

CITY AND BOROUGH OF SITKA

RESOLUTION NO. 2025-10

**A RESOLUTION OF THE CITY AND BOROUGH OF SITKA
OPPOSING THE PROPOSED EXPANSION OF THE DEFINITION OF “LOCAL
CONTRIBUTIONS” AND ITS IMPACT ON LOCAL SUPPLEMENTAL SUPPORT FOR
SCHOOLS**

WHEREAS, the City and Borough of Sitka (CBS) provides substantial and consistent local financial support to the Sitka School District (SSD), which includes not only funding to the statutory cap but also in-kind contributions vital to the operation of schools, such as maintenance, Performing Arts Center (PAC) support, student activity funding, and other essential services; and

WHEREAS, for FY26, the CBS has budgeted the maximum allowable general fund contribution of \$7,972,424.04, in addition to critical non-instructional and in-kind contributions including approximately \$67,000 for PAC utilities, \$125,000 for PAC contracts, \$134,600 for student activities, and significant ongoing support for facility maintenance and Blatchley Pool operations; and

WHEREAS, the State Board of Education and Early Development has proposed new regulations to expand the definition of "local contribution" under 4 AAC 09, beyond the federal definition of “current expenditures” used for the Impact Aid Program disparity test; and

WHEREAS, the federal definition of “current expenditures,” as outlined in 20 U.S.C. 7713(4), includes spending for administration, instruction, attendance and health services, pupil transportation, plant operation and maintenance, fixed charges, and net expenditures for food services and student body activities, but does not encompass all in-kind or non-instructional contributions; and

WHEREAS, redefining in-kind contributions and non-instructional support as part of the capped local contribution could force reductions in these services or in instructional budgets in order to remain in compliance; and

WHEREAS, such a reclassification would have a significant adverse financial impact on SSD’s FY26 budget, which is now facing a deficit of \$441,181 due to the Governor’s reduction of BSA funding; and

WHEREAS, the new definition could affect anywhere from \$2 million to over \$4 million in current and anticipated contributions, depending on how broadly the State classifies in-kind and local support; and

WHEREAS, the CBS contributes a total of \$9,731,906.04 in financial and in-kind support, including marijuana tax revenue of \$300,000 in FY24, \$350,000 in FY25, and \$360,000 in FY26 earmarked for student activity travel, as approved by a 2022 local ballot initiative; and

WHEREAS, Sitka voters also approved a seasonal sales tax in 2023 dedicated to school facility maintenance, generating \$772,942 in FY24; and

WHEREAS, other local and community contributors—including, but not limited to, the Sitka Tribe of Alaska, Sitka Sound Science Center, and Charitable Trust grants—offer significant in-kind support that could be at risk under the proposed regulatory definition; and

WHEREAS, the Federal Department of Education has not requested this regulatory change, nor has it mandated this approach for resolving the disparity test compliance issue; and

WHEREAS, the Sitka School Board recognizes the need for federal compliance but believes the proposed solution disproportionately penalizes districts like Sitka with strong community partnerships and supplemental local investments; and

WHEREAS, sudden implementation of such a change without adequate transition time undermines budget planning and longstanding agreements developed in good faith between CBS and SSD.

NOW, THEREFORE, BE IT RESOLVED that the Assembly of the City and Borough of Sitka respectfully urges the Alaska State Board of Education and Early Development and the Department of Education & Early Development to:

1. Provide clear guidance and flexibility regarding the treatment of long-established in-kind contributions and shared services agreements, so as not to compromise compliance with federal requirements;
2. Collaborate with local school boards and superintendents to develop Impact Aid disparity test solutions that do not unintentionally penalize districts with robust local support and community engagement;
3. Engage in transparent and proactive consultation with school boards, superintendents, and municipal leaders prior to implementing regulatory changes that affect education funding and local control.

BE IT FURTHER RESOLVED, that the Assembly of the City and Borough of Sitka authorizes the Mayor and Municipal Administrator to communicate this resolution to State and federal officials, and to advocate for a balanced solution that protects both local partnerships and the integrity of education funding in Alaska.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 24th day of June, 2025.

Steven Eisenbeisz, Mayor

ATTEST:

Sara Peterson, MMC
Municipal Clerk

1st and final reading: 06/24/2025

Sponsors: Eisenbeisz / Pike