


Kenai Peninsula Borough
Office of the Borough Mayor

MEMORANDUM

TO: Wayne Ogle, Assembly President
Members, Kenai Peninsula Borough Assembly

FROM: Charlie Pierce, Mayor 

DATE: May 6, 2019

RE: Veto of Ordinance 2018-19-33, Appropriating Supplemental Funding of \$2,423,955 for the Kenai Peninsula Borough School District Fiscal Year 2019 Budget

Please be advised that I hereby veto Ordinance 2018-19-33. Below is my written explanation of reasons for this veto to the Assembly, and, importantly, to all of the residents on the Kenai Peninsula Borough.

As you know, Local Contributions to Education is a topic we all care deeply about as the issue itself is the largest appropriation of the entire KPB budget, currently at 69%.

All of us understand the importance of a good education and agree with the need to provide the best educational opportunities for all young people and our teachers. I will continue to advocate for the District's Administration to reduce expenditures outside of the classroom, where possible, rather than holding their teaching positions hostage while simultaneously advocating for other non-essential, non-classroom positions. I respect the role of the Board of Education and the difficult responsibility they have in determining the priorities on how dollars are allocated. I implore them to take into consideration the totality of their circumstances when making these impactful decisions.

As we deliberated over the FY2019 budget last spring, many spoke in favor of additional funding for the District then too. At the end of the budget process, the funding was confirmed at today's level. To date, there have been no reductions in FY2019 funding. There has been no new major windfall of cash that changes our operating position today. Additionally, the KPB has been deficit spending in the last 7 of 10 budgets.

The Borough's Fund Balance Policy cannot be maintained above the minimum fund balance without increases to sales tax, property tax, or by reducing and or eliminating Borough exemptions without convincing the voters to support such actions.

Further, to make our decisions more difficult today, we now face even more fiscal uncertainty from our state funding sources. It can be argued that Governor Dunleavy's

Page -2-

Date: May 6, 2019

To: KPB Assembly

RE: Veto of Ordinance 2018-19-33

proposed budget plan to reduce \$18 million in revenue from KPB's revenue and \$20 million from the School District's revenue may be unlikely this upcoming year, yet until their budget process is completed and signed, it is myopic to overspend now. Hedging on our future ability to provide funding that we may not have only makes our situation potentially worse.

How we accomplish the budget process and fund the entire Borough without raising local revenue along with the uncertainty from the State is the real challenge. I believe we are able to accomplish both when we are all working together.

I remain committed to work with the KPB School District, the Board of Education, the Assembly and especially the public to find the best way to maximize our resources, strive to meet the expectations of each segment of the public we serve, while simultaneously protecting all residents from additional taxation.

Working together we can achieve great results, and it may require compromise from all involved. I truly appreciate your deliberations and decisions on this subject matter and believe we are all striving for the same things. How we get there presents challenges.

Thank you, be safe always.