



March 17, 2020

The Honorable Senator Stedman
Alaska State Legislature
State Capitol Room 518
Juneau AK, 99801

Representative Jonathan Kreiss-Tomkins
Alaska State Legislature
State Capital Room 411
Juneau, AK 99801

Via email to: Senator.bert.stedman@akleg.gov and Representative.jonathan.kreiss-tomkins@akleg.gov

RE: Community Assistance

As you know, \$30 million to recapitalize the Community Assistance Fund was vetoed from the FY21 budget. As a result, communities across the state will receive significantly less funding from the State. Some communities will lose a considerable percentage of their current Community Assistance funding, and the reductions for all represent an unnecessary and burdensome hardship.

Reductions to the Municipality of Anchorage, for instance, will mean a 91% reduction from last year. For many communities it represents a sizeable portion of their overall revenue. For example, for the community of Kwethluk, population 814, the estimated cut of \$11,475 represents 66% of their FY18 tax revenue. There are few options for making up the difference.

For Petersburg, the reduction in FY21 will be \$78,202 or 21% from FY18. This may not sound like a lot to some people, but for us it means less money to provide services in our community.

Across the state, the reductions will lead to an erosion of critical public services – from public safety to education – and potentially the need to increase local taxes in those communities with the capacity to do so. Communities have already seen assistance from the State shrink from \$141 million in 1985 to the \$30 million in annual Community Assistance they were promised with the passage of SB 210 in 2016. The agreement in 2016 – in recognition of the State's fiscal crisis – represented a 50% reduction. The impending FY21 reduction comes at a time when the State continues to reduce the services it provides and asks local governments to assume even more responsibility.

We strongly encourage you to make this right – include an additional \$10 million in the FY21 budget so that the transfer in support of communities will be fully funded at \$30 million.

Sincerely,

Mark Jensen
Mayor

Cc: Nils Andreassen, Alaska Municipal League

Borough Administration
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