



Monday, February 22, 2021

Senate Finance Committee Hearing – School Major Maintenance and Construction Update

Follow-up on Committee Member Comments

Prepared by DEED Staff

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- 1. Slide 15: Grant Participation and Eligibility FY 2012 – FY 2022 – Please provide more information on the numbers of grant applications, showing who they are and how much they requested.**

Enclosed please find the document titled *2.22.2021 (S)FIN DEED School Capital Funding Slide 15 Updated.pdf*.

In addition, the FY2022 School Construction and Major Maintenance Grant Fund lists is a full representation of the school districts that submitted CIP applications for the FY2022 application cycle. For School Construction there were 17 projects submitted, scored and ranked. For Major Maintenance there are 108 projects submitted, scored, and ranked. The final grant lists also include the original amount requested for each project; this is shown in the “Amount Requested” column on each list.

- 2. Slide 16: Grant Awards FY 2012 – FY 2021 – Show how much the Legislature provided in funding versus how much was awarded.**

Enclosed please find the document titled *School Debt Reimbursement FY2012-FY2021 Gov CC MP.pdf* for the amounts included in the Governor’s Budget, results of Conference Committee, and Management Plan.

- 3. Slide 20: Debt Reimbursement Trends – Add ten previous fiscal years to the chart**

Enclosed please find the document titled: *2.22.2021 (S)FIN DEED School Capital Funding Slide 20 Updated.pdf*.

- 4. Handout #5: School Construction Grant Fund List**

- A. How long have projects been on the list?**

Enclosed please find the document titled: *FY22CIP Final SC & MM Lists Add’t Info 2.22.2021.pdf*. For School Construction, please see the last grey column on page 2 of 7 for the approximate number of years the project has been on the list.

- B. Of the five Lower Kuskokwim School Districts schools, which ones are being used in now, during this time of the COVID-19 pandemic and when classes are being conducted remotely?**

The Department of Education & Early Development does not have information on the status of the five Lower Kuskokwim School Districts schools. The only way we know this information is if a district reports a status change to the department and/or submits a revised Smart Start 2020 plan. These plans are posted on the District Plans Tracker webpage ([Alaska Smart Start 2020 District Plans Public Tracker - Google Sheets](#)). After looking at the Lower Kuskokwim's plan, there has been no update provided.

At the time of their original plan, Lower Kuskokwim reported the following for the start of the 2020-2021 school year:

- Pre-K-6th grade: Hybrid instructional model of in-person learning (cohort model) and remote learning
- Middle and high school: Remote/distance learning or cohort model as applicable

C. 12th Ranked Project – Kongiganak water storage and treatment project – Could the federal COVID relief funds be used for this because it would help students, teachers, and school staff follow Centers for Disease Control and Prevention guidelines for handwashing and other sanitation measures during the pandemic?

First, it is up to the local school district to determine how they want to spend their ESSER II funding. That said, ESSER II funds can be used for a very limited number of school facility repairs and improvements. ESSER II funds can be used for – "School facility repairs and improvements to enable operation of schools to reduce risk of virus transmission and exposure to environmental health hazards, and to support student health needs" and "Inspection, testing, maintenance, repair, replacement, and upgrade projects to improve the indoor air quality in school facilities, including mechanical and non-mechanical heating, ventilation, and air conditioning systems, filtering, purification and other air cleaning, fans, control systems, and window and door repair and replacement."

D. The same question about a similar water-related project for a Chalkyitsik school – Could federal COVID relief funds be used for this because it would help students, teachers, and school staff follow CDC guidelines for handwashing and other sanitation measures during the pandemic?

See response for #4C above. Enclosed for additional reference is a CIP fact sheet on the Chalkyitsiki Water Tank project.

E. How many projects have dropped off the list? Give us an idea of the pent-up demand for school construction grants.

The Department of Education & Early Development is not able to locate a data set specific for this question. However, the largest data set the department does have showing pent-up-demand is a listing of the 6-year CIP plans submitted by school districts—some of which did not submit a CIP grant application but provided a courtesy copy of their 6-year plan to the department. Enclosed please find the document titled: *FY2022 District Six-Year-Plans.pdf*.

F. How many projects are from Rural Education Attendance Areas (REAA's)?

On the FY2022 School Construction Grant Fund List, 8 of the 17 projects are REAA School District projects. The REAA School Districts with projects on the FY2022 School Construction List are: Lower Kuskokwim (#2, 4, 9, 12, 14), Southeast Island (#1), Yukon Koyukuk (#3), and Yupiit (#17).

Enclosed please find the document titled: *FY22CIP Final SC & MM Lists Add't Info 2.22.2021.pdf*. For School Construction, please see the first grey column on page 2 of 7 identifying which projects are REAA vs City and Borough (C/B).

5. Handout #7: Major Maintenance Grant Fund List

A. How many projects are from Rural Education Attendance Areas?

On the FY2022 Major Maintenance Grant Fund List, 38 of the 108 projects are REAA School District projects. The REAA School Districts with projects on the FY2022 Major Maintenance List are: Chatham (#38, 54), Chugach (#7, 8), Iditarod (#17, 18, 57, 81), Kuspuk (#45), Lower Kuskokwim (#23, 24, 59, 72, 77), Lower Yukon (#14, 19, 34, 62, 63, 67, 78, 93, 102, 105, 108), Southeast Island (#84, 90, 95, 103, 106, 107), Yukon Koyukuk (#20, 22), and Yupiit (#39, 48, 74, 97, 104).

Enclosed please find the document titled: *FY22CIP Final SC & MM Lists Add't Info 2.22.2021.pdf*. For Major Maintenance, please see the first grey column on pages 3-7 identifying which projects are REAA vs City and Borough (C/B).

B. How many years have the projects been on the list?

Enclosed please find the document titled: *FY22CIP Final SC & MM Lists Add't Info 2.22.2021.pdf*. For Major Maintenance, please see the last grey column on pages 3-7 for the approximate number of years the project has been on the list.

Other Committee Questions

1. How much does it cost for school districts to prepare application packets each year to be on either the school construction or major maintenance grant fund lists?

The Department of Education & Early Development does not have any actual data on the cost related to preparing a CIP application packet, but through a brief review of some financial closeout data, it showed numbers for basic application work ranging between \$2,500 and \$4,000.

2. Are projects coming off the lists because they have been funded? Because districts found another way to fund them? Or because districts have given up or lost track due to staffing changes or it has become too expensive to apply?

The Department of Education & Early Development is not able to locate a data set specific for this question. However, from staff experience, the below list are the main reasons projects have historically come off the two grant fund lists:

1. Grant allocations are made from legislative appropriations and balances.
2. Debt reimbursement authorizations are made from legislative allocations.
3. Other funding (local, federal, etc.) was used to accomplish a project; many of these return to the list on completion.
4. Maintenance staffing changes and the CIP effort gets overcome by events; many of these return to the list in a following year.
5. Maintenance eligibility changes and districts do not achieve recertification or provisional status.
6. Districts decide to no longer participate due to lack of anticipated legislative funding or internal budget shortfalls.
7. Districts come up against the 10-new-application maximum and rotate lower scoring projects out.

Additional DEED Follow-Up

1. MEHS questions:

a. Submit the list of projects for MEHS identified in the G.O. Bond bill.

Please find enclosed the following documents: *FY22 MEHS DM Memo.pdf* and *FY22 MEHS Capital Request Memo.pdf*.

b. What is the percent of MEHS students from REAAs? Provide total enrollment count/communities represented.

The total 374 students enrolled for the 2020-2021 school year (FY2021), come from 91 communities in Alaska, which represents 33 school districts. Approximately 47% of these students are from an REAA school district.

Please find enclosed a list of the enrollment counts by community in the document titled: *FY2021 MEHS Enrollment by City.pdf*.

c. Has any excess capacity been identified at the school given COVID?

For the 2020-2021 school year (FY2021), MEHS reported an enrollment of 374 students. The five previous years showed enrollments as follows:

FY2020 = 431

FY2019 = 438

FY2018 = 424

FY2017 = 432

FY2016 = 426

Based on this, there is some excess capacity within the school as a result of COVID-19, however, MEHS is projecting that enrollment will increase in FY2022 to 430 students.

2. Clarification on Slide 22 – Debt Proceed and Refundings

This response clarifies a statement made on the record in regards to the refunding of school construction bonds. The length of a refunded bond is determined by the longest maturity of the bond or bonds that will be refunded. Since AS 14.11.100(j)(2) requires that the refunding show an annual savings to the state a refunding that has a maturity greater than the longest maturity of the refunded bond(s) would not be able to show an annual savings compared to the original bond. That said, a refunding would not extend the timeframe to pay off the bond at the state-level.