CS FOR HOUSE BILL NO. 82(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered: 3/31/93
Referred: Finance

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to school construction grants and major maintenance grants to**
2 **school districts; providing for school district participation in the cost of school**
3 **construction and major maintenance; creating a major maintenance grant fund;**
4 **and providing for an effective date."**

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 *** Section 1.** AS 14.03.150(c) is amended to read:
7 (c) The department may not award a school construction <u>**or major**</u>
8 <u>**maintenance**</u> grant under AS 14.11 to a municipality that is a school district or a
9 regional educational attendance area that is not in compliance with (a) of this section.
10 The department shall reduce the amount of state foundation aid under AS 14.17.021
11 for which a school district may qualify, by the amount, if any, paid by the department
12 under (b) of this section.
13 *** Sec. 2.** AS 14.07.020(a)(11) is amended to read:
14 (11) review plans for construction of new public elementary and

1 secondary schools and for additions to and major rehabilitation of existing public
2 elementary and secondary schools and, in accordance with regulations adopted by the
3 department, determine and approve the extent of eligibility for state aid of a school
4 construction **or major maintenance** project [BEGUN AFTER JULY 1, 1978]; for the
5 purposes of this paragraph, "plans" include educational specifications, schematic
6 designs, and final contract documents;
7 * Sec. 3. AS 14.11 is amended by adding new sections to read:
8 Sec. 14.11.007. MAJOR MAINTENANCE GRANT FUND. There is created
9 a major maintenance grant fund as an account in the general fund. The fund shall be
10 used to make grants for the costs of school major maintenance. Legislative
11 appropriations for school major maintenance shall be deposited in the fund.
12 Sec. 14.11.008. SCHOOL DISTRICT PARTICIPATION IN GRANT
13 PROGRAM. (a) In order to receive a grant under this chapter, a district must provide
14 a percentage share of the project cost, as determined under (b) of this section.
15 (b) The required participating share for a district is based on the district's full
16 value per ADM, which is calculated by dividing the full and true value of the taxable
17 real and personal property in the district, calculated as described in AS 14.17.025(a)(1),
18 by the district average daily membership (ADM) as defined in AS 14.17.250, for the
19 same fiscal year for which the valuation was made. The district's full value per ADM
20 determines the district's required participating share, as follows:

Full Value Per ADM	District Participating Share
$0 - $100,000	5 percent
100,001 - 300,000	30 percent
300,001 - 600,000	40 percent
over 600,000	50 percent.

26 (c) Funding under this chapter may not be a source of the district's required
27 participating share. The required participating share for a regional educational
28 attendance area may be satisfied by money from federal, local, or other sources, or
29 with locally contributed labor, material, or equipment.
30 (d) If a regional educational attendance area can demonstrate in writing that
31 it is unable to provide the required participating share or that the participating share

1 required under this section will jeopardize receipt of federal assistance, the
2 commissioner may waive all or a portion of the required participating share.
3 * **Sec. 4.** AS 14.11.011 is amended to read:
4 Sec. 14.11.011. GRANT APPLICATIONS. (a) A municipality that is a
5 school district or a regional educational attendance area may submit a [GRANT]
6 request to the department for a [SCHOOL CONSTRUCTION] grant **under this**
7 **chapter**.
8 (b) For a municipality that is a school district or a regional educational
9 attendance area to be eligible for a [SCHOOL CONSTRUCTION] grant **under this**
10 **chapter,** the district shall submit
11 (1) a six-year capital improvement plan that includes a description of
12 the district's fixed asset inventory system and preventive maintenance program no later
13 than September 1 of the fiscal year before the fiscal year for which the request is
14 made; the six-year plan must contain for each proposed project a detailed scope of
15 work, a project budget, and documentation of conditions justifying the project;
16 (2) evidence that the district has secured and will maintain adequate
17 property loss insurance for the replacement cost of all facilities for which state funds
18 are available under AS 14.11.005 **or 14.11.007** or **has** a program of insurance
19 acceptable to the department; and
20 (3) evidence acceptable to the department that the proposed project
21 should be a capital **improvement** [CONSTRUCTION] project and not part of a
22 preventive maintenance program or regular custodial care program.
23 * **Sec. 5.** AS 14.11.013(a) is amended to read:
24 (a) With regard to projects for which grants are requested under AS 14.11.011,
25 the department shall
26 (1) annually review the six-year plans submitted by each district under
27 AS 14.11.011(b) and recommend to the board a revised and updated six-year **capital**
28 **improvement project** [CONSTRUCTION] grant schedule that serves the best interests
29 of the state and each district; in recommending projects for this schedule, the
30 department shall verify that each proposed project qualifies as a project required to
31 (A) avert imminent danger or correct life-threatening situations;

1 (B) house students who would otherwise be unhoused;
2 (C) protect the structure of existing school facilities;
3 (D) correct building code deficiencies that require major repair
4 or rehabilitation in order for the facility to continue to be used for the
5 educational program;
6 (E) achieve an operating cost savings;
7 (F) modify or rehabilitate facilities for the purpose of improving
8 the instructional program;
9 (G) meet an educational need not specified in (A) - (F) of this
10 paragraph, identified by the department;
11 (2) prepare an estimate of the amount of money needed to finance each
12 project;
13 (3) provide to the governor, by November 1, and to the legislature
14 within the first 10 days of each regular legislative session, a revised and updated
15 six-year **capital improvement project** [CONSTRUCTION] grant schedule, together
16 with a proposed schedule of appropriations.
17 * **Sec. 6.** AS 14.11.013(b) is amended to read:
18 (b) In preparing the **capital improvement project** [CONSTRUCTION] grant
19 schedule, the department shall establish priorities among projects for which grants are
20 requested and shall award [SCHOOL CONSTRUCTION] grants in the order of priority
21 established. In establishing priorities, the department shall evaluate at least the
22 following factors:
23 (1) emergency requirements;
24 (2) priorities assigned by the district to the projects requested;
25 (3) new local elementary and secondary programs;
26 (4) existing regional, community, and school facilities, and their
27 condition; and
28 (5) alternate education program options for accomplishing the project's
29 objectives.
30 * **Sec. 7.** AS 14.11.015 is amended to read:
31 Sec. 14.11.015. APPROVAL OF GRANT APPLICATIONS. (a) The board

shall review grant applications that have been recommended by the department under AS 14.11.013, and may approve a grant application if the board determines that the project meets the criteria specified in AS 14.11.013(a)(1). The department may not award a [SCHOOL CONSTRUCTION] grant unless the grant application is approved by the board.

(b) **To the extent that money is available in the appropriate fund, the** [THE] department shall award grants approved under (a) of this section in the order of the projects' priority on the date the appropriation bill funding the **appropriate** [SCHOOL CONSTRUCTION] grant fund is passed by the legislature, regardless of any appeal pending under AS 14.11.016. Appeals pending under AS 14.11.016 at the time that grants are awarded may not delay the funding of grants awarded under this section.

(c) If a project is assigned a new priority ranking under AS 14.11.016 after the date of passage by the legislature of the appropriation bill for the **appropriate** [SCHOOL CONSTRUCTION] grant fund, the project must be funded **from the appropriate fund** in accordance with the new priority ranking at the next time that [SCHOOL CONSTRUCTION] grants are awarded.

* **Sec. 8.** AS 14.11.017 is amended to read:

Sec. 14.11.017. [SCHOOL CONSTRUCTION] GRANT CONDITIONS. (a) The department shall require in the grant agreement that a municipality that is a school district or a regional educational attendance area

(1) agree to construction of a facility of appropriate size and use that meets criteria adopted by the department **if the grant is for school construction;**

(2) provide reasonable assurance by a means acceptable to the department, that the cost of the project will be uniform with the costs of the most current construction **or major maintenance** projects**, as appropriate,** in the area;

(3) agree to limit equipment purchases to that required for the approved **project** [SCHOOL CONSTRUCTION] plan **submitted under (5) of this subsection** and account for all equipment purchased for the project under a fixed asset inventory system approved by the department;

(4) submit project budgets for department approval and agree that the

grant amount may, at the discretion of the department, be reduced or increased by amounts equal to the amounts by which contracts vary from the budget amounts approved by the department; and

(5) submit to the department for approval, before award of the [CONSTRUCTION] contract, a plan for **the project** [SCHOOL CONSTRUCTION] that includes educational specifications, final [CONSTRUCTION] drawings, and contract documents.

(b) The cost of any school construction **or major maintenance** activity encompassed by the definition of "costs of school construction" under AS 14.11.135 is payable under a grant awarded **from the appropriate fund** under AS 14.11.015 without regard to whether the costs were incurred **before** [PRIOR TO] the

(1) award of the grant;

(2) approval of the grant application by the board; or

(3) effective date of an appropriation to the **appropriate** [SCHOOL CONSTRUCTION] grant fund for the year in which the grant is funded.

*** Sec. 9.** AS 14.11.017 is amended by adding a new subsection to read:

(c) The department, by regulation, may establish the time period in which activities described in (b) of this section must have occurred in order to be paid under a grant.

*** Sec. 10.** AS 14.11.019 is amended to read:

Sec. 14.11.019. [SCHOOL CONSTRUCTION] GRANT APPROPRIATIONS. Within the general appropriation bill submitted to the legislature under AS 37.07.020, the governor shall include an appropriation for [SCHOOL CONSTRUCTION] grants in the succeeding fiscal year as determined by the six-year **capital improvement project** [CONSTRUCTION] grant schedule prepared under AS 14.11.013.

*** Sec. 11.** AS 14.11.135 is repealed and reenacted to read:

Sec. 14.11.135. DEFINITIONS. In this chapter, unless the context requires otherwise,

(1) "approved school construction project" means the plan for a new school or an addition to or major rehabilitation of an existing school to the extent that the plan has been approved by the commissioner under AS 14.07.020(a)(11);

1 (2) "capital improvement project" or "project" means school
2 construction or major maintenance;
3 (3) "costs of school construction" means the cost of acquiring,
4 constructing, enlarging, repairing, remodeling, equipping, or furnishing of public
5 elementary and secondary schools that are owned or operated by the state, a
6 municipality, or a district and includes the sum total of all costs of financing and
7 carrying out the project; these include the costs of all necessary studies, surveys, plans
8 and specifications, architectural, engineering or other special services, acquisition of
9 real property, site preparation and development, purchase, construction, reconstruction
10 and improvement of real property and the acquisition of machinery and equipment that
11 may be necessary in connection with the project; an allocable portion of the
12 administrative and operating expenses of the grantee; the cost of financing the project,
13 including interest on bonds issued to finance the project; and the cost of other items,
14 including indemnity and surety bonds and premiums on insurance, legal fees, fees and
15 expenses of trustees, depositaries, financial advisors, and paying agents for the bonds
16 issued as the issuer considers necessary;
17 (4) "district" means the districts described in AS 14.12.010;
18 (5) "grant" means a grant under this chapter for school construction or
19 for major maintenance;
20 (6) "major maintenance" means a project described in
21 AS 14.11.013(a)(1)(C) or (D);
22 (7) "school construction" means a project described in
23 AS 14.11.013(a)(1)(A), (B), (E), (F), or (G).
24 * **Sec. 12.** APPLICABILITY. The changes made by this Act apply to grants awarded
25 under AS 14.11.005 - 14.11.019 after June 30, 1993.
26 * **Sec. 13.** This Act takes effect July 1, 1993.