

Budget Crisis?

**CITY &
BOROUGH OF
JUNEAU
CITY MANAGER –
RORIE WATT**



Local Impact - Governor's Proposed FY20 Budget



(\$ millions)

Organization	Description	Funding Loss
CBJ	School Bond Debt Reimbursement	\$7.1
CBJ	Municipal Revenue Sharing – Fish Tax	\$0.4
JSD	Reduces K-12 Education Formula	\$10.0
JSD	K-12 Education change reduces CBJ cap	(\$3.0)
JSD	Eliminates \$30M in FY20 Statewide Funding	\$1.0
University	Cuts \$155M of Univ of Alaska Funding	?
Various	Eliminates all early childhood funding	?
Ferry System	Elimination/Severe Reduction	?
BRH	Reduction in Medicaid Funding	\$6.2

And There Would be Many other Indirect Impacts

Fitch Ratings



FitchRatings

USPF Tax-Supported
NRAC Template

Fitch Ratings: Governor's Proposals Would Reduce Credit Quality
of Alaska Municipalities

believes Alaska Gov. Mike Dunleavy's proposed changes in property tax laws Alaska could have significant negative impacts on local municipalities' credit quality if enacted. Fitch does not believe the legislation will have a positive impact on the state's credit quality.

The Alaska Governor's proposed budget and related changes in property tax laws could have significant negative impacts on local municipalities' credit quality throughout the state if enacted.

in the University of Alaska
for the University of Alaska
Cuts in state school funding
rated boroughs. Reductions in formula
the onus on borough policymakers to partially
district revenue losses and could crowd out spending
services, creating budget deficits for boroughs and
services, creating budget deficits for boroughs and

CBJ Restricted Budget Reserve



(\$ millions)

	General Government
FY18 Budget Reserve	\$15.9
FY19 Scheduled Contributions	\$ 0.4
Projected Budget Reserve 6/30/19	\$16.26

CBJ General Governmental Fund Balance



(\$ millions)

	Total Available
FY18 Available Fund Balance	17.455
FY19 Draw on Available Fund Balance	(.137)
FY19 Budgeted Available Fund Balance	\$17.318
FY20 Draw on Available Fund Balance	(1.258)
FY20 Estimated Available Fund Balance	\$16.060

Impact of Contractions on Property & Sales Taxes



(\$ millions)

	FY19 Budget Projection	FY20 Budget Projection W/O Contraction	1% Contraction	5% Contraction
Property Tax	50.8	51.4	0.51	2.55
Sales Tax	49.5	50.4	0.45	2.25
Total	\$100.3	\$101.8	\$0.96	\$4.80

Reconcile Ideas



\$1.9B Permanent Fund Checks Proposed
\$1.6B Deficit

Dramatic Cuts to Education, UA, Ferry, etc
FY20 Proposed = FY19 less ~2%

Facts, Courtesy of Legislative Finance



1. PFD Checks = 37% of Revenue
2. FY20 is 2% Lower than FY19
3. The \$1.6B Includes:
 - \$520M Cost Shifts to Local Governments

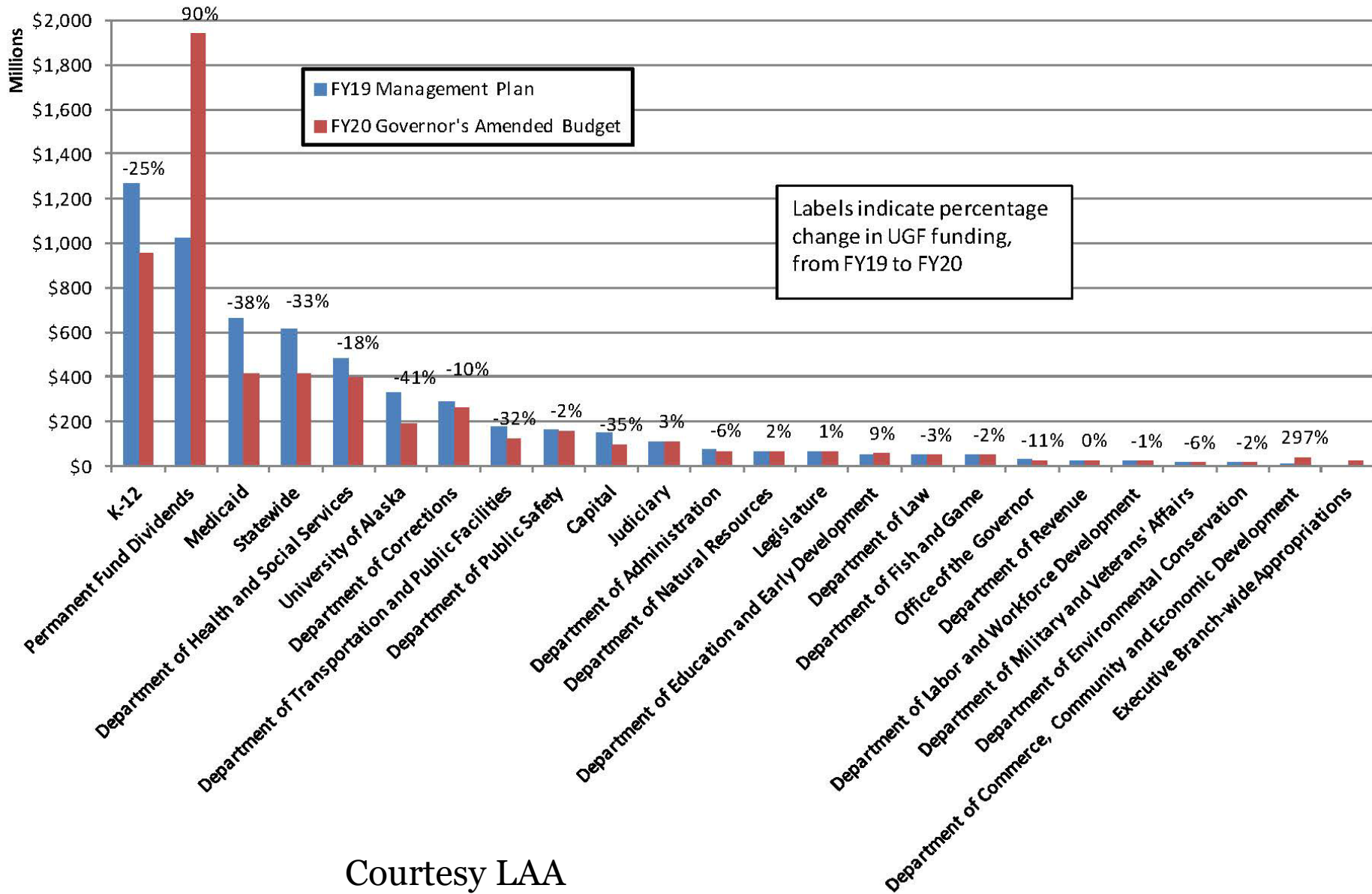
Is it Right to Balance State Budget on Hard Work of Local Governments?

Traditional Budget Balancing Tools (LAA)



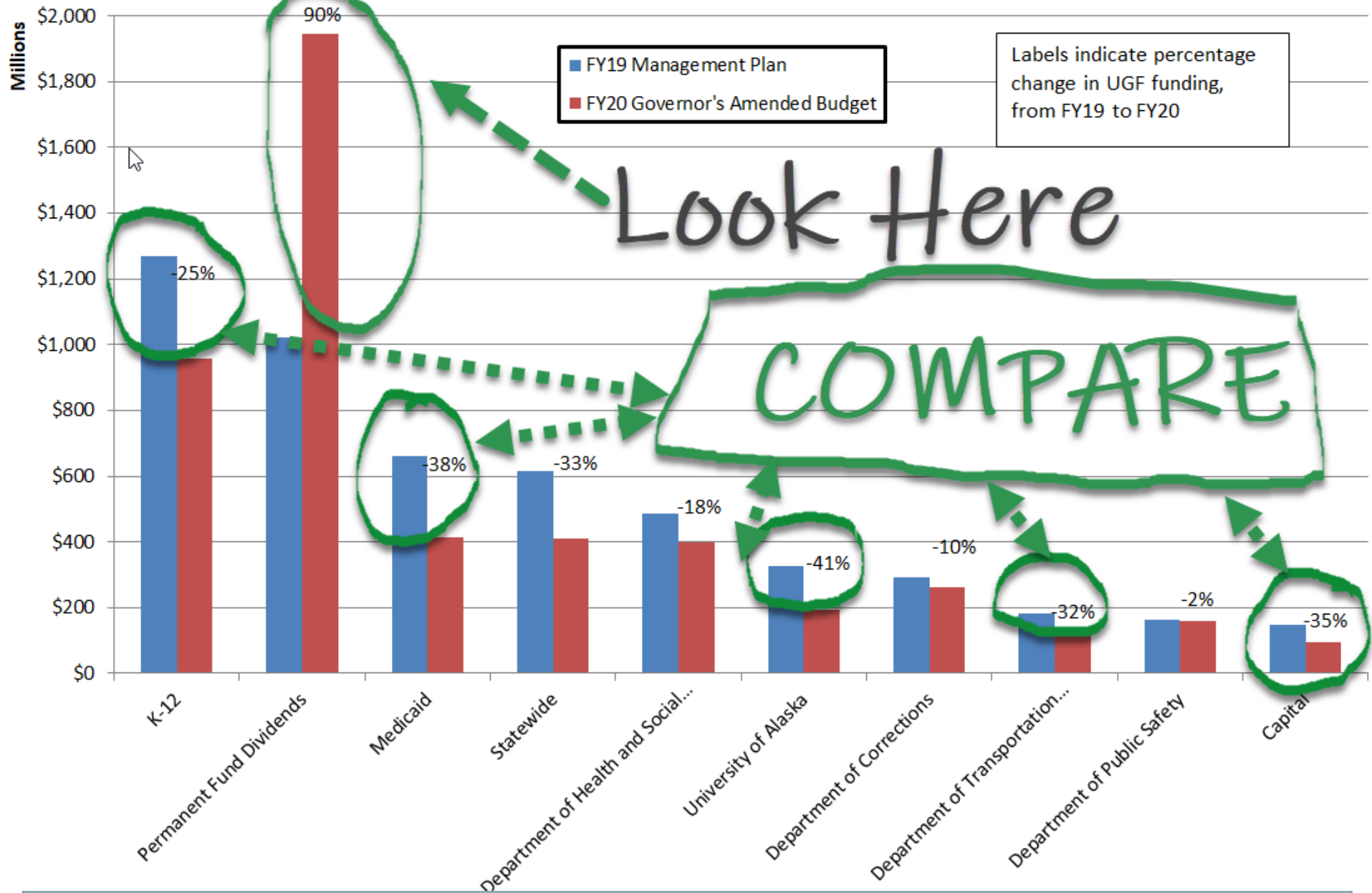
- ~~1. Add revenue~~
- ~~2. Pull money from reserves~~
3. Reduce expenditures

A Comparison of the FY19 Budget with the Governor's Amended FY20 Budget Request (UGF only)



Courtesy LAA

ZOOMING IN: A Comparison of the FY19 Budget with the Governor's Amended FY20 Budget Request (UGF only)



Permanent Fund Checks

2009	\$1,305
2010	\$1,281
2011	\$1,174
2012	\$878
2013	\$900
2014	\$1,884
2015	\$2,072
2016	\$1,022
2017	\$1,100
2018	\$1,600
2019	?????

\$150/PFD = ~\$100M

Areas of Agreement



No Free Lunch

Can't Have it All

Can't Take it With You

~~Budget Crisis~~ Priority Crisis

WHAT ARE
ALASKA'S
PRIORITIES?

