

# HB 133

## School Construction Grants/Small Municipalities

HB 133 makes small municipal school districts that meet certain criteria eligible for school construction funding from the REAA Fund.

Five districts would currently qualify. They are Saint Mary's, Tanana, Kake, Klawock, and Hydaburg.

## *Kasayulie v. Alaska* identified inequitable access to Construction Funding for rural schools

Most municipal districts are able to bond for school construction and subsequently access the state's debt reimbursement program.

However, Regional Educational Attendance Areas (REAA<sup>\*</sup>) as well as some small rural school districts lack taxable bases large enough to make bonding for construction possible.

Therefore, REAAs and some small rural school districts can never access the guaranteed state funding stream that exists in the form of the bonding debt reimbursement program.



REAA<sup>\*</sup>s are areas within unorganized boroughs that have been formed to facilitate the administration of education between communities.

The REAA Fund was established in 2010 to make a more reliable, consistent funding stream available to REAAs, none of which can bond for school construction.

Some small municipal school districts are effectively in the same circumstances as REAAs.

The DEED Capital Improvement Projects School Construction Grant Fund List (“The List”) plays a central role.

# Paths to School Construction Funding in the Capital Budget

## Bonding

For Most  
Municipal  
Districts

Bonding measure is  
passed.

Subsequently, state  
reimburses 60 to 70  
percent of annual bond  
debt, **guaranteed by law.**

## The DEED CIP School Construction Grant List

Open to REAAs, Small Municipal Districts  
without bonding capability, and even districts  
with bonding capability, if they choose.

DEED ranks all projects on List by priority.  
(Includes matching funds requirement.)

All projects await funding in order of priority.

If **Non-REAA project** reaches top of List,  
project funding depends on whether the  
legislature makes an appropriation for it  
from the General Fund.

**Outcome: No guarantee that  
any project will receive a  
funding appropriation.**

If **REAA project** reaches top of List,  
the legislature can access  
**designated funding available in  
the REAA Fund.**

**Outcome: Greater  
likelihood of funding due to  
availability of REAA Fund.**

HB 133 makes small municipal school districts that meet certain criteria eligible for the REAA Fund.

Five districts would currently qualify. They are Saint Mary's, Tanana, Kake, Klawock, and Hydaburg.

Like REAAs, these districts are not capable of bonding and need access to the more consistent, reliable funding source the REAA Fund creates.

Making them REAA Fund-eligible will further rectify the inequities in rural school construction funding identified in *Kasayulie v. Alaska*.