



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: senator.bert.stedman@akleg.gov and representative.jonathan.kreiss-tomkins@akleg.gov

RE: School Construction and Major Maintenance; and Bond Debt Reimbursement

Dear Senator Stedman and Representative Kreiss-Tomkins,

The failure to reimburse local governments fully for school bond debt obligations certainly makes it seem that when it comes to political subdivisions of the state, a debt is not a debt. Unfortunately, that's not the reality for the 19 local governments and school districts impacted by the 50% reduction to reimbursement.

For those who were expecting reimbursement, local governments are spending from maintenance funds, school districts are shifting funds from their operations, and local property taxes are increasing. For municipalities, there is no ability to avoid the debt or their increased share, when the State chooses not to reimburse for their portion. As one of those local governments negatively impacted by the State's cost-shifting, we've had to increase taxes on our community.

We strongly encourage you to include full funding of school bond debt reimbursement in the FY21 budget. That fully funded amount will decrease in future years, but the State's obligation remains. Together we can see the fully funded amount of debt reduced in the years to come. During a period where the FY21 proposed budget allocates no funding to school construction and major maintenance, when over the last ten years the State has only funded the project priority list an average of 15%, and when there remains a moratorium on school bond debt reimbursement, it has to be asked how the State is meeting its Constitutional obligation to provide public education.

We know that you recognize these needs, but the Petersburg Borough Assembly requests the Legislature act to meet them.

Respectfully,

Mark Jensen
Mayor

Cc: Nils Andreassen, Alaska Municipal League

Borough Administration
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