




City and Borough of Juneau
City & Borough Manager's Office
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DATE: March 4, 2019

TO: Co-Chairs Representative Foster & Representative Wilson
House Finance Committee

FROM: Rorie Watt, City Manager 

CC: Mayor Weldon & Assembly
Superintendent Bridget Weiss, Ed. D. & Juneau Board of Education

RE: City & Borough of Juneau School Funding

Thank you for the opportunity to provide information about school funding. The numbers reference below would result from the Governor's proposed budget, as submitted on February 13, 2019. There are several points that I would like to make:

1. The Calendar of decisions for school funding is always difficult. Please see attached memorandum that I provided to our Assembly and Board of Education to acquaint members of both bodies with the annual timeline.
2. Juneau has historically funded to the "cap." A reduction in ~\$10.2M of State funding from a change to the funding formula would also require a reduction in the calculation of the "cap" and reduce the allowable local contribution by an additional \$3M.
3. Regarding School Construction Debt Reimbursement (SCDR), CBJ would stand to lose \$7.1M in FY20 if the Governor's budget proposal was adopted. If the SCDR was eliminated for all years moving forward, CBJ would lose approximately \$25M of funding from the SOA.
4. Juneau School District budget is \$83.4M. The Governor's budget would cause a reduction of about 16% from FY19 funding levels (\$10.3M + \$3M, SOA + CBJ).

The net result of these proposed changes in the Governor's budget would be reductions in FY20 funding as follows:

- A. From the SOA to JSD -\$10,157,600 (Note that this technically passes through CBJ).
- B. From CBJ to JSD of -\$3M
- C. From SOA to CBJ for SCDR -\$7,096,000
- D. Assuming that the Juneau Assembly attempted to hold School funding flat to FY19, it would have to increase local property taxes approximately 2.92 mils or about a 33% increase.

Notes:

- i. Alaska Statute would have to be amended as this level of funding would violate the funding cap rules.
- ii. Some CBJ School debt runs through the Alaska Bond Bank.