

**CS FOR SENATE BILL NO. 59(HES)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**EIGHTEENTH LEGISLATURE - FIRST SESSION**

**BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE**

**Offered: 4/13/93**  
**Referred: FINANCE**

**Sponsor(s): SENATE 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; and providing for an effective date."

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

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

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

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

13 (11) review plans for construction of new public elementary and  
 14 secondary schools and for additions to and major rehabilitation of existing public

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

6 \* Sec. 3. AS 14.11.005 is amended to read:

7 Sec. 14.11.005. SCHOOL [CONSTRUCTION] GRANT FUND. There is  
8 created a school [CONSTRUCTION] grant fund as an account in the general fund.  
9 The fund shall be used to make grants for the costs of school construction or major  
10 maintenance. Legislative appropriations for school construction or major  
11 maintenance shall be deposited in the fund, and the proceeds from the sale of general  
12 obligation bonds for school construction may be deposited in the fund.

13 \* Sec. 4. AS 14.11 is amended by adding a new section to read:

14 Sec. 14.11.008. SCHOOL DISTRICT PARTICIPATION IN GRANT  
15 PROGRAM. (a) In order to receive a grant, a school district must provide a  
16 percentage share of the project cost, as determined under (b) or (c) of this section.

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

24 Full Value Per ADM	District Participating Share
25 \$1 - \$100,000	5 percent
26 100,001 - 200,000	15 percent
27 over 200,000	30 percent.

28 (c) The required participating share for a regional educational attendance area  
29 is 3.8 percent. The required share may be satisfied by federal or local money, locally  
30 contributed labor, material, or equipment, or money from other sources. If a regional  
31 educational attendance area can demonstrate in writing that it is unable to provide the

1 required participating share or that the requirement to provide a participating share will  
2 jeopardize receipt of federal assistance, the commissioner may waive all or a portion  
3 of the required participating share.

4 (d) State funds received under this chapter may not be used as a source of the  
5 required participating share under (b) or (c) of this section.

6 \* Sec. 5. AS 14.11.011 is amended to read:

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

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

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

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

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

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

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

29 (1) annually review the six-year plans submitted by each district under  
30 AS 14.11.011(b) and recommend to the board a revised and updated six-year capital  
31 improvement project [CONSTRUCTION] grant schedule that serves the best interests

1 of the state and each district; in recommending projects for this schedule, the  
2 department shall verify that each proposed project qualifies as a project required to

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

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

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

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

9 (E) achieve an operating cost savings;

10 (F) modify or rehabilitate facilities for the purpose of improving  
11 the instructional program;

12 (G) meet an educational need not specified in (A) - (F) of this  
13 paragraph [,] identified by the department;

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

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

20 \* Sec. 7. AS 14.11.013(b) is amended to read:

21 (b) In preparing the capital improvement project [CONSTRUCTION] grant  
22 schedule, the department shall establish priorities among projects for which grants are  
23 requested and shall award [SCHOOL CONSTRUCTION] grants in the order of priority  
24 established. In establishing priorities, the department shall evaluate at least the  
25 following factors, which shall be considered as a whole and the department may  
26 not give one factor priority over another:

27 (1) emergency requirements;

28 (2) priorities assigned by the district to the projects requested;

29 (3) new local elementary and secondary programs;

30 (4) existing regional, community, and school facilities, and their  
31 condition; and

1 (5) alternate education program options for accomplishing the project's  
2 objectives.

3 \* Sec. 8. AS 14.11.015 is amended to read:

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

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

16 (c) If a project is assigned a new priority ranking under AS 14.11.016 after the  
17 date of passage by the legislature of the appropriation bill for the [SCHOOL  
18 CONSTRUCTION] grant fund, the new priority ranking applies with respect to any  
19 subsequent legislative appropriation to the grant fund [THE PROJECT MUST BE  
20 FUNDED IN ACCORDANCE WITH THE NEW PRIORITY RANKING AT THE  
21 NEXT TIME THAT SCHOOL CONSTRUCTION GRANTS ARE AWARDED].

22 \* Sec. 9. AS 14.11.017 is amended to read:

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

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

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

31 (3) agree to limit equipment purchases to that required for the approved

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

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

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

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

16 (1) award of the grant;

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

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

20 \* Sec. 10. AS 14.11.017 is amended by adding a new subsection to read:

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

24 \* Sec. 11. AS 14.11.019 is amended to read:

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

30 \* Sec. 12. AS 14.11.135 is repealed and reenacted to read:

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

1 otherwise,

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

6 (2) "capital improvement project" or "project" means school  
7 construction or major maintenance;

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

22 (4) "district" means a district described in AS 14.12.010;

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

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

27 (7) "school construction" means a project described in  
28 AS 14.11.013(a)(1)(A), (B), (E), (F), or (G).

29 \* Sec. 13. Notwithstanding AS 14.11.008(c), enacted in sec. 4 of this Act, the required  
30 participating share for a regional educational attendance area is

31 (1) not required for grants made from appropriations passed by the legislature

1 in 1993;

2 (2) two percent for grants made from appropriations passed by the legislature  
3 in 1994;

4 (3) three percent for grants made from appropriations passed by the legislature  
5 in 1995.

6 \* **Sec. 14. SUSPENSION OF CERTAIN GRANT PROVISIONS; DUTY OF**  
7 **DEPARTMENT OF EDUCATION.** (a) Notwithstanding any other provision of law, the  
8 provisions of AS 14.11.011 - 14.11.019, except AS 14.11.011(b)(2), do not apply to grants  
9 made from appropriations passed by the legislature in 1993, except as otherwise provided by  
10 the legislature in an Act making an appropriation to the school grant fund (AS 14.11.005).

11 (b) The Department of Education shall award and administer grants made from the  
12 school grant fund (AS 14.11.005) for costs of school construction or major maintenance, from  
13 appropriations to the fund passed by the legislature in 1993. The department may adopt  
14 regulations to implement this subsection.

15 \* **Sec. 15.** This Act takes effect July 1, 1993.