



March 31, 2021

Dear Mayor Eisenbeisz and Assembly Members,

I want to start off by thanking each one of you for building a strong relationship with the Sitka School Board this year. We appreciate being able to have open, honest, and hard discussions with you.

As you are aware, there was a huge misunderstanding in our meeting with you on February 25, 2021 regarding the use of the term “the cap”. I believe it was the intention of all Assembly members that voted in favor of the motion that evening to truly fund to the cap, meaning that the cap number set by DEED was to be used solely for instructional purposes. Assembly Member Christianson even made a remark that it’s a good thing the State of Alaska mandates a cap, otherwise he would have been open to consider providing even more funding to the Sitka School District. It was certainly the understanding of the Sitka School Board that these were the numbers being discussed. Unfortunately, neither the Assembly members nor Sitka School Board members were a part of the discussion between our respective administrative teams where the true cap number was available, so we were all approaching the proposed motion based on inaccurate assumptions. At the time of the meeting I did not realize that the cap number set by DEED was \$7,764,150. I take full responsibility for not clarifying this prior to the meeting, in which case this misunderstanding would have been avoided. For that I am truly sorry.

Moving forward, the Sitka School District respectfully asks that the Assembly consider revising the prior passed motion to fund the district an additional \$565,759. This number is calculated as follows:

Motion Passed on 2/25/21

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Operational (Instructional Support)	\$7,557,150
In-Kind Utilities for Performing Arts Center (PAC)	\$57,000
Major Maintenance (Reimbursable)	\$150,000
<b>Total City Funding</b>	<b>\$7,764,150</b>

Funding “To the Cap”

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Operational (Instructional Support)	\$7,764,150
In-Kind Utilities for Performing Arts Center (PAC)	\$57,000
Major Maintenance (Reimbursable)	\$150,000
Pool (Non-Instructional)	\$120,000
Community Schools (Non-Instructional)	\$106,539
Activities Travel	\$132,220
<b>Total City Funding</b>	<b>\$8,329,909</b>

**Difference ..... \$565,759**

Since our last meeting with you, we have additional information regarding our funding position for FY22. First, we learned that our health insurance premiums will not be increasing. However, in FY21 we had a one month “holiday” where we did not have to pay our premiums. We will need to pay all 12 months for FY22 which is a direct increase in our budget over last year. Second, we will be receiving CARES Act III funding, but the amount is yet to be determined. The funds are issued by the federal government to DEED who then has 60 days to advise school districts what their respective portions are. We are hoping our share will be around \$1mil.

With the health insurance increase factored into our budget estimates, but not the CARES Act III funding, our current budget deficit is \$1,474,858 as follows:

Projected FY22 Deficit

Projected Revenue	\$19,428,320
Projected Expenditures	\$20,903,178
<b>Total Deficit</b>	<b>\$1,474,858</b>

Our first round of proposed cuts is as follows:

Projected FY22 Deficit – Proposed Cuts

Preliminary FY22 Budget Deficit	\$1,474,858
District Share of Secure Rural Schools (Assumption of Renewal)	-\$230,000
Reduce Baranof Elementary .5 Classified Position	-\$35,000
Reduce 3 Keet Gooshi Heen Positions	-\$300,000
Reduce Blatchley Middle School ELL Position	-\$100,000
Reduce .5 FTE Sitka High School (Shared Position with BMS)	-0
<b>Total Amended Deficit</b>	<b>\$809,858</b>

I want to point out some possibilities of how we will be using our CARES Act III funding. The intention of the funding is to help schools get gain back some of what has been lost over this past year, and for us that is specifically in the areas of educational instruction and mental health support to our students. These are budget items being considered accordingly:

Considerations for Use of CARES Act III Funding

Mental Health: Social Worker at Pacific High School	\$100,000
MTSS: Elementary Learning Support Coordinator	\$100,000
Additional AmeriCorps Volunteers for FY22 (10 additional)	\$150,000
Summer School Intervention – Summers of 2021 and 2022	\$300,000

We are also considering the possibility of keeping classroom sizes smaller than typical for the upcoming school year, which will allow teachers to dedicate more one-on-one time with each student in an effort to recover lost learning during this past year. This should have a direct impact in our goal of closing the achievement gap.

Our current unassigned reserves are roughly \$1.3mil. This includes \$700,000 from our current budget plus \$600,000 that has been moved from assigned to unassigned due to the City agreeing to fund us 3 months in May rather than disbursing funds over May, June, and July. I want to point out that we started the current fiscal year with only \$40,397 in our unassigned fund balance. We were able to build it to \$700,000 over the course of the year due to cutting the assistant superintendent position, leaving vacant positions unfilled, and implementing a spending freeze. This shows that we have been fiscally responsible even during these challenging times. We are certainly willing to use some of these reserves to help offset our anticipated deficit. However, it is our goal to leave \$1mil in unassigned reserves in our FY22 budget. This represents 5% of our annual budget which is financially prudent in any budget year, but especially this year with COVID and the unknown expenses that could still result from it.

One of our primary concerns with not getting the funding from the City to the cap this year where it was intended to be is that it will create a huge increase in our request for funding next year, which typically is not received well. So in order to keep the funding in line with the annual increases as has been done in the past, we ask that you give serious consideration to our request. We understand that these are hard financial times for everyone and want to be sensitive to that. We appreciate you doing whatever you can to help us balance our budget.

Thank you for your consideration.

A handwritten signature in cursive script that reads "Amy J. Morrison".

Amy J. Morrison  
Sitka School Board President