

# State-Aid for School Capital Projects: Grant and Debt

## House Finance Committee

Alaska Department of Education and Early Development

Lori Weed, School Finance Manager

Laurel Shoop, Legislative Liaison

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# Mission, Vision, and Purpose

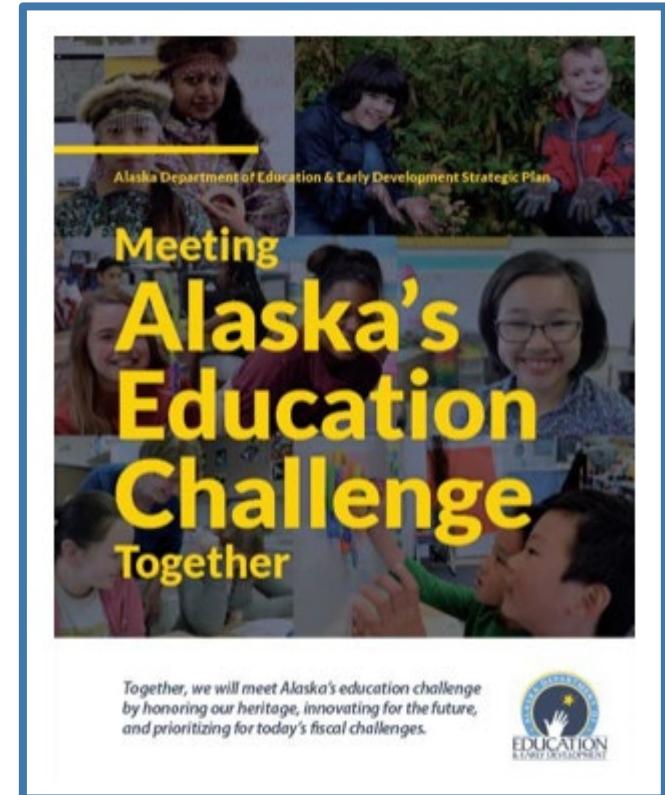
Mission	Vision	Purpose
An excellent education for every student every day.	All students will succeed in their education and work, shape worthwhile and satisfying lives for themselves, exemplify the best values of society, and be effective in improving the character and quality of the world about them. - Alaska Statute 14.03.015	DEED exists to provide <b>information, resources, and leadership</b> 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](http://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
- \$1,656,241,313 in funding
  - Total project value for Debt projects
  - State share value for Grant projects
- Supplementary handout
  - February 2024 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.
<b>Project Type</b>			
School Construction (SC)	Yes (primary)	Yes	N/A
Major Maintenance (MM)	Yes (secondary)	Yes (no new space)	N/A
<b>Entity Type</b>			
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)

\*REAA Fund: Regional Education Attendance Area and Small Municipal School District Fund

# 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 routine 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

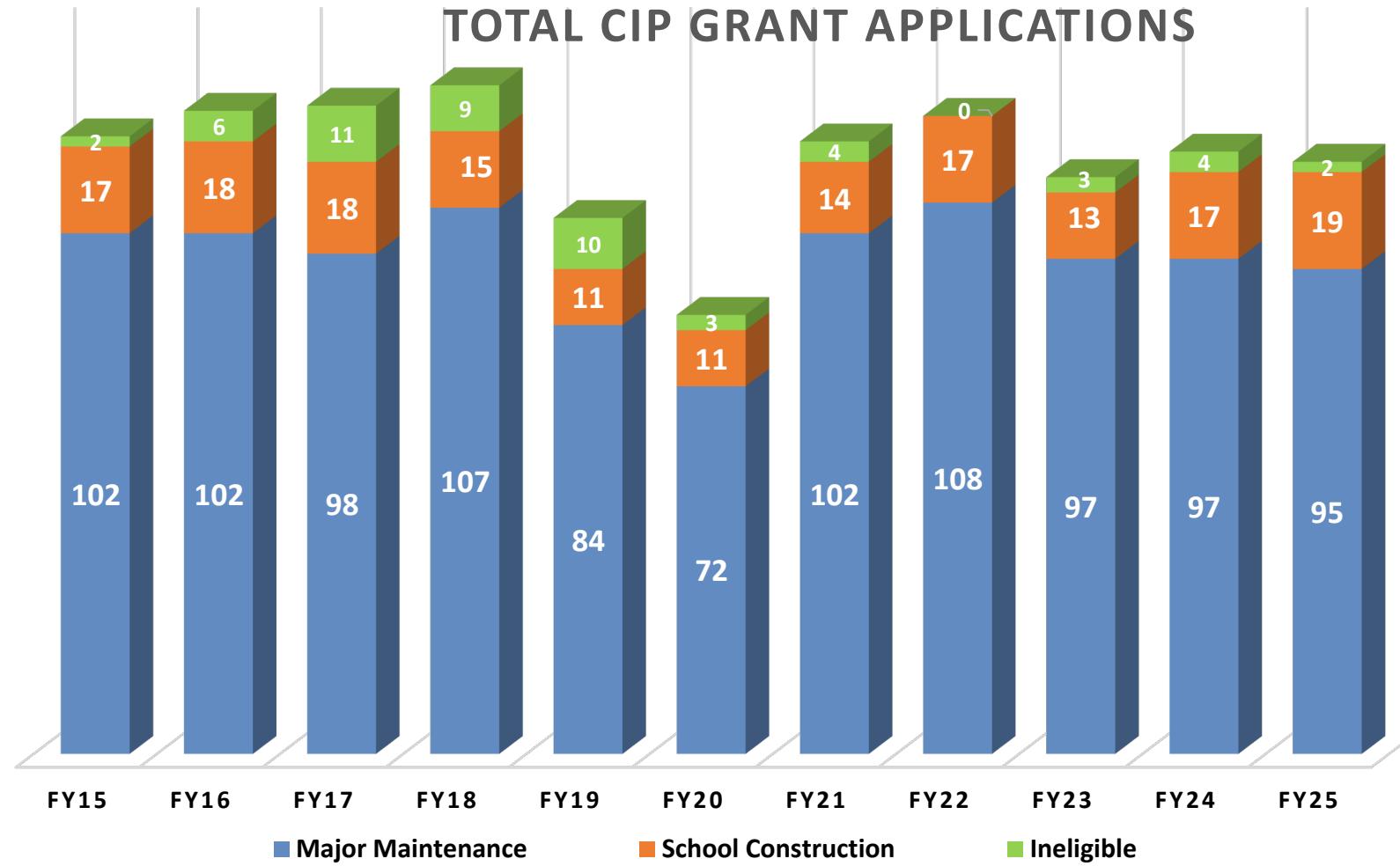
## 4. CIP Priority Lists

Initial lists are released on November 5

Final lists are released after any appeals for reconsideration are finalized

# Grant Participation and Eligibility

## FY2015 – FY2025



# Grant Awards FY2015 – FY2024

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)
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
2024	0	19,566,487	50,850,443
<b>Total</b>	<b>\$108,429,508</b>	<b>\$91,293,548</b>	<b>\$329,123,435</b>

Amounts in whole dollars

# 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 (\$)
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
FY2024 Construction	17	195,666,783	1	50,850,443
FY2024 Maintenance	97	217,866,788	5	19,566,487

Amounts in whole dollars

# 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
FY2024	27,897,000
FY2025 ( <i>Proposed</i> )	26,978,000
Accumulated Interest to date	869,528
<b>Total</b>	<b>\$470,257,906</b>

Amounts in whole dollars

# Allocations from the REAA and Small Municipal School District Fund

Fiscal Year & Project Name	Allocation Amount	Fiscal Year & Project Name	Allocation Amount
FY2014 Nigmute School Renovation/Addition	32,965,301	FY2020, 2022 Hollis K-12 School Replacement	10,148,801
FY2014 Kuinerramiut Elitnaurviat K-12 Renovation/Addition, Quinhagak (additional funds to complete)	13,207,081	FY2021 St. Paul K-12 School Roof Replacement & Structural Repairs	0
FY2014 Kwethluk K-12 Replacement (partial funding)	56,525,000	FY2023 William N. Miller K-12 School Replacement, Napakiak	54,895,544
FY2015 Andrefski High School Gym, St. Mary's	8,958,100	FY2023 Kake Schools Heating Upgrades (MM)	191,618
FY2016 No capital projects from the REAA fund	0	FY2023 Chenega Bay K-12 School Renovation (MM)	5,759,942
FY2017 Bethel Regional High School Multipurpose Addition	7,129,765	FY2023 Copper River District Office Roof Replacement (MM)	581,556
FY2017, 2018 Lewis Angapak K-12 School Renovation/Addition, Tuntutuliak	41,048,036	FY2023 Sheldon Point K-12 School Foundation Cooling and Repairs, Nunam Iqua (MM)	3,157,373
FY2017, 2018 Jimmy Huntington K-12 School Renovation/Addition, Huslia	16,374,787	FY2023 David-Louis Memorial K-12 School HVAC Control Upgrades (MM)	113,750
FY2018, 2019 Shishmaref K-12 School Renovation/Addition	16,674,008	FY2023 Blackwell K-12 School Fire Alarm Upgrades, Anvik (MM)	79,975
FY2018, 2019 J. Alexie Memorial K-12 School Replacement, Atmautluak	42,817,753	FY2023, 2024 Newtok K-12 School Relocation/Replacement, Mertarvik (partial funding)	75,850,443
FY2018 Auntie Mary Nicoli Elementary School Replacement, Aniak	18,641,380	FY2023 Minto K-12 School Renovation/Addition	11,849,624
FY2019, 2020 Eek K-12 School Renovation/Addition	21,891,047	Total	\$391,460,369
FY2019 St. Mary's Campus Upgrades (major maintenance)	3,449,928		

Amounts in whole dollars



# 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 3<sup>rd</sup> 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

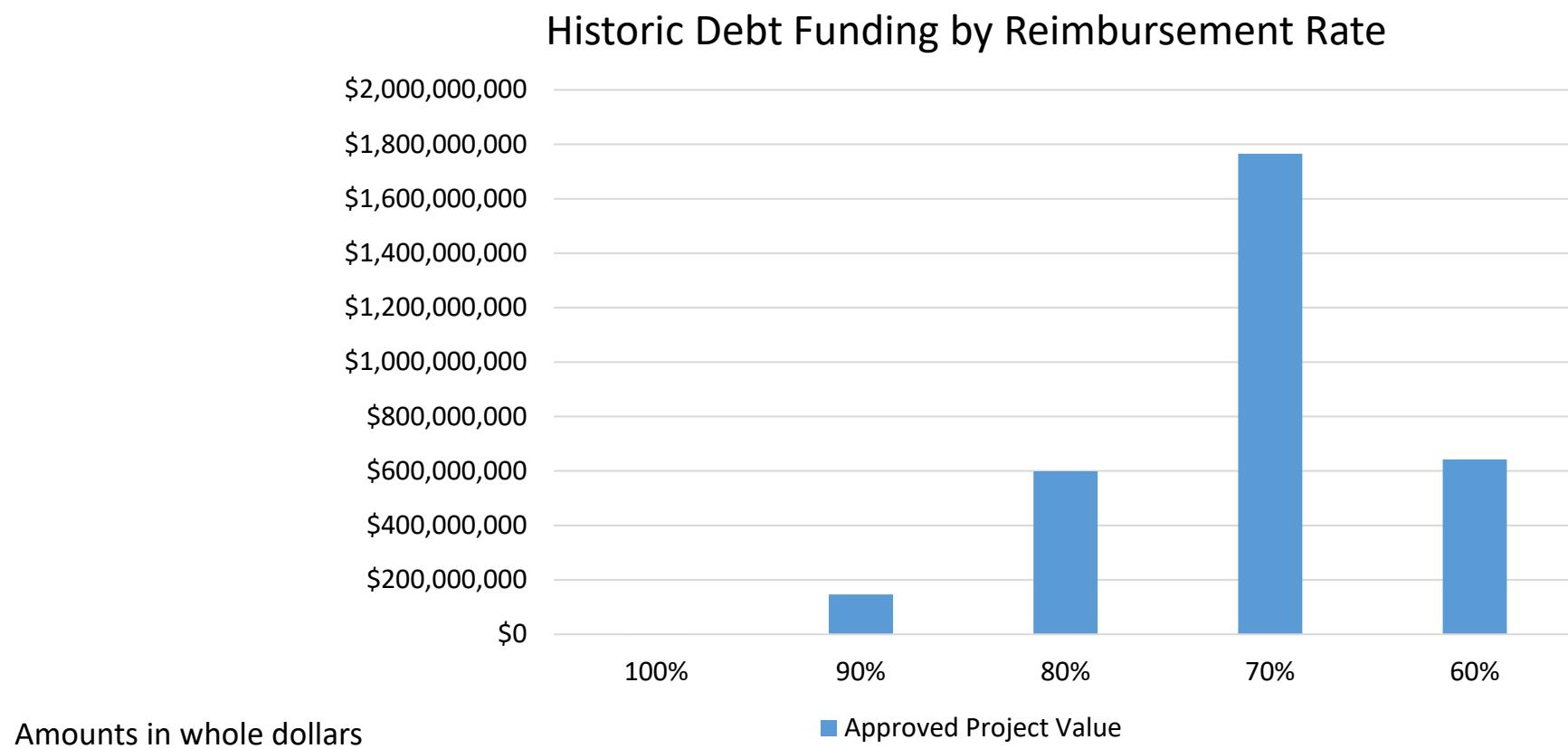
- Percentage of Annual Debt Service
  - FY1971 – FY1977 100%
  - FY1978 – FY1983 90%
  - FY1984 – FY1994 80%
  - FY1995 – FY1999 70%
  - FY2000 – FY2015 70% / 60% \*
    - SB64 (Chapter 3 SLA 2015) implemented a moratorium on additional debt reimbursement through FY2020
    - HB106 (Chapter 6 SLA 2020)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

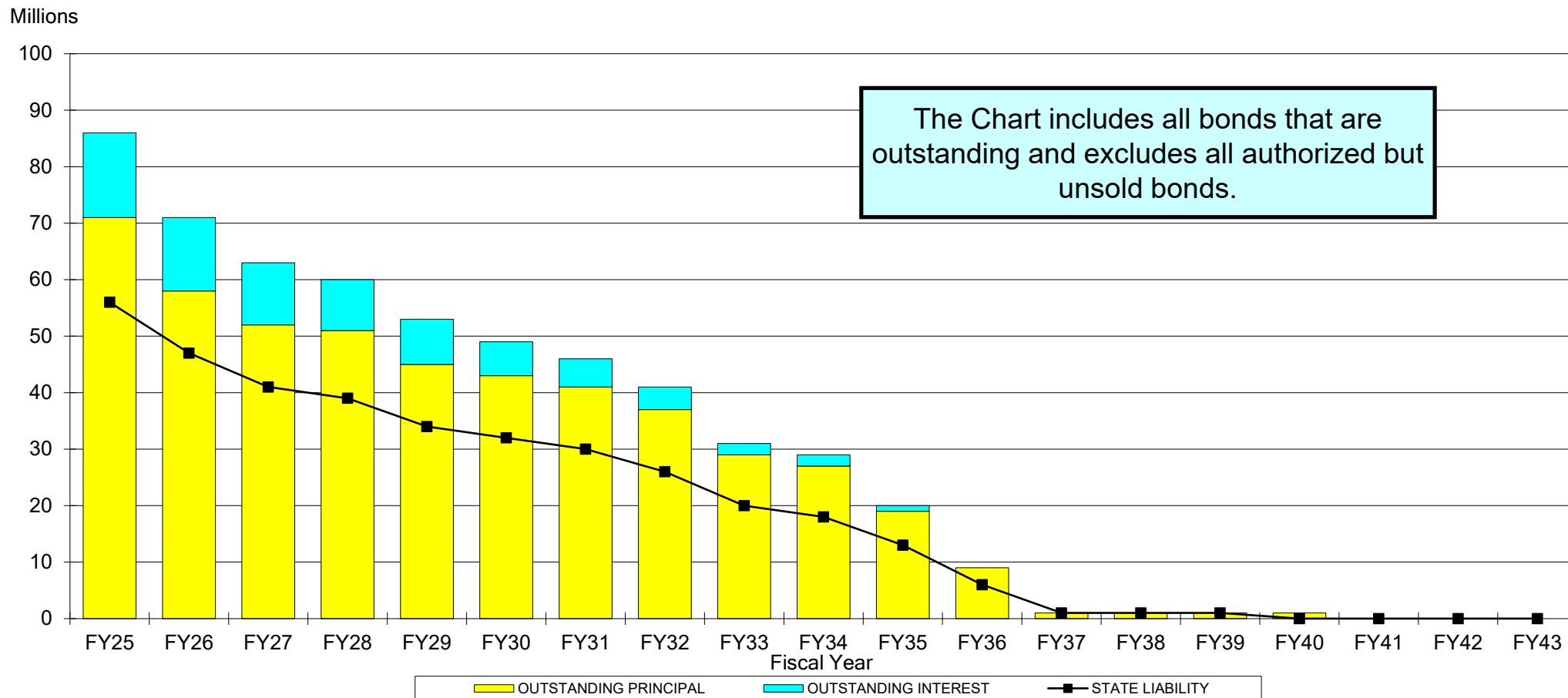
## Project Values by Percent Reimbursement





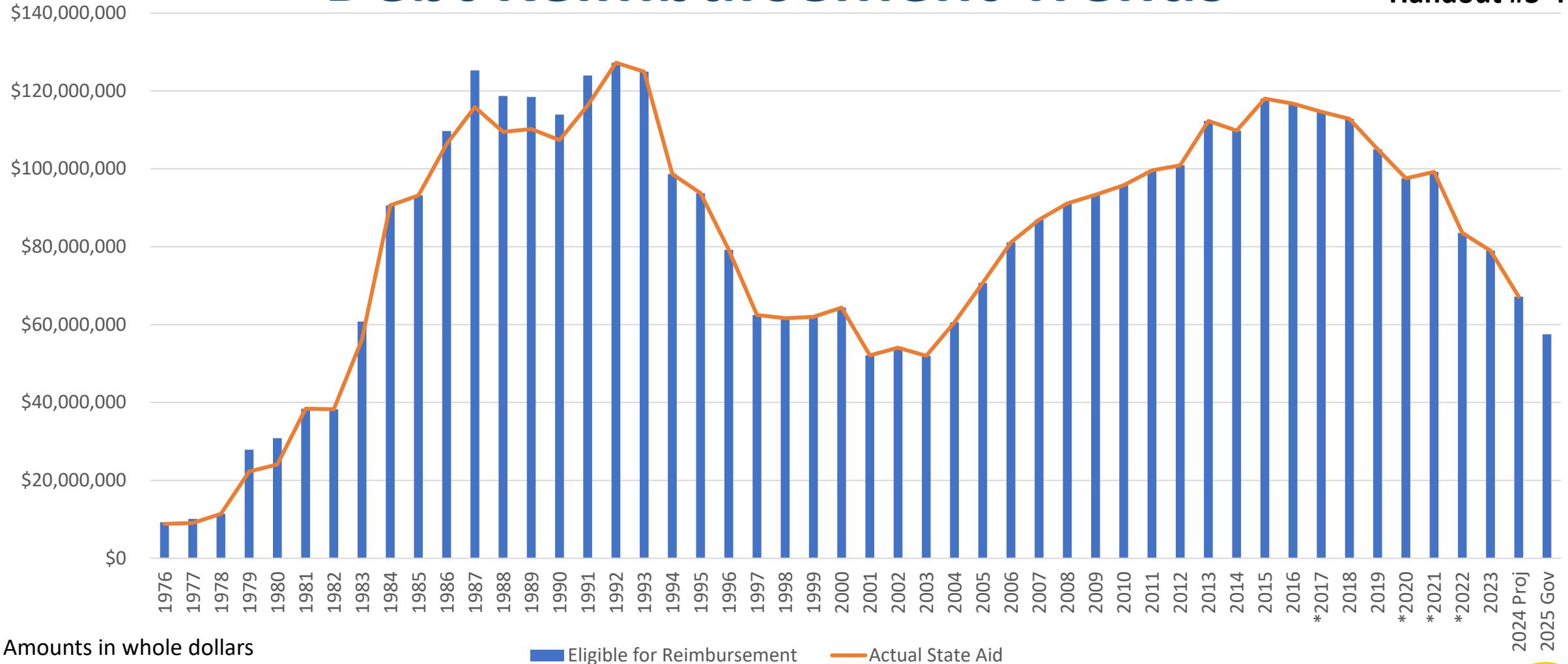
# Debt Reimbursement Trends

## 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 were 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
<b>Available to REAA and 3 small municipal districts</b>	<b>Available to all school districts</b>	<b>Available to any municipality that has the ability to bond</b>
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: REAAAs – 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

\*School Construction (SC) Major Maintenance (MM)



# Additional Handouts and Resources

- Supplementary handouts
  - FY2025 School Construction Grant Fund List
  - FY2025 Major Maintenance Grant Fund List
- DEED's Facilities website: <https://education.alaska.gov/facilities>
  - School Facility Database  
[https://education.alaska.gov/doe\\_roledex/schoolcalendar/facility](https://education.alaska.gov/doe_roledex/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>

# Contact Information

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