



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Paxton and Assembly Members

From: John Leach, Municipal Administrator

Date: June 4, 2020

Subject: FY20 Secure Rural Schools Funding

Issue:

The City and Borough of Sitka (CBS) has received \$458,071.35 in FY20 Secure Rural Schools (SRS) funding. The Sitka School District has requested that half of the funding received be distributed to the District.

Analysis:

The CBS did not anticipate or plan for any Federal SRS funding in FY20, so the CBS FY20 budget neither contains estimated revenue from SRS nor any appropriation to distribute any of the SRS funding to the SSD.

Per Federal law, SRS funding must be used either for public education or transportation (roads) (*Secure Rural Schools and Community Self-Determination Act of 2000, Public Law No: 106-393*). SRS regulations do not require expenditure of SRS funds after receipt, but rather, within the fiscal year received. Applications for SRS require the CBS to specify what SRS funding received in the prior year was used for; four categories are listed (operation, maintenance, repair, construction). The FY20 application is attached.

In the process of approving the CBS FY2020 budget, the Assembly and staff discussed SRS funding and reviewed the process by which the Assembly must designate the amount of local funds to be made available for local education purposes. In compliance with AS 14.14.060 (c), the Assembly notified the Sitka School Board and SSD in writing of the amount of money to be made available from local sources for education, which did not include SSD (attached). The notification letter included this statement regarding SSD: "At this point we do not anticipate receiving Secure Rural Schools (SRS) funding in FY20. Should SRS be received by the Municipality, the Assembly will determine how the funds will be split."

In its Assembly meeting on April 28, 2020, the Assembly discussed the pending receipt of FY20 SRS funding but did not pass any motions directing action.

On May 29, 2020, correspondence was received from the SSD Superintendent formally requesting that half of the FY20 funding received, or \$229,035.67, be distributed to the SSD.

If the Assembly votes to approve the SSD request for a distribution of FY20 SRS funds, then it needs to also pass a supplemental budget ordinance as no appropriation currently exists in FY20 for such a distribution. Staff has prepared an ordinance for this contingency, which follows this agenda item. If the Assembly does not approve the SSD request, then the best way deal with the accompanying ordinance is to not have any Assembly members move or second the ordinance, and it will die.

Recommendation

Staff recommends that the Assembly consider all pertinent guidelines, historical documents, and prior decisions to make a decision regarding distribution of SRS funds which is in the best interest of the Community. If the Assembly votes to approve the SSD request, staff strongly recommends that the Assembly pass the accompanying supplemental budget ordinance.