

HOUSE FINANCE COMMITTEE  
March 21, 2025  
1:34 p.m.

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CALL TO ORDER

Co-Chair Schrage called the House Finance Committee meeting to order at 1:34 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair  
Representative Andy Josephson, Co-Chair  
Representative Calvin Schrage, Co-Chair  
Representative Jamie Allard  
Representative Jeremy Bynum  
Representative Alyse Galvin  
Representative Sara Hannan  
Representative Nellie Unangiq Jimmie  
Representative DeLena Johnson  
Representative Will Stapp  
Representative Frank Tomaszewski

MEMBERS ABSENT

None

ALSO PRESENT

Lori Weed, School Finance Manager, Department of Education and Early Development; Michael Butikofer, Facilities Manager, Department of Education and Early Development; Dr. Lisa Parady, Executive Director, Alaska Council of School Administrators; Frank Hauser, Superintendent, Juneau School District; Representative Bill Elam; Representative Julie Coulombe.

PRESENT VIA TELECONFERENCE

Andrew Anderson, Superintendent, Lower Kuskokwim School District, Bethel; Andy Degraw, Chief Operations Officer, Fairbanks North Star Borough School District.

SUMMARY

HB 54            APPROP: CAPITAL/SUPPLEMENTAL/FUNDS

HB 54 was HEARD and HELD in committee for further consideration.

PRESENTATION:        DEFERRED        MAINTENANCE,        SCHOOL        MAJOR  
MAINTENANCE AND NEW SCHOOL CONSTRUCTION LIST

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT  
ALASKA COUNCIL OF SCHOOL ADMINISTRATORS  
SCHOOL DISTRICTS

Co-Chair Schrage reviewed the meeting agenda.

#hb54

HOUSE BILL NO. 54

"An Act making appropriations, including capital appropriations and other appropriations; making reappropriations; making appropriations to capitalize funds; and providing for an effective date."

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^PRESENTATION:        DEFERRED        MAINTENANCE,        SCHOOL        MAJOR  
MAINTENANCE AND NEW SCHOOL CONSTRUCTION LIST

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MICHAEL BUTIKOFER, FACILITIES MANAGER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, introduced himself.

LORI WEED, SCHOOL FINANCE MANAGER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, provided a PowerPoint presentation titled "Capital Needs for School Facilities," dated March 21, 2025 (copy on file). She began on slide 2 with the Department of Education and Early Development's (DEED) mission, vision, and purpose. The department's mission was "an excellent education for every student every day." The purpose of the department was to provide information, resources, and leadership to support an excellent education for every student every day. She moved to slide 3 and stated that a school facility was instrumental in providing education, meeting Alaska's strategic priorities for education challenge, particularly retaining and attracting effective educational professionals, and improving the

safety and well-being of students by providing a comfortable and safe place to go to school.

Ms. Weed moved to current funding mechanisms on slide 4. She read from prepared remarks:

The current funding mechanisms in statute, Title 14.11 provide for the department to oversee programs for the construction, rehabilitation, and improvement of schools and education related facilities. There are two primary grant funds: the School Construction Grant Fund established in 1990 and the Major Maintenance Grant Fund established in 1993. This structure simplified the appropriation allocation system that was based on multiple different funding lists, one for each of the project categories currently identified in the statute. All grant projects funded under this chapter require a participating share from the district: 2 percent for the Regional Educational Attendance Areas (REAA) and between 5 and 35 percent for municipal school districts.

The Regional Educational Attendance Area and Small Municipal School District School Fund, which we typically shorten to REAA Fund, was created in 2010 as a result of the Kasayulie settlement as a method of providing more equity in capital funding between rural and urban schools. Primarily, those who can participate in school bond debt reimbursement and those who could not. Originally, specific to REAAs for school construction funding, it was expanded to include small municipalities in 2013, and in 2018 the purpose was expanded to include major maintenance. This fund is based on a calculation indexed to the amount of the state's school bond debt reimbursement modified by a ratio of municipal schools to the total statewide and applied a constant factor of 0.244.

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Co-Chair Schrage acknowledged Representatives Bill Elam and Julie Coulombe in the room.

Ms. Weed continued addressing current funding mechanisms on slide 4 with prepared remarks:

The REAA fund has been a great asset to the department in the past decade. It has allowed us to forecast anticipated funding, which has allowed the department to keep projects moving on the construction list. In particular, by enabling us to fund the design phases of a large school construction project in one year, knowing that the balance of funding will be sufficient for the construction phase in the following year. This year, the fund capitalization in the operating budget is about \$22.9 million.

The school bond debt reimbursement program is open to all cities and boroughs that operate school districts. Applications for debt reimbursement projects may be received at any time a debt reimbursement program authorization is open. Because of the open nature of the program in recent iterations, projects are not ranked or evaluated for prioritized need. The funding authorizations for the program have been approved by the legislature through statute in two different methods. Most recently with an open-ended authority at set reimbursement rates. Prior to the moratorium in 2015, the authorized rates for reimbursement by the state were set at 60 and 70 percent and the new rates which are currently set to be in effect July 1, 2025, will be at 40 and 50 percent reimbursement. There was a previous method of program authorization, which established maximum amounts of project allocations per municipal population or enrollment range and this method was primarily used between 1990 and 2006.

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Representative Tomaszewski asked if the Regional Educational Attendance Area and Small Municipal School District School Fund was one or two funds.

Ms. Weed confirmed it was one fund.

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Ms. Weed turned to slide 5 and reviewed current project categories (AS 14.11.013) with prepared remarks:

Each project submitted to the department must fall within one of the six identified categories from statute. The categories are assigned to school

construction and major maintenance in AS 14.11.135. When a project is assigned to a category and hence to a specific grant fund, the ranking list for school construction and major maintenance does not further distinguish between these types of categories, and except for a limited number of questions applicable only to school construction, all projects are ranked using the same scoring matrixes. This provides a transparent framework for the department to balance the wide-ranging scopes and disparate types of projects from all across our state.

Ms. Weed turned to slide 6 and addressed capital improvement plan (CIP) eligibility with prepared remarks:

To participate in a funding program under AS 14.11 the district must meet statutory requirements including providing a six-year capital improvement plan and documentation of a functioning fixed asset inventory system. A district must annually submit proof of property insurance on their facilities. In order to help ensure that systems are in place to adequately care for its facilities, the district's preventative maintenance and facility management program must be currently certified with the department. Documentation ensuring that a project is a capital project and not part of a routine facility maintenance. Lastly, acknowledge that the district is responsible for meeting a portion of the project costs.

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Representative Hannan asked if there was a definition for routine maintenance within the department. She wondered if routine maintenance was specific to certain tasks or a percentage of cost of operation.

Ms. Weed replied that [routine maintenance] was not defined in regulation or statute and it was not necessarily based on cost. She explained that routine maintenance was preventative or a small repair (e.g., replacement of filters, replacement of a small amount of carpet tile, painting an interior). The department reviewed project applications and may remove portions of scope that were not determined to be a capital project. Whereas a capital project would be a total system replacement.

Representative Hannan considered Juneau examples. She understood Juneau would not qualify in the small school fund. She provided a hypothetical example of a pipe breaking causing a flood in a school library that meant all of the carpet needed replacement because the situation happened over winter break. She asked if it qualified as a capital project. In another scenario, she assumed one broken window would be considered routine maintenance, whereas 50 broken windows from a storm event would be considered a capital project.

Ms. Weed replied that the examples would likely be insurance claims, which would not fall under capital projects. She agreed that as the scope increased there was a gray area. She relayed that there was a reconsideration and appeal process for the dialogue to happen between the department and a school district.

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Representative Bynum observed that slide 6 pertained to eligibility, slide 4 addressed the four current funding mechanisms, and the current project categories on slide 5. He looked at the CIP eligibility on slide 6. He asked if the CIP eligibility applied to all of the funding mechanisms. He asked if the same formula was applied to all four funding mechanisms and the project categories.

Ms. Weed responded affirmatively.

Representative Stapp stated that a couple of years ago on the requirement for property insurance, the state ran into an issue where the Kaktovik school was not insured up to the replacement cost. He referenced the department's process for verifying CIP eligibility and asked if it had done anything since that time to make certain insurance was sufficient to cover the replacement value of schools.

Ms. Weed answered the department was in the process of reviewing how it analyzed appropriate school construction costs. The insured values were supposed to be based on insurance appraisals. She elaborated that statutory requirements specified that it would be replacement cost. Some of the insurers did that regardless of the premium amount listed, while the department was still working with others.

Representative Stapp remarked that he was aware of what the law stated was supposed to happen. He assumed DEED was verifying that the state was actually ensuring schools had the appropriate insurance coverage in the event of catastrophic events at schools.

Ms. Weed replied that DEED was currently reevaluating its process to ensure there was a good comparison between what a rough estimate of replacement cost per square footage would be and what was actually being insured.

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Representative Johnson asked how the Natural Petroleum Reserve-Alaska (NPRA) funding went to schools. She understood there was a school component of the royalty. She asked what fund it went into and how it could be used.

Ms. Weed replied that it was not a funding stream that went through the DEED Facilities Section; therefore, she did not have the information.

Representative Johnson asked if it went directly to local school districts.

Ms. Weed responded that she did not have the information.

Ms. Weed continued her presentation on slide 7, pertaining to grant participation and eligibility. She read from prepared remarks:

Capital improvement project (CIP) grant applications are received by the department from districts on or before September 1. Over the next two months the department reviews and ranks all submitted applications. The Bond Reimbursement and Grant Review Committee has established the application and ranking metric that has the district identify and provide standard information that is necessary for development and evaluation of a project. The application is reviewed and approved annually at the committee's publicly noticed meetings. The department ensures that eligibility criteria are met. The department will then publish the initial ranking list on November 5th. The districts have the opportunity to review the department determinations on ranking and scoring

eligibility and modifications to scope and budget that may have been done by the department. If reconsideration is not favorable to a district, they have the opportunity to appeal to an administrative hearing officer and the decision by State Board of Education. Ultimately, they are able to be heard, and it could be decided in the superior court if needed. The last major appeal was for the FY 26 budget cycle and was for the Kivalina new school construction project in Northwest Alaska.

Representative Tomaszewski asked if the grant application process was easy or if there were schools that had a difficult time with it.

Ms. Weed replied that the process was involved and could vary on a scale depending on the resources available to a district.

Co-Chair Josephson asked for details about the Kivalina School District appeal.

Ms. Weed responded that the Kivalina School District had submitted a ~\$100 million project and the department had reduced the project to approximately \$43 million. The school district had requested reconsideration on the decision. She did not recall whether the department increased the funding at that time. She elaborated that the case went to a hearing officer and the funding was increased to about \$50 million. The primary dispute was over the installation of additional water storage utility capacity for water, power, sewer, and fuel tanks, which had added a large cost. The department asserted it was providing services for the community and not just the school facility. She relayed that the department's position was essentially upheld.

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Co-Chair Josephson asked for verification that in the end Kivalina received \$50 million to replace its school.

Ms. Weed agreed. She elaborated that it was the last school involved in the Kasayulie settlement. She explained that in lieu of an addition or replacement school in the same location, it had been moved to the community's resettlement location.

Co-Chair Josephson noted it involved climate related occurrences.

Representative Bynum noted the four different statutory funding mechanisms including direct grants and bond debt reimbursement. He looked at the grant participation eligibility criteria on slide 7. He asked if the requests were ranked equally based on merit or grouped based on funding mechanism category.

Ms. Weed replied that grant projects were ranked at the same time, but they were split between school construction and major maintenance due to the funding sources. She relayed that all school construction projects were ranked against the same matrix and all major maintenance projects were ranked against the same criteria. She clarified that the two grants were ranked against the same criteria, but a school construction project had several additional criteria that applied. A school construction project was expected to house additional students, which meant looking at alternative facilities and population projection. She noted that those items were not part of the scoring criteria for major maintenance.

Representative Bynum he noted that Representative Rebecca Schwanke brought forward the issue where REAAs potentially did not have the capability of meeting CIP eligibility. He elaborated that for small school districts it was very difficult to dedicate the resources and technical capabilities toward developing plans that require engineering, evaluating six-year capital improvement plans, and ensuring there was a preventative maintenance and facility maintenance program. He asked if the department had a mechanism in place to help small districts make sure they were competitive in the request process.

Ms. Weed advanced to slide 8 to answer the question. The slide pertained to what it took to fill out an application. She read from prepared remarks:

Within the application there are prompts there and the reward through scoring for districts to provide the information needed for evaluation of the project scope and necessity both by the district and by the department when reviewing. This does include facility information like age and conditions and an evaluation

of options. For new school construction it may include different enrollment projections to justify a space increase.

Ms. Weed addressed Representative Bynum's question about whether engineering was required to evaluate whether a project was needed. The department provided a variety of tools including a condition survey template, which required that someone on district staff had the qualifications to say for example, that they had known the roof for 30 years, and could identify the issues and provide photos. She highlighted the importance of photos. The department modified the process making it unnecessary for a professional engineer or architect to visit a facility if the school district had a person with sufficient qualifications to look at a system and identify the problems. She noted that it involved multimillion facilities ranging from \$10 million to \$50 million. She posed the question, "As part of good stewardship should you be able to maintain and evaluate your facilities?" Districts were required to have a preventative maintenance program per statute to ensure that systems did not break prematurely.

Ms. Weed relayed that the six-year plan development, which was part of the preventative maintenance and facility management program, did not have to be extensive. The department required districts to maintain high level renewal and replacement schedules based on facility replacement costs. The department had a template, and most districts maintained them as part of the program certification. A project could be scoped based on systems that were aging and coming due for replacement. The department had eyes on those systems and acknowledged they were coming due or had a couple of years remaining because it had been well-maintained. She stated that a project could be scoped very high level and come to the department for development of initial design and further processing. The department also provided a cost estimating tool to identify by system or type of space.

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Ms. Weed continued to address slide 8 beginning with the scope of work. She read from prepared remarks:

The scope of work can be established through narrative and supported by preliminary design documents. The estimate of the budget, what does the district think it will take versus the department coming up with a number, was helpful and important. Documentation that supports the statements in the application can provide assurance of accuracy and allows the department to evaluate the project presented to ensure that it is in the best interest of both the district and the state.

The department provides numerous publications and tools for districts to complete each step of the application without professional assistance if needed. These tools walk a district through completing elements of the application including options costing analysis, condition survey, population projections, and budget. In addition to always being able to answer district questions during application development including use of the tools, facilities staff at the department participate in statewide conferences including those for the Alaska Association for School Business Officials and the maintenance director conference hosted by the Association of Alaska School Boards.

We also often speak at the UAS aspiring superintendent course. Mr. Butikofer was just presenting there last evening. Specifically, Facilities also hosts an annual training workshop on the application identifying any changes, going over the tools available, and will be providing monthly question and answer sessions for districts throughout the summer leading up to the application deadline.

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Representative Bynum explained that it had become apparent to him that there were billions of dollars of deferred maintenance on state-owned assets with no system in place to identify or pay for the needs. He understood DEED was not fully responsible for education facilities, but there were billions of dollars' worth of facilities with hundreds of millions of dollars of backlog deferred maintenance. He referenced Ms. Weed's statements that there were rules in place that told school districts they shall have mechanisms in place to protect assets. However, there were hundreds of millions of dollars in deferred maintenance. He asked what

mechanisms were in place to create enforcement. He noted that there was a lot of discussion about the importance of education in Alaska, but it was not only about putting money into classrooms for teachers, administrative functions, and classroom tools. He stated that another important component was the classrooms themselves and facilities. He remarked that healthy facilities were good for teaching and schools. He was a bit frustrated because he knew there were hundreds of millions of dollars in backlog maintenance. He was trying to get a grasp on how to get it under control and what mechanisms the state had to help with the problem. He remarked that there was no enforcement mechanism or assistance provided to school districts. He was afraid there would continue to be a problem of backlog maintenance. He was trying to reach a solution.

Ms. Weed responded that the department's program was voluntary for school districts. She stated there could certainly be a legislative change if desired.

Representative Hannan asked how many people worked in DEED Facilities a decade ago compared to present day.

Ms. Weed answered that she had worked for Facilities a decade ago, and it had maintained a staff of five since that time.

Representative Hannan shared that in her 20 years with the Juneau School District, the district's maintenance department suffered many cuts long before the district began cutting kindergarten teachers and consolidating buildings. She elaborated that year-round maintenance became summer maintenance only. She explained that the maintenance crew stopped plowing parking lots, and the responsibility went to the custodian because the maintenance crew only had one plow truck and 13 buildings needing plowing before school could open. She could only imagine when the school district was an REAA with 20 locations. She continued that an REAA may have had a custodian at one point who was a "jack of all trades" in every building, but as those positions were cut, the district maintenance crew only came out once or twice a year to deal with a crisis. She emphasized that some of the onus was on the legislature because buildings had been built but school districts were not receiving the budget to keep doing the things it said. She considered the question

of enforcement. She asked if the legislature should say that if a school district was not doing regular maintenance it needed to shutter its doors. She did not believe it was what her colleague was asserting. She stressed that the legislature had set up a program and asked DEED to oversee it, but as the legislature had retracted its supports, the districts did not have mechanisms to stand up better maintenance and ongoing maintenance. She added that DEED had shrunk in size substantially. She thought there would have been more people in Facilities when the state was constructing buildings, but it was good they were all out in districts and it was still five people who could help 54 school districts get their requests to go forward.

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Ms. Weed advanced to a chart on slide 9 pertaining to grant participation and eligibility FY 16 to FY 26. She provided prepared remarks:

This grant participation and eligibility showed a chart of the last 11 years of ranked grant projects. There was a dip in FY 19 and FY 20 in most part due to the department exercising its authority to reallocate funding within the major maintenance and school construction grant funds to projects on the list. We did that behind when a normal legislative appropriation would occur, so districts were catching up with their application submittals. This most recent decade from FY 16 to FY 26 and a year prior to that, there was an average of approximately 117 applications with a 60 percent participation rate from districts and we've funded approximately 16 percent of the requests. In the first decade of the current program structure, which was approximately 1994 to 2004, there was an average of 178 applications with an 83 percent participation rate by districts and the state was able to fund 25 percent of those requested projects. I think we all acknowledge that the needs now are not less than they were then, but the ability to receive grant funding has been a lot less certain in this last 10 years and consider also that there was an active debt reimbursement authorization during that decade as well.

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Ms. Weed reviewed total eligible grant projects and actual grant funding by fiscal year on slide 10:

The total eligible grant projects versus the actual funding by fiscal year, you see a comparison of the eligible ranked grant projects and the amount of projects funded for the school construction here on the left, and major maintenance on the right. It is important to note that the amount funded does not include reappropriations or reallocations of fund balances. So, when we talked before about the department using its ability to reallocate funding in the years of 2018, you'll see a funded amount of zero, but 16 projects funded.

Ms. Weed noted that she would elaborate on related information from a report momentarily. She provided a brief look at the FY 26 school construction and major maintenance grant list request totals on slide 11. She explained that it was the total projects the districts chose to submit applications for the past September.

Ms. Weed moved to total six-year plan requests on slide 12:

When school districts provide their six-year plans as that eligibility requirement, the department compiles the data to provide a snapshot of the current estimated need. She noted that not all school districts submit in any given year, and the data only includes projects identified by districts (whole dollars, not adjusted for inflation).

Ms. Weed looked at recent funding on slide 13:

The departments report school capital project funding under SB 237 provides additional data on the funding provided by the state for school capital projects. The most recent addition was published on February 28, 2025. This documents the \$1.75 billion in project funding that had been provided by the state between the bond debt reimbursement and grant programs from FY 11 through the current fiscal year.

Ms. Weed turned to an excerpt from the School Capital Project Funding Report on slide 14. She read from prepared remarks:

You can see the marked shift in percentage of funded capital projects when the state experienced a sharp decline in resources or revenues and continued to have budget pressure. There has been a significant reduction in capital spending on school projects through both the grant program and by instituting the moratorium on the debt reimbursement program.

Ms. Weed advanced to slide 15 pertaining to deferred maintenance funding at Mt. Edgecumbe High School:

As a division of the state, the Mt. Edgecumbe High School (MEHS) is not part of the AS 14.11 grant program and has received direct appropriations from the legislature or could receive funding through the Department of Transportation and Public Facilities deferred maintenance list. Currently, Mt. Edgecumbe has \$11.4 million in funded projects. The department submitted \$22.8 million in projects for Mt. Edgecumbe in FY 26 to the statewide deferred maintenance list.

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Ms. Weed highlighted a list of additional resources on slide 16.

Representative Bynum remarked that the presentation included a lot of information about what the programs looked like associated with putting money into school facilities. He highlighted that a topic he did not see included was that on the foundation formula side of the funding, it was not necessarily an equal cost share. He elaborated that the city and boroughs were required to pay a local contribution for their schools, whereas other parts of the state were not. He asked if the state tracked who paid for facilities. For example, part of his district was a city and borough, and the borough was paying for the bulk of facilities (e.g., ball fields, gymnasiums, rooves) and it could apply for bond debt reimbursement from the state, which may or may not get paid depending on whether the legislature appropriated the money. He wondered if the department had the data showing the actual dollars in facilities were compared to REAAs versus city and boroughs and what share the state had through the different programs.

Ms. Weed replied that the department collected audited financials that included capital project funding received by districts if received from the local municipality for a project operated by the district, but the department would not have information on what cities were expending on capital projects for facilities within their boundaries.

Representative Bynum explained that he was trying to determine who was paying for the schools. He asked if Alaskans were collectively paying for the facilities. Alternatively, he asked if facilities were being built by the state through grant processes in areas that did not have the ability to collect taxes. Additionally, that city and boroughs were responsible for building the facilities and potentially receiving some reimbursement down the road. He wondered if the department had the information showing the breakdown of who was paying.

Ms. Weed did not believe the department had the information. She noted that city and boroughs were welcome to apply for a school construction grant to have a replacement school. She added that with the current reduction in population and enrollment, many city and boroughs already had an excess of square footage and would not be eligible for a construction project.

Representative Bynum would follow up with a specific request to the department. He was trying to determine how facilities were originally funded and how they were being maintained through state dollars (for city and boroughs, REAAs, cost sharing, and other mechanisms).

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Co-Chair Schrage thanked the presenters. He moved to a presentation by the Alaska Council of School Administrators.

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DR. LISA PARADY, EXECUTIVE DIRECTOR, ALASKA COUNCIL OF SCHOOL ADMINISTRATORS, provided a PowerPoint presentation titled "School District Major Maintenance," dated March 21, 2025 (copy on file). She noted the importance of the topic. She noted that the cover slide of the presentation showed a picture of a roof leak at the Thorne Bay School in the Southeast Island School District. She pointed to the image

showing water coming through the roof and flooding the school building. The Thorne Bay roof repair was project 81 on DEED's major maintenance list.

Dr. Parady explained that the Alaska Council of School Administrators (ACSA) represented all school districts, administrators, and students. The organization was focused on leadership, unity, and advocacy for public education, including neighborhood correspondence and charter schools. She thanked Ms. Weed and Mr. Butikofer for reviewing AS 14.11 and the process. She planned to provide a perspective from the ground versus digging into the process.

Dr. Parady moved to slide 3 titled "ACSA Joint Position Statements - Major Maintenance." She relayed that all of the committee members had received ACSA's joint position statements reflecting the organization's highest priorities in public education. She highlighted that the organization's members had ranked major and deferred maintenance and school capital construction as some of the highest priorities. The organization was advocating for a thorough review and updated process of DEED's major maintenance application process. She stated that in order to provide a safe and healthy environment for students it was necessary to ensure reliable and equitable funding through the department's school construction process to all district facilities. She noted that school bond debt reimbursement was a related issue. The organization encouraged the legislature to reject a moratorium on school bond debt reimbursement in the future because due to the existing moratorium, many school districts deferred school construction projects that resulted in deterioration and long-term damage leading to unsafe conditions and higher costs to school districts and ultimately the state. Students' safety and healthy learning environments were linked.

Dr. Parady turned to an illustration on slide 4 showing Alaska's schools by the numbers. There were 444 schools currently in operation and 127 were REAAS. She highlighted that 63 percent of the buildings were at least 40 years old.

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Dr. Parady turned to slide 5 and discussed ongoing challenges pertaining to deferred maintenance. The average

age of a school building in Alaska was 45 years with 83 buildings over 60 years old. The current FY 26 DEED major maintenance list had over \$330 million in projects with more that were not listed due to the current application process. She appreciated the earlier questions from Representative Tomaszewski and Representative Bynum about the application process because it was a financial burden to complete the applications. For example, the application for the Sleetmute school cost over \$200,000. She pointed out that the funds could have been used in the classroom, but in an REAA, the funds were being shifted to things like the application because their staff did not have sufficient qualifications or background to complete the applications and the costs of professionals exceeded their budgets. The slide showed an image of the St Paul School air handler shaft in the Pribilof School district.

She turned to slide 6 titled "School District Major Maintenance." She highlighted that for FY 26 the total dollar amount for the six-year plan requests by school districts was about \$1.8 billion. She detailed that the number only equated to 60 percent of the school districts because about 60 percent had submitted the six-year plan request to the department. She emphasized that the state did not know what the costs were for about 40 percent of the school districts. She believed it lent credence to the discussion earlier in the meeting about trying to get a better handle on deferred maintenance costs that had not been attended to. The slide showed an image of Homer High School roof dry rot (located in the Kenai Peninsula School District). She referenced reports by ProPublica and KYUK about school facilities in Alaska facing critical crises. She explained that the lack of funding of school major maintenance projects by the state left schools with deferred maintenance projects. Many of the projects had been on the list for more than a decade. She remarked that it led to increased costs for the state and unsafe learning environments for students.

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Dr. Parady addressed slide 7 showing a table with recommended and funded capital renewal by fiscal year. The information reflected the industry standard for facilities for DEED. The list recommended 3 percent capital renewal for school maintenance. She clarified that the updated recommendation was 4 percent. Since 2014, the legislature

had not funded half of the recommended amount. She explained that the lack of funding coupled with the moratorium on school bond debt had left boroughs and municipalities often to pay for the projects. She referenced recent research from Institute of Social and Economic Research (ISER) demonstrating the cost shift from the state to municipalities and local boroughs. She highlighted that the 19 REAA districts end up having to use general funds for maintenance in many cases, which took away from classrooms.

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Representative Bynum referenced Dr. Parady's statements that the state only had information from school districts that had submitted [a six-year plan request] and there were a large portion of districts that had not provided the information. He asked how good the information was from school districts that had provided it. He remarked that just because a district submitted a request, it did not mean it was an accurate reflection of the actual need of the school district.

Dr. Parady answered that it was always her position that school districts were putting forward the best information they could. She relayed that administration had been cut so severely in the majority of districts across the state that often it was one administrator trying to pull the information together because they could not afford the expertise of an engineer or architect. She believed in good faith that applications were submitted with the best information districts were able to put together. She could not speak to it beyond that.

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Dr. Parady moved to a table on slide 8 showing a handful of projects that had been on the major maintenance list since 2018. She noted that 2018 was the farthest back the information on the DEED website went. She pointed out the projects in Yupiit and Kake that had dropped on the list over the last seven years. She explained it was an example of why many districts were frustrated with the current process of funding projects and why many did not apply for funding. She elaborated that knowing that the cost of the application may not lead to receiving funds to fix schools for over a decade or possibly ever was a disincentive. The

DEED list for the current year included 84 projects, but there were many more that school districts had not applied for through the application process because of the cost barrier.

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Dr. Parady turned to slide 9 and pointed to a photo of the McGrath School attic showing ice in tarps located in the Iditarod School District. She noted it was project 62 [on the DEED list]. She stated that many of Alaska's schools were falling apart or in serious need, especially in rural and remote districts. She elaborated that students were going to buildings that were partially condemned, had leaky roofs, and black mold. She remarked that the learning environments and working conditions were not safe for students or educators. She stressed that Alaska was struggling to recruit and retain educators. She stated that in these conditions educators were exercising their option to leave. Her strongest concern was that students who lived in the communities generally did not have the option to leave. She provided an example of a student trying to learn to read or do math with a leaky roof dripping in a bucket behind them. She believed they needed to do better for students.

Dr. Parady relayed that the committee would hear from the LKSD [Lower Kuskokwim School District], which was the largest rural school district in Alaska and the fourth or fifth largest school district overall. She noted that LKSD is an REAA and would provide the committee with its perspective. Additionally, the committee would hear from two of the largest school districts about their particular experience.

[2:31:33 PM](#)

Dr. Parady turned to slide 10 showing images of deferred maintenance that were not included on the DEED CIP list. The first image showed splitting due to foundation failures at the Galena School, which was one of the state's largest correspondence schools. She stressed that the building was literally splitting in half. The elevator in the Kuspuk School District office had been out of service for many years, creating barriers for people in wheelchairs to attend school board meetings. She emphasized that schools were community meeting places [in rural areas]. She

underscored that not having operational elevators was prohibitive to citizens. Additionally, schools operated as emergency centers in most of Alaska. The slide also showed an image of deteriorating boilers in the Copper River School District. She elaborated that one of the boilers had blown and the district had to allocate \$800,000 from somewhere to cover the cost. The impacts of deferred maintenance were affecting students from day to day.

Dr. Parady turned to additional images showing impacts of deferred maintenance on slide 11. The image on the left showed the deterioration of the bathroom floor in Nikolai School located in the Iditarod School District, which was another unlisted project. The center image was number 4 on the DEED list for exterior siding cracking at the Soldotna High School. The photo on the right showed standing water under the Chevak school, which was currently 24 on the list.

Dr. Parady moved to proposed solutions on slide 12. The first solution on the list was to increase state capital funding. The second item was to develop a long-term maintenance strategy. A strategy should consider how the state was monitoring and planning for the issue and what kind of strategic steps were in place. The third item was to ensure equitable resource distribution, which did not necessarily seem to be in place. The fourth item was to review and update the application process. She did not know that it was necessary to separate lists for REAA districts and municipal/borough districts, but it was necessary to acknowledge they were not similarly situated and to account for that in some way. The last item was to provide engineering and architectural support for districts that could not afford it in order to even the playing field. The slide included an image of a flooded septic tank due to a pump failure in the Lake and Peninsula Borough School District. She appreciated the committee's time and attention to what she considered to be a big black hole.

[2:35:23 PM](#)

Representative Tomaszewski asked for details about the Council of School Administrators. He asked if Dr. Parady was a state employee.

Dr. Parady replied that ACSA was over 50 years old and was a private nonprofit. She was not a state employee. The

organization was formed to support education in Alaska and had been successfully doing so for over 50 years. The organization represented all superintendents, secondary and elementary school principals, school business officials, and a host of other school administrators and educators.

Representative Tomaszewski asked how many people were in the organization and how it was funded.

Dr. Parady answered that ACSA was a private nonprofit. The organization braided funding like most nonprofits. There was a division within ACSA called the Alaska Staff Development Network that provided the greatest amount of professional development to all educators including teachers in Alaska. The organization put on the largest education conference in the state, MTSS/RTI. She explained that most school districts had not been able to afford travel for professional development out of state for quite some time. Historically, educators were able to travel to a reading conference or some other professional development conference, but those days were gone. She shared that ACSA brought in the best high quality professional development providers in order for educators in Alaska to have some access to professional development in person and virtually.

Dr. Parady explained that she was providing examples of braiding. The Department of Education and Early Development often looked to ACSA to support efforts DEED was trying to accomplish. For example, ACSA had recently become the hub for teacher recruitment and retention for Alaska. After education funding, recruitment and retention were the next most important issues. The organization was working on recruitment and retention in three ways. First, the organization was working on the governor's taskforce for teacher recruitment and retention. The taskforce made several good recommendations that ACSA was implementing. One of the items was an omnibus bill focused on specific items to make it easier to attract and retain educators, such as removing barriers to make it easier to teach in Alaska.

Dr. Paraday addressed the second way ACSA was working on recruitment and retention. She detailed that [University of Alaska] President Pat Pitney asked about a year ago if ACSA would consider administering Alaska Teacher Placement (ATP). She explained it had been the historic program used for job fairs to attract teachers and other educators. She

explained that in the last year there were more districts attending than applicants and President Pitney asked if it may be a better fit to ACSA in order to maximize virtual job fairs and do training for educators to recruit. The third strand was international hire. The state was increasingly reliant on international teachers coming to Alaska. She expounded that ACSA opened a job application process and within 15 minutes there were over 700 applicants from international sources. The organization worked closely with the University of Alaska to employ every graduate. She highlighted that the school districts had started the year out down 600 certified positions. She stated that students deserved teachers; therefore, ACSA was working double time to help districts fill positions. She stated that running a nonprofit in Alaska made a person very resourceful and efficient.

[2:40:55 PM](#)

Representative Tomaszewski asked how the organization was funded. He asked if the organization received state funding.

Dr. Parady answered that the organization received grants in addition to the two sources she mentioned in her previous response. The organization had written many grants to support school districts across the state that it helped to administer and manage. She was happy to talk about the topic offline.

Representative Bynum referenced a comment by Dr. Parady that funding was needed for REAAs and city and borough schools, but they were situated differently. He asked for clarification.

Dr. Parady explained that she meant that costs had shifted to local governments when municipal and borough school districts had unexpected major maintenance events. In REAA situations, the opportunity did not exist.

Representative Bynum asked who should be responsible for funding school buildings. He asked if the state should be responsible, the local community should be responsible, or a combination of both.

Dr. Parady replied that it was her perspective that the state was responsible. She believed the Kasayulie

settlement would agree. She remarked that in a previous hearing during the current session a legislator had suggested perhaps it was time for Kasayulie 2.0 given the state of disrepair of the facilities.

Representative Bynum knew that the number of students in Alaska's schools was declining, and the square footage of facilities was growing. He noted that it did not necessarily mean that a school building itself would not need to be replaced. He highlighted the facilities were aging and like all aging facilities, even if the square footage was growing because students were leaving the school, did not necessarily mean there would not be recapitalized costs of building new schools moving forward.

[2:44:24 PM](#)

Representative Allard stated that she had not heard Dr. Parady answer the question about where ACSA received its grant money. She asked how much funding the organization received from the state and where it obtained other funds.

Dr. Parady responded that she was happy to follow up with the information. She did not have the breakdown of the different braided funds on hand.

Representative Allard asked why the presenter did not have the information on hand.

Dr. Parady replied that she came to the committee to speak about the state of disrepair of the facilities across Alaska, which she believed she had done a fairly good job of. She had no understanding that the committee would be interested in ACSA's private nonprofit balance sheet. She was happy to talk about the information offline.

Co-Chair Schrage confirmed that Dr. Parady had been asked to come speak to some of the needs across the state. They could follow up offline to answer additional committee member questions. He thanked the presenter. He asked to hear from the LKSD.

[2:45:32 PM](#)

ANDREW ANDERSON, SUPERINTENDENT, LOWER KUSKOKWIM SCHOOL DISTRICT, BETHEL (via teleconference), provided a PowerPoint presentation titled "School District Major

Maintenance," dated March 21, 2025 (copy on file). He began on slide 2 titled "Lower Kuskokwim School District (REAA)." The LKSD was Alaska's largest rural school district in the number of schools, students, and staff, comprised of 21 villages, 26 schools (the differences between the number of villages and schools were the schools in Bethel or the district offices in the region hub), and about 3,800 students. He noted there had been some impact on the student population in the COVID-19 pandemic years. The district was located approximately 400 miles west of Anchorage and the district encompassed the lower part of the Kuskokwim River delta. He described that many of the villages were located on the river, there were some on the coast, and a few located northwest of Bethel on the tributary areas called the tundra villages. The district was Alaska's second largest geographical district with roughly 22,000 square miles (about the size of West Virginia).

Mr. Anderson advanced to slide 3 titled "LKSD ~ Another Perspective":

- LKSD maintains over 130 buildings (excluding teacher housing)
- Representing almost 1 million square feet of space (900,355ft<sup>2</sup>)
- With a replacement cost of almost 1 billion dollars (\$905,921,860.00)
- With deferred major maintenance costs of \$313,802,331.00 (~ 35% of replacement)
- Deferred maintenance is a huge lift for the district to tackle and some sites cannot wait
- The average cost of repair per square foot is about \$500 (\$496.97)
- Every material we need for repairs must be flown or barged in
- Aging facilities have advanced needs
- Climate change and other environmental concerns cause funding crises

Mr. Anderson elaborated on the slide. He noted that many school districts could not afford inhouse expertise for much of the work, especially for more significant maintenance; therefore, contractual costs were an additional cost compared to an inhouse cost. He relayed that as aging facility needs were not met, the needs became

more advanced and costly. Unmet needs could gradually lead to the need for facility replacement instead of renovation. He added that in rural Alaska, the deteriorating condition of facilities was not only a concern with regard to basic cost, but the environmental issues were very serious as well. He would address the issue in more detail on an upcoming slide. He highlighted several communities and schools facing rapid river erosion and the associated costs. The bottom of the slide listed various schools he would address on subsequent slides.

[2:52:40 PM](#)

Mr. Anderson moved to slide 4 titled "Anna Tobeluk Memorial School Renovation Addition, Nunapitchuk project." He relayed that Nunapitchuk was one of the tundra villages located northwest of Bethel. The project had been submitted for consideration in 2019 and was number 2 on the CIP list in FY 24. The project had dropped to number 3 on the list in FY 25 and number 6 in FY 26. There were various maintenance costs including glulam replacement (substantial foundational support systems for the school), and fuel tank abatement. He pointed to a photo in the upper right showing fuel tanks leaning dramatically. He elaborated that the tanks contained fuel that needed to be carefully removed and dealt with. The tanks needed to be retired and hopefully eventually moved. He noted that the tanks were located close to the edge of the river. He explained it was an example of facility degradation and what could come from a significant environmental impact. The photo in the center of the slide showed an abandoned building, which should ideally be taken down. He stated it was a fire control system that needed to be replaced, and the district was still getting engineering specs to move the project forward. He relayed that the other pieces were forward funded to maintain integrity within facilities.

[2:54:19 PM](#)

Mr. Anderson advanced to slide 5 showing the Newtok relocation/replacement K-12 school, Mertarvik project. The slide showed one of two of the most recent serious river erosion issues. The Mertarvik project involved a new school coming online in the summer of 2025. In the meantime, students were attending school in a converted warehouse in very compromised learning conditions. He noted the dates on the photos showing the community of Newtok were not exactly

correct. The upper photo showed containers lined up for deconstruction of the community and many would remain onsite for the continued deconstruction of the school building located behind the containers in the upper photo. He highlighted the dramatic erosion of the river up to the school building and the fuel tanks. He relayed that as of the present day, the school buildings had been demolished.

[2:56:23 PM](#)

Mr. Anderson turned to slide 6 showing Napakiak erosion, which had been accelerated by disastrous spring ice break up and heavy summer storms. The community was located 20 miles southwest of Bethel on the main river. He pointed to a photo in the upper left of the slide dated June 16, 2024, showing the distance between the bank of the river and the school building at 29 feet. He noted that prior to Memorial Day the distance was 59 or 60 feet. A photo dated August 27, 2024, showed the river bank up to the edge of the building. The photo on the bottom right dated September 21, 2024, showed the building had been taken down under a very accelerated timeframe of hazardous materials removal. He reported that the new school for Napakiak was under construction and due to come online during the summer. He explained that because a construction crew had been onsite and there was money available within the fund, it had been transferred to remove the school on a very accelerated timeframe with particular urgency around the environmental impact of the school going into the river. The district was very fortunate to be able to access existing funds for the new school. The district was hoping extra funds would be available through the FY 26 CIP application process to backfill funding used for the deconstruction of the school. The district had been encouraged by DEED of the possibility of adding the funds as a supplemental in the FY 26 CIP list, but there were no guarantees.

[2:59:42 PM](#)

Mr. Anderson advanced to slide 7 pertaining to the Akula Elitnavik K-12 school renovation in Kasigluk-Akula. He highlighted that the initial conditions survey was completed in 2016 and the cost estimates for the repair were much lower than when it was funded on the CIP list in FY 25. The highest cost option for renovation was \$476,541 in 2016 and had increased to \$4.5 million in FY 19 and \$5.8 million in FY 25. He relayed that the increase represented

the rapid deterioration of buildings when things were not taken care of in a timely manner. The increase also reflected the additional cost of inflation as delay continued.

Mr. Anderson turned to slide 8 titled "Bethel Campus Fire Upgrade funded in FY 19 for \$2,955,464 in FY 24 add \$252,526." He pointed to an image on the right of the slide showing a water tank used for fire protection on the main Bethel campus, which included four school buildings and the district office. He relayed there were daily efforts to bring it to a deconstruction and replacement place. The cost of the bids were higher than the available funding and the district continued to try to work toward a solution. In the meantime, the district was dipping into general revenue in order to hold the facility in a stable condition.

Mr. Anderson moved to slide 9 showing images of bulk fuel tanks. He underscored that bulk fuel was a tremendously important issue. The tanks shown in the middle of the slide were located in Newtok and the image on the left showed a much larger fuel tank farm. He explained that all of the tanks needed to be drained and disassembled. The cost estimate for doing the work on the larger tank farm was currently \$150,000. The district's operations director told him many of the tanks were scattered throughout the district at different school sites. Slide 10 included a forward funded project for the Lower Kuskokwim Gladys Jung Elementary School in Bethel that was not reimbursed by DEED. The slide highlighted what was occurring due to the project's placement well down the DEED CIP list. He recognized that many school districts had very significant and serious needs; therefore, it was no surprise the projects moved around on the [DEED] list, but the underlying reality was that funding was not available to adequately deal with facility needs.

Mr. Anderson closed on slide 11. He stated that all of Alaska's schools were dedicated to serving students and the communities where they live, play, and learn. He underscored that providing equitable facilities was critically important. He thanked the committee for its time and was available for questions.

Co-Chair Schrage thanked the presenter.

[3:04:08 PM](#)

ANDY DEGRAW, CHIEF OPERATIONS OFFICER, FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT (via teleconference), provided a PowerPoint presentation titled "School District Major Maintenance: Fairbanks North Star Borough School District" dated March 21, 2025 (copy on file). He noted he was speaking in support of an increased investment in major maintenance and capital construction. He began with a district overview on slide 2. The slide showed the number of students, total square footage, the number of facilities, and the average age of the facilities. The district had a significant number of buildings that were over 35 years old. The district's most recent building was constructed in 2016, and the oldest building was Lathrop High School built in the early 1950s.

Mr. DeGraw turned to a chart showing the district's deferred maintenance history on slide 3. The chart depicted a sharp increase in deferred maintenance in the mid to late teens and reaching about \$367 million in the current year. He advanced to capital improvement plan projects on slide 4. The slide showed the lifecycle of renovations and replacements to maintain a building. There were four primary phases that school districts follow to renovate and keep buildings upgraded through their lifecycle. He stated that keeping up with the phases preserved the investment and extended the life of a building and its ability to remain open and serving students.

Mr. DeGraw detailed that it was a good investment to follow the phases and remain up to date. Phase 1 included classroom upgrades, phase 2 included exterior upgrades such as roofs, phase 3 included mechanical upgrades such as heating, and phase 4 included site improvements. The slide included the number of years where work was recommended associated with each phase. He highlighted that the last phase 1 upgrade in the Fairbanks School District (FSD) was 20 years back. He underscored that Tanana Middle School was 50 years old and the classrooms were original. He pointed out that the recommended replacement [for classroom upgrades] was 20 to 25 years. He emphasized that the vast majority of the buildings were on original boiler systems. The district was not doing preventative maintenance on the systems; it was doing reactive replacements as the systems failed. The district was on its third failure of the year, and the North Pole High School boiler was in the process of failing. There was currently an emergency process in place

to replace it. He highlighted that because the HVAC systems were original, spare parts were not available through normal distribution channels. He informed the committee that staff were regularly on eBay and Amazon.com finding obsolete out of date spare parts. He stressed that close to half of the schools in the district had zero of the phases done. He reiterated that the average age of the buildings was over 40 years old.

[3:09:19 PM](#)

Mr. DeGraw addressed maintenance priority guidelines on slide 5. Fire, life, and safety and safety and security were main components that had to be addressed immediately as situations arose. He stated that supplemental services included items that were breaking down that were not necessarily critical to fire, life, safety, and security. Examples included a broken water fountain or aesthetic damage to the inside of a building that was not necessarily safety related. The last category was preventative maintenance. He stated that it was extremely beneficial for districts to be able to focus on preventive maintenance to keep systems up to date and working properly. He underscored that it was much less expensive to maintain systems in a preventative manner than in a reactionary manner. Additionally, it was better for overall efficiency of running a building. He highlighted the link between the lack of general fund funding for education in Alaska and capital and major maintenance funding. He shared that FSD had been forced to reduce staff significantly in its facilities department to the point where preventative maintenance was not possible. The district was strictly focused on reactionary emergency responses to fire, life, safety, and security situations. There was a direct link between the lack of general fund funding - where when FSD had to make cuts, it went as far away from the classroom as possible, which was unfortunately the facilities department. He noted that when the cuts were made, the district quickly realized the facilities staff was not as far away from the classroom as originally thought as facilities were not functioning as well as they could be. He remarked that negative situations could certainly impact learning in the classroom.

Mr. DeGraw included a chart reflecting maintenance staffing reductions from FY 11 to FY 26. There was not necessarily a significant decline between FY 11 and FY 21, but it was the

time that the lack of major maintenance and capital investments started to "rear its head." While the district had relatively the same number of staff, the workload dramatically increased as buildings began to wear down due to a lack of investment. In FY 22, out of necessity, the district attempted to significantly decrease its maintenance staff, but the district realized quickly that it was not sustainable and had to reinvest in maintenance staff.

[3:12:31 PM](#)

Mr. DeGraw addressed custodial staffing reductions on slide 7. He noted that FSD did not have janitors, it had custodians who participated in routine and preventive maintenance. The reduction in positions was due to a lack of general funding, which negatively impacted the preventative maintenance the district was able to accomplish in its buildings. Slide 8 included a table showing the district's projects currently on the state CIP list. He highlighted that the district did not necessarily have a project located high on the list. The district had been forced to reduce numerous administrative positions in its facilities department that were responsible for the upfront leg work on condition assessments and engineering reports in order to move projects up the state list. Due to the lack of capacity, the district had a difficult time doing appropriate condition assessments to get its buildings ranked higher on the list. For example, the Tanana Middle School was a 50-year old building and the classroom upgrades were only 59 on the list.

Mr. DeGraw concluded the presentation on slide 9 showing images illustrating the district's [deferred maintenance] challenges. The photo in the upper left of the slide was a boiler at the North Pole High School that had been leaking out its side. The middle upper photo depicted deteriorating exterior siding that could create structural issues if not addressed. Other photos showed roof leaks and more interior items. He thanked the committee and was available for questions.

Representative Stapp asked when FSD had last had a project in the top 10 on the [DEED] major maintenance list.

Mr. DeGraw answered that it was about six to seven years back and it was taken off the list. He would follow up with the precise information.

Representative Stapp pointed out that it was rare to see a Fairbanks school project in the top 10 for major maintenance.

Representative Stapp did not see the Ticasuk Brown Elementary School on the list. He understood the school had some renovations that were supposed to be made. He asked what happened.

Mr. DeGraw responded that he would follow up with the information. He stressed that Fairbanks had dealt with more acute financial challenges than many other districts. He underscored that Fairbanks had closed seven schools in the past three to four years, which represented close to 20 percent of the schools in the district. He highlighted that maintenance administrative cuts had tied the district's hands and hamstrung its ability to get projects funded. He stated that the district was actively trying to remedy the problem. He added that the district had projects on the list in the past and due to various circumstances they had not been funded.

Co-Chair Schrage thanked the presenter. He noted there were questions from Representative Tomaszewski and Representative Bynum but due to the time, they would have to be addressed offline. He moved to the last presentation.

[3:17:24 PM](#)

FRANK HAUSER, SUPERINTENDENT, JUNEAU SCHOOL DISTRICT, provided a PowerPoint presentation titled "School District Major Maintenance: Juneau School District," dated March 21, 2025 (copy on file). He thanked the committee for the opportunity to testify. He provided prepared remarks:

Within these capitol walls with functioning fire suppression, sprinklers, heating, and running water, our Alaskan kids and their standardized test scores are frequently compared to those of students across the country. So, I thought it would be an interesting comparison to really compare the learning environments. These are students learning environments in Massachusetts [slide 2], which ranked number one

among states on the NAEP test. There in Massachusetts, the Massachusetts Building Authority "has a dedicated revenue stream of one penny of the state's 6.25 percent sales tax and is collaborating with municipalities to equitably invest in educationally appropriate solutions to create safe, sound, and sustainable learning environments." The Massachusetts Building Authority has made more than \$17.7 billion in reimbursements to cities, towns, and regional school districts for school construction projects. Instead of waiting years for reimbursement, districts now receive payments from the building authority at costs as they are incurred, usually within 15 days of submitting a request through the MSBA's online Pro-Pay system.

[3:20:14 PM](#)

Mr. Hauser turned to slide 3 showing images of Alaskan school environments and read from prepared remarks:

Let's take a look at Alaskan learning environments now. You've seen multiple images of school buildings and facilities across Alaska in critical disrepair, crumbling from neglect and barely functional as safe learning environments. We're sometimes lucky if we have things under 50 years old in our schools. Far from having new doors and windows, our schools have leaky roofs and doors that won't even shut. These realities in Alaska's schools have an impact. In case anyone is thinking these images are all rural areas, the image at the bottom left is just down the street in Alaska's capital city, that's a leaky roof at Juneau Douglas High School Yadaa.at Kalé.

Mr. Hauser briefly addressed slide 4 with prepared remarks:

In the Juneau School District (JSD) we have over 4,000 students, nine school buildings, one maintenance facility, and 817,400 square feet of facility space. The average age of our schools is 50 years old; 55 percent of our schools are greater than 50 years old.

[3:20:27 PM](#)

Mr. Hauser reviewed slide 5 with prepared remarks:

In FY 2025, the Juneau School District Board of Education closed three schools as part of school consolidation. Three buildings were released back to the City and Borough of Juneau. The maintenance needs I'm talking about today are after the Juneau School District completed arguably one of the largest consolidation plans and turned over three buildings including the major maintenance needs for those buildings to the city and borough.

[3:20:52 PM](#)

Mr. Hauser turned to slide 6 and provided prepared remarks:

The Juneau School District utilizes the following prioritization guidelines and evaluation criteria when considering major maintenance, CIP, and deferred maintenance projects: safety, security, protection of structure, impact on learning environment, impact on working environment, environmental sustainability, and aesthetics.

[3:21:11 PM](#)

Mr. Hauser addressed the major maintenance CIP list on slide 7:

This is the major maintenance CIP list for the Juneau School District. The top two priorities, Dzantik'i Heeni and Kaxdigoowu Héen Elementary School Roof replacements were currently 70 and 77 on the state CIP list. The other four items on the list, including the remodeling of Mendenhall River Community School, do not even have a ranking number on the CIP list.

[3:21:34 PM](#)

Mr. Hauser moved to a photo of Mendenhall River Community School (MRCS) on slide 8. He highlighted that the school had the original 1983 construction and bright red carpet. The school did not have a ranking on the CIP list.

[3:21:47 PM](#)

Mr. Hauser turned to slide 9 and detailed that MRCS was over 40 years old and the only thing done to the building

was the installation of a new roof in 1999. He read from prepared remarks:

There is not a secure entryway that provides monitored line of sight for school visitors. It was built at a different time in education and school construction and has not been remodeled in recognition of the changes in school safety and security, not to mention the normal maintenance and remodeling needs after four decades of daily student use.

[3:22:15 PM](#)

Mr. Hauser turned to photos of the Juneau Douglas High School roof on slide 10:

This is the roof at Juneau Douglas High School Yadaa.at Kalé, which also does not even have a ranking on the CIP list. The roof was last replaced in 1992. Water has infiltrated the rubber membrane and swelled up the underlayment substructure. Leaks are frequent and ongoing.

[3:22:37 PM](#)

Mr. Hauser advanced to slide 11 with prepared remarks:

I've just been at a joint facilities committee meeting with the City and Borough of Juneau talking about the possibility of a bond if bond debt reimbursement is reinstated on July 1. With bond debt reimbursement reinstated we would potentially be able to fix the roof along with heating and ventilation systems across the district, and other needed safety and security upgrades. A researcher and economist from Yale notes that on average bond authorization significantly raises test scores "spending on infrastructure renovation and upgrades, such as HVAC or roofs, raises test scores but not house prices. Bond authorization is most beneficial in districts with more disadvantaged student populations..."

[3:23:20 PM](#)

Mr. Hauser continued to address bond debt reimbursement on slide 12 with prepared remarks:

Without school bond debt reimbursement there are competing priorities that make bonds very challenging for communities. Local governments must balance school infrastructure needs with other pressing issues like public safety, road maintenance, and general municipal services. Here in Juneau, our local government has a massive task in addressing glacial lake outburst floods. In addition, the municipality, like many others, is struggling with an aging water and sewer infrastructure system. Replacing aging piping, treatment basins, and filtration systems is a significant draw on local tax bases and our expenses that can't be ignored. Assemblies only have so much capacity, and as utility debt becomes more and more needed, there's that much less room for anything else.

Representative Johnson asked where the photo had been taken on the slide 12.

Mr. Hauser replied that the slide showed an aerial photo of the Mendenhall River during the glacial outburst flooding. He continued to address slide 12 with prepared remarks:

Without bond debt reimbursement some communities would be better positioned to pass bonds than others, creating equity concerns among districts. Many Alaska school buildings are aging and require significant upgrades. Without bond debt reimbursement, communities may delay or downsize projects leading to higher maintenance costs in the long run. There has only been one school bond in Juneau since the moratorium and as this picture depicts, we had flooding up to the school doors with the last glacial outburst. Three of our Juneau schools could be impacted by future glacial outbursts.

[3:24:48 PM](#)

Mr. Hauser advanced to slide 13 JSD deferred maintenance backlog with prepared remarks:

We've seen some images from Juneau schools already. Like most districts across Alaska, we have a maintenance backlog. Ours is over \$7.5 million from over a decade of near flat funding, limited funding for capital projects, and the moratorium on bond debt reimbursement.

3:25:06 PM

Mr. Hauser continued to slide 14 with prepared remarks:

Deferred maintenance leads to increased facilities costs. Here are some more images from just down the road at Juneau Douglas High School. This is the Juneau Douglas High School boiler spewing water and an original 1956 chimney that has failed and is starting to collapse. There are also needs at Glacier Valley Elementary School for a water heater as well as ventilation and heating upgrades including coils and computer control systems across the district.

3:25:32 PM

Mr. Hauser turned to a picture of the Dzantik'I Heeni gym floor on slide 15. The gym was originally installed in 1994. He highlighted buckling and bubbling on the floor, which was leading to safety concerns for students in the building.

3:25:47 PM

Mr. Hauser turned to slides 16 and 17 and provided prepared remarks:

I'd like to close with another comparison that is recently being made between our Alaska students here again in their learning environment and Mississippi. Our Alaska student, five year old Nolan Adam Smith says, "Let me show you why I'm so smart and my school is so junky." But in Mississippi, as of March 2024, Mississippi districts have spent nearly \$362.6 million on facility related priorities. The majority of this spending amounted to \$296.8 million to building reconstruction and remodeling projects such as HVAC upgrades and replacements, bathroom renovations, and roof repairs. As a senior policy analyst notes, "Though it might seem counterintuitive to focus on facility repairs when students need instructional support, research underscores the role of school facilities in shaping student achievement and well-being. Well maintained and adequately equipped school environments positively influence school academic performance and motivation, while inadequate

facilities contribute to absenteeism, health issues, and diminished cognitive abilities."

[3:27:06 PM](#)

Mr. Hauser turned to slide 18 with prepared remarks:

An investment in school facilities and major maintenance capital projects is an investment in student academic outcomes. Research links improved classroom ventilation and school environments with reduced illness absences and chronic absenteeism.

[3:27:19 PM](#)

Mr. Hauser addressed increased test scores and academic success on slide 19:

An investment in school facilities and major maintenance impact student test scores. Improved classroom ventilation and temperature led to an 11 point increase in mathematics scores and effects of similar magnitude, but higher variability, for reading scores and science scores. "Improving the school building may well be the most overlooked means of improving student health, safety, and academic performance."

[3:27:42 PM](#)

Mr. Hauser advanced to slide 20 with prepared remarks:

Looking at data from a Los Angeles Unified School District, students who attended a newly constructed school yielded improvements in test scores and attendance, suggesting that attending a newly constructed school for four years can eliminate almost half of the math achievement gap and almost 20 percent of the English gap.

[3:28:03 PM](#)

Mr. Hauser turned to slide 21 and concluded the presentation with words from a Yale economist:

"Increased capital spending in schools significantly improves test scores and is efficient on average."

Mr. Hauser urged the legislature and the governor to reinstate bond debt reimbursement program as well as committing adequate funding to address the backlog of major maintenance and capital improvement projects across the state, especially in rural districts. He shared that he was the son of an oil field rig worker who kept workers safe on the North Slope. He quoted his father: "Pay now or pay later." He stressed that students could no longer wait. He stressed that every student in Alaska deserved an education and school facility with heat and running water and roofs and walls that protect them from the environment. He emphasized that every student in Alaska deserved an education in a school facility that is safe, structurally sound, and conducive to learning. He thanked the committee for its time.

[3:28:56 PM](#)

Co-Chair Schrage thanked the presenter. He moved to questions from members.

Representative Tomaszewski remarked that Fairbanks had a capital improvement project and funded schools and maintenance. He asked if the City and Borough of Juneau (CBJ) had a capital improvement project or facility maintenance fund it funded annually. He noted that Mr. DeGraw almost made it sound like Fairbanks had not done any projects. He shared that when he had been on the Fairbanks Assembly, it had consistently brought the school projects up to the top of the list and got them funded out of its own maintenance reserve account. He asked if CBJ had similar capital improvement projects.

Mr. Hauser answered that CBJ had a deferred maintenance fund that the school district was able to utilize annually to address emergent needs such as the leaking boiler he had shown in an image of the Juneau Douglas High School. However, when looking at the totality of the deferred maintenance capital improvement projects and costs for some of the maintenance repairs, it exceeded the available funds in the CBJ deferred maintenance fund.

[3:30:44 PM](#)

Representative Bynum referenced discussion about school districts losing space due to the closure of schools. He noted that student populations were going down. He noted

that nationally there were standards for space allocation per student based on the grade level. He asked if JSD took the guidelines/studies into consideration when talking about what constituted an adequate space for students in classrooms.

Mr. Hauser replied that JSD had undergone one of the largest consolidation programs by closing three schools. He explained that the enrollment numbers were a part of the decision made by the board. There were school size codes that limited the number of students in buildings. He elaborated that the district made decisions to ensure there were facilities and space to support the existing enrollment numbers. The district had reports including the number of students that could fit in any space (i.e., classrooms, gyms, music rooms), which was followed as students were placed. When the three school facilities were given back to CBJ, it was with the cost data. He explained that one of the facilities, the Marie Drake building, had some of the highest deferred maintenance costs on the books. When the district looked at the space for students, it was always looking to ensure it fell within the educational guidelines.

Representative Bynum remarked that some of the districts had talked about constricting maintenance staff. He asked if JSD considered the cost impact that reducing one staff member responsible for preventative maintenance could have on major maintenance in the future. For example, in healthcare, the continuum of care mattered. He asked if JSD was taking the issue into consideration when making staffing plans for maintenance staff.

Mr. Hauser responded affirmatively. In an effort to maintain the instructional component with teachers, paraeducators, and support staff in the classroom, often it was the staff who were not seen everyday that were essential to school maintenance, food service, who suffered. The district made reductions to maintenance staff over the years. He believed Representative Hannan had spoken to the subject earlier in the meeting. He stated that the maintenance staff did all of the plowing and without sufficient staff for the job, there were safety issues with students and staff getting to school. The district had a fire in one of its schools the past week when a switch burnt out in a heating system, which required an evacuation. He stated that having staff to address the

issues and get the buildings back into shape for students to be back in the classroom was essential. He explained that without the maintenance staff in place to meet the needs of the square footage it would be detrimental to student learning.

[3:34:36 PM](#)

Representative Hannan pointed out that Superintendent Hauser was an example of an Alaskan grown educator. She detailed that he grew up in Anchorage, went to Anchorage schools, and would have options to be employed anywhere. She thought Superintendent DeGraw in Fairbanks was a high school graduate from that district. She noted that superintendents like that understood rural and urban Alaska and had witnessed better days. She was grateful they committed to staying in Alaska.

Co-Chair Schrage agreed Alaska was lucky to have the superintendents. He thanked Mr. Hauser for his testimony.

Co-Chair Schrage handed the gavel to Co-Chair Josephson for an announcement related to the operating budget.

Co-Chair Josephson set an amendment deadline for the operating budget to committee substitute (CS) 1 for Tuesday March 25 at 5:00 p.m. He provided details about the schedule.

[3:38:16 PM](#)

Representative Johnson asked if bill version GH-14621\I was the operating budget, and the CS 1 Co-Chair Josephson was referring to.

Co-Chair Josephson clarified that the operating budget, HB 53, was version GH-1462\I. The mental health budget, HB 55, was GH-1459\I.

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ADJOURNMENT

[3:38:58 PM](#)

The meeting was adjourned at 3:38 p.m.