

State-Aid for School Capital Projects: Debt & Grant

Alaska Department of Education & Early Development

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OUR MISSION

**An excellent education
for every student
every day.**

OUR VISION

**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

Photo courtesy of Anchorage School District. Used with permission.



Purpose

DEED exists to provide **information, resources, and leadership** to support an excellent education for every student every day.



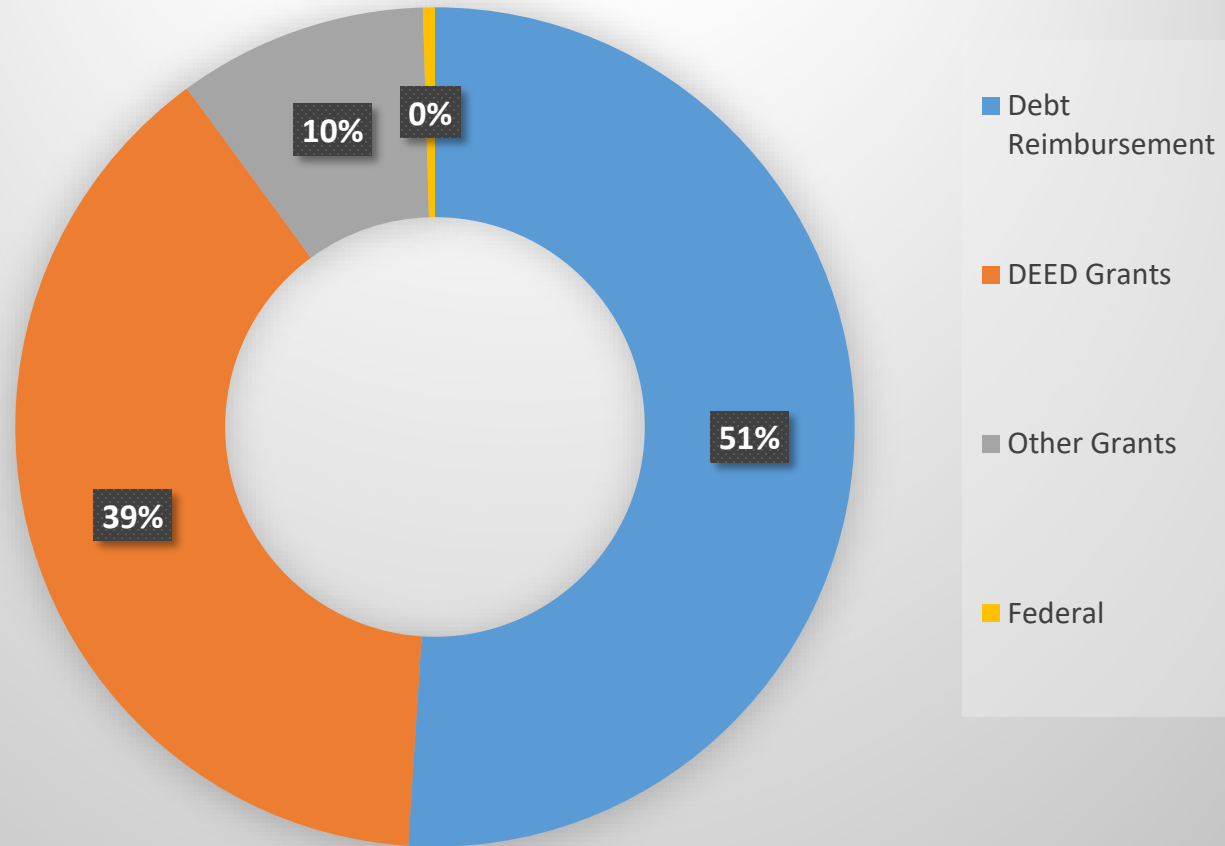
Historic School Capital Funding

1. Federal
2. State Funding Mechanisms (General Fund)
Grants (~1970)
GO Bonds (2003, 2011)
AHFC Revenue Bonds (1999, 2001, 2002)
Debt Reimbursement (1971)
School Fund – AS 43.50.140 (FY99-present)
Others (Ex. Insurance Fund – AS 22.55.430)
3. Local Education Agency (LEA)
Capital Reserves
Municipal Debt

Historic Funding – All Sources

[c1975 – 2019]

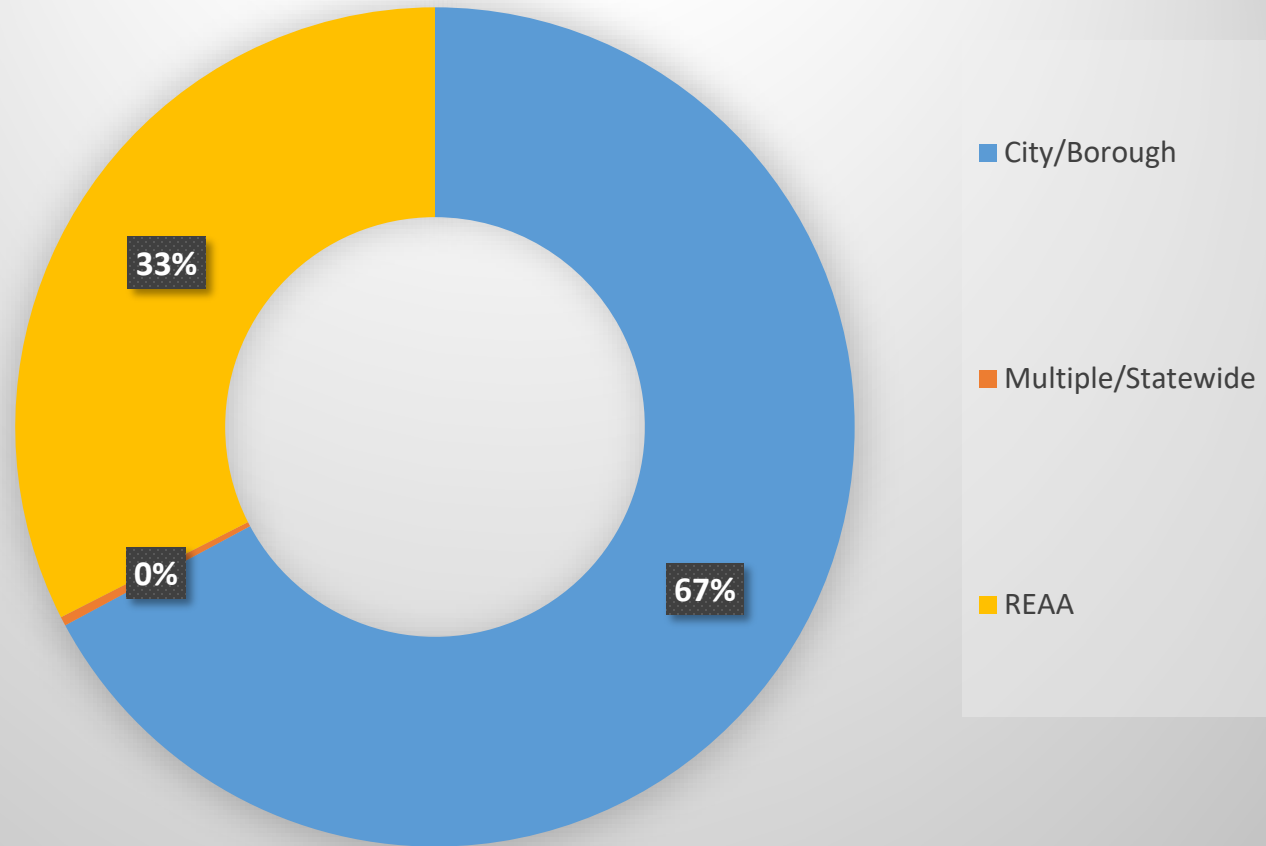
\$6.1 Billion – By Fund Type



Historic Funding – All Sources

[c1975 – 2019]

\$6.1 Billion – By District Type



Recent Funding (SB237 Report)

1. \$1,430,689,400 in Funding

Total project value for Debt projects

State share value for Grant projects

2. Three Supplementary Handouts

Project Funding by District (report Appendix A)

Project Listing by District (report Appendix B)

Funding by Year by District

Current Funding Options

1. School Construction Grant Fund (1990)
2. Major Maintenance Grant Fund (1993)
3. REAA and Small Municipal District Fund (2010)
Indexed fund
DR Funding / % of C/B schools * .244
4. Debt Reimbursement Funding

Current Project Categories

(AS 14.11.013)

- (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

Current Project Categories

(AS 14.11.013) (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;
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Current Project Categories

(AS 14.11.013) (School Construction)

- (A) avert imminent danger or correct life-threatening situations;
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Fund – Category – Entity Relationships

	REAA Fund		MM/SC Fund		Debt Reimb.	
Project Type					<u>Project Type is N/A</u> 70% - Like MM + SC that qualify for space. 60% - AS 14.11. 100(j)(4) exemption.	
School Construction	Yes (primary)		Yes			
Major Maintenance	Yes (secondary)		Yes (no new space)			
Entity Type						
REAA	Yes (19 districts)		Yes (19 districts)		No (19 districts)	
City/Borough Small Muni	Yes (4 districts)		Yes (4 districts)		Yes (0 of 4 under SB237)	
City/ Borough	No (30 districts)		Yes (30 districts)		Yes (12 of 30 under SB237)	

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 PM and Facility Management Program
5. Capital project and not maintenance
6. Participating share

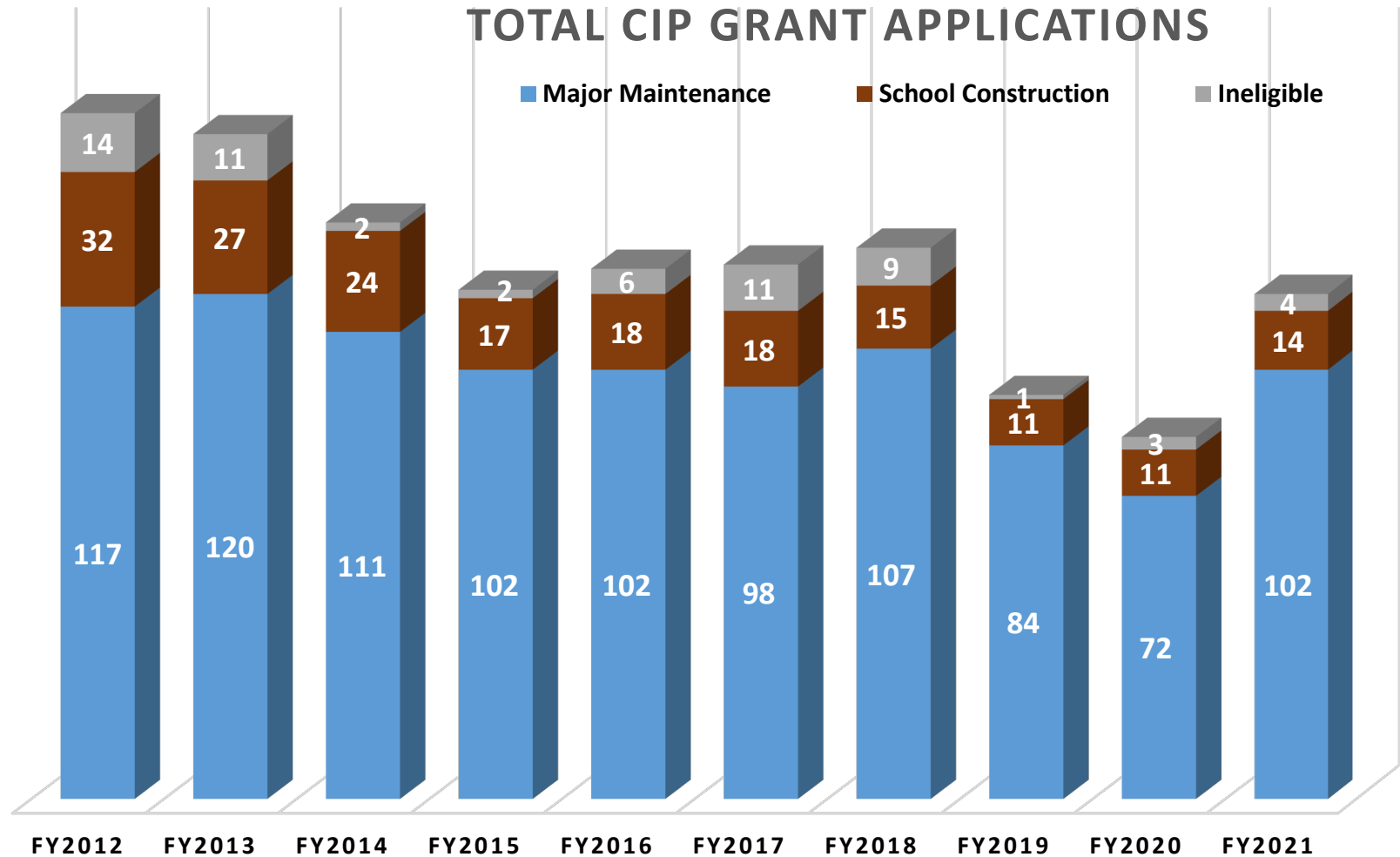


Grant Participation & Eligibility

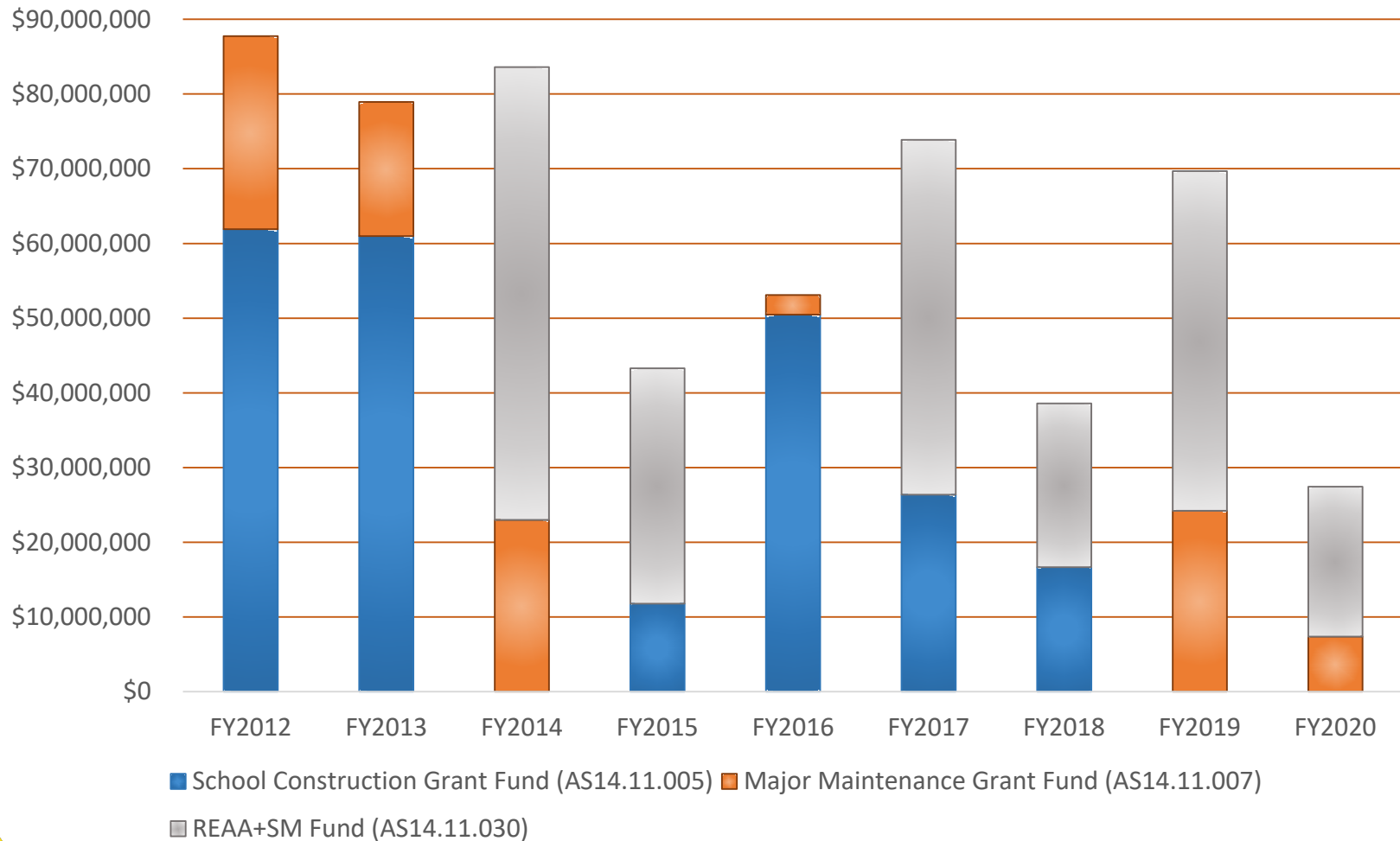
1. Capital Improvement Project (CIP) Grant Application
Due from School Districts on or before September 1 (annually)
CIP Application materials are posted on our website
(education.alaska.gov/facilities/facilitiescip)
2. Project Ranking
Ranked in accordance with criteria in AS 14.11 and 4 AAC 31
3. Eligibility
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 & Eligibility



Grant Awards FY12 – FY20



Debt Participation & 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 (education.alaska.gov/facilities/facilitiescip)
3. Project Ranking
 - a. Projects are not ranked or evaluated for prioritized need
4. Eligibility
 - a. All types of City except 3rd Class
 - b. All types of Borough
 - 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 (SLA 2015) implements moratorium on additional debt reimbursement through FY2020]

- FY2021 – FY20XX 50%/40%**

*NWAB at 90% for bonds between 1990-2006

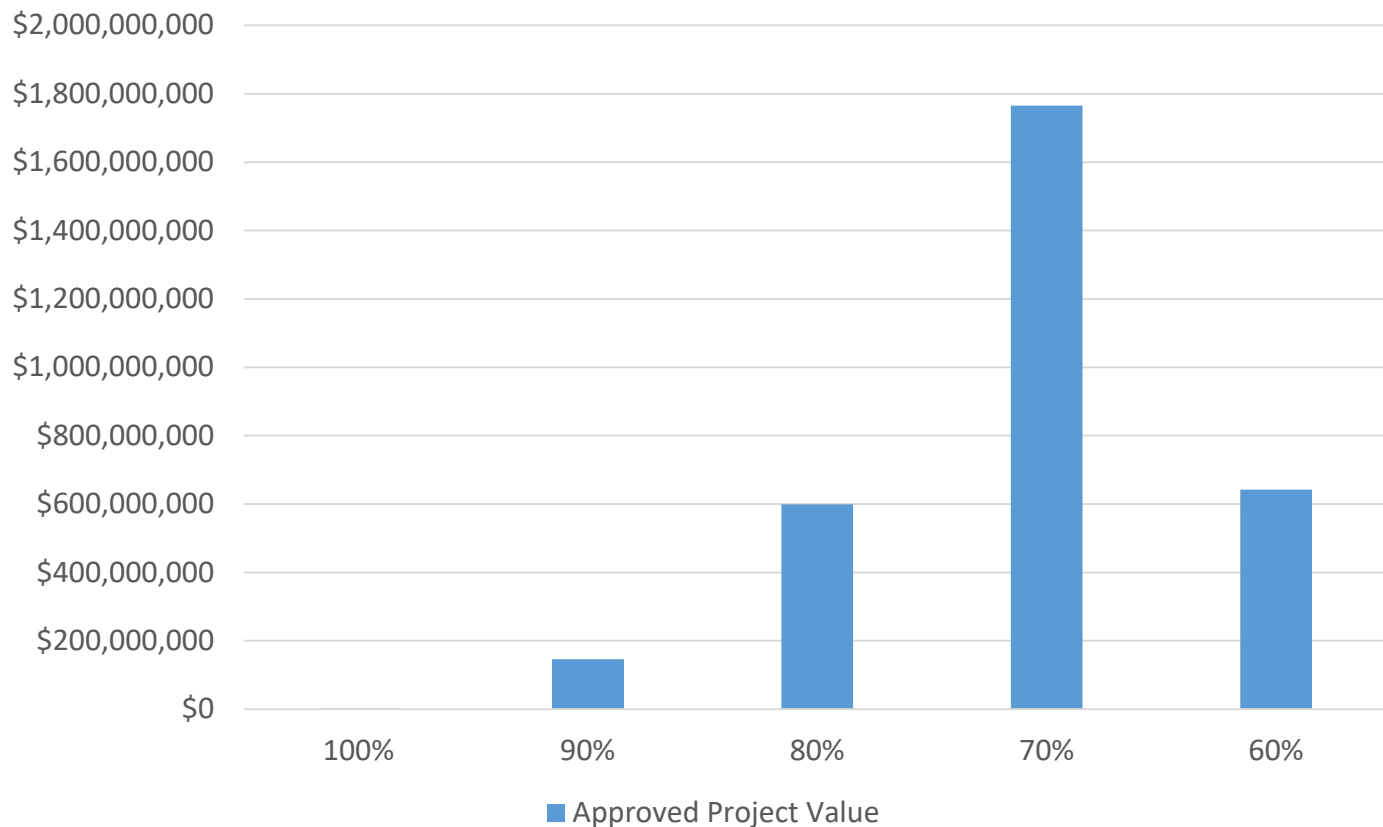
**Rates shown are reflective of current statute after the moratorium is lifted



Debt Reimbursement Trends

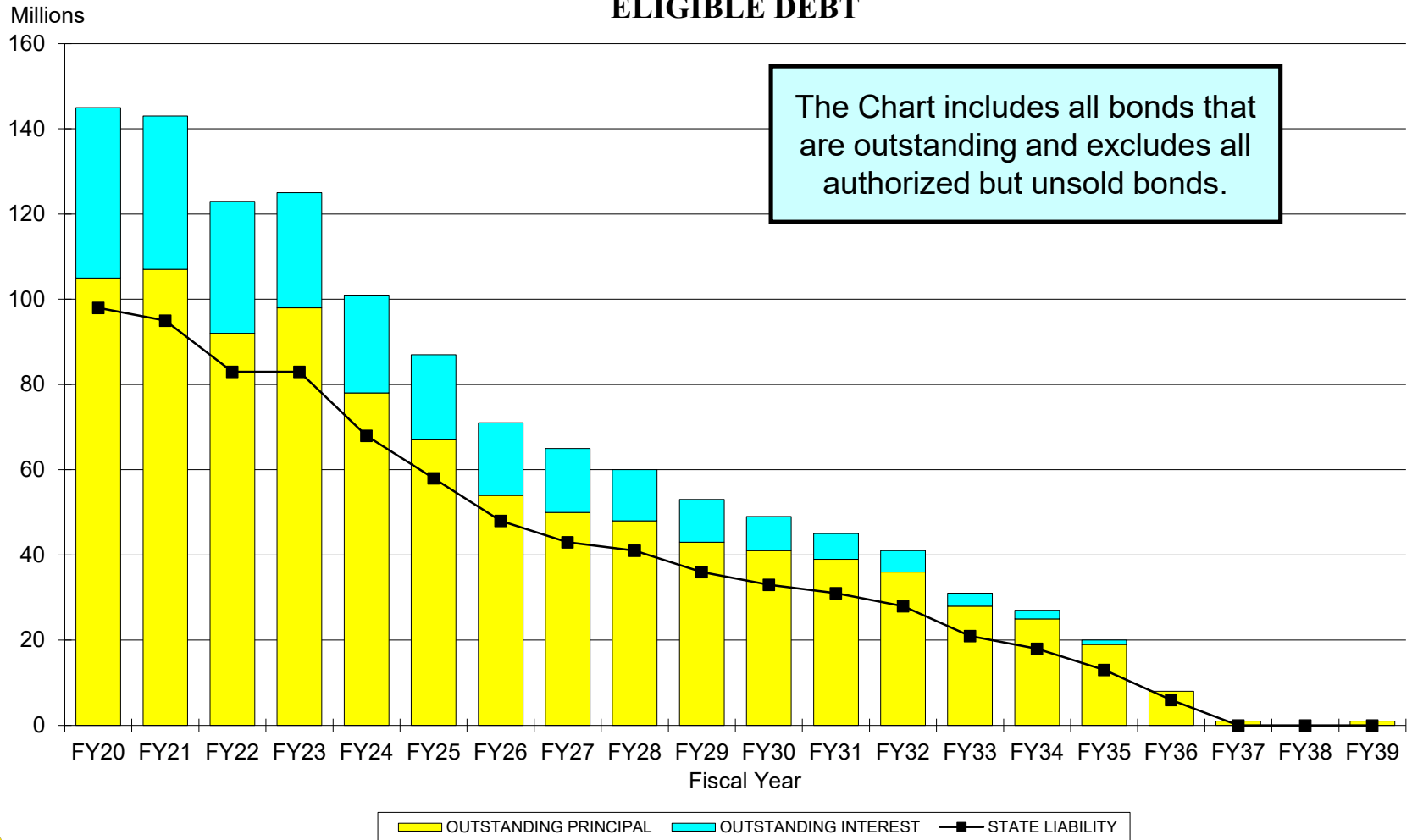
Project Values by Percent Reimbursement

Historic Debt Funding by Reimbursement Rate



Debt Reimbursement Trends

SCHOOL CONSTRUCTION ELIGIBLE DEBT



Debt Reimbursement Trends

- Reimbursement Shortfalls (also see handout)

Fiscal Year	Eligible For Reimbursement	Actual State Aid	State Aid % Aid Provided
FY-76	\$9,242,312	\$8,810,500	95.33%
FY-77	10,107,336	9,051,600	89.55%
FY-78	11,408,304	11,408,304	100.00%
FY-79	27,868,182	22,273,300	79.92%
FY-80	30,823,133	24,081,000	78.13%
FY-81	38,380,174	38,380,174	100.00%
FY-82	38,262,156	38,262,156	100.00%
FY-83	60,772,910	56,169,700	92.43%
FY-84	90,600,074	90,600,074	100.00%
FY-85	93,161,981	93,161,981	100.00%
FY-86	109,707,936	106,315,600	96.91%
FY-87	125,272,615	115,845,000	92.47%
FY-88	118,701,313	109,472,700	92.23%
FY-89	118,469,048	110,193,451	93.01%
FY-90	113,923,479	107,374,886	94.25%
FY-91	123,959,155	116,276,078	93.80%
FY-92	127,245,080	127,245,080	100.00%
FY-93	124,948,218	124,948,218	100.00%
FY-94	98,648,541	98,648,541	100.00%
FY-95	93,742,116	93,742,116	100.00%
FY-96	79,212,669	79,212,669	100.00%
FY-97	62,476,074	62,476,074	100.00%
FY-98	61,639,666	61,639,666	100.00%

Fiscal Year	Eligible For Reimbursement	Actual State Aid	State Aid % Aid Provided
FY-99	61,990,844	61,990,844	100.00%
FY2000	64,349,790	64,349,790	100.00%
FY2001	52,098,690	52,098,690	100.00%
FY2002	54,057,200	54,057,200	100.00%
FY2003	51,969,968	51,969,968	100.00%
FY2004	60,592,525	60,592,525	100.00%
FY2005	71,274,983	71,274,983	100.00%
FY2006	81,695,195	81,695,195	100.00%
FY2007	87,524,109	87,524,109	100.00%
FY2008	91,764,563	91,764,563	100.00%
FY2009	94,017,490	94,017,490	100.00%
FY2010	96,507,492	96,507,492	100.00%
FY2011	100,335,656	100,335,656	100.00%
FY2012	101,678,133	101,678,133	100.00%
FY2013	113,097,206	113,097,206	100.00%
FY2014	109,800,821	109,800,821	100.00%
FY2015	118,025,593	118,025,593	100.00%
FY2016	116,739,477	116,739,477	100.00%
FY2017	114,641,988	90,676,900	79.10%
FY2018	112,824,287	112,824,287	100.00%
FY2019	105,022,612	105,022,612	100.00%
Proj FY2020	97,641,470	48,910,250	50.09%



Debt Proceeds & 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))

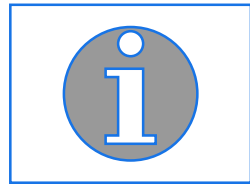
Refunding of Bonds

- 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	MM/SC Grant Funds	Debt Reimbursement
Available to REAA and 4 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: 60% if not eligible for space 70% 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



Contact Information

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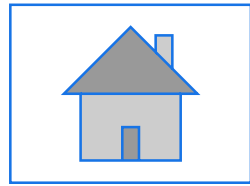
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