

Discussion/Direction/Decision of the
FY2018 General Fund and as it relates to other
Funds, the School District, and the Sitka
Community Hospital
(Assembly action may be taken)

- *review of process for determining local effort for education funding*



Memo

Thru: Mark Gorman, Municipal Administrator

To: City and Borough of Sitka Assembly

From: Jay Sweeney, Chief Finance and Administrative Officer

Date: April 27, 2017

Re: Review of Process For Determining Local Effort For Education Funding

Mayor Hunter and Assembly Members,

Administration anticipates that the Sitka School District (SSD) will formally present its budget to the Municipality Friday, April 28th. The formal receipt of the SSD budget commences a 30-day period of time, specified in State law, in which the Assembly must act on the SSD's request, as set forth in its budget, for local effort to support education.

Once the 30-day period commences, the Assembly must make one key decision, determining the amount of local effort to support education, and notify the SSD of the amount of local effort. If the Assembly does not make a decision, then the amount contained in the SSD's submitted budget for local effort is automatically approved.

In past years, the SSD and the Municipality have cooperated closely to ensure that the amount of local effort contained in the budget aligned and corresponded with the amount of local effort being planned for in the Municipality's budget. For FY18, however, we have discordance at this point in the budget process.

The Municipality has budgeted for a \$239,229 decrease in local effort to support education; the Sitka School District Board, however, has voted to restore that funding and include local effort, of \$6,378,292, unchanged, in its budget.

The Assembly will, hence, need to consider this matter and determine what course of action to follow. There are four possible courses of action:

- a. Agree to the SSD request and advise Administration to revise its draft budget to include increased support for education, and, advise Administration to prepare the formal notice for Assembly approval at the May 9th Assembly meeting;
- b. Disagree with the SSD request and advise Administration to maintain its current draft budget to maintain the current planned support for education, and, advise Administration to prepare the formal notice for Assembly approval at the May 9th Assembly meeting;

- c. Agree to the SSD request, but at a different amount than requested in the SSD budget, and advise Administration to revise its draft budget to include increased support for education, and, advise Administration to prepare the formal notice for Assembly approval at the May 9th Assembly meeting;
- d. Take no action, by which the amount of local effort in the SSD budget is automatically approved.

To provide Administration and the SSD time to react, a discussion of this issue should take place as a part of the May 2 Special Assembly Meeting.