

HB

191



STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

**REQUEST**

Bill/Resolution No.: CS HB-191 (HESS)  
Title: ...school construction...

Sponsor: Cotten  
Requestor: House HESS  
Date of Request: 4-18-85

**FISCAL DETAIL**

Agency Affected: Education  
Program Category Affected: \_\_\_\_\_

BRU, Program or Subprogram(s) Affected: \_\_\_\_\_  
Debt Retirement

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		20.2	389.1	1,552.9		
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		20.2	389.1	1,552.9		

<b>CAPITAL</b>						
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<b>REVENUE</b>						
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**FUNDING: (Thousands of Dollars)**

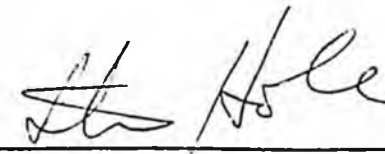
GENERAL FUND		20.2	389.1	1,552.9		
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** Attach a separate page if necessary

Additional costs associated with future school construction projects are indeterminate.

Prepared By: Steve Hole  Phone: 28000  
Division: Commissioner's Office Date: 4-19-85  
Approved by Commissioner: Harold Reynolds, Jr. Date: 4-19-85  
Agency: Education

Distribution (by Agency preparing fiscal note):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

7/1/84

FROM:  
REP. COTTEN  
HB 191

SCHOOL DEBT RETIREMENT  
SUMMARY

School debt retirement has been used since 1970 to reimburse payments made by municipalities for the retirement of principal and interest on outstanding bonds, notes or other indebtedness incurred for school construction.

The percent of reimbursement has changed and it now ranges from 100% reimbursement for debts incurred prior to 1977 to 50% for debts incurred after June 30, 1983. Debts incurred between 1977 and 1983 may be reimbursed up to 90%.

Only bond or cash payments (payments made by the municipality from locally generated revenues) are eligible to be refunded. State and federal funds are excluded from the total cost of school construction for the purpose of reimbursement. Funds acquired from the state cigarette tax are subtracted from the amount to be reimbursed.

When there are not enough funds to fully reimburse all communities the available funds are distributed pro-rata among the eligible local governments.

HB 191 will raise the percent of reimbursement for debts incurred after June 30, 1983 from 50% to 90%.

The bill also specifies that when there are not sufficient funds to fully reimburse all communities, the available funds are to be distributed pro rata first to those districts which have an annual growth rate of average daily membership of five percent or more. Remaining districts will be funded pro rata with the balance, if there is one.

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: HB-191  
 Title: ... State Aid for School  
Construction...  
 Sponsor: Cotten  
 Requestor: House HESS  
 Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Education  
 Program Category Affected: \_\_\_\_\_  
 BRU, Program or Subprogram(s) Affected:  
Debt Retirement

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		6.0	1,336.5	2,193.5	2,330.7	2,455.7
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		6.0	1,336.5	2,193.5	2,330.7	2,455.7
<b>CAPITAL</b>						
<b>REVENUE</b>						

FUNDING: (Thousands of Dollars)

GENERAL FUND		6.0	1,336.5	2,193.5	2,330.7	2,455.7
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Prepared By: Steve Hole Phone: 2800  
 Division: Commissioner's Office Date: 3-13-85  
 Approved by Commissioner: Harold Reynolds, Jr. Date: 3-13-85  
 Agency: Education

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor ✓
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

# MEMORANDUM

# State of Alaska


TO Steve Hole  
Commissioner's Office

DATE March 12, 1985

FILE NO

TELEPHONE NO

2865

FROM Bob Davis   
Management, Law and Finance

SUBJECT Fiscal Note - HB 191 School  
Construction Debt Retirement -  
Amendment to AS 14.11..100(c).

In Section 1, the proposed change in AS 14.11.100(a)(5) from 50% to 90% would produce the same impact as with HB 220; see attached.

Regarding Sec. 2 and the proposed AS 14.11.100(c) amendment, an appropriation resulting in pro rata payments to municipalities on school construction bonds and cash payments represents decreased state revenue outlays, not a cost impact.

The ADM's through FY-84 final counts, and the percentage changes in FY-84 compared to FY-83, are attached. These identify the municipalities likely to qualify.

As written, municipalities with ADM increases exceeding 5% would not receive pro rated payments.

Attachment

## MEMORANDUM

## State of Alaska

TO: Steve Hole

DATE: February 27, 1985

FILE NO:

TELEPHONE NO: 2865

FROM:  Bob DavisSUBJECT: Fiscal Note  
HB 220

The municipalities listed below sold school construction bonds between July 1, 1983, and June 30, 1984. The impact of the proposed amendment to AS 14.11.100(a)(3) attributable to HB 220 is shown below for six fiscal years. Since all qualify under the provisions of AS 14.11.100(a)(5), the amounts below are the difference between the 50 percent rate authorized and the 90 percent rate proposed in HB 220.

District Date Sold Term	Impact FY 86	Impact FY 87	Impact FY 88	Impact FY 89	Impact FY 90	Impact FY 91
FAIRBANKS 05/01/84 to 05/01/89 Series 0		235,240	755,240	820,640	892,640	952,600
KENAI 04/01/84 to 10/01/94		380,958	554,679	590,007	614,793	633,000
KODIAK 05/03/84 to 07/01/89 Series B DOE 05-83-121		712,328	875,600	910,060	938,276	224,260
WRANGELL 12/01/83 to 02/01/2003	6,000	8,000	8,000	10,000	10,000	10,000
TOTALS	6,000	1,336,526	2,193,519	2,330,707	2,455,709	1,819,860

STATE OF ALASKA-DEPARTMENT OF EDUCATION  
 AVERAGE DAILY MEMBERSHIP (FINAL)  
 FISCAL YEARS 1979-1984  
 REGULAR MEMBERSHIP TOTALS

FISCAL NOTE-HB191  
 03/12/85 (Steve Hole/R. Davis)

SCHOOL DISTRICT	AVERAGE DAILY MEMBERSHIP FY1979	AVERAGE DAILY MEMBERSHIP FY1980	AVERAGE DAILY MEMBERSHIP FY1981	AVERAGE DAILY MEMBERSHIP FY1982	AVERAGE DAILY MEMBERSHIP FY1983	AVERAGE DAILY MEMBERSHIP FY1984	PERCENTAGE (+ or -) FY84 TO FY83
ADAK	542	569	597	594	595	592	99.8314%
ALASKA GATEWAY	439	436	471	478	473	471	99.7886%
ALEUTIAN REGION	244	118	109	114	121	123	101.6529%
ANCHORAGE	34,200	32,429	32,121	33,307	34,602	35,632	102.9767%
ANNETTE ISLAND	342	336	352	351	341	377	110.5572%
BERING STRAIT	451	441	450	583	928	1,009	108.7284%
BRISTOL BAY	215	209	214	208	212	201	94.8113%
CHATHAM	187	218	195	207	261	293	112.2605%
CHUGACH	54	54	53	75	85	88	103.5294%
COPPER RIVER	639	612	586	555	566	572	101.0601%
CORDOVA	490	462	439	413	430	395	91.8605%
CRAIG	148	141	178	171	146	137	93.8356%
DELTA GREELY	852	857	842	887	940	980	104.2553%
DILLINGHAM	397	379	377	372	375	411	109.6000%
FAIRBANKS	8,761	8,338	8,457	8,851	9,375	9,790	104.4267%
GALENA	158	165	143	135	142	146	102.8169%
HAINES	401	396	401	371	380	366	96.3158%
HOONAH	248	224	208	225	237	228	96.2025%
HYDABURG	99	85	84	88	93	100	107.5269%
IDITAROD	291	300	310	313	321	311	96.8847%
JUNEAU	4,185	4,015	3,921	3,979	4,332	4,360	100.6464%
KAKE	199	195	182	188	191	204	106.8063%
KENAI	5,615	5,784	5,988	6,289	6,744	7,225	107.1323%
KETCHIKAN	2,432	2,432	2,378	2,331	2,364	2,401	101.5651%
KING COVE	110	120	114	132	103	97	94.1748%
KLANOCK	79	82	103	97	139	135	97.1223%
KODIAK	2,071	2,090	2,027	2,026	2,128	2,116	99.4361%
KUSPUK	319	347	351	330	327	337	103.0581%
LAKE & PENINSULA	376	362	328	325	348	361	103.7356%
LOWER KUSKOKWIM	1,592	1,671	1,785	1,856	2,411	2,472	102.3301%
LOWER YUKON	891	1,017	1,134	1,190	1,384	1,362	98.4104%
MAT-SU	4,175	4,356	4,406	4,835	5,672	6,903	121.7031%
MENAMA	209	216	193	202	125	115	92.0000%
NOME	754	716	709	690	731	781	106.8399%
NORTH SLOPE	1,076	1,038	1,043	1,041	1,028	1,043	101.4591%
NORTHWEST ARCTIC	1,473	1,435	1,420	1,478	1,486	1,491	100.3365%
PELICAN	37	39	40	51	48	54	112.5000%
PETERSBURG	553	547	562	556	572	591	103.3217%
PRIIBILOF	169	159	164	172	167	166	99.4012%
RAILBELT	361	337	328	335	325	308	94.7692%
SAND POINT	0	129	109	106	124	107	86.2903%
SITKA	1,683	1,671	1,656	1,634	1,583	1,582	99.9368%
SKAGWAY	199	176	177	190	169	152	89.9408%
SOUTHEAST ISLAND	389	374	413	420	430	432	100.4651%
SOUTHWEST REGION	475	496	449	484	521	513	98.4645%
ST. MARY'S	100	94	91	90	107	109	101.8692%
TANANA	0	0	0	0	97	75	77.3196%
UNALASKA	140	160	195	177	171	144	84.2105%
VALDEZ	793	746	849	830	842	811	96.3183%
WRANGELL	455	479	485	485	480	453	94.3750%
YAKUTAT	159	156	144	152	155	158	101.9355%
YUKON FLATS	332	336	385	314	312	316	101.2821%
YUKON-KOYUKUK	624	591	589	567	557	577	103.5907%
TOTALS	81,211	79,135	79,179	81,850	86,794	90,174	

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 12, 1985

SUBJECT: Sectional Analysis of HB 191 (state aid for school construction)

TO: Representative Sam Cotten

FROM: Keith B. Levy *KBL*  
Legislative Counsel

The following is a sectional analysis of HB 191, relating to state aid for school construction.

Section 1 amends existing law to increase state aid to municipal school districts for school construction from 50 percent to 90 percent of bond payments and cash payments made after June 30, 1983 (AS 14.11.100(a)(5)).

Section 2 amends existing law to provide that, if appropriations for school construction are insufficient to fund all eligible municipalities under AS 14.11.100, the funds are to be distributed pro rata among districts with an annual growth rate of average daily membership of five percent or more. If any funds remain after those districts are funded, the balance is to be distributed pro rata among the remaining districts (AS 14.11.100(c)). Under existing law, if funding is insufficient, available funds are distributed pro rata among all eligible districts, without regard to growth rate.

Section 3 provides for an effective date of July 1, 1985.

KBL:esh  
J12/086

Introduced: 2/13/85  
Referred: Health, Education &  
Social Services and Finance

BY COTTEN, SZYMANSKI, DAVIS,  
SUND, NAVARRE, TAYLOR, HURLEY  
AND GRUENBERG

1 IN THE HOUSE

2 HOUSE BILL NO. 191

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to State aid for school construc-  
7 tion; and providing for an effective date."

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

9 \* Section 1. AS 14.11.100(a) is amended to read:

10 (a) During each fiscal year, the state shall allocate to a  
11 municipality that is a school district, the following sum:::

12 (1) payments made by the municipality during the fiscal  
13 year two years earlier for the retirement of principal and interest on  
14 outstanding bonds, notes or other indebtedness incurred before July 1,  
15 1977<sub>1</sub> to pay costs of school construction;

16 (2) 90 percent of

17 (A) payments made by the municipality during the  
18 fiscal year two years earlier for the retirement of principal and  
19 interest on outstanding bonds, notes or other indebtedness incur-  
20 red after June 30, 1977<sub>1</sub> and before July 1, 1978<sub>1</sub> to pay costs of  
21 school construction;

22 (B) cash payments made after June 30, 1976<sub>1</sub> and before  
23 July 1, 1978<sub>1</sub> by the municipality during the fiscal year two  
24 years earlier to pay costs of school construction;

25 (3) 90 percent of

26 (A) payments made by the municipality during the  
27 fiscal year two years earlier for the retirement of principal and  
28 interest on outstanding bonds, notes or other indebtedness incur-  
29 red after June 30, 1978<sub>1</sub> and before January 1, 1982<sub>1</sub> to pay costs

1 of school construction projects approved under AS 14.07.020(11);

2 (B) cash payments made after June 30, 1978, and before  
3 July 1, 1982, by the municipality during the fiscal year two  
4 years earlier to pay costs of school construction projects ap-  
5 proved under AS 14.07.020(11);

6 (4) subject to (h) and (i) of this section up to 90 percent  
7 of

8 (A) payments made by the municipality during the  
9 current fiscal year for the retirement of principal and interest  
10 on outstanding bonds, notes or other indebtedness incurred after  
11 December 31, 1981, and authorized by the qualified voters of the  
12 municipality before July 1, 1983, to pay costs of school con-  
13 struction, additions to schools, and major rehabilitation pro-  
14 jects that exceed \$25,000 and are approved under AS 14.07.-  
15 020(11); and

16 (B) cash payments made after June 30, 1982, and before  
17 July 1, 1983, by the municipality during the fiscal year two  
18 years earlier to pay costs of school construction, additions to  
19 schools, and major rehabilitation projects that exceed \$25,000  
20 and are approved under AS 14.07.020(11); and

21 (C) payments made by the municipality during the  
22 current fiscal year for the retirement of principal and interest  
23 on outstanding bonds, notes, or other indebtedness to pay costs  
24 of school construction, additions to schools, and major rehab-  
25 ilitation projects that exceed \$25,000 and are submitted to the  
26 Department of Education for approval under AS 14.07.020(11)  
27 before July 1, 1983, and approved by the qualified voters of the  
28 municipality before October 15, 1983, not to exceed a total  
29 project cost of (i) \$6,600,000 if the annual growth rate of

1 average daily membership of the municipality is more than 7  
2 percent but less than 12 percent, or (ii) \$20,000,000 if the  
3 annual a growth rate of average daily membership of the munic-  
4 pality is 12 percent or more; payments made by a municipality  
5 under this paragraph on total project costs that exceed the  
6 amounts set out in (i) and (ii) of this paragraph are subject to  
7 (a)(5)(A) of this section.

8 (5) subject to (h) and (i) of this section, 90 [50] percent  
9 of

10 (A) payments made by the municipality during the  
11 fiscal year for the retirement of principal and interest on  
12 outstanding bonds, notes or other indebtedness authorized by the  
13 qualified voters of the municipality after June 30, 1983<sub>1</sub> to pay  
14 costs of school construction, additions to schools, and major  
15 rehabilitation projects that exceed \$25,000 and are approved  
16 under AS 14.07.020(11); and

17 (B) cash payments made after June 30, 1983<sub>1</sub> by the  
18 municipality during the fiscal year two years earlier to pay  
19 costs of school construction, additions to schools, and major  
20 rehabilitation projects that exceed \$25,000 and are approved  
21 under AS 14.07.020(11).

22 \* Sec. 2. AS 14.11.100(c) is amended to read:

23 (c) The school construction account is established. Funds to  
24 carry out the provisions of this section may be appropriated annually  
25 by the legislature to the account. If amounts in the account are  
26 insufficient for the purpose of providing the share to which a borough  
27 or city is entitled under this section, those funds that are available  
28 shall be distributed pro rata among the eligible local governments  
29 having an annual growth rate of average daily membership of five

1     percent or more. Remaining funds shall be distributed pro rata among  
2     eligible local governments having an annual growth rate of average  
3     daily membership under five percent.

4     \* Sec. 3. This Act takes effect July 1, 1985.

SCHOOL DEBT RETIREMENT  
AS 14.11.100

YEAR DEBT INCURRED	PROVISIONS	PERCENT REIMBURSABLE	LIMITATIONS
Prior to 7/1/77	Payments made by the municipality during the fiscal year two years before the current fiscal year for the retirement of principal & interest on outstanding bonds, notes or other indebtedness to pay costs of school construction.	100% (Was changed from 50% to 100% in 1977)	
After 6/30/77 Before 7/1/78		90% (Was changed from 80% to 90% in 1982)	
After 6/30/78 Before 1/1/82		90%	Subject to approval by the Department of Education under AS 14.07.020(11).
After 12/31/81 Voter approved before 7/1/83	Payments made by the municipality during the current fiscal year for the retirement of principal and interest on outstanding bonds, notes or other indebtedness to pay costs of school construction additions to schools, and major rehabilitation projects that exceed \$25,000.	up to 90%	Subject to approval by the Department of Education under AS 14.07.020(11).  (h) Reimbursements for school construction begun after July 1, 1982 will exclude costs of construction for residential space, hockey rinks, planetariums, saunas and other facilities for single purpose sporting or recreational uses that are not suitable for other activities.
After 6/30/82 Before 7/1/83	Cash payments made by the municipality during the fiscal year two years earlier to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000.	up to 90%	

\*Also subject to (i); see definitions and further provisions

Also excluded is the difference between the amount of money used to construct a swimming pool that is competition size and the amount that would have been used to construct a small pool, tank or water storage facility.\*

SCHOOL DEBT RETIREMENT

YEAR DEBT INCURRED	PROVISIONS	PERCENT REIMBURSABLE	LIMITATIONS
Submitted to DOE for approval before 7/1/83 Voter approved before 9/15/83	Payments made by the municipality during the current fiscal year for the retirement of principal & interest on outstanding bonds, notes, or other indebtedness to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000.	up to 90%	Subject to approval under AS 14.07.020(11).  Subject to (h) and (i).  Not to exceed a total project cost of: --\$6,600,000 if the annual growth rate of ADM of the muni is more than 7% but less than 12%; --\$20,000,000 if the annual growth rate of ADM of the muni is 12% or more.  Payments that exceed these amounts may be reimbursed at 50% if they were authorized by the voters after June 30, 1983.
Voter approved after 6/30/83	Payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes or other indebtedness to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000.	50%	Subject to approval under AS 14.07.020(11).  Subject to (h) and (i).
After 6/30/83	Cash payments made by the municipality during the fiscal year two years before the current fiscal year to pay costs of school construction, additions to schools and major rehabilitation projects that exceed \$25,000.	50%	

SCHOOL DEBT RETIREMENT  
Definitions and Provisions

DEFINITIONS:

Cash payments: Payments made for school construction by the municipality from locally generated revenues.

Voter approved: Indebtedness approved by the qualified voters of the municipality.

Provisions:

(i)

- (1) an indebtedness for bonds is incurred after the bonds are sold;
- (2) reimbursement for a cash payment may only be made after the payment is made to a vendor; and
- (3) payments may not be made for costs that are incurred under a contract after the contract has been released.

AS 14.07.020(11)

The Department of education shall review plans for construction of new public elementary and secondary schools and for additions to and major rehabilitation of existing public elementary and secondary schools and, in accordance with regulations adopted by the department, determine and approve the extent of eligibility for state aid of a school construction project begun after July 1, 1978; for the purposes of this paragraph, "plans" include educational specifications, schematic designs, and final contract documents.

Cigarette tax money provided to boroughs or cities in the second preceding fiscal year is offset against the amount of reimbursement authorized.

(4) provide to the legislature within the first 10 days of each regular session a summary of the projects requested by each assembly, council, or regional school board.

(c) In establishing priorities among requested projects the department shall evaluate at least the following factors:

(1) priorities assigned by the assembly, council, or school board to the projects requested;

(2) emergency requirements;

(3) the number of students without classroom space;

(4) new local elementary or secondary programs;

(5) existing regional, community, and school facilities and the condition of the facilities;

(6) the economic and social stability of the municipality or region.

(d) The provisions of this section do not affect a municipality's eligibility for reimbursement under AS 14.11.100. (§ 3 ch 92 SLA 1982)

Editor's notes. — This section is set out above to correct a minor error in the title pamphlet.

**§ 14.11.100. State aid for retirement of school construction debt.** (a) During each fiscal year, the state shall allocate to a municipality that is a school district, the following sums:

(1) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes or other indebtedness incurred before July 1, 1977 to pay costs of school construction;

(2) 90 percent of

(A) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes or other indebtedness incurred after June 30, 1977 and before July 1, 1978 to pay costs of school construction;

(B) cash payments made after June 30, 1976 and before July 1, 1978 by the municipality during the fiscal year two years earlier to pay costs of school construction;

(3) 90 percent of

(A) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes or other indebtedness incurred after June 30, 1978 and before January 1, 1982 to pay costs of school construction projects approved under AS 14.07.020(11);

(B) cash payments made after June 30, 1978 and before July 1, 1982 by the municipality during the fiscal year two years earlier to pay costs of school construction projects approved under AS 14.07.020(11);

(4) subject to (h) and (i) of this section up to 90 percent of

(A) payments made by the municipality during the current fiscal year for the retirement of principal and interest on outstanding bonds,

notes or other indebtedness incurred after December 31, 1981, and authorized by the qualified voters of the municipality before July 1, 1983, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(11); and

(B) cash payments made after June 30, 1982, and before July 1, 1983, by the municipality during the fiscal year two years earlier to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(11); and

(C) payments made by the municipality during the current fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are submitted to the Department of Education for approval under AS 14.07.020(11) before July 1, 1983, and approved by the qualified voters of the municipality before October 15, 1983, not to exceed a total project cost of (i) \$6,600,000 if the annual growth rate of average daily membership of the municipality is more than 7 percent but less than 12 percent, or (ii) \$20,000,000 if the annual growth rate of average daily membership of the municipality is 12 percent or more; payments made by a municipality under this paragraph on total project costs that exceed the amounts set out in (i) and (ii) of this paragraph are subject to (a)(5)(A) of this section.

(5) subject to (h) and (i) of this section, 50 percent of

(A) payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes or other indebtedness authorized by the qualified voters of the municipality after June 30, 1983 to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(11); and

(B) cash payments made after June 30, 1983 by the municipality during the fiscal year two years earlier to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(11).

(b) The commissioner shall administer the program of reimbursement authorized under this section and shall provide by regulation for the filing of applications for reimbursement, the form of proof of costs for which application for reimbursement is made, and other regulations necessary to administer the program. The commissioner shall exclude from the total school construction cost of the local district all state and federal funds included in these costs except funds provided under this section and AS 43.50.140. In approving applications for reimbursement, the commissioner shall

(1) offset against the amount of reimbursement authorized the amount of any funds distributed to the borough or city in the second preceding fiscal year from the school fund provided for in AS 43.50.140;

(2) *(Repealed, § 10 ch 92 SLA 1982.)*

(c) The school construction account is established. Funds to carry out the provisions of this section may be appropriated annually by the legislature to the account. If amounts in the account are insufficient for the purpose of providing the share to which a borough or city is entitled under this section, those funds that are available shall be distributed pro rata among the eligible local governments.

(d) Money in the school construction account which, at the end of the fiscal year for which the money is appropriated, exceeds the amount required for the allocations authorized in this section reverts to the general fund.

(e) The commissioner shall annually provide a report to the legislature on allocations of state aid made under this section, including but not limited to, the amount of state aid paid on a per capita and per student basis and the resultant effect on the rate of levy of taxes by the municipality for educational purposes.

(f) *(Repealed, § 17 ch 147 SLA 1978.)*

(g) *(Repealed, § 47 ch 6 SLA 1984.)*

(h) An allocation under (a)(4) of this section for school construction begun after July 1, 1982, shall be reduced by the amount of money used for the construction of residential space, hockey rinks, planetariums, saunas, and other facilities for single purpose sporting or recreational uses that are not suitable for other activities. An allocation under (a)(4) of this section may not be reduced by the amount of money used for construction of a small swimming pool, tank, or water storage facility used for water sports. However, an allocation shall be reduced by the difference between the amount of money used to construct a swimming pool that is competition size or larger and the amount of money that would have been used to construct a small swimming pool, tank, or water storage facility, as determined by the commissioner.

(i) For the purposes of (a)(4) of this section

(1) an indebtedness for bonds is incurred after the bonds are sold;

(2) reimbursement for a cash payment may only be made after the payment is made to a vendor; and

(3) payments may not be made for costs that are incurred under a contract after the contract has been released.

(j) The state may not allocate money to a municipality for a school construction project under (a)(5) of this section unless the project is approved by the commissioner before the local vote on the bond issue for the project. In approving a project under this subsection, the commissioner shall require

(1) the municipality to include on the ballot for the bond issue the estimated total cost of each project and the estimated amounts that will be paid by the state and by the municipality;

(2) that the bonds may not be refunded unless the annual debt service on the refunding issue is not greater than the annual debt service on the original issue;

(3) that the bonds must be repaid in approximately equal annual principal payments or approximate equal debt service payments over a period of at least 10 years;

(4) the municipality to demonstrate need for the project by factors such as increased enrollment in the school district, the health and safety of the students, and the factors listed in AS 14.11.010(c). (§ 1 ch 249 SLA 1970; am § 1 ch 93 SLA 1971; am § 2 ch 137 SLA 1972; am § 1 ch 28 SLA 1973; am § 47 ch 127 SLA 1974; am §§ 1 — 3 ch 120 SLA 1977; am §§ 12, 17 ch 147 SLA 1978; am § 25 ch 168 SLA 1978; am §§ 8 — 10 ch 92 SLA 1982; am §§ 1 — 3 ch 82 SLA 1983; am § 47 ch 6 SLA 1984)

**Revisor's notes.** — Enacted as AS 43.18.109. Renumbered in 1983.

**Cross references.** — For present provisions of former subsection (g) of this section, see AS 14.11.135(3).

**Effect of amendments.** — The 1982 amendment, substituted "a municipality that" for "an organized borough or a city which" in the introductory language of subsection (a), substituted "the municipality for the borough or city" in paragraphs (1), (2)(A) and (B), and (3)(A) and (B), substituted "90 percent" for "80 percent" in the introductory language of paragraphs (2) and (3), inserted "and before January 1, 1982" in paragraph (3)(A) and (B), and added paragraph (4). The amendment also repealed paragraph (2) of subsection (b), which read "required the borough or city to provide, with its application, a certified copy of the notice to

taxpayers required by AS 43.18.030," and added subsections (h) and (i).

The 1983 amendment, effective July 20, 1983, in paragraph (a)(4), inserted "up to" in the introductory language, inserted "and authorized by the qualified voters of the municipality before July 1, 1983" in (A), inserted "and before July 1, 1984" in (B), added "and" to the end of (B), and added (C). The amendment also added paragraph (a)(5) and subsection (j).

The 1984 amendment, effective February 14, 1984, repealed former subsection (g), which defined "commissioner" and "cost of school construction."

**Legislative history reports.** — For report on ch. 28, SLA 1973 (H.S.S.B. 114), see 1973 Senate Journal, p. 312. For report on ch. 127, SLA 1974 (S.S.B. 417 am S), see 1974 House Journal, p. 657.

**Sec. 14.11.105. Public school facilities construction advance account.** The public school facilities construction advance account is established. The account consists of appropriations for distribution under AS 14.11.105 — 14.11.135 to boroughs and cities which are school districts to assist in paying the costs of public school facilities projects approved under AS 14.07.020(11) for which construction is commenced after June 30, 1978 and for which no bonding, notes, or other indebtedness was incurred before July 1, 1978. (§ 13 ch 147 SLA 1978)

**Revisor's notes.** — Enacted as AS 43.18.105. Renumbered in 1983.

**Sec. 14.11.110. Eligibility.** Eligibility of a proposed construction project for funding assistance under AS 14.11.105 — 14.11.135 shall be determined by the department based on standard and criteria established by regulation. The standards and criteria to be considered in determining eligibility include the following:

### Chapter 03. Public Schools Generally.

#### Section 1

##### 30. School term

Sec. 14.03.030. School term. The school term begins and ends on the dates fixed by the governing body of the school district. However, the term shall include not less than 180 days in session, except that, subject to the approval of the commissioner

(1) a day used for in-service training of teachers may be substituted for a day in session, up to a maximum of 10 days; and

(2) an "emergency closure day" may be substituted for a day in session because of conditions posing a threat to the health or safety of students. (§ 1 ch 98 SLA 1966; am § 1 ch 65 SLA 1972; am § 1 ch 137 SLA 1976; am § 1 ch 24 SLA 1979; am § 1 ch 61 SLA 1983)

Effect of amendments. — The 1983 amendment added the paragraph (1) designation, made a related word change in that paragraph, and added paragraph (2).

### Chapter 07. Administration of Public Schools.

#### Article

##### 1. Department of Education (§§ 14.07.020, 14.07.050)

#### Article 1. Department of Education.

#### Section

##### 20. Duties of the department

##### 50. Alaska School Activities Association

Sec. 14.07.020. Duties of the department. (a) The department shall

(1) exercise general supervision over the public schools of the state except the University of Alaska;

(2) study the conditions and needs of the public schools of the state and adopt or recommend plans for the improvement of the public schools;

(3) provide advisory and consultative services to all public school governing bodies and personnel;

(4) prescribe by regulation a minimum course of study for the public schools;

(5) establish, in coordination with the Department of Health and Social Services, a program for the continuing education of children who are held in detention facilities in the state during the period of detention;

(6) accredit those public schools which meet accreditation standards prescribed by regulation by the department; these regulations shall be adopted by the department and presented to the legislature during the

first 10 days of any regular session, and become effective 45 days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house;

(7) prescribe by regulation, after consultation with the state fire marshal and the state sanitarian, standards in addition to the requirements of AS 18.15.145 that will assure healthful and safe conditions in the public and private schools of the state including a requirement of physical examinations and immunizations in pre-elementary schools; the standards for private schools may not be more stringent than those for public schools;

(8) exercise general supervision over pre-elementary schools that receive direct state or federal funding;

(9) provide accredited elementary and secondary correspondence study programs available to any Alaskan through a centralized office of correspondence study;

(10) accredit private schools which request accreditation and which meet accreditation standards prescribed by regulation by the department; nothing in this paragraph authorizes the department to require religious or other private schools to be licensed;

(11) review plans for construction of new public elementary and secondary schools and for additions to and major rehabilitation of existing public elementary and secondary schools and, in accordance with regulations adopted by the department, determine and approve the extent of eligibility for state aid of a school construction project begun after July 1, 1978; for the purposes of this paragraph, "plans" include educational specifications, schematic designs, and final contract documents;

(12) provide educational opportunities in the areas of vocational education and training, basic education, and fire-service training to individuals over 16 years of age who are no longer attending school;

(13) administer the grants awarded under AS 14.11.020.

(b) In this section "pre-elementary school" means a school for children ages three through five years if the school's primary function is educational. (§ 1 ch 98 SLA 1966; am § 2 ch 69 SLA 1971; am § 6 ch 104 SLA 1971; am § 1 ch 190 SLA 1975; am § 6 ch 50 SLA 1977; am §§ 1-3 ch 126 SLA 1978; am § 10 ch 147 SLA 1978; am § 1 ch 86 SLA 1978; am § 24 ch 59 SLA 1982; am §§ 1, 2 ch 92 SLA 1982; am § 2 ch 11 SLA 1984; am § 1 ch 72 SLA 1984)

Effect of amendments. — The first 1971 amendment designated the previously undesignated introductory language as subsection (a) and added subsection (b). The 1984 amendment also, in subsection (a), substituted "state fire marshal and the state sanitarian" for "Department of Health and Social Services" and inserted

"including a requirement of physical examinations and immunizations in pre-elementary schools" in paragraph (7), in paragraph (8), deleted "in cooperation with the Department of Health and Social Services" at the beginning and substituted "pre-elementary schools that receive direct state or federal funding" for "public

documents must be submitted to the commissioner at least 15 working days before the bid invitation is made; and

(2) if the project will not be advertised for bids, the final working documents must be submitted to the commissioner no later than 10 working days before commencing each construction phase.

(b) The commissioner's approval under this section is void after two years unless construction of the project has been initiated within that time. (Eff. 3/1/78, Reg. 65; am 12/2/83, Reg. 88)

Authority: AS 14.07.020(10) and (11)  
AS 14.07.060  
AS 14.11.020  
AS 14.11.100

**4 AAC 31.050. APPROVAL OF PURCHASE OF NONSCHOOL FACILITIES.** A regional school board proposing to purchase an existing facility for temporary use as an elementary or secondary school with money granted under AS 14.11.020, and a municipality that is a school district proposing to make such a purchase for which state aid under AS 14.11.100 will be sought, must secure the approval of the commissioner before acquisition of the facility. (Eff. 3/1/78, Reg. 65; am 12/2/83, Reg. 88)

Authority: AS 14.07.020(10) and (11)  
AS 14.07.060  
AS 14.11.010  
AS 14.11.020  
AS 14.11.100

**4 AAC 31.060. STATE FINANCIAL ASSISTANCE.** (a) A municipality that is a school district, or a regional school board, submitting a capital improvement program request for construction to the department under AS 14.11.010 shall make the request on a form prescribed by the commissioner.

(b) A municipality that is a school district, or a regional school board, requesting a school construction grant from the department under AS 14.11.020 shall apply on a form prescribed by the commissioner. In accepting a school construction grant from the department, the grantee shall comply with all pertinent state statutes, codes, standards, and regulations related to construction of a public facility. Further, the

grantee shall comply with conditions, requirements, and stipulations in the forms prescribed by the commissioner for the construction grant contract.

(c) A school facility for which state aid is sought under AS 14.11.100 may be built jointly with municipal and state offices, health clinics, community libraries, and other spaces if approved by the commissioner as to compatibility and separation of funds. The commissioner has final authority to determine the proportion of space and cost in such jointly built projects.

(d) A claim for state aid for school construction under AS 14.11.100 by a municipality that is a school district must be made on a form prescribed by the commissioner. All claims for expenditures for school construction commenced before January 1, 1982 or existing facilities approved for purchase by the commissioner before January 1, 1982 must be supported by a certified audit report of the school district prepared in accordance with 4 AAC 06.120, and by a certified audit report of all school construction accounts or money used by the municipality. If an audit report is not prepared in sufficient detail to identify clearly school construction costs as opposed to other construction or maintenance costs, or debt service costs of school construction as opposed to other debt service costs, detailed expenditure schedules that reconcile to audit report figures must be prepared and submitted with the claim.

(e) A claim for state aid under AS 14.11.100 (a)(4)(A) must be submitted on a form prescribed by the commissioner, and must be received by the department not later than September 15 of the fiscal year preceding the fiscal year in which reimbursement will be sought. A school district's claim must contain at least the following:

- (1) bond sale date or proposed bond sale date;
- (2) bond redemption schedule;
- (3) education facility portion of the bond;
- (4) department's project approval number;

(5) debt payment schedule or estimated debt service schedule; and

(6) certification as to accuracy of claim by a bonded official of the municipality.

(f) State aid to eligible municipalities will be calculated on the basis of applications received by the deadline imposed by this section and will be issued upon receipt of a notice of payment by the municipality from the bond holder or paying agent.

(g) Only cash disbursements from locally generated revenues are eligible for reimbursement under AS 14.11.100.

(h) Unless a claim is supported by financial schedules or prior year audit reports identifying the original source of revenue, only disbursements from revenues generated in the year for which the claim is made are eligible for reimbursement.

(i) Reimbursement for rehabilitation costs under AS 14.11.100 is limited to projects exceeding \$25,000. (Eff. 3/1/78, Reg. 65; am 2/24/83, Reg. 85; am 12/2/83, Reg. 88)

Authority: AS 14.07.020(10) and (11)  
AS 14.07.060  
AS 14.11.010  
AS 14.11.100

**4 AAC 31.065. SELECTION OF PRIME DESIGNER.** If a school district or a regional school board determines that it is necessary to engage the services of a private consultant to design an educational facility funded under AS 14.11.020, the selection of the consultant must be accomplished under procedures that comply with AS 36.98. (Eff. 12/2/83, Reg. 88)

Authority: AS 14.07.060  
AS 14.11.020

**4 AAC 31.070. REIMBURSEMENT OF RESTRUCTURED OR REFINANCED INDEBTEDNESS.** (a) Reimbursement under AS 43.18.100 for payment of restructured or refinanced school construction indebtedness may not exceed the amount which would have been payable on the indebtedness in the year for which reimbursement is claimed had the indebtedness not been restructured or refinanced.

(b) This section applies to bonds, notes, other indebtedness restructured or refinanced after December 30, 1982. (Eff. 12/30/82, 85)

Authority: AS 14.07.020  
AS 43.18.100

**4 AAC 31.080. CONSTRUCTION OF PUBLIC SCHOOL FACILITIES.** (a) The construction of all public educational facilities by a municipality that is a school district or by a regional school board under AS 14.11.020 must be performed under bid contract in accordance with AS 35.15.010. However, when the estimated cost of the construction project is less than \$100,000, or when it appears to be in the best interest of the state, the school district or regional school board may, in its discretion, and with the prior approval of the commissioner, construct a public educational facility itself using its own employees.

(b) The grantee shall provide a procedure for the administrative review of complaints filed by aggrieved bidders which allows aggrieved bidders to appeal, within five days after the award, a hearing, with notice to all interested parties, for a redetermination and final award in accordance with law.

(c) The award of a contract for the construction of an educational facility funded under AS 14.11.020 must be to the lowest responsible bidder without regard to municipal ordinance or school board resolutions granting a preference to local bidders. (Eff. 12/2/83, Reg. 88)

Authority: AS 14.07.020  
AS 14.11.020

**4 AAC 31.090. DEFINITIONS.** As used in this chapter and in AS 14.07, AS 14.08, and AS 14.11, unless the context requires otherwise:

(1) "addition" means new space for expanded educational programs or new programs or space that replace substandard or destroyed space, by connection to an existing school facility; the term includes capital equipment,

(2) "capital equipment" means built-in or movable equipment used to furnish a newly constructed or rehabilitated space; it includes first-time purchase of library books, referen-

Gov's Request FY86

1 LEGISLATURE (CONT.)		APPROPRIATION		APPROPRIATION FUND SOURCES	
	ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS	
4	ADMINISTRATIVE SERVICES	1,982,000	1,982,000		
5	LEGAL SERVICES	1,992,900	1,992,900		
6	SESSION EXPENSES	6,775,400	6,775,400		
7	COUNCIL & SUBCOMMITTEES	1,017,000	1,017,000		
8	OFFICE SPACE RENTAL	2,667,800	2,667,800		
9	EQUIPMENT ACCOUNT	93,000	93,000		
10	HOUSE RESEARCH	820,400	820,400		
11	SENATE ADVISORY COUNCIL	820,400	820,400		
12	OMBUDSMAN	2,038,200	2,038,200		
13	BUDGET TARGET OFFSET	-2,295,600	-2,295,600		
14		*****		*****	
15		***** DEBT SERVICE & MISC PROGRAMS		*****	
16		*****		*****	
17	GENERAL GOVERNMENT				
18	DEBT SERVICE				
19	SCHOOL DEBT RETIREMENT - APPROPRIATED TO THE DEPARTMENT OF EDUCATION	100,700,000	100,700,000		
20	IARF DEBT SERVICE & FEES - APPROPRIATED TO THE STATE BOND COMMITTEE	5,563,000		5,563,000	
21	GENERAL OBLIGATION BOND DEBT SERVICE (AS 37.15.012)	163,304,200	163,304,200		
22	LEGAL PROCEEDINGS INVOLVING OIL & GAS REVENUES OR STATE TITLE TO OIL & GAS LAND				
23	APPROPRIATED TO THE DEPARTMENT OF LAW	9,698,600	9,698,600		
24	THIS APPROPRIATION IS FOR FISCAL YEAR 1986 AND SUCCEEDING FISCAL YEARS.				
25	COSTS ASSOCIATED WITH OIL & GAS CORPORATE INCOME TAX AND OIL & GAS PROPERTIES PRODUCTION TAX CASES				
26	APPROPRIATED TO THE DEPARTMENT OF REVENUE	2,000,000	2,000,000		

SCHOOL DEBT RETIREMENT  
HISTORY OF APPROPRIATIONS

<u>FISCAL YEAR</u>	<u>TOTAL MAXIMUM ENTITLEMENT</u>	<u>APPROPRIATION AMOUNT-ACTUAL</u>	<u>% OF TOTAL MAXIMUM ENTITLEMENT</u>
FY 70	2,445,197	1,800,000	74.00
FY 71	2,448,347	1,800,000	73.52
FY 72	2,376,209	2,376,209	100.00
FY 73	3,575,355	3,450,000	96.49
FY 74	7,074,380	5,752,000	81.31
FY 75	7,650,530	7,423,300	97.03
FY 76	9,242,310	8,810,500	95.33
FY 77	10,107,336	9,051,600	89.55
FY 78	11,408,304	11,408,304	100.00
FY 79	27,868,182	22,273,300	79.92
FY 80	30,823,133	24,081,000	78.13
FY 81	38,380,134	38,380,134	100.00
			(8130.2 supplement)
FY 82	38,262,156	38,262,156	100.00
FY 83	43,780,962	36,203,300	82.69
FY 84	93,750,000	93,750,000	100.00(est.)
FY 85	95,000,000	95,000,000	100.00(est.)
FY 86	Governor is requesting 100,700,000		

ANCHORAGE SCHOOL DISTRICT  
DEBT RETIREMENT

<u>YEAR</u>	<u>ENTITLEMENT</u>	<u>PAYMENT</u>	<u>DIFFERENCE</u>	<u>PERCENT</u>
80	12,465,946	9,739,183	2,726,763	78.13
81	11,446,809	11,446,809		100.0
82	9,914,812	9,914,812		100.0
83	15,949,743	14,272,757	1,676,986	89.49
84	18,552,237	18,552,237		100.0
85	17,368,913	17,368,913		100.0
86	21,783,662			

Break-out for FY 86:

Pre-1977 debt	-- 9,699,366	Entitlement	-- 9,699,366	100%
Pre-1982 debt	-- 1,586,550	Entitlement	-- 1,427,895	90%
Pre-1983 debt	-- 9,464,062	Entitlement	-- 8,577,656	90%
Cash payments	-- 6,415,566	Entitlement	-- 3,207,783	50%
TOTAL	27,165,544		22,852,708	
Less Cigarette Tax			1,069,038	
TOTAL ENTITLEMENT			21,783,662	

FROM: REP. COTTEN : DERIVED FROM Dept. of Ed. information  
 HB 191

SCHOOL DEBT RETIREMENT  
 HISTORY OF APPROPRIATIONS  
 BY SCHOOL DISTRICT

FISCAL YEAR	70	71	72	73	74	75	76	77	78	79	80	81	82	83
ANCHORAGE	1036.5	1036.5	1239.8	1696.7	2586.2	3669.7	4649.9	4866.9	5598.8	9944.2	9739.2	11446.8	9914.8	10600.5
BRISTOL BAY	25.1	25.1	28.8	51.5	134.4	104.3	87.6	74.5	81.7	115.7	66.7	83.9	18.0	248.4
CORDOVA	20.4	20.5	12.0	18.0	16.0	16.9	30.3	25.6	55.7	88.8	79.8	100.2	107.6	92.0
CRAIG													56.2	289.8
DILLINGHAM					48.6	44.7		1.5			52.5	25.8		
FAIRBANKS	324.5	324.5	462.4	574.6	682.9	1077.9	1039.3	548.4	878.7	3423.5	2950.0	4682.8	4264.6	3957.0
GALENA									86.7	41.5		19.6		38.9
HAINES						10.1	19.7	27.4	32.3	59.2	62.3	79.3	76.8	70.3
HOONAH														
HYDABURG														
JUNEAU	204.8	204.8	235.3	259.4	363.4	470.2	480.0	461.3	527.0	951.5	906.1	750.6	716.1	596.4
KAKE									28.8	20.7	17.8			
KENAI	37.8	37.8	341.9	540.2	986.3	871.7	1271.0	1619.2	1605.5	2935.9	2752.3	5137.6	5305.0	4976.8
KETCHIKAN	59.9	59.9	23.3	184.3	236.9	300.1	200.7	286.9	262.9	445.9	474.4	633.0	829.5	579.1
KING COVE											45.7			
KLAWOCK							17.8	9.3						
KODIAK	20.1	20.1		8.5	168.6	223.0	215.7	157.4	173.7	284.0	317.6	616.1	634.5	409.5
MAT-SU	22.9	22.9			353.4	432.8	498.6	486.8	905.9	1702.4	2013.8	3366.6	3886.1	3649.2
NENANA	5.2	5.2		3.9	10.7	18.8	15.0	16.9	8.8	17.6	16.6	37.0	12.5	10.2
NOME							46.3	10.4			.2			22.9
NORTH SLOPE								55.2	787.5	1427.6	2385.4	8874.4	9197.7	9635.0
PELICAN														
PETERSBURG	22.1	22.1	29.3	61.1	63.3	78.6		62.4	64.9	272.2	268.7	417.7	491.7	539.3
SAND POINT														
SITKA	20.6	20.6	10.5	71.2	83.5	98.6	118.5	154.9	248.4	339.5	430.3	400.9	657.7	658.4
SKAGWAY				.5	5.5	5.8	5.0	4.5	3.8	12.1	14.7	14.6	16.2	23.0
ST. MARY'S									48.9	76.6		44.0		
TANANA														
UNALASKA								17.8		1.1				
VALDEZ					12.2			51.7	13.7	103.0	1484.2	1604.5	1907.9	2510.0
WRANGELL								11.7		10.8	2.5	45.3	82.0	
YAKUTAT							48.1	61.9						58.9



## KENAI PENINSULA BOROUGH

BOX 850 • SOLDOTNA, ALASKA 99669  
PHONE 262-4441

STAN THOMPSON  
MAYOR

March 7, 1985

The Honorable Sam Cotten  
Pouch V  
Juneau AK 99811

Dear Representative Cotten:

We in the Kenai Peninsula Borough, by resolution of the borough assembly, strongly support 90% funding for new school construction. We feel that in light of the constitutional requirements this should be done. Furthermore, in our area, as well as the Mat-Su area, we've had such a tremendous increase in growth and such a demand for new school facilities that it puts a strong strain on our local citizenry. As you are probably aware, our area population has increased by over 54% in the last four years. The State does receive the oil revenues - the borough does not receive them. We feel this is a very necessary position for the State to take to fund our local schools, at least to the 90% level.

The 90% funding of our schools is our first priority of all of our capital improvements. Please consider it.

Thank you,

Stan Thompson  
Kenai Peninsula Borough Mayor

ST:lc

AMENDMENT TO CSHB 191 (HESS)

BY REPRESENTATIVE ROBIN L. TAYLOR

Page 3 \* Sec. 5. AS 14.11.100(a)(5) is amended to read:

(5) subject to (h), ~~[AND]~~ (i), and (j) of this section, 80 [50] percent of

(A) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes or other indebtedness authorized by the qualified voters of the municipality after June 30, 1983, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(11); and

(B) cash payments made after June 30, 1983, by the municipality during the fiscal year one [two] year[s] earlier to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(11).

CSHB 191  
17 April, 1985

IN YOUR FILE

A copy of the draft CS

Memo from committee staff

Worksheet from Steve Hole showing the cost of reimbursing bond sales  
approved after June 30, 1983

Memo from Margo Waring of OMB concerning use of interest on bonds

The space guidelines currently used by DOE

A proposed amendment by Rep. Taylor

Original sponsors: Cotten, Szymanski,  
Davis, et al

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IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

CS FOR HOUSE BILL NO. 191 (HESS)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to state aid for school construc-  
tion; and providing for an effective date."

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

\* Section 1. AS 14.11 is amended by adding a new section to read:

Sec. 14.11.005. SCHOOL CONSTRUCTION GRANT ACCOUNT. There is established the school construction grant account to consist of money appropriated to the account for school construction. The state may appropriate funds from the school construction grant account to school districts for the costs of school construction.

\* Sec. 2. AS 14.11.010(a) is amended to read:

(a) The assembly or council of a municipality that is a school district or a regional school board may submit a request to the department for a grant from the school construction grant account for a school or education-related facility construction, rehabilitation, or improvement project together with a report evaluating the condition of school or education-related facilities in the municipality or regional educational attendance area and a determination of the need for the project. To be eligible for a grant, a school district must submit a request under this section no later than October 15 of the fiscal year before the fiscal year for which the request is made.

\* Sec. 3. AS 14.11.010(c) is amended to read:

(c) In establishing priorities among requested projects the department shall evaluate at least the following factors:

(1) priorities assigned by the assembly, council, or school

1 board to the projects requested;

2 (2) emergency requirements;

3 (3) the number of students without classroom space;

4 (4) new local elementary or secondary programs;

5 (5) existing regional, community, and school facilities and  
6 the condition of the facilities;

7 (6) the economic and social stability of the municipality  
8 or region;

9 (7) the average of the school district's local contribution  
10 for expenses of education over the past three years.

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

12 Sec. 14.11.015. SCHOOL CONSTRUCTION GRANTS. (a) The department  
13 may approve a grant from the school construction grant account to a  
14 school district that complies with the requirements of (1) and (2) of  
15 this subsection if the project is approved by the commissioner. In  
16 approving a project under this section, the commissioner shall require  
17 the school district to

18 (1) agree to construction of a facility of appropriate size  
19 and configuration, as determined by the state Board of Education; and

20 (2) demonstrate to the commissioner the need for the pro-  
21 ject by

22 (A) a projected long-term student enrollment that  
23 indicates the school district has inadequate facilities to meet  
24 present or projected enrollment or program needs; or

25 (B) existing facilities that require repair or re-  
26 placement at a cost exceeding \$25,000.

27 (b) A school construction grant may not be used for the cons-  
28 truction of student residential space, hockey rinks, planetariums,  
29 saunas, and other facilities for single purpose sporting or

1 recreational uses that are not suitable for other activities. How-  
2 ever, a school construction grant may, subject to the approval of the  
3 commissioner, be used for construction of a small swimming pool, tank,  
4 or water storage facility used for water sports.

5 \* Sec. 5. AS 14.11.100(a)(5) is amended to read:

6 (5) subject to (h), [AND] (i), and (j) of this section, 80  
7 [50] percent of

8 (A) payments made by the municipality during the  
9 fiscal year for the retirement of principal and interest on  
10 outstanding bonds, notes or other indebtedness authorized by the  
11 qualified voters of the municipality after June 30, 1983, to pay  
12 costs of school construction, additions to schools, and major  
13 rehabilitation projects that exceed \$25,000 and are approved  
14 under AS 14.07.020(11); and

15 (B) cash payments made after June 30, 1983, by the  
16 municipality during the fiscal year two years earlier to pay  
17 costs of school construction, additions to schools, and major  
18 rehabilitation projects that exceed \$25,000 and are approved  
19 under AS 14.07.020(11).

20 \* Sec. 6. AS 14.11.100(h) is amended to read:

21 (h) An allocation under (a)(4) or (5) of this section for school  
22 construction begun after July 1, 1982, shall be reduced by the amount  
23 of money used for the construction of residential space, hockey rinks,  
24 planetariums, saunas, and other facilities for single purpose sporting  
25 or recreational uses that are not suitable for other activities. An  
26 allocation under (a)(4) or (5) of this section may not be reduced by  
27 the amount of money used for construction of a small swimming pool,  
28 tank, or water storage facility used for water sports. However, an  
29 allocation shall be reduced by the difference between the amount of

1 money used to construct a swimming pool that is competition size or  
2 larger and the amount of money that would have been used to construct  
3 a small swimming pool, tank, or water storage facility, as determined  
4 by the commissioner.

5 \* Sec. 7. AS 14.11.100(i) is amended to read:

6 (i) For the purposes of (a)(4) and (5) of this section

7 (1) an indebtedness for bonds is incurred after the bonds  
8 are sold;

9 (2) reimbursement for a cash payment may only be made after  
10 the payment is made to a vendor; and

11 (3) payments may not be made for costs that are incurred  
12 under a contract after the contract has been released.

13 \* Sec. 8. AS 14.11.100(j) is amended to read:

14 (j) The state may not allocate money to a municipality for a  
15 school construction project under (a)(5) of this section unless the  
16 municipality complies with the requirements of (1) - (5) of this  
17 subsection and the project is approved by the commissioner before the  
18 local vote on the bond issue for the project. In approving a project  
19 under this subsection, the commissioner shall require

20 (1) the municipality to include on the ballot for the bond  
21 issue the estimated total cost of each project, including annual  
22 operation and maintenance costs, and the estimated amounts that will  
23 be paid by the state and by the municipality;

24 (2) that the bonds may not be refunded unless the annual  
25 debt service on the refunding issue is not greater than the annual  
26 debt service on the original issue;

27 (3) that the bonds must be repaid in approximately equal  
28 annual principal payments or approximate equal debt service payments  
29 over a period of at least 10 years;

1  
2 (4) the municipality to demonstrate need for the project by  
3 establishing that the school district has

4 (A) projected long-term student enrollment that indi-  
5 cates the district has inadequate facilities to meet present or  
6 projected enrollment or program needs; or

7 (B) facilities that require repair or replacement in  
8 order to meet health and safety laws or regulations or building  
9 codes;

10 (5) the municipality to agree to construction of a facility  
11 of appropriate size and configuration, as determined by the state  
12 board of education [FACTORS SUCH AS INCREASED ENROLLMENT IN THE SCHOOL  
13 DISTRICT, THE HEALTH AND SAFETY OF THE STUDENTS, AND THE FACTORS  
14 LISTED IN AS 14.11.010(c)].

15 \* Sec. 9. AS 14.11.100 is amended by adding a new subsection to read:

16 (k) An amount equal to the interest earned on the investment of  
17 the proceeds of bonds issued for a school construction project shall  
18 be used by the municipality to pay the costs of construction of the  
19 project.

20 \* Sec. 10. AS 14.11 is amended by adding new sections to read:

21 Sec. 14.11.102. EVALUATION OF PROJECTS. The department shall  
22 evaluate projects for which retirement of school construction debt is  
23 requested by school districts in accordance with the procedures set  
24 out in AS 14.11.010. A request for an allocation of funds under  
25 AS 14.11.100 must be submitted to the department by the school dis-  
26 trict no later than October 15 of the fiscal year before the fiscal  
27 year for which the request is made.

28 Sec. 14.11.103. DEBT RETIREMENT FOR GRANT PROJECTS. Notwith-  
29 standing AS 14.11.100(a)(5), if a school district receives state  
funding as a grant for a school construction project under AS 14.11.

1  
2 005, a portion of the debt for the project equal to the amount of the  
3 grant shall be retired at the rate of 50 percent. The remainder of  
4 the debt shall be retired at the rate of 80 percent as provided in  
5 AS 14.11.100(a)(5).

6 \* Sec. 11. AS 14.11.135 is amended to read:

7 Sec. 14.11.135. DEFINITIONS. In this chapter [AS 14.11.100 -  
8 14.11.135], unless the context requires otherwise,

9 (1) "approved school construction project" means the plan  
10 for a new school or an addition to or major rehabilitation of an  
11 existing school to the extent to which approved by the commissioner in  
12 accordance with AS 14.07.020(11);

13 (2) "commissioner" means the commissioner of education;

14 (3) "costs of school construction" means the cost of  
15 acquiring, constructing, enlarging, repairing, remodeling, equipping  
16 or furnishing of public elementary and secondary school buildings and  
17 includes the sum total of all costs of financing and carrying out the  
18 project; these include, but are not limited to, the costs of all  
19 necessary studies, surveys, plans and specifications, architectural,  
20 engineering or other special services, acquisition of real property,  
21 site preparation and development, purchase, construction, reconstruc-  
22 tion and improvement of real property and the acquisition of machinery  
23 and equipment as may be necessary in connection with the project, an  
24 allocable portion of the administrative and operating expenses of the  
25 grantee; the cost of financing the project, including interest on  
26 bonds issued to finance the project; and the cost of other items,  
27 including any indemnity and surety bonds and premiums on insurance,  
28 legal fees, fees and expenses of trustees, depositaries, financial  
29 advisors, and paying agents for the bonds issued as the issuer con-  
siders necessary;

1  
2 (4) "department" means the Department of Education;

3 (5) "school district" means a municipal school district or  
4 a regional educational attendance area.

5 \* Sec. 12. AS 37.05.315 is amended by adding a new subsection to read:

6 (c) A municipality that accepts a grant under this section for  
7 school construction or repair must comply with the provisions of  
8 AS 14.11.015.

9 \* Sec. 13. (a) The amendments to AS 14.11.100(j) provided for in sec.  
10 8 of this Act apply only to school construction projects approved by the  
11 commissioner of education after the effective date of this Act.

12 (b) The requirement of AS 14.11.102, added by sec. 10 of this Act,  
13 that requests for an allocation of funds under AS 14.11.100 be submitted by  
14 October 15 of the fiscal year before the fiscal year for which the request  
15 is made, does not apply to requests for fiscal years 1986 and 1987.

16 \* Sec. 14. AS 14.11.105, 14.11.110, 14.11.115, 14.11.120, 14.11.125 and  
17 14.11.130 are repealed.

18 \* Sec. 15. This Act takes effect July 1, 1985.  
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29

CSHB 191 (HESS)  
State Aid for School Construction

The April 17 Committee Substitute:

- 1) Establishes a school construction grant account. (This just gives a name to a program which already exists in AS 14.11.010)
- 2) Requires school districts to apply for school construction grants no later than October 15 of the fiscal year before the year for which the request is made. (Solves a timing problem the department has had.)
- 3) Requires the department to consider the factors listed in AS 14.11.010 in setting funding priorities. The CS adds local contribution to education financing to this list but does not specifically mention mill rates.
- 4) Sets out the new eligibility requirements a district must meet to receive a DOE or grants to municipalities (see page 7, lines 6-9) school construction grant. A district must:

- agree to an appropriately-sized facility (this meets the subcommittee's no-frills standard)

AND

- demonstrate to the commissioner the need for the project by a projected long-term student enrollment that indicates that without the construction the school district will have and will continue to have unhoused students, (Larson's concern)

OR

- have inadequate facilities to meet present or projected programs needs

OR

- need more than \$25,000 to meet health and safety regulations or building codes.

- 5) Requires municipalities to apply the interest on the investment of the bond proceeds to the cost of the bonded project
- 6) Amends the existing school construction debt retirement program by raising the percent of state contribution from 50% to 80% of a municipality's bonded indebtedness authorized after June 30, 1983. This also applies to cash payments.
- 7) Imposes the same restrictions on the debt reimbursement program as are imposed for the DOE and municipal grant programs.

- 8) Sets out the requirements a municipality must meet before debt may be retired for 80 percent.

Current law: (1) The Commissioner of Education must approve the project before the local vote on the bond issue

- (2) In approving the project, the commissioner must require the municipality to include the estimated costs on the ballot, and provide for repayment of the bonds over a period of at least 10 years

Added by CS

(1) Annual maintenance and operating costs of the project must be included on the ballot for the bond issue

- (2) The district must demonstrate the need for the project again based on housing and need for replacement (same language as used in (4) above).

NOTE: These requirements do not apply to projects that have received approval before the effective date of this act.

- 9) Requires that reimbursement projects be prioritized by the commissioner the same as for grant projects (this would include the new factor considering local contributions and the no frills regulations.)
- 11) Requires that application for reimbursement be made no later than October 15 of the fiscal year before the year for which the request is made. (DOE's suggestion again.) DISTRICTS WHICH MAKE REQUESTS FOR FUNDING FOR FY86 AND FY87 DO NOT HAVE TO MEET THE DEADLINE, BUT THEY STILL HAVE TO MEET THE "NO FRILLS" CRITERIA. (page 7, lines 6-9)
- 12) Redefines "school district" to include both municipal districts and REAAs.
- 13) Requires that when funds from state grants and bonds are used the amount of reimbursement for the bonds will be 50% on an amount equal to the grant amount and 80% for the remaining funds.

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 17, 1985

SUBJECT: Operation of CSHB 191 (S)

TO: Representative Niilo Koponen  
Chairman, House HESS Committee

FROM: Keith B. Levy <sup>KBL</sup>  
Legislative Counsel

You have asked several questions regarding the operation of the most recent draft of CSHB 191, dated April 17, 1985. Specifically, you have asked what effects the amendments to AS 14.11.100(a)(5) and AS 14.11.100(j) will have.

Section 5 of the draft amends AS 14.11.100(a)(5). That section requires the Department of Education to allocate to municipal school districts a percent of the payments made by the municipality to retire school construction debt during the fiscal year. The amendment increases the rate at which the state retires school construction debt from 50 percent to 80 percent. Because the bill does not take effect until July 1, 1985, the increase in the rate of debt retirement will only apply to payments made by a municipality after that date. The bill will have no effect on payments made before that date because of the provisions of AS 01.10.090:

No statute is retrospective unless expressly declared therein.

Accordingly, the increased debt retirement rate will only operate prospectively, applying to payments made by municipalities to retire school construction debt beginning in fiscal year 1986.

Section 8 of the draft amends AS 14.11.100(j) to add new criteria that a municipal school construction project must meet before the Commissioner of Education may approve the project. For the reasons cited above, the operation of this section is not retrospective. Therefore, the amendments to

Representative Niilo Koponen  
April 17, 1985  
Page 2

AS 14.11.100(j) provided for in the bill would only apply to projects not yet approved by the Commissioner of Education on the effective date of the Act. Projects already approved would not be effected by the amendments. Section 13(a) of the draft makes this point clear:

The amendments to AS 14.11.100(j) provided for in sec. 8 of this Act apply only to school construction projects approved by the commissioner of education after the effective date of this Act.

Thus, the amendments to AS 14.11.100(j) would apply to school construction projects approved after July 1, 1985, but not to projects approved before that date.

If I may be of further assistance please feel free to contact me.

KBL:ojb  
J14/007

WRANGELL 1983 SERIES C	\$50,577.50	\$25,288.75	\$30,346.50	\$35,404.25	\$40,462.00	\$45,519.75
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FY84 IMPACT			\$5,057.75	\$10,115.50	\$15,173.25	\$20,231.00
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DEBT RETIREMENT  
FY85 50% REIMBURSEMENT

SCHOOL DISTRICT	FY85 PAYMENT BY MUNICIPALITY	REIMB. AT 50%	REIMB. AT 60%	REIMB. AT 70%	REIMB. AT 80%	REIMB. AT 90%
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WRANGELL 1983 SERIES C	\$115,386.25	\$57,693.13	\$69,231.75	\$80,770.38	\$92,309.00	\$103,847.63
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WRANGELL 1984 POOL/GYM COMPLEX	\$381,235.00	\$190,617.50	\$228,741.00	\$266,864.50	\$304,988.00	\$343,111.50
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KENAI 1984 SCHOOL BONDS	\$476,150.51	\$238,075.26	\$285,690.31	\$333,305.36	\$380,920.41	\$428,535.46
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TOTALS	\$972,771.76	\$486,385.88	\$583,663.06	\$680,940.23	\$778,217.41	\$875,494.58
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FY85 IMPACT			\$97,277.18	\$194,554.35	\$291,831.53	\$389,108.70
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DEBT RETIREMENT  
FY86 50% REIMBURSEMENT

SCHOOL DISTRICT	FY86 PAYMENT BY MUNICIPALITY	REIMB. AT 50%	REIMB. AT 60%	REIMB. AT 70%	REIMB. AT 80%	REIMB. AT 90%
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WRANGELL 1983 SERIES C	\$118,592.50	\$59,296.25	\$71,155.50	\$83,014.75	\$94,874.00	\$106,733.25
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WRANGELL 1984 POOL/GYM COMPLEX	\$870,282.50	\$435,141.25	\$522,169.50	\$609,197.75	\$696,226.00	\$783,254.25
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KENAI 1984 SCHOOL BONDS	\$693,279.40	\$346,639.70	\$415,967.64	\$485,295.58	\$554,623.52	\$623,951.46
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HAT-SU 1985 (EST.)	\$2,200,000.00	\$1,100,000.00	\$1,320,000.00	\$1,540,000.00	\$1,760,000.00	\$1,980,000.00
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TOTALS	\$3,882,154.40	\$1,941,077.20	\$2,329,292.64	\$2,717,508.08	\$3,105,723.52	\$3,493,938.96
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FY86 IMPACT			\$388,215.44	\$776,430.88	\$1,164,646.32	\$1,552,861.76
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TOTAL IMPACT			\$490,550.37	\$981,100.73	\$1,471,651.10	\$1,962,201.46
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# MEMORANDUM

# State of Alaska

TO: Deborah Niedermeyer  
Committee Aide  
House Hess Committee

DATE: April 17, 1985

FILE NO: 85D-234

TELEPHONE NO: 465-3568

FROM: Margo W. Waring *MW*  
Principal Analyst  
Division of Strategic Planning  
Office of Management and Budget

SUBJECT:

Committee members requested that I seek legal advice to find any legal or practical problems involved with language that would require municipalities to calculate potential interest earnings and, thus, to reduce the size of the bond by a corresponding sum.

The firm of Birch Horton Bittner is bond counsel to the State Bond Committee. The attorney in the Anchorage office, Suzanne Pestinger, consulted with Washington, DC co-counsel. Below is their recommended language.

The municipality shall agree to use an amount equal to the interest earned on investment of bond proceeds to pay the cost of construction of the project financed by such bond issue.

MWW/dmc

ALASKA DEPARTMENT OF EDUCATION

ELEMENTARY/SECONDARY AND COMBINED ELEMENTARY-SECONDARY SCHOOL SPACE GUIDELINES  
(IN MINIMUM, IN AVERAGE, AND IN MAXIMUM GROSS SQUARE FEET OF FLOOR AREAS)<sup>1</sup>

SCHOOL <sup>2</sup>	ENROLLMENT									
	10-20	21-32	33-46	47-62	63-80	81-99	100-199	200-299	300-399	400-499 <sup>3</sup>
ELEMENTARY (MIN GSF)	800	1,800	4,100	6,100	7,900	9,200	9,700	19,100	27,400	34,900
ELEMENTARY (AVG GSF)	1,500	2,700	5,700	7,900	9,900	11,300	20,400	27,400	31,800	42,900
ELEMENTARY (MAX GSF)	1,600	3,000	6,300	8,700	10,900	12,400	22,500	30,100	40,000	50,000
SECONDARY (MIN GSF)	3,000	5,000	7,300	10,600	13,900	15,200	28,500	35,500	49,600	72,500
SECONDARY (AVG GSF)	5,200	7,000	9,900	13,600	16,100	18,400	35,900	50,100	65,000	75,000
SECONDARY (MAX GSF)	5,700	7,300	10,800	14,900	17,800	20,300	39,500	55,100	72,200	80,000
COMBINED E/S (MIN GSF)	3,500	5,500	8,500	11,500	14,500	16,500	30,000	37,500	52,000	74,000
COMBINED E/S (AVG GSF)	5,500	8,000	11,500	15,000	17,500	20,000	40,000	52,500	68,500	80,000
COMBINED E/S (MAX GSF)	6,300	9,800	13,500	17,000	19,500	22,500	42,500	57,000	73,500	82,500

<sup>1</sup> Exclude exterior wall thickness from GSF calculation

<sup>2</sup> For all remote schools that are supplied annually, nonassignable space shall be 35-45 percent of building's GSF.

<sup>3</sup> For elementary schools with a design enrollment of 500 or more, use 100 GSF per student; for secondary schools with a design enrollment of 500 or more, use 150 GSF per student.

AMENDMENT TO CSHB 191 (HESS)

BY REPRESENTATIVE ROBIN L. TAYLOR

Page 3 \* Sec. 5. AS 14.11.00(a)(5) is amended to read:

(5) subject to (h), [AND] (i), and (j) of this section, 80 [50] percent of

(A) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes or other indebtedness authorized by the qualified voters of the municipality after June 30, 1983, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(11); and

(B) cash payments made after June 30, 1983, by the municipality during the fiscal year one [two] year[s] earlier to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(11).