



ONE SEALASKA PLAZA, SUITE 200 • JUNEAU, ALASKA 99801  
TEL (907) 586-1325 • FAX (907) 463-5480 • WWW.AKML.ORG

Member of the National League of Cities and the National Association of Counties

## **AML Launches Fiscal Policy Working Group**

November 23, 2020

In October, AML's Board of Directors approved the formation and launch of a Fiscal Policy Working Group, tasked with reviewing the State's fiscal condition and options ahead, from a municipal perspective. The Working Group, comprised of a small group of mayors, managers, and finance officers, has been meeting weekly to conduct this comprehensive assessment.

Takeaways thus far:

- Further budget reductions are inadvisable without an appropriate plan, timeline and resourcing in place for those services to be effectively and efficiently delivered by others; unallocated reductions are irresponsible and should be avoided
- The scale of the problem cannot be addressed strictly through budget reductions; Alaska has the lowest total taxation in the nation, relative to GDP, with most businesses, industries, and individuals contributing minimally for the government services they benefit from
- A plan must be developed for sustainable use of Permanent Fund earnings, with equal consideration of community needs and individual dividend payments
- There are a number of critical funding streams that strengthen local governments, that if reduced or eliminated would threaten the health and even viability of many municipalities
- Designated funds pay for many important state services, but these funds obscure the total revenue available for the State to meet its obligations
  - The reverse sweep should be preserved until there is a workable alternative for those services
- We can view structural aspects of state and local services through the lens of constitutional obligations, a renewed vision for the future, and budgetary realities

AML hopes to complete its work early in December, to be able to contribute meaningful feedback to the proposed budget of the Governor. This will be informed, too, by an assessment of how local governments budgets have been impacted by COVID-19 and the economic crisis.

We will release a series of "non-papers" that reflect the conversations and outcomes of the Working Group, without taking a position. AML's board and members will separately take up specific recommendations that may arise and take a position as needed, consistent with the interests of all members.

AML stands ready to work with the Governor's Office, Office of Management and Budget, and the Legislature to arrive at negotiated and mutually beneficial outcomes informed by data, analysis, and vision.

AML's Fiscal Policy Working Group is comprised of Mayor Bryce Ward, Fairbanks North Star Borough; Mayor Clay Walker, Denali Borough; Paul Ostrander, Manager, City of Kenai; Jordan Keeler, Manager, City of Sand Point; and Jeff Rogers, Finance Director, City and Borough of Juneau. In the months to come, we will expand our collaboration amongst the membership and with external partners.