



Sponsor Statement

House Bill 133 School Construction Grants/Small Municipalities

This legislation would make a limited number of small municipal school districts eligible for school construction funding through the account currently known as the Regional Educational Attendance Area School Construction Fund (REAA Fund).

The purpose of the bill is to further remedy a lack of equity in school construction funding identified by Alaska courts in a 2001 ruling in *Kasayulie vs. State of Alaska*. Adding these schools to REAA Fund eligibility also has the potential to speed the pace at which all school construction projects on the Department of Education and Early Development list are funded.

The Superior Court's decision in the *Kasayulie* case found that the process by which some rural schools are funded is significantly different than the process used for funding schools in most municipal districts. The ruling included that as a result of this difference funding for some rural schools has been arbitrary and inadequate.

While most municipal districts are able to bond for school construction and subsequently access the state's debt reimbursement program, REAA schools and schools in districts without realistic bonding capability lacked such a clear route for financing. Because their funding depends upon legislative appropriation, there is uncertainty from year to year as to how much money will be available. This uncertainty has made construction planning difficult for both the affected rural schools and the Department of Education.

This situation was partly remedied in 2010 with the passage of SB 237, which created a stream of funding that can be used for REAA school construction. Deposits to the REAA Fund are in proportion to the funding for municipal schools through debt reimbursement. This methodology provided a reasonable, consistent level of funding to be used for REAA school construction and moved the state along the road to addressing concerns raised in the *Kasayulie* case.

HB 133 would make just five small municipal school districts eligible for the REAA Fund (which would in turn be known as the REAA and Small Municipal School District School Fund). Like REAAs, these districts lack bonding capability and therefore do not benefit from the construction funding stream created by the state's debt reimbursement program.

In giving these schools eligibility, the state would further answer the findings in the *Kasayulie* case and help to ensure that all Alaskan schoolchildren enjoy sound, enriching, and secure educational environments.