

CS FOR HOUSE BILL NO. 82(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/21/93
Referred: Rules

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 creating an education facilities maintenance and construction fund; and providing
5 for an effective date."

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

7 * Section 1. AS 14.03.150(c) is amended to read:

8 (c) The department may not award a school construction or major
9 maintenance grant under AS 14.11 to a municipality that is a school district or a
10 regional educational attendance area that is not in compliance with (a) of this section.
11 The department shall reduce the amount of state foundation aid under AS 14.17.021
12 for which a school district may qualify, by the amount, if any, paid by the department
13 under (b) of this section.

1 * Sec. 2. AS 14.07.020(a)(11) is amended to read:

2 (11) review plans for construction of new public elementary and
3 secondary schools and for additions to and major rehabilitation of existing public
4 elementary and secondary schools and, in accordance with regulations adopted by the
5 department, determine and approve the extent of eligibility for state aid of a school
6 construction or major maintenance project [BEGUN AFTER JULY 1, 1978]; for the
7 purposes of this paragraph, "plans" include educational specifications, schematic
8 designs, and final contract documents;

9 * Sec. 3. AS 14.11 is amended by adding new sections to read:

10 Sec. 14.11.007. MAJOR MAINTENANCE GRANT FUND. There is created
11 a major maintenance grant fund as an account in the general fund. The fund shall be
12 used to make grants for the costs of school major maintenance. Legislative
13 appropriations for school major maintenance shall be deposited in the fund.

14 Sec. 14.11.008. SCHOOL DISTRICT PARTICIPATION IN GRANT
15 PROGRAM. (a) In order to receive a grant under this chapter or an appropriation
16 under AS 37.16.010, a district must provide a percentage share of the project cost, as
17 determined under (b) or (c) of this section. A district shall provide the required
18 participating share within three years after the date that the appropriation bill funding
19 the grant is passed by the legislature.

20 (b) The required participating share for a municipal school district is based on
21 the district's full value per ADM, which is calculated by dividing the full and true
22 value of the taxable real and personal property in the district, calculated as described
23 in AS 14.17.025(a)(1), by the district average daily membership (ADM) as defined in
24 AS 14.17.250, for the same fiscal year for which the valuation was made. The
25 municipal district's full value per ADM determines the district's required participating
26 share, as follows:

27	Full Value Per ADM	District Participating Share
28	\$1 - \$100,000	5 percent
29	100,001 - 200,000	10 percent
30	200,001 - 600,000	30 percent
31	over 600,000	35 percent.

1 (c) The required participating share for a regional educational attendance area
2 is two percent. The participating share for any district may be satisfied by money
3 from federal, local, or other sources, or with locally contributed labor, material, or
4 equipment.

5 (d) If a district with full value per ADM of \$200,000 or less can demonstrate
6 in writing that it is unable to provide the required participating share or that the
7 participating share required under this section will jeopardize receipt of federal
8 assistance, the commissioner may waive all or a portion of the required participating
9 share.

10 (e) State funds provided under this chapter may not be a source of the
11 participating share required under (b) or (c) of this section.

12 * Sec. 4. AS 14.11.011 is amended to read:

13 Sec. 14.11.011. GRANT APPLICATIONS. (a) A municipality that is a
14 school district or a regional educational attendance area may submit a [GRANT]
15 request to the department for a [SCHOOL CONSTRUCTION] grant under this
16 chapter.

17 (b) For a municipality that is a school district or a regional educational
18 attendance area to be eligible for a [SCHOOL CONSTRUCTION] grant under this
19 chapter, the district shall submit

20 (1) a six-year capital improvement plan that includes a description of
21 the district's fixed asset inventory system and preventive maintenance program no later
22 than September 1 of the fiscal year before the fiscal year for which the request is
23 made; the six-year plan must contain for each proposed project a detailed scope of
24 work, a project budget, and documentation of conditions justifying the project;

25 (2) evidence that the district has secured and will maintain adequate
26 property loss insurance for the replacement cost of all facilities for which state funds
27 are available under AS 14.11.005 or 14.11.007 or has a program of insurance
28 acceptable to the department; and

29 (3) evidence acceptable to the department that the proposed project
30 should be a capital improvement [CONSTRUCTION] project and not part of a
31 preventive maintenance program or regular custodial care program.

1 * **Sec. 5.** AS 14.11.013(a) is amended to read:

2 (a) With regard to projects for which grants are requested under AS 14.11.011,
3 the department shall

4 (1) annually review the six-year plans submitted by each district under
5 AS 14.11.011(b) and recommend to the board a revised and updated six-year capital
6 improvement project [CONSTRUCTION] grant schedule that serves the best interests
7 of the state and each district; in recommending projects for this schedule, the
8 department shall verify that each proposed project qualifies as a project required to

9 (A) avert imminent danger or correct life-threatening situations;

10 (B) house students who would otherwise be unhoused;

11 (C) protect the structure of existing school facilities;

12 (D) correct building code deficiencies that require major repair
13 or rehabilitation in order for the facility to continue to be used for the
14 educational program;

15 (E) achieve an operating cost savings;

16 (F) modify or rehabilitate facilities for the purpose of improving
17 the instructional program;

18 (G) meet an educational need not specified in (A) - (F) of this
19 paragraph, identified by the department;

20 (2) prepare an estimate of the amount of money needed to finance each
21 project;

22 (3) provide to the governor, by November 1, and to the legislature
23 within the first 10 days of each regular legislative session, a revised and updated
24 six-year capital improvement project [CONSTRUCTION] grant schedule, together
25 with a proposed schedule of appropriations.

26 * **Sec. 6.** AS 14.11.013(b) is amended to read:

27 (b) In preparing the capital improvement project [CONSTRUCTION] grant
28 schedule, the department shall establish priorities among projects for which grants are
29 requested and shall award [SCHOOL CONSTRUCTION] grants in the order of priority
30 established. In establishing priorities, the department shall evaluate at least the
31 following factors:

- 1 (1) emergency requirements;
2 (2) priorities assigned by the district to the projects requested;
3 (3) new local elementary and secondary programs;
4 (4) existing regional, community, and school facilities, and their
5 condition; and
6 (5) alternate education program options for accomplishing the project's
7 objectives.

8 * Sec. 7. AS 14.11.015 is amended to read:

9 Sec. 14.11.015. APPROVAL OF GRANT APPLICATIONS. (a) The board
10 shall review grant applications that have been recommended by the department under
11 AS 14.11.013, and may approve a grant application if the board determines that the
12 project meets the criteria specified in AS 14.11.013(a)(1). The department may not
13 award a [SCHOOL CONSTRUCTION] grant unless the grant application is approved
14 by the board.

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

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

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

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

- 31 (1) agree to construction of a facility of appropriate size and use that

1 meets criteria adopted by the department if the grant is for school construction;

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

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

9 (4) submit project budgets for department approval and agree that the
10 grant amount may, at the discretion of the department, be reduced or increased by
11 amounts equal to the amounts by which contracts vary from the budget amounts
12 approved by the department; and

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

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

21 (1) award of the grant;

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

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

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

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

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

30 Sec. 14.11.019. [SCHOOL CONSTRUCTION] GRANT APPROPRIATIONS.
31 Within the general appropriation bill submitted to the legislature under AS 37.07.020,

1 the governor shall include an appropriation for [SCHOOL CONSTRUCTION] grants
2 in the succeeding fiscal year as determined by the six-year capital improvement
3 project [CONSTRUCTION] grant schedule prepared under AS 14.11.013.

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

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

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

10 (2) "capital improvement project" or "project" means school
11 construction or major maintenance;

12 (3) "costs of school construction" means the cost of acquiring,
13 constructing, enlarging, repairing, remodeling, equipping, or furnishing of public
14 elementary and secondary schools that are owned or operated by the state, a
15 municipality, or a district and includes the sum total of all costs of financing and
16 carrying out the project; these include the costs of all necessary studies, surveys, plans
17 and specifications, architectural, engineering or other special services, acquisition of
18 real property, site preparation and development, purchase, construction, reconstruction
19 and improvement of real property and the acquisition of machinery and equipment that
20 may be necessary in connection with the project; an allocable portion of the
21 administrative and operating expenses of the grantee; the cost of financing the project,
22 including interest on bonds issued to finance the project; and the cost of other items,
23 including indemnity and surety bonds and premiums on insurance, legal fees, fees and
24 expenses of trustees, depositaries, financial advisors, and paying agents for the bonds
25 issued as the issuer considers necessary;

26 (4) "district" means the districts described in AS 14.12.010;

27 (5) "grant" means a grant under this chapter for school construction or
28 for major maintenance;

29 (6) "major maintenance" means a project described in
30 AS 14.11.013(a)(1)(C) or (D);

31 (7) "school construction" means a project described in

1 AS 14.11.013(a)(1)(A), (B), (E), (F), or (G).

2 * Sec. 12. AS 37 is amended by adding a new chapter to read:

3 CHAPTER 16. MISCELLANEOUS FUNDS.

4 Sec. 37.16.010. EDUCATIONAL FACILITIES MAINTENANCE AND
5 CONSTRUCTION FUND. (a) The educational facilities maintenance and
6 construction fund is established as a separate fund in the general fund. The fund
7 consists of all money appropriated to it.

8 (b) The educational facilities maintenance and construction fund shall be
9 invested by the Department of Revenue so as to yield competitive market rates, as
10 provided in AS 37.10.071. Money in the fund may be appropriated

11 (1) to finance the design, construction, and maintenance of public
12 school facilities; and

13 (2) for maintenance of University of Alaska facilities.

14 (c) Appropriations from the education facilities maintenance and construction
15 fund are subject to AS 14.11.008.

16 * Sec. 13. APPLICABILITY. The changes made by this Act apply to grants awarded
17 under AS 14.11.005 - 14.11.019 after June 30, 1993.

18 * Sec. 14. This Act takes effect July 1, 1993.