

**State of Alaska
FY2004 Governor's Operating Budget**

**Department of Community & Economic Development
Safe Communities Program
BRU/Component Budget Summary**

BRU/Component: Safe Communities Program

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

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Component Mission

To provide financial assistance to incorporated municipalities so that they may provide necessary public services for their citizens.

Component Services Provided

1. Direct financial assistance through the Safe Communities Program (formerly known as the Municipal Assistance Program).
2. Direct vendor payments on behalf of local governments to entities such as the Alaska Municipal League/Joint Insurance Association Inc. for insurance premiums and Yukon Fuel for bulk fuel purchases.

Component Goals and Strategies

1. To improve the fiscal capacities of Alaska's local governments.
2. To distribute both state and federal financial assistance in an accurate, fair, and timely manner.

Key Component Issues for FY2003 – 2004

The State Revenue Sharing and Safe Communities programs continue to be important sources of funding for Alaska's local governments, particularly the small rural cities that have little or no tax bases. For many of the rural cities, these funds still represent a significant portion of their operating budgets. In FY 86, these programs totaled \$140,939,000; in FY 03 these programs totaled \$29,630,700, nearly an 80% decrease in annual funding before adjustments for inflation.

Funding distributed to local governments under this program will be reduced by 25% in FY 2004 (see also service changes).

Major Component Accomplishments in 2002

Distributed Community Financial Assistance payments in an accurate, fair and timely manner.

Statutory and Regulatory Authority

AS 29.60.350-.375 Safe Communities

Safe Communities Program
Component Financial Summary

All dollars in thousands

	FY2002 Actuals	FY2003 Authorized	FY2004 Governor
Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Contractual	0.0	0.0	0.0
74000 Supplies	0.0	0.0	0.0
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	16,775.5	16,775.5	12,581.6
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	16,775.5	16,775.5	12,581.6
Funding Sources:			
1004 General Fund Receipts	16,775.5	16,775.5	12,581.6
Funding Totals	16,775.5	16,775.5	12,581.6

Safe Communities Program

Proposed Changes in Levels of Service for FY2004

Funding distributed to local governments under this program will be reduced by 25% in FY 2004.

This reduction could result in the following:

- Municipal Dissolution
- Reduction in Public Services
- Deteriorating Infrastructure
- Insurance Unavailability and Rate Increases
- Increased IRS and ESC problems and levies
- Decline in Urban/Rural Business Activity
- Increased Local Taxes

Summary of Component Budget Changes

From FY2003 Authorized to FY2004 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2003 Authorized	16,775.5	0.0	0.0	16,775.5
Proposed budget decreases:				
-Decrease Safe Communities Program	-4,193.9	0.0	0.0	-4,193.9
FY2004 Governor	12,581.6	0.0	0.0	12,581.6