


City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

Coast Guard City, USA

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: John Leach, Municipal Administrator 

Date: January 29, 2021

Subject: FY22 Sitka School District Funding
February 4, 2021 Joint Meeting of the Assembly and School Board

Background

At your December 17, 2020 and January 21, 2021 budget meetings we touched on the issue of funding for the Sitka School District (SSD).

In our preliminary projections, we included funding the schools at the same level as FY21, less Secure Rural Schools (SRS), which has not yet been reauthorized. Funding at this level resulted in a projected deficit for General Fund of about \$1.5 million. Based on what we heard from the Assembly, staff is including a “fund to the cap” scenario that includes increased funding for the core support (generally distributed monthly) as well as maintaining FY21 funding levels for additional items such as school maintenance and Performing Arts Center utility expenses. Until SRS is reauthorized, we can’t budget this item, however, it would be helpful to know if the Assembly is in support of the usual 50%/50% split should it be reauthorized.

School funding is the single largest line item in the General Fund Budget and is also a significant portion of the SSD’s revenue. A such, both staff and the SSD need Assembly guidance in this matter so we can continue to develop our respective FY22 budgets.

The School Board will be present to discuss this topic with the Assembly.

Fiscal Note

If the Assembly should support funding to the cap as presented, where total school funding equals \$7,764,150, (increasing to \$8,014,050 should SRS be reauthorized and be split evenly, estimated at \$250K), this increases school funding in the General Fund by \$395,157 over FY21.

In response to the pandemic, the CBS reduced the FY21 General Fund budget by 10% at the onset of the COVID-19 pandemic and has made further operating cuts (including

cancelling all new GF funded capital appropriations in FY21) to prepare for the likely challenges of the FY22 budget. Throughout the year, the CBS has presented our ongoing efforts to reduce spending during this period of financial strain and are projecting that the General Fund will generate a surplus of about \$1.5 million.

While there are still many items pending (including State levels of funding of debt service reimbursement, which if cut to 0% again would likely require subsidization in FY22), if we continue with the assumptions from your January 21, 2021 meeting, the preliminary General Fund budget would show a \$1,895,157 deficit if we provide school funding as presented.

Recommendations

Most importantly, the Assembly's decision on school funding has a significant impact on both the CBS and the SSD budgets, so clear guidance early in the process of this challenging budget cycle would be very helpful. Hopefully this meeting will provide the Assembly with the opportunity to address any questions or concerns members have and to seek School Board agreement on a funding level that recognizes the unique challenges of this fiscal year.



SITKA

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SPECIAL BUDGET MEETING

City and Borough of Sitka Assembly and School Board

February 4, 2021

PROCESS AND LAW PERTAINING TO LOCAL FUNDING OF PUBLIC EDUCATION



1. By May 1 School Board must submit budget to Assembly



2. Within 30 days of receiving formal school budget, the Administrator must inform the School Board in writing of the level of local funding to be made available for public education



3. No action means that whatever is in the SSD budget will be the local contribution and the CBS budget would have to be amended to reflect the amount in the SSD budget (if different)



4. As school funding is a significant part of our expense budget and a significant revenue to SSD, it is very helpful to both CBS and SSD to agree upon the amount of local funding to direct to education early.



5. The SSD generally allocates some funding from CBS as educational (counts towards the “cap”) and other as non-educational (doesn’t count towards the “cap”). The Assembly may specify how funds are to be used but does not have to.



Impact of possible funding scenarios

	Budgeted FY21	PRELIMINARY FY22 budget (FY21 less SRS)	FY22 with funding to the cap	Difference between FY 21 and funding to the cap
Monthly disbursements	7,161,993	7,161,993	7,557,150	(395,157)
Maintenance	150,000	150,000	150,000	-
Performing Arts Center Utilities	57,000	57,000	57,000	-
Secure rural schools (50%FY21)	250,000	-	-	250,000
Total funding	7,618,993	7,368,993	7,764,150	
Preliminary FY22 deficit		(1,500,000)	(1,895,157)	

SETTING THE FY22 FUNDING LEVEL FOR LOCAL SUPPORT OF PUBLIC EDUCATION

-Ideal to agree on funding amount early

-Maximum allowable local contribution (“cap”) has increased—generally not everything that CBS allocates is counted towards the cap

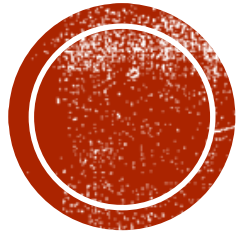
- FY21 it was \$7,053,234
- FY22 it is expected to be \$7,164,150
- So far SRS has not been reauthorized.
- We can’t budget it until it is, but the Assembly can commit to appropriating a % should it be authorized.
- The CBS budget would increase on both the revenue and expense sides



Sample motion:

I move to direct the Municipal Administrator to:

...include in the FY2022 draft Administrator's budget a total amount of \$7,764,150 for local support of public education (including, \$7,557,150 to paid in even monthly disbursements, \$150,000 for reimbursement for maintenance of school buildings, and up to \$57,000 to be used to pay for the performing arts center utility account #5417-002). Should Secure Rural Schools be reauthorized, it should be included in FY2022 budget for local support of public education at 50%.



**EARLY AND DEFINITIVE DECISION ON FUNDING FOR
EDUCATION**