

SENATE FINANCE COMMITTEE
February 9, 2023
9:00 a.m.

9:00:09 AM

CALL TO ORDER

Co-Chair Hoffman called the Senate Finance Committee meeting to order at 9:00 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Donny Olson, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Click Bishop
Senator Jesse Kiehl
Senator Kelly Merrick
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Heidi Teshner, Acting Commissioner, Department of Education and Early Development; Joe Willhoite, Facilities Manager, Department of Education and Early Development; Lori Weed, School Finance Specialist, Department of Education and Early Development; Elwin Blackwell, School Finance Manager, Department of Education and Early Development.

PRESENT VIA TELECONFERENCE

SUMMARY

PRESENTATION: SCHOOL MAJOR MAINTENANCE & CONSTRUCTION UPDATE - DEPARTMENT of EDUCATION and EARLY DEVELOPMENT

Co-Chair Hoffman discussed the agenda.

^PRESENTATION: SCHOOL MAJOR MAINTENANCE & CONSTRUCTION
UPDATE - DEPARTMENT of EDUCATION and EARLY DEVELOPMENT

9:01:06 AM

HEIDI TESHNER, ACTING COMMISSIONER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, introduced herself and her staff. She addressed a PowerPoint presentation entitled "State-Aid for School Capital Projects: Grant and Debt," (copy on file).

Acting Commissioner Teshner looked at slide 2, "Mission, Vision, and Purpose,":

Mission

An excellent education for every student every day.

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

Purpose

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

9:02:06 AM

Acting Commissioner Teshner spoke to slide 3, "Strategic Priorities: Alaska's Education Challenge":

Five Shared Priorities:

1. Support all students to read at grade level by the end of third grade.
2. Increase career, technical, and culturally relevant education to meet student and workforce needs.
3. Close the achievement gap by ensuring equitable educational rigor and resources.
4. Prepare, attract, and retain effective education professionals.
5. Improve the safety and well-being of students through school partnerships with families, communities, and tribes.

[9:02:27 AM](#)

Acting Commissioner Teshner referenced slide 4, " Historic School Capital Funding":

1. Federal
2. State Funding Mechanisms (General Fund)
 - Grants (~1970)
 - General Obligation (G.O.) Bonds (2003, 2011)
 - AHFC Revenue Bonds (1999, 2001, 2002)
 - Debt Reimbursement (1971)
 - School Fund - AS 43.50.140 (FY1999-present)
 - Others (i.e.: Insurance Fund - AS 22.55.430)
3. Local Educational Agency (LEA)
 - Capital Reserves
 - Municipal Debt

Acting Commissioner Teshner noted that there would be forthcoming detail on debt reimbursement.

[9:04:17 AM](#)

JOE WILLHOITE, FACILITIES MANAGER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, reviewed the mission statements as they related to the facilities team. He relayed that he worked to provide an accessible and safe environment that invoked a source of pride for each student. He said his team worked to close the achievement gap by ensuring equitable educational rigor and resources. He spoke of his role in preparing and attracting educational professionals by maintaining proper facilities. He shared that his background was in architecture, which he believed informed his facilities work.

[9:06:30 AM](#)

Mr. Willhoite turned to slide 5, "Recent Funding (SB 237 Report)":

- SB 237 (Chapter 93 SLA 2010) - AS 14.11.035
 - Annual report on school construction and major maintenance funding
 - First report completed in February 2013
- \$1,585,824,383 in funding
 - Total project value for Debt projects
 - State share value for Grant projects
- Supplementary handout

- February 2022 AS 14.11.035 (SB 237) Report
 - Project Funding by District (report Appendix A)
 - Project Listing by District (report Appendix B)

Mr. Willhoite noted that Handout 1 was the School Capital Project Funding under SB 237 (copy on file). He noted that the 2022 supplementary report would be provided at the end of the month. He thought it was important to note that the funding was spread out over ten years.

Co-Chair Stedman asked for the funding numeric to be broken down by how much was submitted by the legislature, as well as the governor's original proposal and subsequent amendments.

Co-Chair Hoffman asked Acting Commissioner Teshner to provide the information to the committee.

Acting Commissioner Teshner agreed to provide the information.

Mr. Willhoite continued to address slide 6.

[9:07:44 AM](#)

Mr. Willhoite considered slide 6, "Current Funding Options":

1. School Construction Grant Fund (1990) AS 14.11.005
2. Major Maintenance Grant Fund (1993) AS 14.11.007
3. Regional Educational Attendance Area (REAA) and Small Municipal School District School Fund (2010) AS 14.11.030
 - Indexed Fund
 - DR Funding divided by percent of municipal schools multiplied by 0.244 AS 14.11.025
4. School Debt Reimbursement (DR) Funding AS 14.11.102

Mr. Willhoite noted that the first three bullet points went through the capital improvement process (CIP) process. He related that there was a moratorium on school debt reimbursement through 2025.

[9:08:56 AM](#)

Mr. Willhoite displayed slide 7, "Current Project Categories (AS 14.11.013)":

(School Construction and 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;
- (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

Mr. Willhoite noted that the items on slide 7 were in categories as follows: school construction - A, B, and F; major maintenance - C, D, and E. He noted that the categories were not scoring metrics but rather categories that CIP list applicants indicated as a focus and was a filter through which the department decided if an item was a school construction or major maintenance item. He furthered that there was an emergency section in the CIP review that gave an additional 50 points to the total matrix and considered the emergency aspects of particular projects. He said that it was incumbent on the districts to reinforce the emergency on their applications.

Co-Chair Hoffman cited that another area that had come to light in recent years was funding teacher housing to facilitate better recruitment of teachers. After many years the facilities needed repair. He asserted that considering how the facilities could be better maintained should be considered. He invited the commissioner to submit ideas on how the matter could be addressed. He emphasized that if the buildings were not maintained they would continue to deteriorate.

[9:11:55 AM](#)

Mr. Willhoite highlighted slide 8, "Fund - Category - Entity," which showed a matrix of the funding categories and was a guide to which funds went to which project type. He addressed the center column what showed school construction and major maintenance fund and noted that the applied to all entity and project types. He furthered that the REAA fund applied to all but the city/borough districts. He stated that debt reimbursement did not necessarily apply to school construction and major maintenance, or REAA districts.

[9:13:06 AM](#)

Mr. Willhoite looked at slide 9, "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 Preventive Maintenance and Facility Management Program
5. Capital project and not maintenance
6. Participating share

Mr. Willhoite wanted to add important items for discussion that were not included on the slide. He discussed what the department did to support item 4 and item 5 on the list. He relayed that all districts were visited on a five-year rotation by members of a facilities team, which worked to help schools through the process to establish and maintain a healthy maintenance policy and system. He qualified that the department did not do facility assessments but were there in a support role to help with the understanding of the importance of maintenance. He had a certain amount of passion for maintenance. He emphasized that buildings were perishable. He considered that the metric of sophistication of a society was how well it maintained its buildings. He believed that a thorough maintenance program might preclude the need for a major maintenance program.

[9:16:19 AM](#)

Mr. Willhoite addressed slide 10, "Grant Participation and 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 (<https://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

[9:17:38 AM](#)

Mr. Willhoite advanced to slide 11, "Grant Participation and Eligibility - FY2014 - FY2024," which showed a bar graph that illustrated participating CIP grants that had been received over the last decade. He stressed that the slide was not necessarily reflective of the ones that had been fully funded. He noted that it took a certain amount of money to put together a grant application. He cited that major maintenance was the largest portion of the bars shown, with school construction following, and ineligible applications in lime green. He thought that the ineligible applications were less than 4 percent, which could hopefully be lowered to zero with additional training. He shared that there would be a CIP workshop in the spring.

[9:19:58 AM](#)

Senator Bishop expressed his appreciation for Mr. Willhoite.

[9:20:27 AM](#)

Mr. Willhoite looked at slide 12, "Grant Awards FY2014 - FY2023," which showed a table that reflected grants awarded over the last decade. He observed trends with areas that

showed no funding and noted that by and large an effort had been made to provide some funding each year over the last ten years.

9:21:02 AM

Mr. Willhoite showed slide 13, "Total Eligible Grant Projects and Actual Grant Funding by Fiscal Year," which showed a table detailing fiscal year/list, number of projects, total eligible state share, number of projects funded, and amount funded.

9:21:35 AM

Co-Chair Stedman referenced slide 13. He was curious about the amount of maintenance and construction funding that had been vetoed each year in the years reflected on the slide.

Co-Chair Hoffman wondered whether he wanted the FY23 number.

Co-Chair Stedman thought there were multiple years to use as an example.

Co-Chair Hoffman thought Co-Chair Stedman was making the point that the legislature recognized the need for maintenance and had funded numerous projects over the years that were subsequently vetoed by whatever sitting governor. He thought the audience should be aware that the committee had been working on the issue as a priority.

9:23:16 AM

Senator Kiehl agreed with Co-Chair Stedman and Co-Chair Hoffman. He wondered whether the slide reflected a pattern.

Mr. Willhoite was not prepared to answer questions regarding trends due to his short tenure at DEED.

Acting Commissioner Teshner thought districts considered the time and money associated with putting forth and application, as well as how much money was appropriated. She said that in response to many years of limited major maintenance appropriations, districts would likely not put in the work and resources to complete an application. She noted that in FY23, 21 projects were funded with the appropriation. She stated that applications were directly

correlated to whether projects were being consistently funded.

Senator Kiehl appreciated the response. He was trying to determine whether the final appropriation results gave districts an efficient way to spend the funds.

[9:25:32 AM](#)

Senator Bishop wanted to offer background on the history of major maintenance funding. He noted that at one point the list had been funded entirely.

Mr. Willhoite was not surprised at what Senator Bishop described. He reiterated that buildings went into maintenance phase as soon as they were occupied. He commented on the ongoing nature of maintenance. He stressed that there were a lot of costs that went into submitting a CIP application, many of which were things he thought districts should be doing regardless, such as meeting with engineers and designers to provide a scope and cost estimates for projects. He qualified that limited time and resources could lead to districts skipping these natural considerations. He thought the items required by statute were a way to encourage districts to participate fully in the application process. He thought the upfront cost was not entirely dedicated to the application process, but rather something for the district's sake. H

[9:28:45 AM](#)

Mr. Willhoite referenced slide 14, "Appropriations into the REAA and Small Municipal School District Fund," which showed a table off fiscal year appropriations by year and amount. The total over the late 10 years was \$443,279,906.

[9:29:18 AM](#)

Mr. Willhoite turned to slide 15, "Allocations from the REAA and Small Municipal School District Fund," which showed two tables showing new appropriation funds to projects. The table began in FY14 and ended in FY23, and included fiscal year, project name, and allocation amount.

[9:30:11 AM](#)

Co-Chair Stedman mentioned inadvertent events in Western Alaska that had caused damage to school buildings. He asked for a status update on some of those projects.

Mr. Willhoite agreed and deferred the project status update to Lori Weed.

9:30:56 AM

LORI WEED, SCHOOL FINANCE SPECIALIST, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT,

Co-Chair Hoffman asked about projects at Napakiak and Kaktovik.

Ms. Weed relayed that the project in Napakiak was fully funded in the FY23 appropriation.

Co-Chair Hoffman relayed that the reason for the project was that the school was falling into the Kuskokwim River.

Ms. Weed agreed and noted that the project had created a new scoring category to accommodate erosion needs and projects in the state.

Ms. Weed addressed the school in Kaktovik. She detailed that burned school should be covered under insurance and eligible schools could be considered under STIP applications to cover costs.

9:33:05 AM

Co-Chair Olson asked what happened when the insurance money was distributed - was it distributed to the school or the state. He asked where the insurance proceeds were disbursed when a school was destroyed by fire.

Ms. Weed explained that the insurance distribution was dependent upon the ownership of the school. She said that in all cases the money would go to the district, whether it be directly or through the state.

Co-Chair Olson asked what happened in the case that a school burned down and there were not sufficient funds to rebuild.

Ms. Weed stated that all schools should be fully insured for replacement costs.

Co-Chair Olson asserted that that was not the case in Kaktovik because it had been built many years ago.

Ms. Weed suggested that the insurance replacement costs should increase overtime.

Co-Chair Olson mentioned a more recent fire in Savoonga, which he thought involved the old school that was used for teacher housing that had burned down. He asked about the status of that project.

Ms. Weed replied that she could not speak about the matter.

Mr. Willhoite agreed to get back to the committee with more information.

Co-Chair Olson understood that the REAA Fund did not cover teacher housing. He asked what would be done in cases where schools lacked teachers due to inadequate housing.

Ms. Weed relayed that currently the REAA Program does not cover any funding for residential buildings.

[9:36:08 AM](#)

Co-Chair Olson asked how much resistance there would be in changing the regulation or statute to allow REAA funding for teacher housing.

Ms. Weed stated that she did not know.

[9:36:29 AM](#)

Co-Chair Olson commented that Chevak was in Senator Hoffman's district.

Co-Chair Hoffman offered that he had visited the community recently.

[9:36:41 AM](#)

ELWIN BLACKWELL, SCHOOL FINANCE MANAGER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, considered slide 16, "Debt Reimbursement and 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
(<https://education.alaska.gov/facilities/faciliti escip>)
3. Project Ranking
 - a. Projects are not ranked or evaluated for prioritized need
4. Eligibility
 - a. All types of Cities, except 3rd Class
 - b. All types of Boroughs
 - 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

Mr. Blackwell explained that was no need for ranking projects as projects were funded by municipalities. He noted that not all cities and boroughs had bonding capacity. The department required similar documents to be submitted for debt reimbursement as for a grant application.

[9:39:03 AM](#)

Mr. Blackwell displayed slide 17, "Debt Reimbursement Trends," which gave a quick overview of reimbursement rates:

- Percentage of annual Debt Service
 - FY1971 - FY1977 - 100 percent
 - FY1978 - FY1983 - 90 percent
 - FY1984 - FY1994 - 80 percent
 - FY1995 - FY1999 - 70 percent
 - FY2000 - FY2015 70 percent/ 60 percent*
 - SB64 (Chapter 3 SLA 2015) implemented a moratorium on additional debt reimbursement through FY2020

- HB106 (Chapter 6 SLA 2020) extended the moratorium on additional debt reimbursement through FY2025
 - FY2026 - FY20xx - 50 percent/ 40 percent**

*Northwest Arctic Borough at 90 percent for bonds between 1990-2006

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

[9:41:06 AM](#)

Mr. Blackwell highlighted slide 18, "Debt Reimbursement Trends," which showed a bar graph of historic debt funding by reimbursement rate.

Mr. Blackwell looked at slide 19, "Debt Reimbursement Trends," which showed a bar graph illustrating the state share of outstanding debt projected from FY 24 to FY 42. The chart included all bonds that were outstanding and excluded all authorized but unsold bonds. He noted that there was an associated document, Handout 2, which corresponded with the black line on the graph and represented the state liability portion of the program (copy on file).

[9:42:09 AM](#)

Mr. Blackwell addressed slide 20, "Debt Reimbursement Trends," which showed a chart illustrating the appropriated, and eligible amounts that municipalities should have received from 1976 to present. There had been years when the program was underfunded, but for the most part the program had been fully funded for most of its life. He mentioned periods of time in the 1980s when the state experienced fiscal difficulties that led to underfunding. Recently in 2017, 2020, and 2021, the appropriation was not sufficient to meet the eligible amount. In 2021, the appropriation was zero after being vetoed by the governor. He cited that in FY22, under HB 281, money had been received to fully fund 2017, 2020, and 2021. The graph did not show the funding from HB 281. He noted that the years were made whole after the fact. He said that FY23 and FY24 were fully funded.

[9:44:17 AM](#)

Mr. Blackwell advanced to slide 21, "Debt Proceed and 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

Mr. Blackwell said that bond issues were tracked to be sure the full amount was received. He stated that if a municipality sold a bond for more than the project the reimbursement would be prorated to isolate out the school approved project portion of the bond and the eligibility rate would be applied. He relayed that there were requirements in statute pertaining to refunding stipulations.

[9:46:38 AM](#)

Mr. Blackwell looked at slide 22, "Funding Comparison," which showed a table of comparing between the REAA/Small Muni, SC/MM Grant Funds, and Debt Reimbursement. The graph showed what was allowed in the different types of available funding mechanisms for capital.

[9:47:09 AM](#)

Mr. Blackwell spoke to slide 23, "Additional Handouts and Resources":

- Supplementary handouts
 - FY2024 School Construction Grant Fund List
 - FY2024 Major Maintenance Grant Fund List
- DEED's Facilities website:
<https://education.alaska.gov/facilities>
 - School Facility Database

https://education.alaska.gov/doe_rolodex/schoolcalendar/facility

- Preventive Maintenance & Facility Management Program

<https://education.alaska.gov/facilities/PM>

- CIP Application and Support

<https://education.alaska.gov/facilities/facilitiescip>

- CIP Grant Priority Lists

<https://education.alaska.gov/facilities/facilitiesspl>

[9:47:57 AM](#)

Acting Commissioner Teshner referenced slide 24, "Mt. Edgecumbe High School (MEHS) Deferred Maintenance Projects Currently Funded":

- Freezer/Cooler Building Replacement
- Bleachers, Swimming and Survival Equipment
- Building 295 Heritage Hall Window Upgrades
- Building 290 Kitchen Ventilation Upgrades
- Campus ADA Upgrades
- Campus-wide Restroom Upgrades
 - Building 1330 Academic
 - Building 1331 Gymnasium
 - Building 295 Heritage Hall
 - Building 297 Ivy Hall
- Building 299 Access Stairs and Bridge Replacement
- Master Plan Update

Acting Commissioner Teshner shared that Mt. Edgecumbe High School was part of the department but did not qualify for school construction or major maintenance and were funded through deferred maintenance appropriations from the state.

Co-Chair Olson referenced Mt. Edgecumbe and wondered how capital improvements were funded for the facility.

Acting Commissioner Teshner noted that Handout 7 showed the needs of the school (copy on file). She said that projects were identified yearly and then prioritized by the department and funded through the statewide deferred maintenance appropriation. She spoke of the third bullet on the slide and noted that it had been identified as a priority.

9:50:37 AM

Co-Chair Hoffman relayed that the issue of Mt. Edgecumbe maintenance funding had been brought to his attention by colleagues. He thought that the REAA Fund needed to be modified through the legislative process to allow the school to qualify. He thought Co-Chair Stedman made a compelling argument that the school should be eligible for REAA and major maintenance funding.

Co-Chair Stedman considered the list on slide 24 and highlighted the second item. He assumed that the bleachers were for the aquatic center and not the school gymnasium.

Acting Commissioner Teshner answered affirmatively.

Co-Chair Stedman argued that the item was not major maintenance, in fact the bleachers were brand new, funded by an appropriation the previous year. He said that the facility had been under construction for a decade and was finally complete.

Acting Commissioner Teshner relayed that the construction on the project was fully done. The additional outstanding items on the slide were not construction projects.

Co-Chair Stedman understood that the bleachers appropriation was done, and asked whether DEED had the funds to complete the project for the purpose of installing the new bleachers.

Acting Commissioner Teshner stated that to her knowledge, the department had the funds for installation of extras for the aquatic center.

9:54:10 AM

Co-Chair Stedman asked whether Acting Commissioner Teshner could provide a financial update on the aquatic center. He understood that the revenue situation at the facility was improving, and funds were being generated for operating expenses.

Acting Commissioner Teshner agreed to provide the committee with the information.

Co-Chair Stedman expressed that the project had slowed down funding for other capital needs.

[9:55:29 AM](#)

Acting Commissioner Teshner turned to slide 25, "Mt. Edgumbe High School (MEHS) Deferred Maintenance Backlog":

- FY2024 Deferred Maintenance Capital Memo (Handout #7)
- Environmental Cleanup and Renovation of Building 288, Old Firehouse Building - estimated at \$662.0
- Environmental Cleanup and Demolition of Building 296, Old Paint Shop - estimated at \$244.0

Acting Commissioner Teshner reminded that the projects on the slide were detailed on Handout 7 (copy on file).

Co-Chair Stedman expressed concern at the length of time the facilities had been in poor condition. He reminded that the facilities were built during World War II and had been abandoned for decades. He thought unhoused individuals had occupied the buildings. He mentioned lead paint and various hazards associated with the structures. He thought the structures were a health hazard. He recognized that the project was on the list produced by the Department of Transportation and Public Facilities (as demonstrated on Handout 7). He was concerned about item 7 and item 8 on the list, which were the items reflected on slide 25.

Co-Chair Stedman wanted an update on the land exchange taking place with the Southeast Alaska Regional Health Consortium (SEARHC).

[9:59:43 AM](#)

Co-Chair Stedman wanted more information as to why the two land parcels had not been transferred. He was not sure of the financial terms that were part of the agreement, but hoped the involved parties were working together to come up with an arrangement that benefited Mt. Edgumbe High School. He thought the hospital was very concerned about the unsightly buildings being in proximity to the new facilities.

Co-Chair Stedman looked at item 1 on the handout, which concerned the dining hall renovation at MEHS. He reminded

the committee that the dormitories were old military barracks that were constructed near the time of WWII. The structures were built hastily and inexpensively. He had concerns about putting money into the old dorms. He wanted to have a conversation about the school facility itself and consideration of building new dorms.

Co-Chair Hoffman noted the last item on slide 24, "Master Plan Update".

Co-Chair Stedman hoped that the committee could review the update once it was available.

Co-Chair Hoffman asked Acting Commissioner Teshner when the update would be available.

Acting Commissioner Teshner relayed that the department had almost completed phase one of the master plan update, and the final should be completed by summer of 2023.

[10:03:32 AM](#)

Co-Chair Stedman referenced item 9 on handout 7 and reiterated his and Senator Olson's concerns about the number of students per dorm room at MEHS. He stressed that the bunks had been built in 1980. He believed that the school needed to be in the system with all other schools under the department's purview for the legislature to be privy to maintenance needs.

[10:04:31 AM](#)

Co-Chair Olson considered the success rate of the school and stressed that its environment should be welcoming.

[10:05:06 AM](#)

Co-Chair Stedman appreciated the leeway to address MEHS. He commented on the need for backup generators at the school, which he thought were a good idea for all schools. He reminded the committee that the basketball court at MEHS was used for a variety of community events.

Co-Chair Stedman asked whether the department supported the recommendations of the legislature for funding for MEHS, even as the OMB director was calling for sacrifices in the Capital Budget.

Acting Commissioner Teshner relayed that DEED prioritized MEHS. She stated that the students were under the purview of the department. She said that the department supported appropriations for MEHS.

Co-Chair Stedman thought it would be a great idea to have some members take a tour of the MEHS facilities. He commented on the success rate of the school in educating future leaders. He thought it would be nice for the members to familiarize themselves with the facility.

[10:07:55 AM](#)

Senator Merrick asked how many students attended MEHS and whether they paid for tuition and board.

Acting Commissioner Teshner cited that there were 400 students from 111 communities across the state. Students paid a student activities fee, which was the only fee that was paid.

[10:08:23 AM](#)

Senator Wilson recalled that he had toured the MEHS campus. He thought MEHS was an amazing facility. He mentioned staircase replacement and asbestos abatement. He mentioned additional costs to families to send students to the school. He was in support of more funding to upgrade the school. He mentioned ADA upgrades thought more should be done for the school, which fell within the state's purview.

Co-Chair Hoffman commented that in the past students had been willing to leave their communities for the promise of a better education. He thought MEHS had a waitlist to get in because of the outstanding reputation of the school.

Co-Chair Stedman spoke of the financial hardships faced by rural students to attend MEHS. He thought that the state could step up and help to make the opportunity accessible to poor and rural students.

[10:11:04 AM](#)

Co-Chair Stedman noted that most of the families with students at MEHS were not high-income earners. He thought the committee should work with the department to determine what needed to be done to potentially fund students

returning home for winter break. He noted that some students left and could not return to school due to lack of funds for travel.

10:12:59 AM

Co-Chair Olson asked how many students were in the situation that Co-Chair Stedman described where they were unable to pay for travel to return to school.

Acting Commissioner Teshner did not have information on the issue described. She knew there were other issues that prevented students from returning. She agreed to follow up with the committee with the information.

10:13:42 AM

Acting Commissioner Teshner showed slide 26, "Contact Information":

Heidi Teshner, Acting Commissioner
heidi.teshner@alaska.gov
(907) 465-2875

Joe Willhoite, Facilities Manager
joe.willhoite@alaska.gov
(907) 465-6569

Elwin Blackwell, School Finance Manager
elwin.blackwell@alaska.gov
(907) 465-8665

Laurel Shoop, Legislative Liaison
laurel.shoop@alaska.gov
(907) 465-8703

Senator Kiehl thought the department had done a good job describing a complex system. He considered whether the school bond debt reimbursement moratorium would eventually prove problematic if the legislature failed to uphold the constitutional mandate to maintain public schools. Additionally, the REAA was funded through a proportion of what was put into the municipal school's debt reimbursement, which meant that there had been no cash flow into the fund during the moratorium. He felt that if the moratorium continued the gulf between urban and rural schools would grow. He probed what the state could do, in

terms of school major maintenance, to ensure statewide equity.

[10:17:17 AM](#)

Acting Commissioner Teshner thought Senator Kiehl was describing a policy question to be determined by the legislature. She acknowledged that there was funding appropriated into the REAA fund, but the amount of the fund was shrinking. She stated that if the moratorium were to continue the fund would eventually go down to zero. She said that appropriations from the legislature were applied how they were given.

Senator Kiehl appreciated that the department led its presentation with its mission. He thought leadership could be a joint activity, and that the legislature and the executive branch could work together to problem solve.

[10:19:02 AM](#)

Co-Chair Hoffman said that the REAA fund had been established by the legislature but that the administration was free to offer policy suggestions. He said that all major maintenance policies had so far come from the legislature, particularly from the Senate Finance Committee.

[10:19:54 AM](#)

Senator Bishop considered the major maintenance list and felt that schools in both rural and urban areas should be commended for their maintenance programs that had put forth the effort to maintain school buildings.

[10:21:19 AM](#)

Mr. Willhoite applauded the districts that showed maintenance as a priority. He considered that the better the facility was to start, the easier they were to maintain. He qualified that at times it was better to tear down buildings and rebuild. He thought it was very encouraging to hear that there were schools built even in the 1980s that were doing very well with maintenance. He did not like sinking good money into bad.

Co-Chair Hoffman thanked the presenters and stressed that school major maintenance was a high priority for the committee.

Co-Chair Hoffman discussed housekeeping.

#

ADJOURNMENT

10:24:20 AM

The meeting was adjourned at 10:24 a.m.