

Petersburg Borough, Alaska
RESOLUTION #2019-06

**A RESOLUTION OPPOSING GOVERNOR DUNLEAVY'S PROPOSED FY2020
BUDGET**

WHEREAS, during the 2018 campaign then-candidate Mike Dunleavy repeatedly stated he did not intend to make significant cuts to government services, including specific promises not to cut rural schools or Medicaid services while speaking at the Alaska Federation of Natives conference, specific promises not to cut the Marine Highway System while speaking in Southeast Alaska, specific promise not to cut Pioneer Homes or the University of Alaska during two separate televised debates, and repeated assertions savings could be found through "efficiencies," or the elimination of 2000 supposedly funded but unfilled state positions; and

WHEREAS, the budget cannot be considered without a thorough understanding of the human and economic impacts, yet the Dunleavy administration has provided little policy analysis to support proposed cuts; and

WHEREAS, the budget proposal would do significant damage to the economies of Petersburg and the state, and result in a prolonged statewide recession, reduced investment, outmigration, and estimated job losses in the public and private sector in the order of tens of thousands; and

WHEREAS, because the Dunleavy administration has not justified the proposed budget with an economic or policy analysis, the proposed budget has already created a level of uncertainty that will cost the state millions of dollars of private investment, even if the budget does not pass in its current form; and

WHEREAS, the Petersburg Assembly believes that Alaskans benefit when the State works collaboratively with Municipalities, Boroughs, and Tribes because local governments are closest to the people; and

WHEREAS, the Dunleavy administration did not consult or work with local governments in preparing the proposed budget, and

WHEREAS, credit rating agencies have warned that the proposed budget would have negative credit implications for municipalities, and cause some to default on their bonds or enact significant tax hikes; and

WHEREAS, elimination of the Alaska Marine Highway System will close Southeast Alaska's highway restricting commerce, tourism, and travel which will in turn increase transportation costs for all residents, and will also cause a loss of employment for 15 Petersburg Borough residents; and

WHEREAS, the proposed budget calls for a devastating \$1.43 million cut to the Petersburg School District's operating budget in FY 2020, and an additional \$3.58 million cut to the State's share of bond debt for previous school construction and major maintenance projects over time; and

WHEREAS, according to analysis from the Petersburg School District, the proposed budget will eliminate teaching and staff positions, reduce the quality of our educational offerings, cease extracurricular activities, increase class sizes and impact the success of our children; and

WHEREAS, loss of Petersburg's share of the Shared Fisheries Business Tax (10 year average share is approximately \$800,000) and the Fish Landing Tax of approximately \$4,000 will drastically impact our general fund and harbor maintenance, operations and capital projects; and

WHEREAS, elimination of the Harbor Facility Matching Grant program of \$7.5 million further reduces the ability of the Borough to support our commercial and sport fishing fleet; and

WHEREAS, a 38% reduction in Medicaid reimbursement will cripple our community operated hospital by reducing annual cash receipts by \$2 million per year which represents 14% of the total cash collections for all payors. This will severely impact the healthcare and economy of our community; and

WHEREAS, by eliminating services that benefit children and vulnerable populations, such as the Alaska Domestic Violence and Sexual Assault Intervention Program and cuts to public health nursing, the proposed budget may ultimately increase future State costs, as individuals who didn't receive preventative care may end up in emergency rooms; those who do not receive behavioral health treatment may end up in the criminal justice system; and individuals who didn't receive an adequate education may end up on public assistance; and

WHEREAS, the proposed budget does nothing to address the State's central financial challenge: as long as State revenues depend primarily on a volatile commodity, the State will remain unable to reliably and predictably fund essential government services; and

WHEREAS, by drawing down existing budget reserves such as the Statutory Budget Reserve, the Power Cost Equalization Fund, and the Higher Education Endowment, the proposed budget does not offer a long-term solution to Alaska's budget challenges.

THEREFORE, BE IT RESOLVED:

Section 1: The Petersburg Borough Assembly opposes the Governor's FY2020 budget as currently proposed, and urges the Governor to adopt a more collaborative and transparent process moving forward; and

Section 2: The Petersburg Borough Assembly calls upon the Alaska Legislature and Governor to produce a balanced budget that minimizes negative consequences to Alaska residents, and prioritizes the long-term health of the State over short-term political calculations; and

Section 3: The Petersburg Borough Assembly requests that instead of raising revenues by shifting costs to local governments, the Alaska Legislature and Governor increase State revenues through some combination of a broad-based tax, a reduction in oil tax credits, utilizing earnings from the Permanent Fund as they were originally intended, and/or through other means of diversifying revenue; and

Section 4: The Petersburg Borough Assembly urges the Legislature and Governor to only enact budget cuts that are backed up with an analysis of the cut's economic and social impact on Alaska residents.

Passed and approved by the Petersburg Borough Assembly on April 15, 2019.

Mark Jensen, Mayor

ATTEST:

Debra K. Thompson, Borough Clerk