



June 29, 2022

Good morning, Coalition for Education Equity members and partners:

Governor Dunleavy issued his vetoes and signed the FY2023 budgets yesterday afternoon. The attached update from Chris and Reggie details the vetoed items and includes the press release from the governor's office.

All in all, this is a good budget for education. The BSA and pupil transportation were fully funded, with an additional one-time increase for FY23 of \$57 million and a \$30/student increase to the BSA. FY2024 BSA and pupil transportation were also fully forward funded. Additional education funding is included in appropriations for the Reads Act and other passed legislation.

In extremely good news, the appropriated funding for school bond debt reimbursement (\$220.9 million) and the REAA fund (\$83.96 million) both survived. These appropriations fully fund the current year obligations and also pay previous years' unfunded statutory obligations from FY17-21, removing the need for us to consider legal action on Kasayulie Consent Decree violations.

In not-so-great news, the vetoes included a cut of \$62.5 million to DEED major maintenance, leaving \$37.5 million funded. While this is still a larger investment in school major maintenance than we've had in several years (combined), we know that it doesn't make much of a dent in the need that exists and are disappointed in the reduction.

If you have any questions about the budget or the vetoes, please let us know.

Best,
Sarah

Sarah Sledge
Executive Director

Enclosure: 2022_06_29 CEE Update_Vetoes

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Provided by J&H Consulting to CEE 6/28/2022

[A Quick Legislative Update:](#)

Gov. Dunleavy today signed the FY23 state budget (HB281/HB282), with some vetoes. See press conference [HERE](#), OMB FY23 ENACTED BUDGET webpage [HERE](#). Governor Dunleavy emphasized budget savings, investments in public safety, assistance for local communities, paying off oil tax credits, forward-funding education, expanding pre-K and an increase in the BSA. There are also new investments in VPSO's and Alaska State Troopers, and funding for village safe water projects. The Governor also celebrated the Alaska Reads Act, a large PFD (\$3,200/pp), a significant capital budget, full-funding of PCE and School Bond Debt Reimbursement and the REAA fund.

Office of Management & Budget FY23 Enacted Budget webpage [HERE](#)

- **HB281 FY22/FY23 Operating, Capital, Supplemental Budget** with vetoes [HERE](#)
- **HB281 FY22/FY23 Veto Summary** [HERE](#)
- **FY23 HB282/HB282 Vetoes** (all departments) [HERE](#)

Vetoes include the following:

- \$62.5M of DEED major maintenance and \$6.2M for Mt Edgecumbe repairs.
- \$272,900 from DEED school achievement for "unnecessary" rural school district grant administrators
- \$2.1M residential school stipends reduce to limit funding to 50% increase over FY 22
- \$262,900 two grant administrators to assist rural schools
- \$1.5M from Public Broadcasting for rural radio stations
- \$3.5M veto for Municipal Harbor Matching Grant
- \$4M from ACF Alaska Housing Trust
- \$4.3M DEED/CRA Food Bank produce food box program
- \$500,000 United Way for hunger relief
- \$5M from Alaska Seafood Marketing Institute
- \$9.8M from the Alaska Long Trail
- \$4M from the DHSS Child Care Program Office
- \$336,400 from DJJ Step-Up Program
- \$790,000 DHSS BH Treatment & Recovery Grants (assumes 1115 Waiver reimbursable)
- \$1.5M Senior & Disabilities Services Community-Based Grants
- \$89M additional contribution to retirement funds
- \$835,900 UA Anchorage health education and library
- \$1.3M for Bering Sea/Kuskokwim salmon study, analysis and planning
- \$27M University of Alaska deferred maintenance
- Various pay increases, recruitment bonuses, and workforce development funds
- For a full list of vetoes see **HB281 FY22/FY23 Veto Summary** [HERE](#)

Governor's press release below:



**For Immediate Release
22-192**

Governor Dunleavy Signs FY23 State Budget

Investments in public safety, education, rural Alaska and infrastructure while saving \$1.6 billion

June 28, 2022 (Anchorage, AK) – Today, Alaska Governor Mike Dunleavy signed the FY23 state operating and capital budgets into law. The spending plan moves Alaska into a new direction with prudent and fiscally responsible investments in public safety, public education, the University of Alaska, and infrastructure projects that create jobs and economic development. It accomplishes all that while saving *\$1.6 billion dollars* of the budget surplus to shield the economy when oil prices eventually decline. In addition, the budget includes a historical 2022 Permanent Fund Dividend for every eligible Alaskan.

“This budget is more than a spending plan; it’s a blueprint for Alaska’s future,” **said Governor Mike Dunleavy.** “Budgets should reflect the values and ambitions of the people they are designed for, and I believe this legislation accomplishes that. It strikes the right balance by continuing my administration’s commitment to rebuilding state services like public safety while holding spending in check, adding to our savings, and pointing the economy in the right direction.”

The Dunleavy Administration’s fourth state budget invests in the following:

Protecting all Alaskans – Public Safety, People First Initiative, Missing and Murdered Indigenous Persons

Protecting Alaskans has been Governor Dunleavy's number one public policy priority since taking office in December 2018. His public safety budget reflects his unwavering commitment to keeping all Alaskans safe from crime.

- The budget authorizes 10 new Alaska State and Wildlife Troopers and 10 Village Public Safety Officer positions
- Higher salaries for VPSOs and Troopers to attract the most qualified and motivated candidates to a career in law enforcement
- New housing for public safety officers in rural communities
- Additional funding to hire more criminal prosecutors and support staff
- Creates an innovative Crisis Stabilization Center test program to treat Alaskans experiencing a mental health crisis

Public Education - Accountability

The FY23 budget not only increases funding for Alaska's public school and university systems; it also brings long-overdue accountability for students' and parents' sake.

- \$117 million investment in education, including funds dedicated to the Alaska Reads Act, a comprehensive reading intervention program so all students can read at grade level by the end of third grade. Increased resources include \$57 million in one-time funds to schools, \$2.5 million for Pre-K and an increase to the BSA.
- The Alaska Reads Act will be culturally responsive to rural and Alaska Native students
- Forward funds K-12 education in FY24 with \$1.2 billion
- Delivers tax relief for local taxpayers by funding school bond debt reimbursement
- Enhancements to Alaska's student loan program
- Innovative research in drone technology, critical minerals, heavy oil, and mariculture at the University of Alaska

Investing in Alaska: Ports, Bridges, Airports and More – FY23 Capital Budget

- Funds critical repairs to the Port of Alaska
- Invests in a new deep-water port in Nome - a strategic Arctic port for the United States
- Upgrades and improvements for multiple airports across the state
- Funds repairs for roads and bridges statewide
- \$117.3 million in state and federal funds for the Village Safe Water program, so more rural communities have safe, clean drinking water and sanitation
- Sets state on course to pay off oil tax credits once and for all by this year. This honors the state's commitment to pay off debt abandoned by a previous administration
- Invests in the Alaska Marine Highway System with a new mainline vessel and maintenance funds to keep ships on the water serving coastal communities

Fiscal Responsibility – Savings, Endowments and Line-Item Vetoes

Governor Dunleavy carefully examined the increased spending made by lawmakers this year. His objective was to preserve the temporary surplus from higher oil revenues to the greatest extent possible. Reductions were made without harming essential state services. The line-item vetoes total \$400 million, and those unspent funds will be deposited into the Constitutional Budget Reserve (CBR), a rainy-day savings account for years when state revenues are down.

- All state agency budgets other than public safety and education are down ten percent from 2019
- The FY23 budget deposits \$1.6 billion in the CBR
- **The bottom line:** Alaska's CBR account balance increases from \$1.3 billion to approximately \$3 billion – enough to cover the state budget if oil prices collapse

Alaskans Accessing Alaska – Agriculture and Mariculture

- Funds the development of a mariculture industry in Alaska
- Increases food security with the [Nenana-Tokchaket Agriculture Project](#) to produce more food, fuel, and fiber for in-state consumption

Rural Alaska

The FY23 budget addresses many long-standing issues with infrastructure, public safety, and technology in rural communities.

- Broadband technology – an integral part of today's world
 - Up to \$1 billion anticipated for Alaska to connect all Alaskans with at least 100/20 mbps internet service
 - \$3 billion for the Tribal broadband program
 - Establishes a new State of Alaska Broadband office scheduled to open July 1, 2022
- Replaces the K-12 public school in Napakiak threatened by erosion
- Fully funds the Power Cost Equalization program for the fourth straight year
- Fixes a technical problem in the state's school funding formula so the Hooper Bay School receives its fair share of education funding
- Funds plowing of ice roads in rural communities off the road system
- As stated before, funding for new Troopers and VPSOs in rural communities, housing for public safety personnel, the Village Safe Water program, a deep-water port in Nome and upgrades to rural airports

2022 Permanent Fund Dividend

- The PFD is, and will always be, Alaskans' rightful share of the state's enormous mineral wealth.
- 2022 marks the return of substantial PFD payments to all eligible Alaskans and this year's payment will be the largest in state history. It couldn't come at a more critical time.

- Based on Governor Dunleavy's 50/50 PFD plan, it divides the annual draw from the Permanent Fund equally between state services and the dividend
- Families need help now with rampant inflation, record-high fuel costs, and the economic damage caused by the pandemic
- Governor Dunleavy will announce the distribution plan for the PFD soon

“As Alaskans, we all know the surge in oil revenue is temporary. What it buys us is time to continue working together on a fiscal plan that smooths out the inherent volatility in oil revenue. The result will be that Alaskan families will not experience diminished services when revenues are down, and the business community is assured that Alaska's fiscal house is in order. The first step in that legislative and public policy process is to end the arbitrary political process for funding the PFD that was used starting in 2016 to this year when lawmakers turned to the 50/50 formula. However, a permanent, sustainable solution requires giving the people of Alaska a chance to vote on any change in the formula to be protected in the Constitution. I look forward to working with lawmakers and Alaskans on a long-term, sustainable fiscal plan,” **added Governor Dunleavy.**

Click on this link for the Office of Management and Budget [FY23 budget documents](#)

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