The FY08 budget process began with a huge deficit. The deficit was primarily due to increases in the required Public Employees Retirement System (PERS) employer contribution rate ($3.5 million) and support to education under the State’s funding formula ($1.6 million). Juneau’s PERS employer rate was to increase from 26.22% to 42.56% or over 60%. Other Alaska municipalities were facing similar dramatic PERS increases and budget shortfalls. In response, local governments placed considerable pressure on the State legislature to provide some relief or assistance.

On the last day of the session, the legislature provided support for PERS (CBJ’s rate was reduced to 22%), State Revenue Sharing ($1.7 million), and education funding. The change in education funding resulted in more State funding and less local funding, but with an overall net gain of $500,000 for the Juneau School District. These additional funding sources allowed the Assembly to balance the budget without the use of reserves, maintain the FY07 operational mill levy and contribute money into the Sales Tax Budget Reserve.

Public Participation

The City Manager is required to submit a proposed balanced budget to the Assembly on or before April 5 of each year. The Assembly, sitting as the Finance Committee, reviews the City Manager’s budget recommendations between April 5 and early June in weekly public meetings. The Assembly is then required to adopt the budget on or before June 15. The Assembly welcomes public input into the budget process.
City General Governmental Operations

The City provides a wide variety of public services fully or partially funded with property and sales taxes. These general governmental functions include:

**Education:** 1 high school, 1 alternative high school, 2 middle schools, 6 elementary schools, 1 charter school and a correspondence program

**Public Safety:** Police, Fire, Ambulance and Emergency Service Dispatch

**Libraries:** Public Information and Facilities

**Legislative:** City Budget, Legislation and Community Planning

**Capital Transit:** Public Bus and Care-A-Van Services

**Community Development:** Community Planning, Development Permitting and Code Enforcement

**Engineering:** Capital Improvement Planning, Design and Management

**Parks and Recreation:** Recreational Programs, Parks, Landscape, Building Maintenance, Parking and Visitor Services

**Streets:** Maintenance, Repair, Snow Removal and Equipment Maintenance

**Finance:** Property Assessing, Financial Services and Purchasing

**Law:** Prosecution, Incarceration and Legal Support

**Eaglecrest Ski Area:** Recreational Programs, Ski and Snowboard Instruction, Sales and Rentals

Growth Management in City Government

Growth in governmental spending is a concern of the CBJ management and Assembly. When discussing growth management, it is important to distinguish between the various types of services provided by the CBJ and how these services are funded. While all of the services we provide require operational revenues, the sources vary greatly. General governmental functions and local support for education are largely supported through property and sales tax levies while other functions such as the hospital, utilities, airport, and harbor services are funded through user fees.

Over the past 20 years, the cost to the taxpayer for these public services has been significantly impacted by State funding and operational issues. The State has reduced or eliminated both local general operating support ($10 million since FY85) and some local services. This has resulted in local government assuming responsibility for many of the more critical services, for example, police protection due to the elimination of State Troopers in the City and Borough.

Per Capita Changes in Spending

To obtain an accurate picture of the change in spending over time, it is important to take into consideration inflation and changes in population. The graph on the right compares general government and education spending per resident (per capita) between FY88, FY98 and FY08, adjusted for inflation.
Mill levies have been significantly impacted by changes in the State’s operating support to local governments. In FY82, state support increased dramatically. This resulted in significant reductions in the mill levy from FY82 through FY86. State support started declining in FY86 until it was eliminated in FY04. This reduction resulted in overall mill levy increases from FY87 through FY95. Growth in local revenues and cost management has allowed the City to decrease the mill levy since FY95 even though the State had continued to reduce local support. The cost to the local taxpayers of this State funding reduction is approximately 3 mills or $300 for every $100,000 of assessed property value. This year (FY08), the State provided funding to municipalities in the form of State Shared Revenue ($1,689,900 for CBJ). The combination of State Shared Revenue and a reduction in the Public Employees Retirement System rate allowed the Assembly to maintain the operation mill levy at the FY07 rate of 9.26 mills. The FY08 adopted mill levy is 9.26 for operations and 1.11 for debt, for a total of 10.37.

Note: In October 1995 (effective Fiscal Year 1997), voters approved a Charter amendment which restricts the maximum operating mill levy to 12 mills. This restriction does not apply to voter approved general obligation debt.

Per Capita Changes in Revenue Sources

The graph on the left depicts the changes in revenues on a per resident (per capita) basis, adjusted for inflation. As can be seen, State and Federal revenues have declined between FY88 and FY08 by over 71% for general government on a per capita basis. This has shifted the cost of funding general governmental operations to the local taxpayer. It should be noted that the operational mill rate for FY08 is lower than the FY98 operational mill rate by 1.63 mills (15.0%). Increases in sales tax revenues are primarily due to increases in spending during the summer months.
How Your Property and Sales Tax Dollars Will Be Spent

The following graph shows how your property and sales tax dollars will be spent. The graph excludes all self-supported business-type activities: Airport, Bartlett Regional Hospital (excluding the Rainforest Recovery Center), Docks, Harbors, Water and Sewer. Many of the services presented in this graph are partially funded by user fees, fines, State and Federal support and other general revenues.

Note 1: General obligation voter-approved debt is funded with a specific tax levy. The debt service mill levy for FY08 is 1.11 mills or $11 for each $100,000 of assessed value.

Note 2: Capital Projects receive no property tax revenues. The funding represented above is $8,300,000 of sales tax specifically for the Downtown Parking and Transit Center and areawide sewer expansion; and $8,300,000 of sales tax for areawide capital projects.

Additional information on the budgetary process can be found at:
http://www.juneau.org/financeftp/FY08AdoptedBudget.php