The FY09 budget process began with a large deficit, primarily due to increases in the required Public Employees Retirement System (PERS) employer contribution rate ($3.5 million) and CBJ’s support to education under the State’s funding formula ($1.6 million). Juneau’s PERS employer rate was to increase from 22% to 37.11%, over 65% from FY08. Other Alaska municipalities were facing similar dramatic PERS increases and budget shortfalls. In response, local governments looked the State legislature for some relief or assistance. In March 2008, the legislature passed SB125 which capped the PERS rate at 22% and SB72, a long-term Community Revenue Sharing bill ($2.0 million). This allowed the Assembly to balance the budget without the use of reserves, decrease the operational mill levy by 0.10 mills and include additional funding for education, social service programs, street maintenance, youth activities and economic development. Funding for Education constitutes the major portion of the CBJ’s budget with 26% of all general tax dollars ($24.1M) used to support Education. HB273 revised the school foundation funding formula which resulted in more State and local (a cost increase for the City) funding to the Juneau School District for an overall increase of $3.2 million to education operations ($1.58M from the State and $1.62M from the CBJ).

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**: 2 high schools, 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 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 direct 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 reduced or eliminated both local general operating support ($8.2 million since FY86) 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. In FY09, the State instituted a Community Revenue Sharing program providing $2M to the CBJ.

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 FY89, FY99 and FY09, 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 FY87 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 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 (FY09), the State started providing funding to municipalities in the form of Community Revenue Sharing ($2M for CBJ). The combination of State Shared Revenue and capping the Public Employees Retirement System rate allowed the Assembly to decrease the operation mill levy by 0.10 mills from the FY08 rate of 9.26 mills. The FY09 adopted mill levy is 9.16 for operations and 1.21 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 FY89 and FY09 by over 70% 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 operation mill rate for FY09 is lower than the FY99 operational mill rate by 1.48 mills (14%). 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 Wastewater. 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 proposed for FY09 is 1.21 mills or $121 for each $100,000 of assessed value.

**Note 2:** Capital Projects receive no property tax revenues. The funding represented above is $9,790,000 of sales tax specifically for the Downtown Parking and Transit Center, Airport renovation, Statter Harbor improvements, elementary school renovations, a consolidated Public Works shop, deferred building maintenance and areawide sewer expansion, and $8,900,000 of sales tax for areawide capital projects.

Additional information on the budgetary process can be found at:
http://www.juneau.org/financeftp/FY09AdoptedBudget.php