

Administrative Order No. 358

I, Mike Dunleavy, Governor of the State of Alaska, under the authority of Article III, Sections 1 and 24 of the Constitution of the State of Alaska, implement this fiscal restraint and operational efficiency order to all state agencies.

BACKGROUND

The State of Alaska relies on oil production to fund a substantial portion of the state budget. In the 1980s, revenue from oil production made up nearly 90 percent of the State's unrestricted general fund revenues. Today, revenues from oil production only make up approximately 40 percent of the state's unrestricted general fund revenues.

Largely due to the Russian invasion of Ukraine, oil prices averaged nearly \$85 per barrel in FY 2024. However, in FY 2025 the Organization of Petroleum Exporting Countries (OPEC) made a series of decisions to increase oil production, thereby causing oil prices to drop. OPEC's actions, combined with aging oil fields and production declines, have negatively impacted oil revenues and therefore the state's budget. The spring revenue forecast from the Alaska Department of Revenue recently forecasted an oil price of \$68 per barrel for FY 2026. This represents an approximate 20 percent drop in the price per barrel of oil, resulting in a reduction of hundreds of millions of dollars in revenue to the State's general fund.

The State of Alaska's main savings account, the Constitutional Budget Reserve, has a balance of approximately \$2.8 billion. The Power Cost Equalization Endowment (PCE) Fund has a value of approximately \$1.0 billion. The Alaska Higher Education Investment Fund has a value of approximately \$407 million – the combined values of these accounts would not fund state operations for even one year.

PURPOSE

In light of the extensive drop in market oil prices and the projected impact on the State's budget, there is a need to take immediate and responsible action to control spending. The actions set forth in this Order are being taken to reduce the impact on available funds, to focus operations on core government services, and to streamline processes and the State's workforce towards core mission objectives.

The purpose of this Order is to announce an immediate freeze on all out-of-state travel, hiring, and new regulations packages. These actions are being taken to reduce the impact on available funds, streamline processes, and focus operations and the State's workforce on the fulfillment of the State's core mission and services. If these actions are not taken now, the State could suffer dire consequences in the future.

ORDER

General Applicability:

This Order applies to all funding sources and all executive branch agencies, including departments, boards, commissions, and public corporations (hereafter

referred to as “agencies”).

Travel:

Effective immediately, there is a freeze on all out-of-state travel by State employees and individuals traveling on behalf of the State regardless of funding source. Employees in out-of-state travel status as of the date of this Order shall return to Alaska in accordance with the employee’s approved itinerary.

If an agency believes out-of-state travel is necessary to protect the safety of the public or to meet other essential State responsibilities, a request for waiver from the travel freeze may be submitted to the Governor’s Office through the established travel-waiver request process.

In-state travel shall be used only as necessary for the conduct of essential business. Use of technology in lieu of travel is highly encouraged. If an agency fails to limit in-state travel to essential business, the Chief of Staff is authorized to implement an in-state travel ban for that agency.

Hiring:

Effective immediately, there is a freeze on hiring for all State agencies. Offers of employment that have been made and accepted as of the date of this Order are not affected by the hiring freeze, even if the employee’s start date is after the date of this Order.

The hiring freeze applies to:

- All full-time, part-time, non-permanent, and seasonal positions in bargaining units and in the partially exempt and exempt service.
- Requests to establish new positions.
- Requests to extend non-permanent positions.
- Positions that provide administrative support and maintenance to the exempted agencies set forth below.

Exempted Agencies:

- The hiring freeze does not apply to positions essential to protect Alaska citizens. This category includes Alaska State Troopers, corrections and probation officers, airport police and fire officers, Office of Children Services, Division of Public Assistance, and employees that provide patient, resident, or food services at 24-hour institutions.

For purposes of this Order, the following are considered 24-hour institutions:

- Correctional Facilities
- Juvenile Justice Facilities
- Alaska Military Youth Academy
- Pioneer Homes
- Alaska Psychiatric Institute
- Alaska Vocational Technical Center
- Mt. Edgecumbe High School

Recruitments on Workplace Alaska shall remain open through the stated closing date. A notice to all applicants shall be posted on Workplace Alaska advising applicants of the hiring freeze and stating that only positions necessary to

protect the health and safety of Alaskans and meet essential State responsibilities will be filled.

If an agency believes filling a position is necessary to protect the safety of the public or to meet other essential State responsibilities, a waiver from the hiring freeze may be submitted to the Office of Management and Budget (OMB). The waiver request must be submitted using the hiring request memorandum addressed to the Director of OMB and Chief of Staff and approved by the agency head.

Regulations:

In order for agencies to focus their attention on the State's core mission of providing essential services to Alaskans and maximizing operational efficiency, there is, effective immediately, a freeze on the promulgation of new regulations by all agencies. This freeze does not apply to regulations currently out for public notice.

If an agency believes a new regulations package is necessary to protect the safety of the public or to meet other essential State responsibilities, a waiver request from the regulations freeze may be submitted by the agency head to the Chief of Staff and Deputy Chief of Staff.

DURATION

This Administrative Order shall remain in effect until rescinded.

DATED this 9th day of May 2025.