


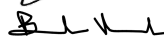
CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator 

From: Brooke Volschenk, Finance Director 

Date: May 26, 2026

Subject: Supplemental Appropriation for Disbursement of Secure Rural Schools Funding to the Sitka School District

Background

Secure Rural Schools (SRS) funding is a federal program established to support communities with significant federally managed lands, where the federal land base limits local property tax revenues and communities historically relied on shared federal timber receipts. As federal timber receipts declined significantly over time, Congress created the SRS program to provide more stable funding for local governments and school districts previously supported by those revenues.

SRS funding is subject to periodic congressional reauthorization and annual federal appropriations, resulting in variability in both the timing and amount of payments received by local governments.

SRS payments are tied to the federal fiscal year and federal authorization periods, which do not align with CBS fiscal years. As a result, both FY2026 receipts are considered retroactive federal payments related to prior federal fiscal periods.

By federal law, SRS funds can only be used for roads or education. Federal law does not establish any required percentage, minimum amount, or maximum amount that must be dedicated to either roads or schools. SRS funds may be used to support eligible expenditures in the same fiscal year they are received.

Analysis

The prior federal authorization for SRS funding expired, and CBS received only a small payment in FY2025. In FY2026, CBS received two SRS payments due to federal

legislation authorizing retroactive payments related to prior federal fiscal periods. Total FY2026 SRS funding received or anticipated is \$1,169,819.67.

The adopted FY2026 budget authorized disbursement of 50% of SRS funding received, up to \$300,000, to the Sitka School District, with the remaining amount retained by CBS for street repairs and improvements. Consistent with the adopted budget, CBS previously remitted \$288,853.85 to the School District.

During the FY2027 budget process, Assembly discussion indicated support for providing 100% of the SRS funding received in FY2026 to the School District. This supplemental appropriation would modify the authorized distribution percentage and provide the additional appropriation authority necessary to disburse the remaining \$880,965.82 to the School District.

Fiscal Note

The FY2026 adopted budget assumed that 50% of SRS funding received would be retained by CBS for street repairs and improvements. Approval of this ordinance will reduce anticipated revenue available for those purposes by about \$296,056.

Recommendation

Approve Ordinance 2026-14, allowing 100% disbursement of SRS funding received in FY2026 to the Sitka School District and increasing school support appropriations by \$869,819.67.