

# Juneau School Funding

## City Manager Rorie Watt



Slide



# Impact of Proposed Budget Cuts

## Operational Impact:

- Loss of \$10.2M to CBJ/JSD based on Formula
- Additional Loss of \$3M to JSD from CBJ
  - Total 16% Funding Loss

## School Debt Impact:

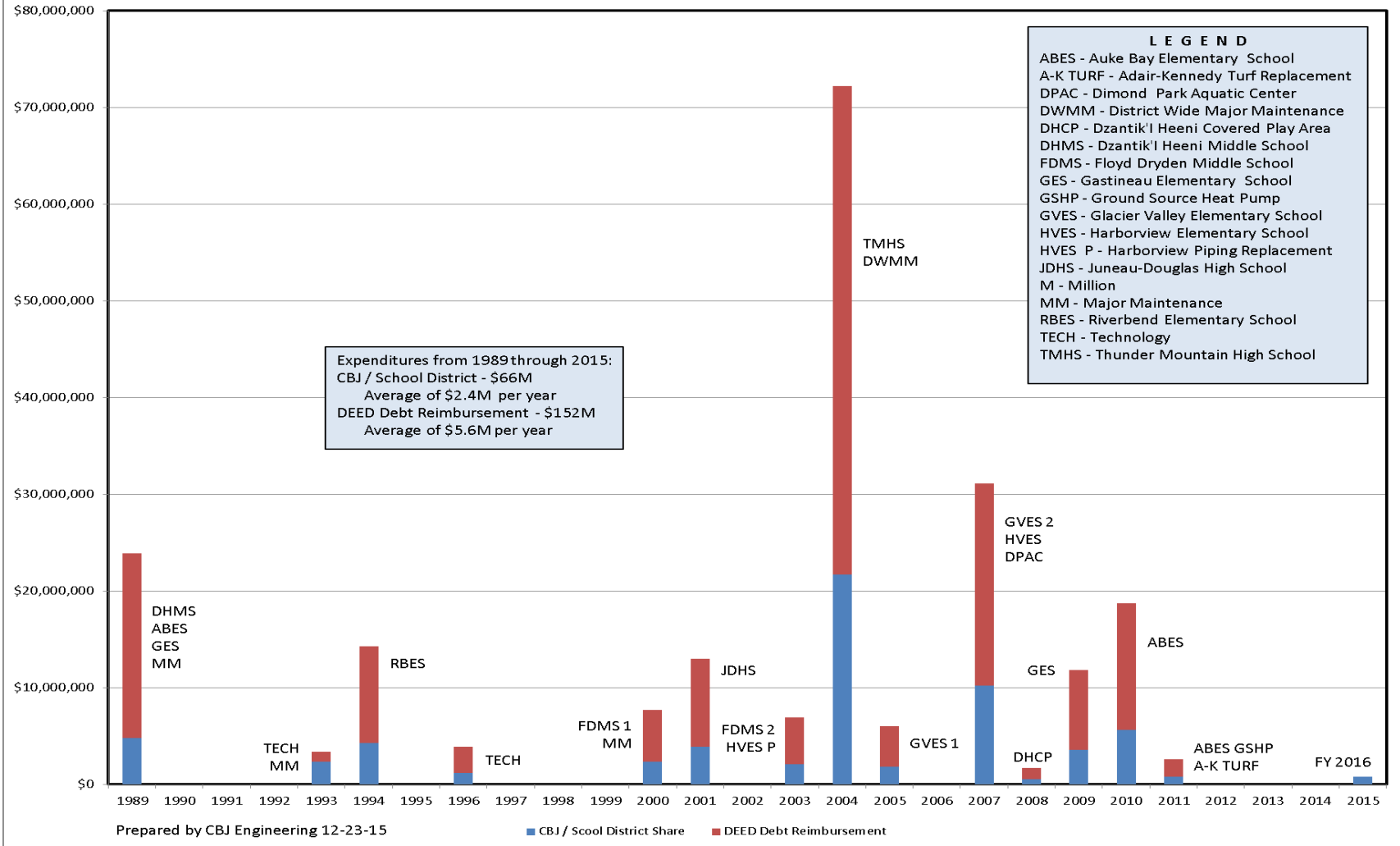
- Loss of \$7.1M to CBJ for School Debt

## CBJ Property Owner Impact:

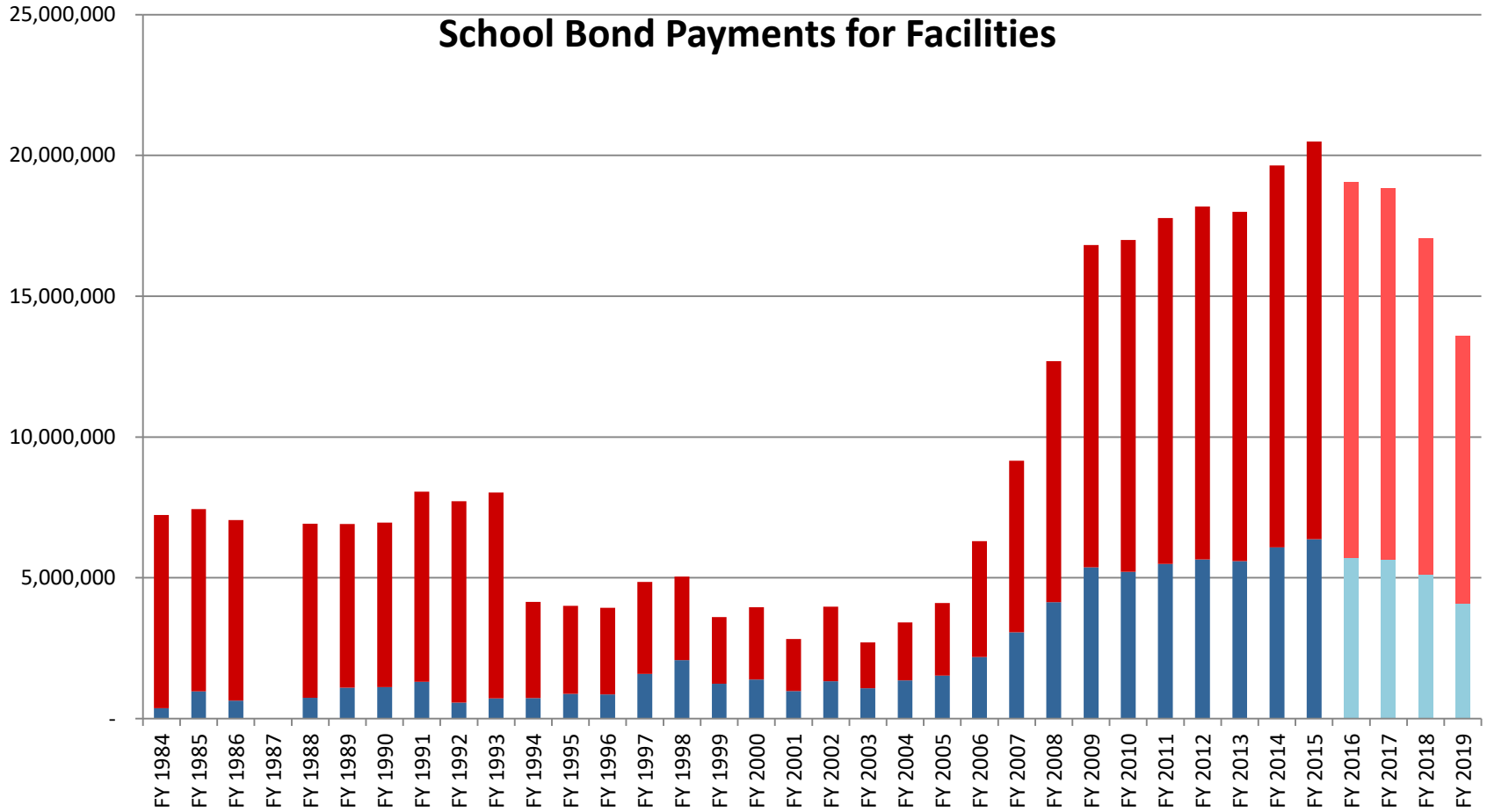
- Assume School Funding is held to FY19 Equivalent of 33% Property Tax Increase

# Past Project Funding

## SCHOOL FUNDING: CONSTRUCTION, RENOVATION, TECHNOLOGY



# CBJ School Project Debt



School Debt Blue = Juneau, Red = SOA

# Summary of Deferred Maintenance


- JSD has ~980,000 SF of facilities
- JSD will have ~\$67 million in deferred maintenance by FY2020
- Funding of 2-3% of replacement value per year is an industry standard used to budget for facility renewal & replacement projects. 2% = \$6 million; 3% = \$9 million
- Excluding new construction CBJ has provided ~\$1.3 million per year (~\$4.4 million including state share) to upgrade school facilities since 1990



City and Borough of Juneau  
City & Borough Manager's Office  
155 South Seward Street  
Juneau, Alaska 99801  
Telephone: 586-5240 | Facsimile: 586-5385

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.



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Telephone: 586-5240 | Facsimile: 586-5385

DATE: November 3, 2018  
TO: Board of Education, Assembly  
FROM: Rorie Watt, City Manager *Rorie Watt*  
RE: Timeline of School Funding Decisions

The annual timing of decisions by the Board of Education, the Borough Assembly and the State of Alaska makes management of the school system challenging. Key dates are below:

August – Start of Academic School Year.

October - JSD Determines Average Daily Membership, reports to DOE (may require budget/staffing adjustment)

December - Assembly gives preliminary budget instructions (possibly at retreat)

December – Governor submits budget to legislature.

January to April (or longer) – Legislature deliberates.

January to March – Budget preparation by both JSD and CBJ staff.

Winter – JSD estimates enrollment for the following year.

March/April – Assessor determines aggregate valuation for property in the Borough, this value informs the amount of property tax available for expenditure, depending on Assembly decision on mil levy.

April - Per CBJ Charter, Schools must submit budget by April 5 to Assembly. By mid-April JSD presents budget to Assembly Finance Committee.

Early May – Per CBJ Charter, Assembly must tell the Schools within 30 days after receipt of budget minimum amount that will be made available from local sources. Assembly directs staff to prepare appropriating Ordinance which functionally communicates decision.

Mid May – State law (AS 14.20.130) requires JSD to notify tenured teachers of non-retention or layoff by May 15th.

Late May – By May 31, the assembly shall “appropriate” the amount to be available from local sources.

June – Assembly typically completes the budget, outside of cap funding determined. Assembly determines the property tax mil levy for the fiscal year.

May to June – Governor signs the State of Alaska budget.

June 15 – Deadline for the Assembly to adopt the Municipal budget.

Find time to hire teachers, repeat.