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Governor Michael J. Dunleavy
STATE OF ALASKA

February 15, 2019

The Honorable Cathy Giessel
Senate President
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Giessel:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the repeal of the statute authorizing payments to municipalities for reimbursement of school construction bonded debt.

The bill would repeal AS 14.11.100, which provides authority for school construction debt to be reimbursed by the state in an allowable percentage of the municipal debt payment. The percentage has varied based on numerous amendments to the statute over the years. The program, while well-intentioned, has become unsustainable and unnecessary. The level of school debt should remain at the municipal level, where voters can decide what type of school construction is reasonable and sustainable for their district. Recently, this program was put on hold through July 1, 2020; and it is apparent that a new direction beyond a holding pattern is needed.

The bill also addresses how funding for school construction and maintenance in the Regional Educational Attendance Areas through the small municipal school district fund is handled with the repeal of the state aid for school construction statutes. Further, the bill makes conforming amendments to the statutes governing the bond reimbursement and grant review committee and other statutes that refer to the current program for reimbursement of school construction debt.

Importantly, the bill would add a provision to the duties of The Bond Reimbursement and Grant Review Committee (which would be renamed the Grant Review Committee) requiring that, in developing criteria for cost-effective school construction, the committee would consider multipurpose function and designs. Through creative thinking and multi-use designs, we can bring down school construction costs and better serve the affected communities.

The bill would be effective July 1, 2019.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael J. Dunleavy".

Michael J. Dunleavy
Governor

Enclosure