

State-Aid for School Capital Projects: Grant and Debt

Alaska Department of Education and Early Development

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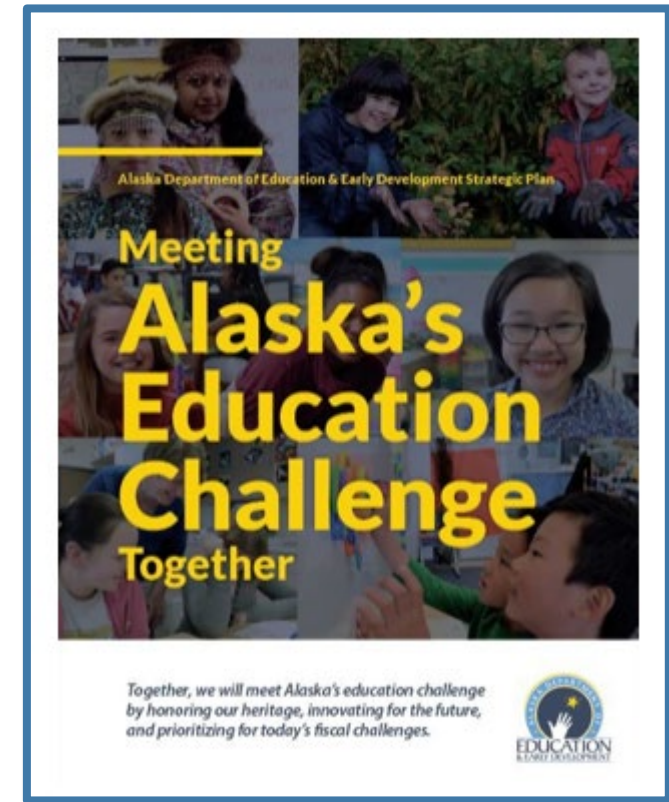
Mission, Vision, and Purpose

Mission	Vision	Purpose
An excellent education for every student every day.	All students will succeed in their education and work, shape worthwhile and satisfying lives for themselves, exemplify the best values of society, and be effective in improving the character and quality of the world about them. - Alaska Statute 14.03.015	DEED exists to provide information, resources, and leadership to support an excellent education for every student every day.

Strategic Priorities: Alaska's Education Challenge

Five Shared Priorities:

1. Support all students to read at grade level by the end of third grade.
2. Increase career, technical, and culturally relevant education to meet student and workforce needs.
3. Close the achievement gap by ensuring equitable educational rigor and resources.
4. Prepare, attract, and retain effective education professionals.
5. Improve the safety and well-being of students through school partnerships with families, communities, and tribes.



education.alaska.gov/akedchallenge

Historic School Capital Funding

1. Federal
2. State Funding Mechanisms (General Fund)

Grants (~1970)

General Obligation (G.O.) Bonds (2003, 2011)

AHFC Revenue Bonds (1999, 2001, 2002)

Debt Reimbursement (1971)

School Fund – AS 43.50.140 (FY1999-present)

Others (i.e.: Insurance Fund – AS 22.55.430)

3. Local Educational Agency (LEA)

Capital Reserves

Municipal Debt



Recent Funding (SB 237 Report)

- SB 237 (Chapter 93 SLA 2010) – AS 14.11.035
 - Annual report on school construction and major maintenance funding
 - First report completed in February 2013
- \$1,585,824,383 in funding
 - Total project value for Debt projects
 - State share value for Grant projects
- Supplementary handout
 - February 2023 AS 14.11.035 (SB 237) Report
 - Project Funding by District (report Appendix A)
 - Project Listing by District (report Appendix B)

Current Funding Options

1. School Construction Grant Fund (1990) *AS 14.11.005*
2. Major Maintenance Grant Fund (1993) *AS 14.11.007*
3. Regional Educational Attendance Area (REAA) and Small Municipal School District School Fund (2010) *AS 14.11.030*
 - Indexed Fund
 - DR Funding divided by percent of municipal schools multiplied by 0.244 *AS 14.11.025*
4. School Debt Reimbursement (DR) Funding *AS 14.11.102*

Current Project Categories (AS 14.11.013)

(**School Construction** and **Major Maintenance**)

- (A) avert imminent danger or correct life-threatening situations;
- (B) house students who would otherwise be unhoused; for purposes of this subparagraph, students are considered unhoused if the students attend school in temporary facilities;
- (C) protect the structure of existing school facilities;
- (D) correct building code deficiencies that require major repair or rehabilitation in order for the facility to continue to be used for the educational program;
- (E) achieve an operating cost savings;
- (F) modify or rehabilitate facilities for the purpose of improving the instructional program;
- (G) meet an educational need not specified in (A) — (F) of this paragraph, identified by the department

Fund – Category – Entity Relationships

	REAA Fund	SC/MM Fund	Debt Reimb.
Project Type			
School Construction	Yes (primary)	Yes	N/A
Major Maintenance	Yes (secondary)	Yes (no new space)	N/A
Entity Type			
REAA Districts	Yes (19 districts)	Yes (19 districts)	No (19 districts)
City/Borough Small Municipal Districts	Yes (3 districts)	Yes (3 districts)	Yes (0 of 3 under SB 237)
City/ Borough Districts	No (31 districts)	Yes (31 districts)	Yes (13 of 31 under SB 237)

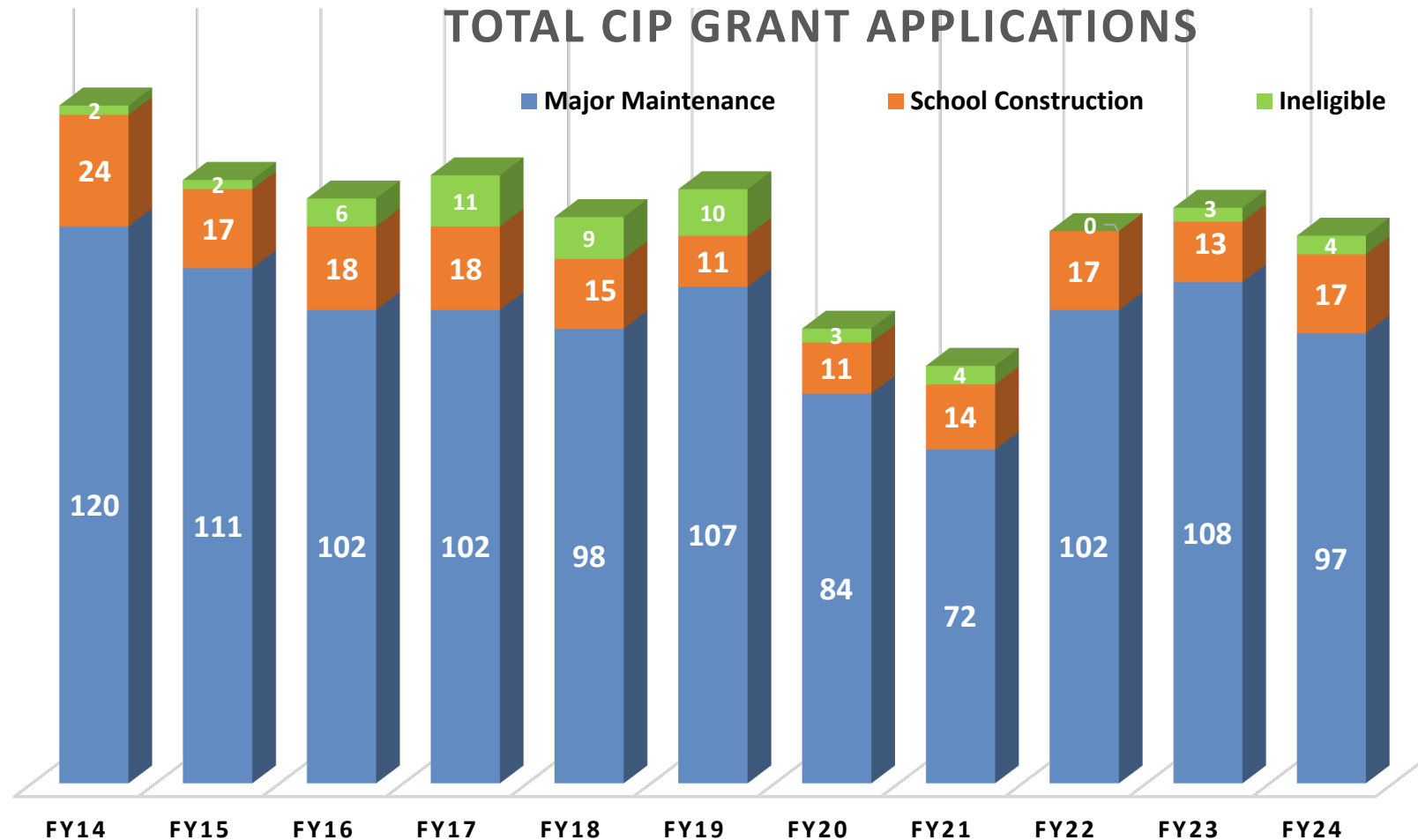
Capital Improvement Project (CIP) Eligibility

1. Six-year capital improvement plan
2. Functioning fixed asset inventory system (FAIS)
3. Proof of required property insurance
4. Certified Preventive Maintenance and Facility Management Program
5. Capital project and not maintenance
6. Participating share

Grant Participation and Eligibility

1. Capital Improvement Project (CIP) Grant Application
Due from school districts on or before September 1 (annually)
CIP Application materials are posted on our website
(<https://education.alaska.gov/facilities/facilitiescip>)
2. Project Ranking
Ranked in accordance with criteria in AS 14.11 and 4 AAC 31
3. Eligibility
Districts must have a six-year plan, a fixed asset inventory system, adequate property loss insurance, and a preventive maintenance and facility management program certified by the department
4. CIP Priority Lists
Initial lists are released on November 5
Final lists are released after any appeals for reconsideration are finalized

Grant Participation and Eligibility FY2014 – FY2024



Grant Awards FY2014 – FY2023

Fiscal Year	School Construction Grant Fund (AS 14.11.005)	Major Maintenance Grant Fund (AS 14.11.007)	REAA & Small Municipal School District School Fund (AS 14.11.030)
2014	\$0	\$22,991,057	\$60,619,572
2015	\$11,762,891	\$0	\$31,516,900
2016	\$50,475,822	\$2,623,689	\$0
2017	\$26,384,787	\$0	\$47,473,181
2018	\$16,674,008	\$0	\$22,607,667
2019	\$0	\$24,203,372	\$45,487,387
2020	\$0	\$7,365,723	\$20,082,467
2021	\$0	\$34,277	\$0
2022	\$3,132,000	\$0	\$9,476,008
2023	\$0	\$37,500,000	\$101,629,382
Total	\$108,429,508	\$94,718,118	\$338,892,564

Total Eligible Grant Projects and Actual Grant Funding by Fiscal Year

Fiscal Year/List	Number of Projects	Total Eligible State Share	Number of Projects Funded	Amount Funded
FY2013 Construction	27	\$276,691,304	3	\$62,230,515
FY2013 Maintenance	120	\$267,017,375	13	\$17,979,185
FY2014 Construction	24	\$284,133,432	3	\$60,619,572
FY2014 Maintenance	111	\$253,682,082	13	\$22,991,057
FY2015 Construction	17	\$274,150,436	2	\$43,279,791
FY2015 Maintenance	102	\$183,505,181	0	\$0
FY2016 Construction	18	\$230,920,120	1	\$43,237,400
FY2016 Maintenance	102	\$172,195,526	4	\$2,623,689
FY2017 Construction	17	\$206,267,345	4	\$73,735,471
FY2017 Maintenance	98	\$181,570,096	0	\$0
FY2018 Construction	15	\$123,294,419	3	\$46,305,477
FY2018 Maintenance	107	\$164,887,094	16	\$0
FY2019 Construction	11	\$179,214,343	7	\$42,527,459
FY2019 Maintenance	84	\$142,892,281	17	\$27,653,300
FY2020 Construction	11	\$190,353,374	2	\$20,082,467
FY2020 Maintenance	72	\$112,247,626	1	\$7,365,723
FY2021 Construction	14	\$142,797,809	0	\$0
FY2021 Maintenance	102	\$148,986,253	1	\$34,277
FY2022 Construction	17	\$162,305,916	2	\$12,608,008
FY2022 Maintenance	108	\$187,285,413	0	\$0
FY2023 Construction	13	\$192,775,088	3	\$91,745,168
FY2023 Maintenance	97	\$196,637,613	21	\$47,384,214

Appropriations into the REAA and Small Municipal School District Fund

Appropriation Fiscal Year	Appropriated Amount
FY2013	\$35,512,300
FY2014	\$35,200,000
FY2015	\$39,921,078
FY2016	\$38,789,000
FY2017	\$31,230,000
FY2018	\$40,640,000
FY2019	\$39,661,000
FY2020	\$19,694,500
FY2021	\$0
FY2022 + Supplemental	\$101,081,500
FY2023	\$32,784,000
<i>FY2024 (Proposed Transfer)</i>	<i>\$27,897,000</i>
Accumulated Interest to date	\$869,528
Total	\$443,279,906

Allocations from the REAA and Small Municipal School District Fund

Fiscal Year & Project Name	Allocation Amount
FY2014 Nightmute School Renovation/Addition	\$32,965,301
FY2014 Kuinerramiut Elitnaurviat K-12 Renovation/Addition, Quinhagak (additional funds to complete)	\$13,207,081
FY2014 Kwethluk K-12 Replacement (partial funding)	\$25,008,100
FY2015 Kwethluk K-12 Replacement (completes funding)	\$31,516,900
FY2015 Andreafski High School Gym, St. Mary's	\$8,958,100
FY2016 <i>No capital projects from the REAA fund</i>	\$0
FY2017 Bethel Regional High School Multipurpose Addition	\$7,129,765
FY2017 Lewis Angapak K-12 School Renovation/Addition, Tuntutuliak	\$40,343,416
FY2017 Jimmy Huntington K-12 School Renovation/Addition, Huslia	\$15,394,787
FY2018 Lewis Angapak K-12 School Renovation/Addition, Tuntutuliak	\$704,620
FY2018 Jimmy Huntington K-12 School Renovation/Addition, Huslia	\$980,000
FY2018 Shishmaref K-12 School Renovation/Addition	\$16,184,008
FY2018 J. Alexie Memorial K-12 School Replacement, Atmautluak (design only)	\$3,261,667
FY2018 Auntie Mary Nicoli Elementary School Replacement, Aniak	\$18,641,380
FY2019 Shishmaref K-12 School Renovation/Addition	\$490,000
FY2019 J. Alexie Memorial K-12 School Replacement, Atmautluak (construction)	\$39,556,086

Fiscal Year & Project Name	Allocation Amount
FY2019 Eek K-12 School Renovation/Addition (design only)	\$2,481,373
FY2019 St. Mary's Campus Upgrades (major maintenance)	\$3,449,928
FY2020 Eek K-12 School Renovation/Addition (construction)	\$19,409,674
FY2020 Hollis K-12 School Replacement (design only)	\$672,793
FY2021 St. Paul K-12 School Roof Replacement & Structural Repairs	\$0
FY2022 Hollis K-12 School Replacement (construction)	\$9,476,008
FY2023 William N. Miller K-12 School Replacement, Napakiak	\$54,895,544
FY2023 Kake Schools Heating Upgrades (MM)	\$191,618
FY2023 Chenega Bay K-12 School Renovation (MM)	\$5,759,942
FY2023 Copper River District Office Roof Replacement (MM)	\$581,556
FY2023 Sheldon Point K-12 School Foundation Cooling and Repairs, Nunam Iqua (MM)	\$3,157,373
FY2023 David-Louis Memorial K-12 School HVAC Control Upgrades (MM)	\$113,750
FY2023 Blackwell K-12 School Fire Alarm Upgrades, Anvik (MM)	\$79,975
FY2023 Newtok K-12 School Relocation/Replacement, Mertarvik (partial funding)	\$25,000,000
FY2023 Minto K-12 School Renovation/Addition	\$11,849,624
Total	\$391,460,369

Debt Reimbursement and Eligibility

1. Debt Reimbursement program is established in AS 14.11.100
2. Capital Improvement Project (CIP) Debt Application
 - a. May be received at any time the Debt Reimbursement program is open
 - b. CIP Application materials are posted on our website (<https://education.alaska.gov/facilities/facilitiescip>)
3. Project Ranking
 - a. Projects are not ranked or evaluated for prioritized need
4. Eligibility
 - a. All types of Cities, except 3rd Class
 - b. All types of Boroughs
 - c. Districts must have a six-year plan, a fixed asset inventory system, adequate property loss insurance, and a preventive maintenance and facility management program certified by the department

Debt Reimbursement Trends

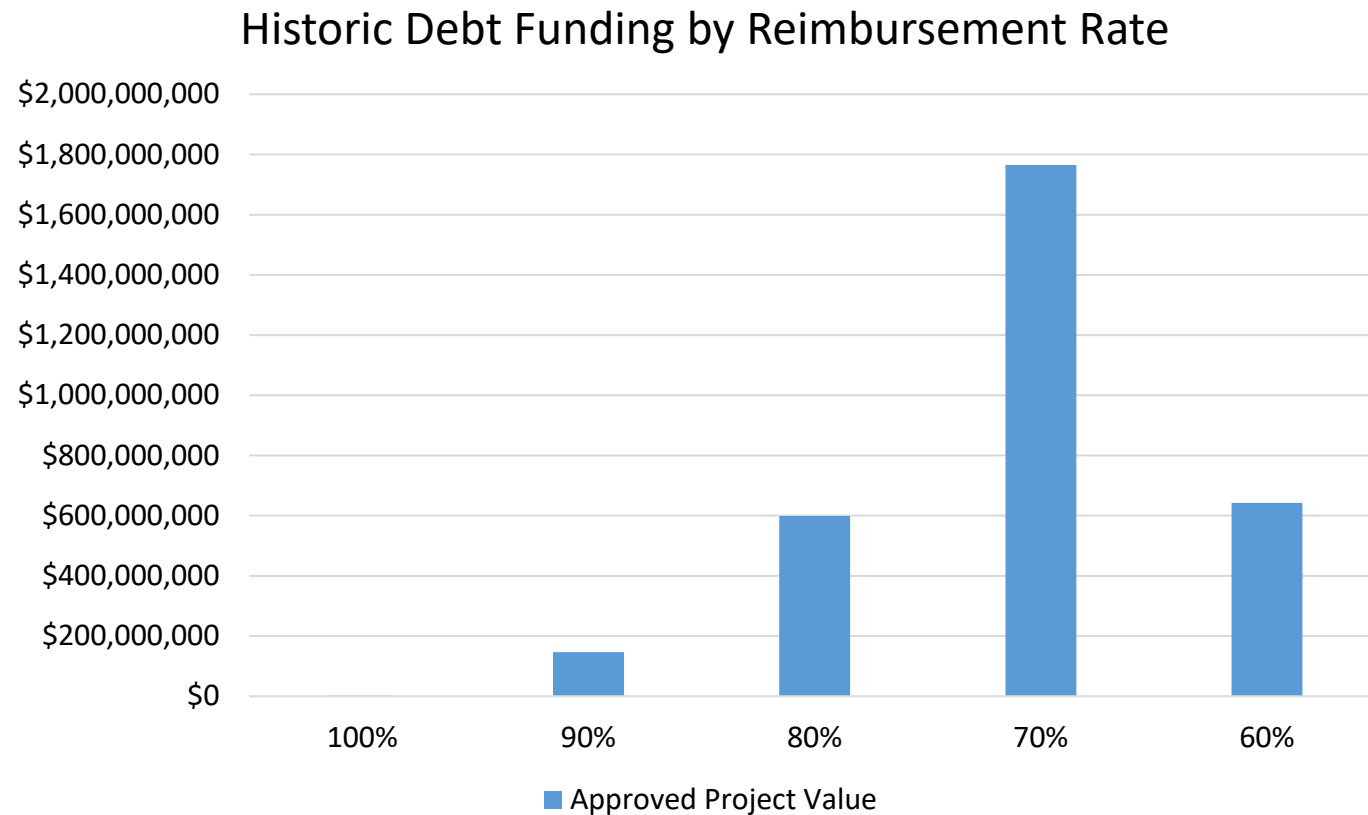
- Percentage of Annual Debt Service
 - FY1971 – FY1977 100%
 - FY1978 – FY1983 90%
 - FY1984 – FY1994 80%
 - FY1995 – FY1999 70%
 - FY2000 – FY2015 70% / 60% *
 - SB64 (Chapter 3 SLA 2015) implemented a moratorium on additional debt reimbursement through FY2020
 - HB106 (Chapter 6 SLA 2020) extended the moratorium on additional debt reimbursement through FY2025
 - FY2026 – FY20xx 50% / 40% **

*Northwest Arctic Borough at 90% for bonds between 1990-2006

**Rates shown are reflective of current statute after the moratorium is lifted

Debt Reimbursement Trends

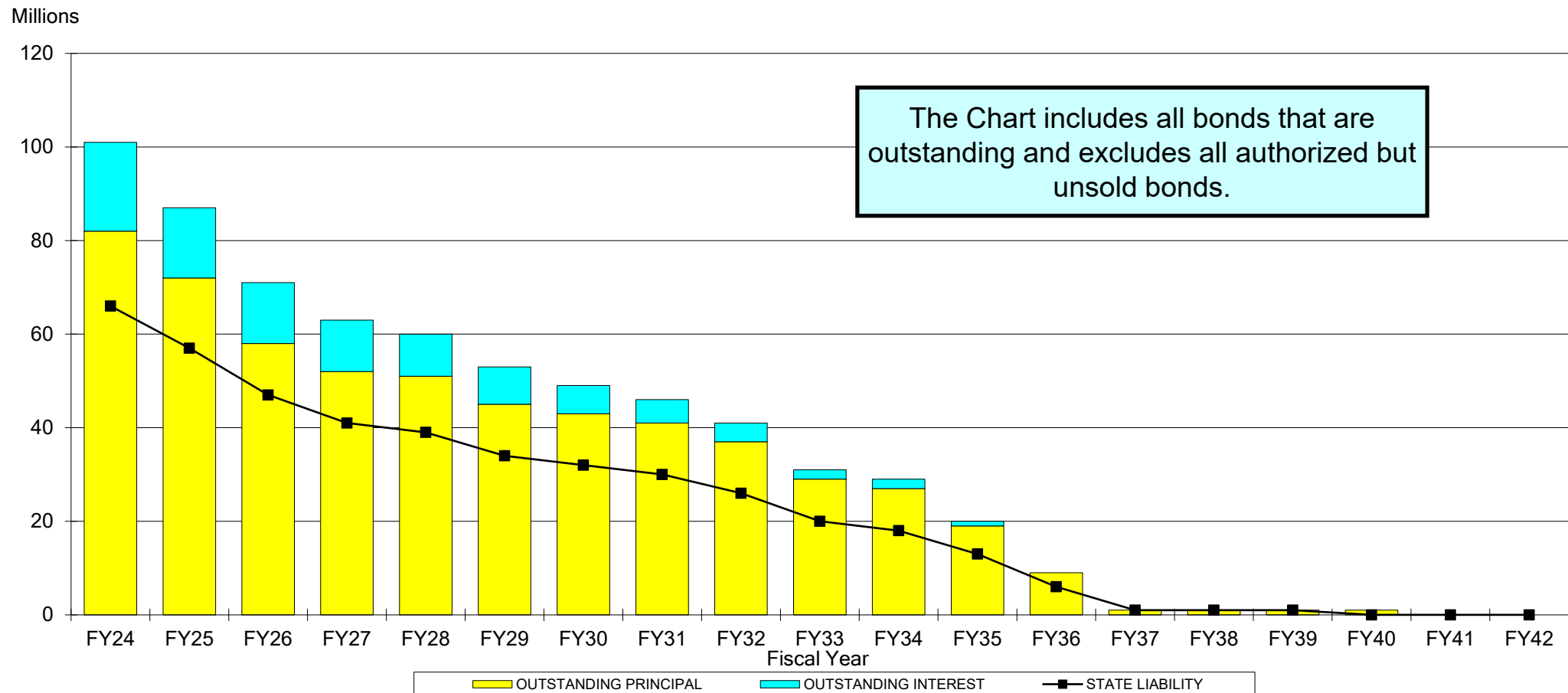
- Project Values by Percent Reimbursement





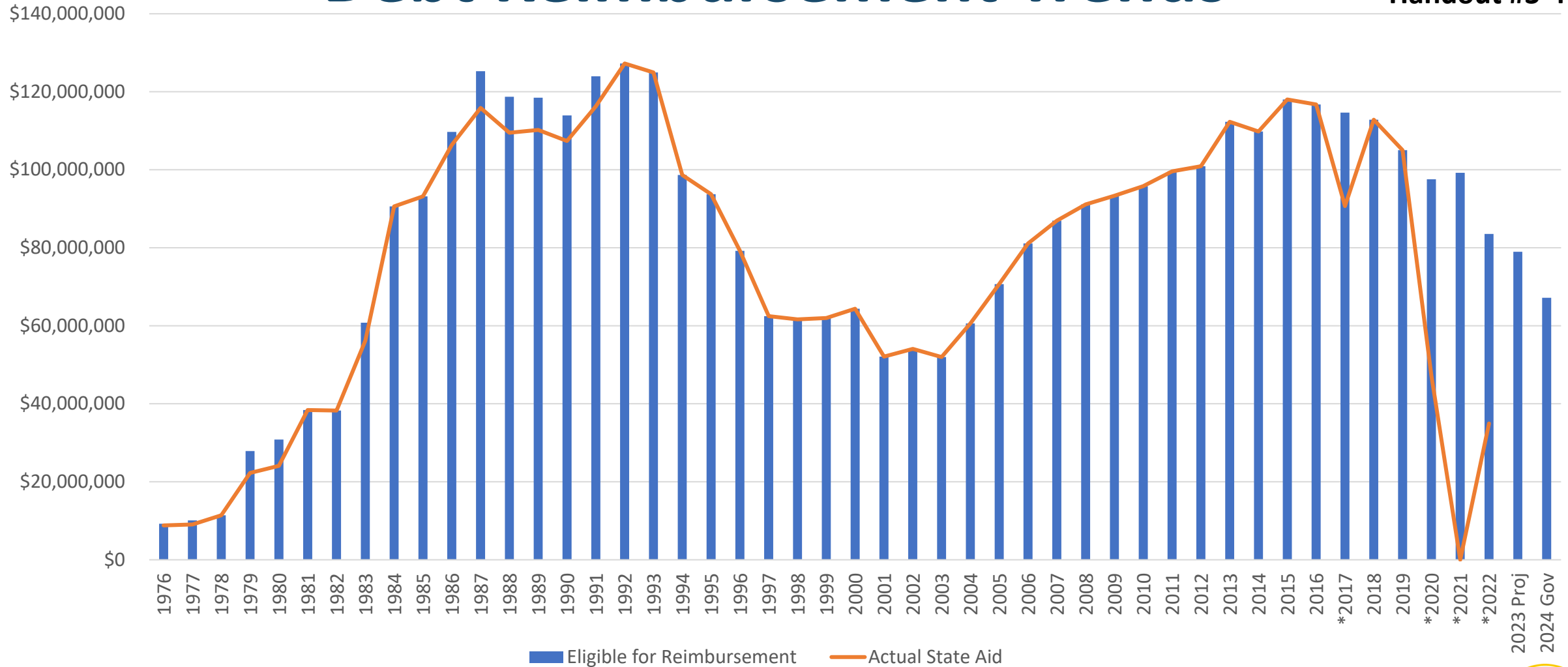
Debt Reimbursement Trends

- State Share of Outstanding Debt





Debt Reimbursement Trends



* The underfunded debt entitlement amounts in FY2017 of \$23,965,088, FY2020 of \$50,268,488, FY2021 of \$91,026,719, and FY2022 of \$45,403,796 was reimbursed in FY2022 through supplemental appropriations in House Bill 281 (Chapter 11, SLA 2022).

Debt Proceed and Refundings

- Initial Bond Sales
 - After bonds are sold, the department identifies how much of approved projects are funded by the new bond
 - Establish any proration's for bonds based on approved project reimbursement rate. (AS 14.11.100(a))
- Refunding of Bonds
 - Refunding of current bonds must follow the requirements in AS 14.11.100(j)(2)
 - Department evaluates refundings by comparing the annual debt service of the refunding package to the original annual debt service of the bond(s) that are refunded. The refunding must show an annual savings

Funding Comparison

REAA/Small Muni	SC/MM Grant Funds	Debt Reimbursement
Available to REAA and 3 small municipal districts	Available to all school districts	Available to any municipality that has the ability to bond
Funds state share of actual project costs	Funds state share of actual project costs	Funds portion of annual municipal debt payments
Projects are funded by priority from DEED lists	Projects are funded by priority from DEED lists	Local government sets own priorities
Specific eligibility requirements: 1. No new space for MM 2. Only eligible space for SC 3. Priority to school construction	Specific eligibility requirements: 1. No new space for MM 2. Only eligible space for SC	Could fund projects that are not eligible for grants – those not eligible for space
Participating share: REAA – 2% Small Muni – 10% - 20%	Participating share required between 2% and 35%	Participating share currently at: 40% if not eligible for space 30% all others
State funding is tied to annual appropriation for debt reimbursement	State funding is by legislative appropriation to the funds	State funding is based on when the bond was passed and subject to appropriation



Additional Handouts and Resources

- Supplementary handouts
 - FY2024 School Construction Grant Fund List
 - FY2024 Major Maintenance Grant Fund List
- DEED's Facilities website: <https://education.alaska.gov/facilities>
 - School Facility Database
https://education.alaska.gov/doe_roldex/schoolcalendar/facility
 - Preventive Maintenance & Facility Management Program
<https://education.alaska.gov/facilities/PM>
 - CIP Application and Support
<https://education.alaska.gov/facilities/facilitiescip>
 - CIP Grant Priority Lists <https://education.alaska.gov/facilities/facilitiespl>

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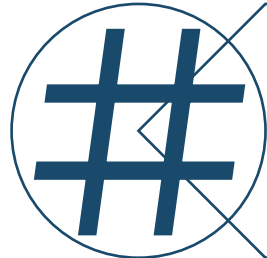
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