in, not unlike Alaskan families and businesses.

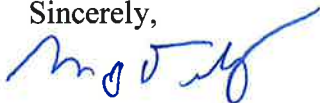
- 2) **The budget is built on core functions that impact a majority of Alaskans:** It includes a number of government-wide initiatives to improve effectiveness and refocusing spending such as constraints on government travel and salaries, and reorganization of staff and departments.
- 3) **Maintaining and protecting our reserves:** We must prioritize maintaining and protecting what little we have left in reserves. We cannot avoid the tough decisions and allow Alaska's economic outlook to only grow darker.
- 4) **The budget does not take additional funds from Alaskans through taxes or the PFD:** While some wish to ignore Alaskans and propose billion-dollar taxes and PFD grabs, I've made clear that this is out of line with the core beliefs of most Alaskans.
- 5) **It must be sustainable, predictable, and affordable:** Though we've been blessed financially in the past, we must establish a government that can weather the storm of low oil prices and save for the next generation of Alaskans.

The legislature now has a balanced budget before them. THEY now can decide priorities of the budget. My administration is agnostic on this. This administration's primary concern is that the budget does not exceed revenues or use savings.

I appreciate you taking the time to read this letter. Alaska has a bright future; but we must first make the hard choices and the changes we need to make now. A permanent fiscal plan means stability for Alaska. A stable Alaska has economic opportunity, wage growth, and the chance for prosperity after graduation.

More information on my budget can be found here: <https://gov.alaska.gov/an-honest-budget-2020/>

Sincerely,



Michael J. Dunleavy
Governor of Alaska