

FOR IMMEDIATE RELEASE No. 10-209

## **Governor Parnell Releases Fiscal Year 2012 Budget Plan Focus on Resource Development, Infrastructure, Energy, and Public Safety**

December 15, 2010, Anchorage, Alaska – Continuing his focus on fostering jobs and resource development, Governor Sean Parnell today released his balanced budget plan for Fiscal Year 2012.

The governor noted Alaska's strong financial position saying, "Alaska has a balanced budget, substantial cash reserves, and a stellar bond rating."

In his budget speech before the Anchorage Chamber of Commerce, Governor Parnell said, "If we are disciplined and strategic with our spending, and if we manage our savings well, Alaskans can have economic opportunities for years to come."

**The operating and capital budgets total \$11.1 billion, with \$5.45 billion in state general funds.** State agency operating growth has been limited to 1.9 percent. Statutorily required increases in Medicaid, payments on the retirement system's unfunded liability, debt service costs, and employee contracts result in a general fund budget that is larger than last year.

### **Resource Development and Infrastructure**

**The proposed capital budget totals \$1.6 billion, including \$644.9 million in state general funds.** The capital budget includes an aggressive roads-to-resources effort and funds a comprehensive energy build out.

"This budget focuses on lowering the cost of energy throughout the state," Governor Parnell said. "Providing lower-cost energy creates opportunity for Alaskans. It opens doors and promotes responsible, sustainable development."

**The budget includes \$65.7 million for the Alaska Energy Authority (AEA) to conduct**

**planning, design, and permitting for the Susitna Hydroelectric Project, which is estimated to meet half of the Railbelt's electricity demand.** The budget also includes

funding for weatherization programs, renewable energy, and heating assistance.

The governor's proposed budget funds additional work on a road connecting the Dalton Highway to Umiat and on a road to the Ambler Mining District.

"We are going to put Alaskans to work," Governor Parnell said. "We've included **\$103 million in the capital budget to leverage more than \$705 million in federal and other**

**funds for transportation, highways, aviation, water, sewer projects for vital infrastructure improvements. We have targeted \$60 million for roads and ports that**

**are key to opening up resource development."**

Continued efforts on natural gas development, including \$160 million for the Alaska Pipeline Project and \$5.5 million for development of the instate gas line project, are incorporated in the capital budget. The budget also includes \$100 million for the second year of the five-year deferred maintenance plan.

## **Public Safety**

The FY2012 budget builds on the “Choose Respect” campaign to combat the epidemic of domestic violence and sexual assault (DVSA) through prevention, investigation, reporting, and services for victims. It funds **15 new Village Public Safety Officers and three new trooper positions.**

“We will investigate Internet crimes against children and protect seniors and vulnerable adults from exploitation by stepping up efforts through the Long Term Care Ombudsman,” Governor Parnell said. “We will strengthen criminal penalties for those who take advantage of vulnerable Alaskans.”

## **Education**

The budget also includes \$8.2 million for Alaska Performance Scholarship awards for high school students who graduate in 2011. The merit-based program for postsecondary education and job-training assistance is one of Governor Parnell's top priorities.

The FY2012 proposed budget will spend less than the amount of revenue projected for the next fiscal year. For FY2012, the oil price forecast is \$82.67 per barrel, production of 622,000 barrels per day, and total unrestricted revenue of \$5.74 billion.

Highlights of Governor Parnell's Fiscal Year 2012 Budget:

## **RESOURCE DEVELOPMENT/INFRASTRUCTURE**

### **Infrastructure**

- ♣ Port of Anchorage \$20 million
- ♣ Port MacKenzie Rail \$20 million
- ♣ Skagway City Dock Improvements \$10 million
- ♣ Roads to Resources \$10.5 million
- ♣ Deferred Maintenance \$100 million

### **Oil and Gas Development**

- ♣ **Oil and Gas exploration tax credits \$400 million**
- ♣ **AGIA Reimbursement Fund \$160 million**
- ♣ **In-state Gas Development \$5.5 million**

### **Energy**

- ♣ **Susitna Planning, Design, Permitting \$65.7 million**
- ♣ **Renewable Energy Grant Fund \$25 million**
- ♣ **Southeast Energy Grant Fund \$10 million**
- ♣ **Weatherization \$25 million**

### **Matching/Leverage Funds**

\$103 million general fund match to leverage over \$705 million in federal and other funds including:

- ♣ DOTPF Highway and Aviation \$623 million
- ♣ DEC Village Safe Water \$42.3 million
- ♣ DEC Municipal Water/Sewer \$20 million
- ♣ Municipal Harbor Grant Fund \$5 million

## **PUBLIC SAFETY**

- ♣ **Domestic Violence and Sexual Assault Prevention \$7.4 million**
- ♣ **15 New VPSOs and 3 New Trooper Positions**

## **EDUCATION**

- ♣ Full Funding of K-12 Education \$1.13 billion
- ♣ Alaska Performance Scholarships \$8.2 million
- ♣ **School Major Maintenance – 14 projects - \$19.9 million**
- ♣ **School Construction – Quinhagak K-12 Renovation—\$28.5 million**

## **STATEWIDE**

- ♣ Retirement System Unfunded Liability \$479.5 million
- ♣ Community Revenue Sharing \$60 million
- ♣ Tourism Marketing \$16 million (\$9 M operating; \$7 M capital)

Draft budget bills and more detailed information on the budget are available on the Office of Management & Budget website at [omb.alaska.gov/](http://omb.alaska.gov/)